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Fiscal Year 2018/19



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Executive Summary

1. According to World Economic Outlook published by IMF in October 2019, the world's economic growth rate in 2019 and 2020 is projected at 3 percent and 3.4 percent respectively. The economic growth rate of advanced economies is estimated to be 1.7 percent, followed by emerging and developing economies at 3.9 percent, emerging and developing Asian economies at 5.9 percent in 2019. Similarly, the economic growth rates of the neighboring countries India and China are estimated to be 6.1 percent in 2019, according to IMF.
2. Inflation is projected at 1.5 percent for advanced economies and 4.7 percent for emerging and developing economies in 2019. It remained at 2.0 percent for advanced economies and 4.8 percent for emerging and developing economies in 2018.
3. In 2018/19, the growth rate of gross domestic product (GDP) of Nepal is estimated to remain at 6.8 percent at basic prices and 7.1 percent at producers' prices. In the review year, output of agriculture and non-agriculture sectors is estimated to grow by 5.0 percent and 7.5 percent respectively.
4. In 2018/19, average consumer inflation rate stood at 4.64 percent. Such inflation rate was 4.15 percent in the previous year. In the review year, the average prices of *food and beverages* group and *non-food and services* group increased by 3.09 percent and 5.86 percent respectively.
5. In 2018/19, total merchandise exports and imports stood at Rs. 97.11 billion and Rs. 1418.54 billion respectively. As a result, trade deficit rose to Rs. 1321.43 billion, 38.1 percent of GDP.
6. In 2018/19, both the current account and balance of payments remained at deficit by Rs. 265.37 billion and Rs. 67.40 billion respectively. Total foreign exchange reserves remained at Rs. 1038.92 billion in mid-July 2019. Such reserves is sufficient to cover the merchandise imports for 8.9 months and merchandise and services imports for 7.8 months.
7. In 2018/19, the government revenue increased by 19.1 percent to Rs. 865.55 billion while the government expenditure based on banking transactions increased by 0.1 percent to Rs. 1067.67. In the review year, the budget deficit based on banking transactions stood at Rs. 187.52 billion.
8. In 2018/19, broad money and narrow money increased by 15.8 percent and 8.6 percent respectively. Similarly, domestic credit increased by 21.4 percent and monetary sector's claims on private sector increased by 19.1 percent. Further, deposits of Banks and

Financial Institutions (BFIs) increased by 18.0 percent while credit to the private sector from BFIs increased by 19.4 percent during the review year.

9. In 2018/19, liquidity amounting Rs.100.35 billion was mopped up while liquidity amounting Rs. 168.16 billion was injected through various instruments of open market operations. Standing Liquidity Facility (SLF) worth Rs.154.33 billion has been utilized during the review year.
10. Weighted average interest rate of lending and deposit of commercial banks stood at 12.13 percent and 6.60 percent respectively in mid-July 2019. Similarly, weighted average inter-bank transaction rate among commercial banks stood at 4.52 percent in mid-July 2019.
11. In 2018/19, the total assets/liabilities of commercial banks increased by 17.7 percent to Rs. 3611.93 billion, followed by development banks by 28.3 percent to Rs. 457.66 billion and finance companies by 16 percent to Rs. 110.01 billion. Similarly, the total assets/liabilities of micro finance institutions (MFIs) increased by 58.8 percent to Rs. 273.06 billion during the review year.
12. There are 171 BFIs licensed by NRB as of mid-July 2019. This includes 28 commercial banks, 29 development banks, 23 finance companies, 90 MFIs and 1 infrastructure development bank.
13. As of mid-July 2019, Deposit and Credit Guarantee Fund (DCGF) guaranteed total credit amounting to Rs. 25.66 billion and total deposits amounting to Rs. 603.39 billion. As of mid-July 2019, the number of borrowers blacklisted by Credit Information Centre Limited has reached 8,620.
14. As of mid-July 2019, NEPSE index has reached 1259.0 points while market capitalization stood at Rs. 1567.50 billion, 45.2 percent of GDP.
15. NRB announced its monetary policy for 2018/19 on July 11, 2018 with the main objective of maintaining macroeconomic stability and facilitating the achievement of targeted economic growth of GON.
16. The main objectives of monetary policy were to conduct monetary management to check the demand side pressure on price and external sector stability arising from expanding economic activities, promote employment, develop entrepreneurship, and mobilize financial instruments towards priority sectors to facilitate the targeted growth.
17. The existing provision of Cash Reserve Ratio (CRR) of 6 percent for commercial banks, 5 percent for development banks and 4 percent for finance companies has been changed to make it 4 percent for all three institutions. Likewise, SLR has been reduced from 12 percent to 10 percent for commercial banks, 9 percent to 8 percent for development banks and 8 percent to 7 percent for finance companies. The bank rate applied for the

purpose of Lender of Last Resort (LOLR) facility and to discount securities has been reduced from 7 percent to 6.5 percent.

18. The existing provision for commercial banks to extend 25 percent of their total credit in priority sector has been changed to make it at-least 10 percent in agriculture and 15 percent in energy and tourism sector.
19. The provision requiring commercial banks, development banks and finance companies to maintain 5.0 percent, 4.5 percent and 4.0 percent of their total credit respectively in deprived sector has been changed to 5.0 percent for all three class institutions.
20. In the review year, a total of 14 BFIs went through the process of merger and acquisition to become 7 BFIs while the license of 7 BFIs (merger-2 and acquisition-5) has been cancelled.
21. Financial access has been widening with the expansion of BFIs network. As per the government goal of expanding at least one commercial bank branch in each local level, there has been significant increase in commercial bank's presence at local level. The commercial banks network which has reached to 631 out of 753 local levels in mid-July 2018 increased to 735 local levels as of mid-July 2019.
22. Currency in circulation has increased by 2.6 percent to Rs. 507.06 billion in mid-July 2019, compared to Rs. 494.37 billion a year ago.
23. Total number of staff in NRB stood at 1024 in mid-July 2019, comprising 934 administrative and 90 technical staff. Of the total human resources, 526 are officer level, 376 are assistant level and 122 are office subordinate level staff.
24. The bid was called for the reconstruction of Baluwatar and Thapathali building, damaged by the devastating earthquake of 25 April 2015 in accordance with the approved master plan, drawing, design prepared by consultants appointed as per the MOU between the bank and Central Project Implementation unit, Ministry of Urban Development, Government of Nepal. Accordingly, the Government of Nepal, National Reconstruction Authority, Central Project Implementation Unit (BAWAN) signed an agreement with BILIL-Contech J/V for the reconstruction of the building at Thapathali and 25 percent construction work has been completed during the review period. Likewise, the Government of Nepal, National Reconstruction Authority, Central Project Implementation Unit (BAWAN) signed an agreement with Shree CICO Samanantar JV for the reconstruction of the building at Baluwatar and 10 percent construction work has been completed during the review period.
25. Payment and Settlement Act, 2075 has been issued and is being implemented with the objective to develop and expand safe, healthy and reliable payment system and regulate, supervise and monitor related activities.

26. In 2018/19, net income before revaluation of gain/loss from foreign exchange and other assets increased by 23.46 percent to Rs. 34.43 billion as compared to previous year. Such net income was Rs. 27.89 billion in 2017/18.
27. As per the NRB's balance sheet of mid-July 2019, the assets/liabilities of NRB declined by 7.23 percent to Rs. 1,071.70 billion, compared to mid-July 2018.

Acronyms

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

FIU	Financial Information Unit
FNCCI	Federation of Nepalese Chambers of Commerce and Industry
FOB	Free on Board
FRTI	Financial Regulators Training Initiative
FSAP	Financial Sector Assessment Program
FSIs	Financial Soundness Indicators
GDP	Gross Domestic Product
GIDC	Government Integrated Data Center
GL	General Ledger
GNDI	Gross National Disposable Income
GON	Government of Nepal
GSAs/PSAs	General Service Agents/Passenger Service Agents
HRMISS	Human Resource Management Information System Software
ICAN	Institute of Chartered Accountants of Nepal
ICRG	International Cooperation Review Group
IC	Indian Currency
IIP	International Investment Position
IMF	International Monetary Fund
IMFC	International Monetary and Financial Committee
IT	Information Technology
JTCC	Joint Technical Coordination Committee
KfW	Kreditanstalt für Wiederaufbau (German Government-owned Development Bank)
KPMG	Klynveld Peat Marwick Goerdeler
KYC	Know Your Customer
LAA	Local Authorities' Accounts
LIBTIS	Liquidity and Inter-Bank Transaction Information System Software
LMFF	Liquidity Monitoring and Forecasting Framework
Ltd.	Limited
MAP	Making Access to Financial Services Possible
MAS	Monetary Authority of Singapore
MFDB	Microfinance Development Bank
MFFI	Microfinance Financial Institution
MFI	Microfinance Institution
MICR	Magnetic Ink Character Recognition
MMYP	Mobile Money for the Poor
MOF	Ministry of Finance
NBL	Nepal Bank Limited
NCHL	Nepal Clearing House Ltd.
NEPSE	Nepal Stock Exchange
NFA	Net Foreign Assets
NFRS	Nepal Financial Reporting Standards
NGO	Non-Government Organization
NIBAF	National Institute of Banking and Finance
NIBM	National Institute of Bank Management
NIDC	Nepal Industrial Development Corporation

n.i.e.	not included elsewhere
NPL	Non-Performing Loan
NRB	Nepal Rastra Bank
OBSS	Online Bidding System Software
ODCs	Other Depository Corporations
OECD	Organisation for Economic Co-operation and Development
OMO	Open Market Operations
PCA	Prompt Corrective Action
PDMD	Public Debt Management Department
PE	Public Enterprise
PFC	Provident Fund Corporation
PISS	Price Index System Software
PM	Post Meridiem (After Noon)
POL	Petroleum Oil Lubricants
POT	Point of Transaction
RBB	Rastriya Banijya Bank
RBI	Reserve Bank of India
RFP	Request for Proposal
RISMFP	Raising Income of Small and Medium Farmers Project
RMDC	Rural Microfinance Development Centre Limited
RSRF	Rural Self Reliance Fund
RTGS	Real Time Gross Settlement
SAARC	South Asian Association for Regional Cooperation
SCB	Standard Chartered Bank
SEACEN	South East Asian Central Banks
SEANZA	South East Asia, New Zealand, Australia
SEAVG	South East Asia Voting Group
SEG	SEACEN Expert Group
SEZ	Special Economic Zone
SFDB	Small Farmers Development Bank
SLF	Standing Liquidity Facility
SLR	Statutory Liquidity Ratio
STI	Singapore Regional Training Institute
SWIFT	Society for Worldwide Interbank Financial Telecommunication
TT	Telegraphic Transfer
UNCDF	United Nations Capital Development Fund
UNDP	United Nations Development Programme
UNICEF	United Nations Children's Fund
UNODC	United Nations Office on Drugs and Crime
WAN	Wide Area Network
VAMNICOM	Vaikunth Mehta National Institute of Cooperative Management
VAT	Value Added Tax
VDC	Village Development Committee

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's economic growth rate has been declining because of shrinking economic activities in advanced economies, especially in the United States, as well as the emerging and developing economies. According to the World Economic Outlook published by the International Monetary Fund (IMF) in October 2019, world's economic growth rate is projected at 3.0 percent in 2019 compared to 3.6 percent in 2018 and 3.8 percent in 2017. Similarly, world's economic growth rate is projected at 3.4 percent in 2020.
- 1.2 It is estimated that the overall output of the advanced economies will see a rise of 1.7 percent in 2019 compared to 2.3 percent expansion witnessed in 2018. The IMF has estimated the economic growth rate of emerging and developing economies to be 3.9 percent in 2019 compared to 4.5 percent in 2018. The growth rate of Asian emerging and developing economies is projected to rise by 5.9 percent in 2019 compared to 6.4 percent growth achieved in 2018. In 2019, the economic growth rate of both the neighboring countries, India and China, is projected at 6.1 percent compared to their respective growth of 6.8 percent and 6.6 percent in 2018.
- 1.3 In 2018, the inflation remained at 2.0 percent for advanced economies and 4.8 percent for emerging and developing economies. Inflation is projected at 1.5 percent for advanced economies and 4.7 percent for emerging and developing economies in 2019. World trade of goods and services is projected to rise by 1.1 percent in 2019 compared to 3.6 percent in 2018.

Macroeconomic and Financial Situation of Nepal

Gross Domestic Product

- 1.4 The year 2018/19 remained encouraging in terms of economic growth. According to the Central Bureau of Statistics (CBS), Nepal's real gross domestic product (GDP) grew by 6.8 percent at basic prices and 7.1 percent at producers' prices in 2018/19. Such growth rates were 6.3 percent and 6.7 percent respectively in 2017/18. Favorable monsoon, expedited reconstruction work, increment in tourist arrivals, and improvement in business environment were the reasons behind the robust economic growth in the review year.
- 1.5 In the review year, output of agriculture and non-agriculture sectors grew by 5.0 percent and 7.5 percent respectively. In the previous year, output of agriculture and non-agriculture sectors had increased by 2.8 percent and 7.7 percent respectively. It is estimated that under non-agriculture sector, industry sector has grown by 8.1 percent while services sector by 7.3 percent. In the previous year, the industry and service sector had achieved a growth of 9.6 percent and 7.2 percent respectively.

Sectoral Composition of GDP

- 1.6 In the review year, the share of agriculture, industry, and service sectors stood at 27.0 percent, 15.2 percent, and 57.8 percent of GDP respectively. In the previous year, such shares were 28.0 percent, 14.9 percent, and 57.0 percent respectively. The share of agriculture in GDP marginally declined while the share of industry and services increased in the review year.
- 1.7 On the basis of broad industrial classification, the shares of primary sector (agriculture and forestry, fishing, and mining & quarrying), secondary sector (manufacturing, electricity, gas & water, and construction) and tertiary (services) sector stood at 27.6 percent, 14.6 percent and 57.8 percent of GDP respectively in the review year. In the previous year, such shares were 28.7 percent, 14.3 percent, and 57.0 percent of GDP respectively.

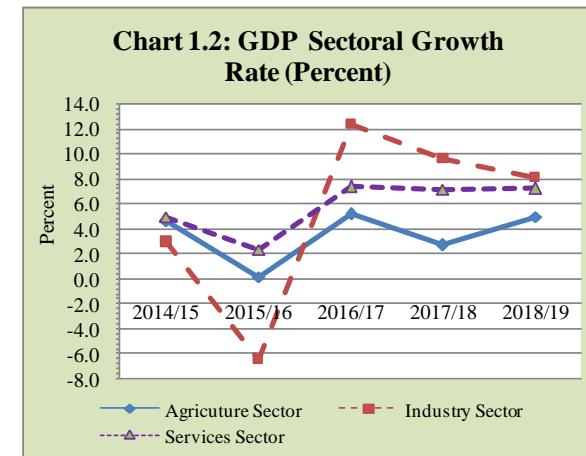
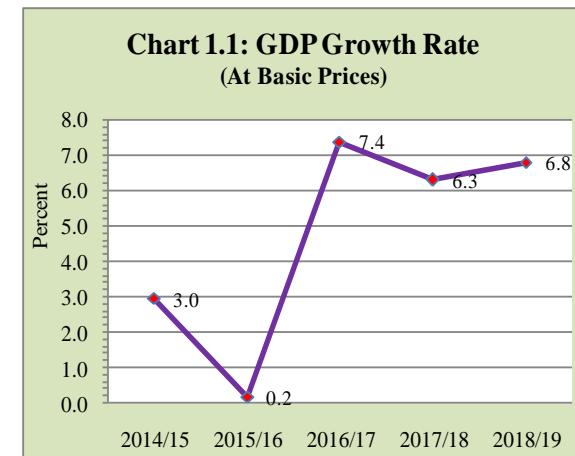


Table 1.1
Share of Primary, Secondary, and Tertiary Sectors in GDP
(at Current Prices)

Sectors	As Percent of GDP ¹				
	2014/15	2015/16	2016/17	2017/18 ^R	2018/19 ^P
Primary ²	32.4	32.2	30.2	28.7	27.6
Secondary ³	14.2	13.6	13.9	14.3	14.6
Tertiary ⁴	53.4	54.2	55.9	57.0	57.8

1 GDP including Financial Intermediation (FISIM)

2 Agriculture, forestry and fishery, and mining and quarrying

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

4 Services

R Revised Estimates

P Preliminary Estimates

Source: Central Bureau of Statistics

Agriculture

- 1.8 In 2018/19, agricultural output grew by 5.0 percent due to favorable climate, commercialization of agriculture and easy availability of agricultural inputs. The output of paddy, vegetable, maize, wheat, and potato has increased while the output of oilseeds declined by 1.68 percent in the review year. In the previous year, agricultural output had increased by 2.7 percent.

Industry

- 1.9 The growth rate of industrial sector stood at 8.1 percent in the review year. Such growth rate was 9.6 percent in the previous year. This sector has expanded due to continuation of reconstruction work and improvement in energy supply.
- 1.10 Under industrial sector, output of manufacturing industries grew by 5.8 percent in the review year. Such output had increased by 9.2 percent in the previous year. The output of electricity, gas and water increased by 12.4 percent in the review year as compared to the growth of 9.8 percent in the previous year. Likewise, construction sector witnessed a rise of 8.9 percent in the review year as compared to the rise of 10.0 percent in the previous year.

Services

- 1.11 Services sector is estimated to have grown by 7.3 percent in the review year. In the previous year, this sector had expanded by 7.2 percent. The output of services sector has increased in the review year due to increased tourist arrivals, expansion in trade and improvement in the business environment.
- 1.12 Under the services sector, the wholesale and retail trade has increased by 10.9 percent in the review year compared to an increase of 12.3 percent in the previous year. The hotel and restaurants sector has increased by 8.3 percent in the review year compared to an

increase of 9.8 percent in the previous year. Likewise, transport, storage and communications sector witnessed a growth of 5.9 percent in the review year, compared to a growth of 4.6 percent in the previous year. Financial intermediation sector grew by 6.2 percent while the real estate, renting, and business activities sector grew by 6.1 percent in the review year. These sectors had registered a growth of 6.4 percent and 5.2 percent respectively in the previous year.

Saving and Gross National Disposable Income

- 1.13 Total consumption remained at 79.5 percent of GDP in the review year compared to 82.2 percent in the previous year. As a result, the share of gross domestic saving on gross domestic product has increased.
- 1.14 In 2018/19, gross national disposable income (GNDI at current prices) has risen by 16.6 percent as compared to the rise of 10.1 percent in the previous year. The ratio of GNDI to GDP remained at 131.9 percent in the review year as compared to 129.3 percent in the previous year.

Table 1.2
Gross National Disposable Income
(at Current Prices)

Particulars	Rs. in Billion			Percent Change	
	2016/17	2017/18	2018/19	2017/18 ^R	2018/19 ^P
Gross Domestic Product (at Producers' Prices)	2674.49	3031.03	3464.32	13.3	14.3
Factor Income, Net	30.99	22.62	42.41	-27.0	87.5
Current Transfer, Net	851.80	864.67	1062.73	1.6	22.9
Gross National Disposable Income	3557.29	3918.32	4569.46	10.1	16.6

R Revised Estimates

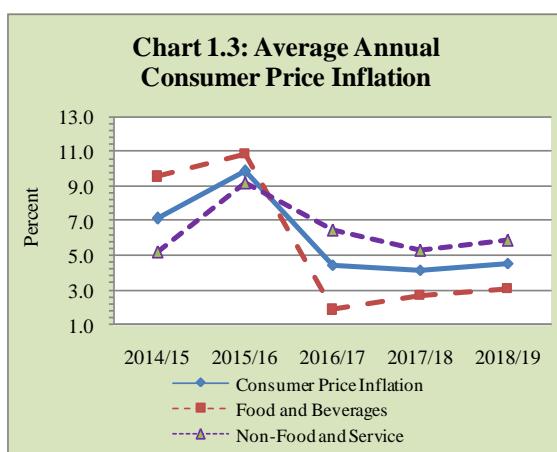
P Preliminary Estimates

Source: Central Bureau of Statistics

Inflation, and Salary and Wage Rate Index

Consumer Price Inflation

- 1.15 In 2018/19, average annual consumer price inflation stood at 4.64 percent. Such inflation was 4.15 percent in the previous year.
- 1.16 In the review year, the average prices of food and beverages group and non-food and services group increased by 3.09 percent and 5.86 percent respectively. In the previous year, the prices of these groups had increased by 2.74 percent 5.26 percent respectively.



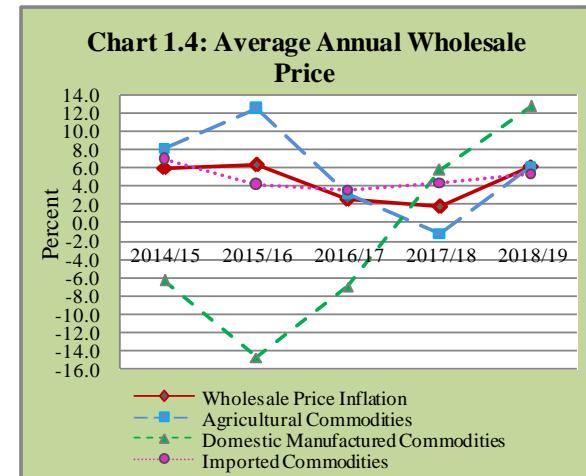
- 1.17 In the review year, prices of ghee and oil, fruits and spices sub-groups of food and beverages group and housing and utilities, clothes and footwear, furnishing and transportation sub-groups of non-food and services group has increased compared to previous year.
- 1.18 In the review year, the Hill witnessed 5.00 percent inflation followed by 4.91 percent in the Mountain, 4.86 percent in the Kathmandu valley and 4.26 percent in the Terai. These regions had witnessed 4.59 percent, 5.86 percent, 3.25 percent and 4.39 percent inflation respectively in the previous year.

Consumer Price Inflation between Nepal and India

- 1.19 In the review year, average annual consumer price inflation of Nepal and India remained at 4.64 percent and 2.92 percent respectively. In the previous year, such inflation in Nepal and India were 4.15 percent and 4.4 percent respectively.

Wholesale Price Inflation

- 1.20 In the review year, the average annual wholesale price inflation stood at 6.23 percent in comparison to the inflation of 1.73 percent in the previous year. In the review year, average price of primary goods, fuel and power and manufactured goods increased by 6.12 percent, 12.65 percent and 5.31 percent respectively. In the previous year, average price of primary goods had decreased 1.25 percent and the average prices of fuel and power and manufactured goods had increased 5.82 percent and 4.33 percent respectively.



- 1.21 Based on broad economic classification, average prices of consumption goods, intermediate goods, and capital goods increased 5.5 percent, 7.3 percent and 2.9 percent respectively.

National Salary and Wage Rate Index

- 1.22 In the review year, national salary and wage rate index increased by 9.27 percent. Such index had increased by 6.19 percent in previous year. In the review year, the salary index and wage rate index increased by 6.65 percent and 10.01 percent respectively. In the previous year, such indices had increased by 9.59 percent and 5.27 percent respectively. In the review year, wage rate indices of agricultural labour, industrial labour and construction labour increased by 11.47 percent, 6.96 percent and 9.53 percent respectively.

External Sector

1.23 In 2018/19, trade deficit growth rate has improved due to increase in export of goods and decrease in growth rate of import of goods. Foreign trade deficit has improved due to the depreciation of Nepalese currency against the US dollar, fall in crude oil prices in the international market, increased export of palm oil, polyester yarn, jute goods, pulses, noodles and decrease in imports of cement, transport equipment and parts, telecommunication equipment and parts, and medical equipments.

International Trade

- 1.24 In 2018/19, total merchandise exports increased by 19.4 percent to Rs. 97.11 billion. Such exports had increased by 11.4 percent in the previous year. The ratio of total merchandise exports to gross domestic product remained at 2.8 percent in the review year compared to the ratio of 2.7 percent in the previous year.
- 1.25 Out of total merchandise exports, exports to India increased by 34.3 percent to 62.73 billion in 2018/19 compared to an increase of 12.7 percent in previous year. Commodity wise, exports of mainly palm oil, polyester yarn, jute goods, noodles to India have increased in 2018/19.
- 1.26 Exports to China decreased by 13.5 percent to Rs. 2.11 billion, compared to an increase of 43.3 percent in the last year. Commodity wise, exports of mainly noodles and handicraft goods to China has increased in 2018/19.
- 1.27 Exports to other countries increased by 0.2 percent to Rs. 32.27 billion in 2018/19 compared to an increase of 7.7 percent in the last year. During the review year, exports of mainly pulses, handicrafts, herbs and silver jewelry to other countries have increased.
- 1.28 In 2018/19, merchandise imports increased by 13.9 percent to Rs. 1418.54 billion. Such imports had increased by 25.8 percent in the last year. The ratio of imports to Gross Domestic Product remained at 40.9 percent in 2018/19 compared to the ratio of 41.1 percent in the previous year.
- 1.29 In 2018/19, imports from India increased by 12.8 percent to Rs. 917.91 billion. Such imports had increased by 28.5 percent in the last year. Commodity wise, imports of petroleum products, machinery and parts, MS billet, electrical appliances have increased.
- 1.30 In 2018/19, imports from China increased by 28.5 percent to Rs. 205.53 billion as compared to an increase of 25.7 percent in the last year. Commodity wise, imports of readymade garments, electrical goods, footwear, video television and accessories, among others, have increased.

- 1.31 In 2018/19, imports from other countries increased by 8.9 percent to Rs. 295.10 billion as compared to an increase of 18.2 percent in last year. Commodity wise, imports of crude palm oil, coal, gold, chemical fertilizers, among others, have increased.
- 1.32 In 2018/19, trade deficit increased by 13.5 percent to Rs. 1321.43 billion. Such deficit had increased by 26.9 percent in the last year. The ratio of trade deficit to Gross Domestic Product stood at 38.1 percent in 2018/19 as compared to 38.4 percent in the last year. Trade deficit with India increased by 11.4 percent to Rs. 855.18 billion, trade deficit with China increased by 29.1 percent to Rs. 203.42 billion and trade deficit with other countries increased by 10.1 percent to Rs. 262.83 billion.
- 1.33 In 2018/19, total merchandise trade increased by 14.3 percent to Rs. 1515.64 billion as compared to an increase of 24.8 percent in the last year. The ratio of total trade to Gross Domestic Product stood at 43.8 percent which was also 43.8 percent in the last year. Total trade with India increased by 13.9 percent to Rs. 980.64 billion in 2018/19 as compared to an increase of 27.5 percent in the last year. Trade with China increased by 27.8 percent to Rs. 207.64 billion in 2018/19 as compared to an increase of 26 percent in the last year. Similarly, total trade with other countries increased by 8 percent to Rs. 327.37 billion in 2018/19, which had increased by 17 percent in the last year.
- 1.34 In 2018/19, the export-import ratio increased to 6.8 percent. Last year, the ratio was 6.5 percent. India's share in total exports stood at 64.6 percent which was 57.4 percent last year. In total imports, India's share remained 64.7 percent as compared to 65.4 percent last year. Similarly, India's share in trade deficit and total trade remained 64.7 percent and 64.7 percent respectively which were 65.9 percent and 64.9 percent last year.

Service Sector

- 1.35 Due to the high growth in expenditure as compared to the income of the service sector in the 2018/19, the service account remained at a deficit of Rs. 16.52 billion. This account was at a surplus of Rs. 2.27 billion in the last year.
- 1.36 In 2018/19, service income increased by 5.3 percent to Rs. 186.81 billion. It had increased by 12.1 percent in the last year. Under the service income category, tourist income increased by 9.7 percent to Rs. 73.57 billion as compared to an increase of 14.6 percent in the last year.
- 1.37 In 2018/19, total service payments increased by 16.1 percent to Rs. 203.32 billion. Such expenditures had increased by 12.8 percent in the previous year. Under service payment, travel payments increased by 12.5 percent to Rs. 89.58 billion. Last year, such payments had decreased by 0.4 percent.

Transfer

- 1.38 Net transfer income increased by 15 percent to Rs. 994.79 billion in 2018/19. Such income had increased by 1.5 percent in the previous year.
- 1.39 In 2018/19, transfer income increased by 15.5 percent to Rs. 1005.59 billion. Such income had increased by 1.7 percent in the last year. Similarly, the transfer payments increased by 86.1 percent to Rs. 10.8 billion. Such payments had increased by 48.6 percent in the last year.
- 1.40 The remittance inflow increased by 16.5 percent to Rs. 879.27 billion in 2018/19. Such inflow had increased by 8.6 percent in the last year. The ratio of remittance inflows to the Gross Domestic Product increased to 25.4 percent in 2018/19 from 24.9 percent in the last year.
- 1.41 In 2018/19, pension income increased by 13.6 percent to Rs. 61.53 billion. Such income had increased by 18.8 percent last year.

Current Account and Balance of Payments

- 1.42 Based on annual data, the current account remained at a deficit for the third consecutive year. In 2018/19, the current account deficit remained at Rs. 265.37 billion. Such deficit was Rs. 247.57 billion in the last year. The ratio of current account deficit to Gross Domestic Product stood at 7.7 percent in 2018/19. Such ratio was 8.2 percent in the last year. Due to significant trade deficit in 2018/19, the current account deficit has further expanded.
- 1.43 In 2018/19, the balance of payments position remained at deficit of Rs. 67.4 billion compared to a surplus of Rs. 0.96 billion in the previous year.
- 1.44 In 2018/19, the capital transfer decreased by 12.8 percent to Rs. 15.46 billion. Under financial account, foreign direct investment decreased by 25.4 percent to Rs. 13.07 billion in 2018/19, which had increased by 29.7 percent in the last year.
- 1.45 In 2018/19, government debt inflows decreased by 18.3 percent to Rs. 81.48 billion which had increased by 59.4 percent in the last year. Principal payments increased by 7.8 percent to Rs. 20.04 billion in 2018/19, which had increased by 4.3 percent last year.

Foreign Exchange Reserve

- 1.46 Total foreign exchange reserves decreased by 5.8 percent to Rs. 1038.92 billion in mid-July 2019. Such reserves had increased by 2.1 percent to Rs. 1102.59 billion in the last year. In the US dollar term, the banking sector's total reserves declined by 5.8 percent to USD 9.5 billion. Such reserves had decreased by 3.9 percent in the previous year.
- 1.47 Foreign exchange reserves held by Nepal Rastra Bank declined by 8.8 percent to Rs. 902.44 billion in mid-July 2019 from Rs. 989.4 billion a year ago. Out of the total

foreign exchange reserves, the share of reserves held by Nepal Rastra Bank remained 86.9 percent. Similarly, the share of Indian currency in total reserves stood at 23.6 percent as on mid-July 2019.

Reserve Adequacy Indicators

- 1.48 Based on the imports of 2018/19, the foreign exchange reserves of the banking sector is sufficient to cover the prospective merchandise imports for 8.9 months, and merchandise and services imports for 7.8 months.
- 1.49 In the review year, the ratio of reserve-to-GDP, reserve-to-imports, reserve-to-M2 and reserves-to-reserve money stood at 30.0 percent, 64.9 percent, 29.0 percent and 148.6 percent respectively in mid-July 2019. Such ratios were 36.4 percent, 78.6 percent, 35.6 percent and 155.3 percent respectively a year ago.

**Table 1.3
Reserve Adequacy Indicators**

	2016/17	2017/18	2018/19
1. Foreign Exchange Reserve Sufficient for Financing Imports of Equivalent Months			
a. Merchandise	13.2	10.8	8.9
b. Merchandise and Services	11.4	9.4	7.8
2. Gross Foreign Exchange Reserve/GDP (%)	40.4	36.4	30.0
3. Gross Foreign Exchange Reserve/Imports* (%)	95.2	78.6	64.9
4. Gross Foreign Exchange Reserve/Broad Money Supply (%)	41.6	35.6	29.0
5. Gross Foreign Exchange Reserve/Reserve Money (%)	164.3	155.3	148.6

* Merchandise and Service Imports

Foreign Assets and Liability Position

- 1.50 Foreign assets and liabilities of the country stood at Rs.1080.10 billion and Rs.921.94 billion respectively as of mid-July 2019. Accordingly, the net international investment position (IIP) remained a positive of Rs.158.16 billion in mid-July 2019. Such amount was Rs.282.12 billion in mid-July 2018.

Trend of Foreign Exchange Rate

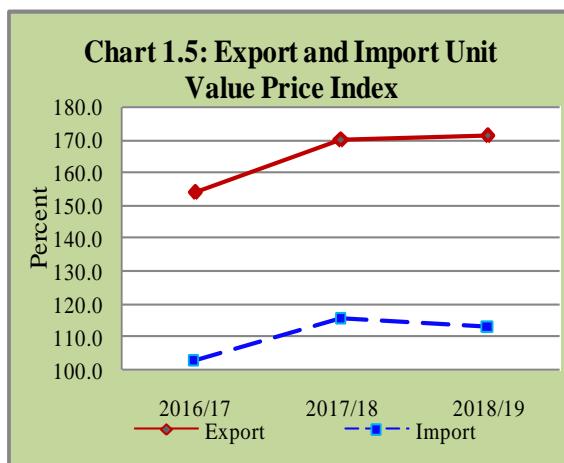
- 1.51 The exchange rate of Nepalese rupees vis-a-vis Indian rupees has been kept fixed also in 2018/19. As of mid-July 2019, Nepalese rupee depreciated by 0.02 percent against the US dollar and 4.04 percent against the Japanese yen whereas appreciated by 5.44 percent against the pound sterling and 3.59 percent against the euro as compared to a year ago.

Table 1.4
Trend of Foreign Exchange Rate

Foreign Currency	Buying Rate in NPR			Overvaluation (+) Depreciation (-)	
	mid-July		Percentage		
	2017	2018		2018	2019
1 US Dollar	102.86	109.34	109.36	-5.93	-0.02
1 Pound Sterling	133.32	144.71	137.25	-7.87	5.44
1 Euro	117.4	127.77	123.34	-8.12	3.59
10 Japanese Yen	9.08	9.73	10.14	-6.68	-4.04

Export Import Price Index

- 1.52 The y-o-y unit value export price index based on customs data increased by 0.8 percent and import price index decreased by 2.3 percent in mid-July 2019. The y-o-y terms of trade (ToT index) increased by 3.2 percent in mid-July 2019 against a decrease of 2.0 percent in mid-July 2018.



Fiscal Situation

- 1.53 As per the Constitution of Nepal 2072, budget for 2018/19 was presented in the Legislature-Parliament on May 29, 2018. To make the budget implementation more effective, the budget made changes on provisions related to spending authority.
- 1.54 In the review year, the share of recurrent, capital, and financing expenditure to total expenditure remained at 66.7 percent, 21.8 percent, and 11.5 percent respectively. The ratio of recurrent, capital, and financing expenditure, based on banking transactions, to GDP stood at 20.6 percent, 6.7 percent, and 3.5 percent respectively in the review year. Such ratios stood at 22.9 percent, 8.7 percent, and 3.6 percent respectively in the previous year.

Table 1.5
Major Government Finance Indicators
(Percent of GDP)

Particulars	2016/17	2017/18	2018/19
Total Expenditure	30.5	35.2	30.8
Recurrent Expenditure	19.2	22.9	20.6
Capital Expenditure	7.4	8.7	6.7
Revenue	22.8	24.0	25.0
Tax Revenue	20.5	21.8	21.9
Fiscal Deficit	-7.1	-10.1	-5.4

Government Revenue

- 1.55 In 2018/19, government revenue increased by 19.1 percent to Rs. 865.55 billion. In the previous year, the government revenue had increased by 19.3 percent to Rs. 726.72

billion. In the review year, ratio of revenue to GDP stood at 25 percent. Such ratio was 24 percent in the previous year.

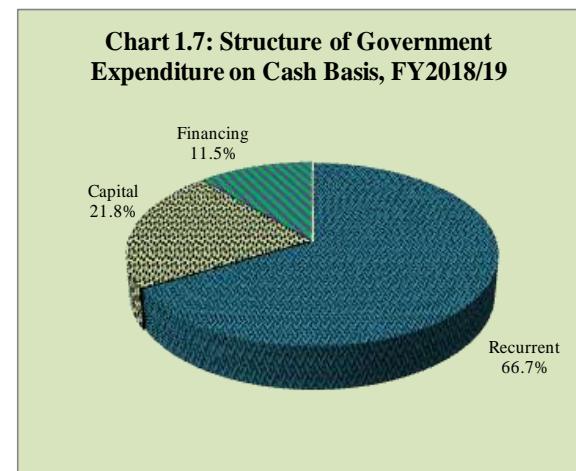
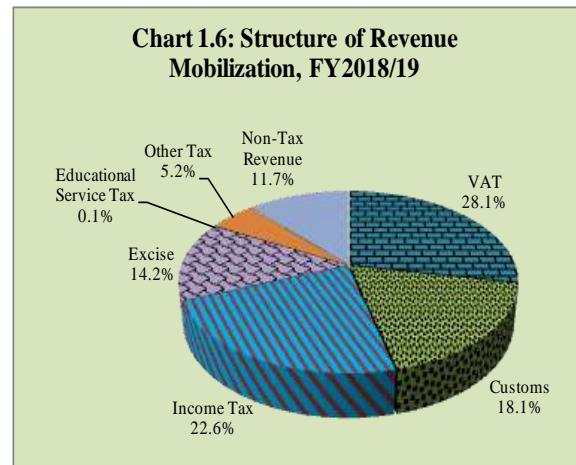
- 1.56 The Value added tax (VAT) increased by 16.8 percent to Rs. 241.61 billion in the review year. The VAT had increased by 29 percent to Rs. 206.79 billion in the previous year.
- 1.57 Income tax increased by 21.5 percent to Rs. 194.28 billion in the review year compared to an increase of 7.9 percent to Rs. 159.9 billion in the previous year.
- 1.58 In the review year, customs revenue increased by 12.8 percent to Rs. 155.37 billion. Such revenue had increased by 21.7 percent to Rs. 137.79 billion in the previous year.
- 1.59 In the review year, excise duty increased 18.8 percent to Rs. 121.86 billion. Such revenue had increased by 21.1 percent to Rs. 102.58 billion in the previous year.
- 1.60 Of the total revenue mobilized in the review year, the share of the VAT was the highest at 28.1 percent followed by income tax (22.6 percent), customs duty (18.1 percent), and excise duty (14.2 percent). These shares were 28.2 percent, 21.8 percent, 18.8 percent, and 14 percent respectively in the previous year.

- 1.61 In the review year, mobilization of non-tax revenue increased by 38.3 percent to Rs. 100.59 billion. Such revenue had increased by 17.9 percent to Rs. 72.74 billion in the previous year.

- 1.62 Of the total revenue, the share of tax and non-tax revenue stood at 88.3 percent and 11.7 percent respectively in the review year. Likewise, the share of direct and indirect tax revenue in total tax revenue stood at 31.6 percent and 68.4 percent respectively. In the previous year, the share of tax and non-tax revenue in the total revenue was 90.1 percent and 9.9 percent respectively. Likewise, the share of direct and indirect tax revenue in total tax revenue were 32.2 percent and 67.8 percent respectively in the previous year.

Government Expenditure

- 1.63 In the review year, total government expenditure based on banking transaction



increased by 0.1 percent to Rs. 1067.67 billion. In the previous year, such expenditure had increased by 30.7 percent to Rs. 1066.18 billion.

- 1.64 In the review year, recurrent expenditure based on banking transaction increased by 2.7 percent to Rs. 712.31 billion. Recurrent expenditure, in the previous year, had increased by 35 percent to Rs. 693.46 billion.
- 1.65 In the review year, capital expenditure based on banking transaction stood at Rs. 232.42 billion. Such expenditure had increased by 32.3 percent to Rs. 263.55 billion in the previous year.
- 1.66 In the review year, banking transaction based financing item increased by 12.6 percent to Rs. 122.94 billion, compared to an increase of 6.2 percent in the previous year.

Budget Deficit

- 1.67 In 2018/19, government budget (based on banking transaction) remained at a deficit of Rs. 187.52 billion. Such budget deficit had amounted to Rs. 305.5 billion in the previous year.

Sources of Financing Budget Deficit

- 1.68 In the review year, mobilization of total domestic borrowing amounted to Rs. 96.38 billion, accounting 2.8 percent of GDP. Such borrowing had amounted to Rs. 144.75 billion in the previous year.
- 1.69 In the review year, the principal repayment on domestic debt amounted to Rs. 34.31 billion. Government of Nepal (GON) maintained a cash surplus of Rs. 58.64 billion with NRB at the end of the review year. Such cash surplus had amounted to Rs. 89.50 billion in the previous year.

Government Debt

- 1.70 As of mid-July 2019, the total outstanding debt of GON stood at Rs. 1047.58 billion, which consists external debt of Rs. 594.61 billion and domestic debt of Rs. 452.97 billion. Such debt was Rs. 916.25 billion in the previous year. Total debt to GDP ratio stood at 30.2 percent in 2018/19.

Table 1.6 Government Debt Situation				
	Government Debt Indicators	2016/17	2017/18	2018/19
1.	Total Debt/Gross Domestic Product	26.1	30.2	30.2
2.	External Debt/Gross Domestic Product	15.5	17.3	17.2
3.	Domestic Debt/Gross Domestic Product	10.6	12.9	13.1
4.	External Debt/Exports	566.7	645.7	612.3
5.	External Debt Service/Exports	31.1	22.8	20.6
6.	Total Debt Service/Revenue	10.1	7.7	6.3
7.	Domestic Debt Service/Revenue	6.4	5.2	4.0
8.	External Debt Service/Revenue	3.7	2.6	2.3

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

Policy Provisions Regarding Revenue

- 1.71 The objectives of revenue policies stated in the GON's budget for 2018/19 are as follows:

- Broaden revenue base by bringing all economic activities into the tax net.
- Make tax system investment friendly to promote productive industries and business, helping to expand economic activities.
- Make the tax system more progressive and equitable through timely reforms in tax structure and tax rates.
- Ensure efficient, professional, fair and improved tax administration for the tax payers through revenue administration reform.
- Control tax evasion and leakage by emphasizing tax compliance.
- Increase the revenue by expanding tax base of non-tax revenue and by adjusting the tax rates.

1.72 Major strategies and programs for implementing the revenue policy as stated in the budget :

Indirect Tax

- Education service fees and health service tax have been repealed.
- The excise duty has been increased on alcohol, cigarette, tobacco-based goods which are injurious to health. The sellers of these commodities in municipality or metropolitan city area must be registered in value added tax (VAT). Also provision of health risk tax has been made on production and imports of cigarettes at the rate of twenty-five paisa per cigarette.
- The provision of direct refund of Value Added Tax has been repealed. Likewise, the provision of refund of VAT paid by importers on imports of mobile phone sets has also been repealed.
- Arrangement has been made to exempt the penalty against tax return non-filing for those taxpayers who have not submitted Value Added Tax return for long time but intend to comply regularly.
- The excise duty has been increased for four-wheeler vehicles above 1000 CC and motorcycle above 150 CC.
- Public schools have been provided with 75 percent exemption of customs duty as well as full exemption of excise duty and VAT on imports of bus having capacity of 30 or more seats.
- Returning Nepalese from abroad are allowed to import raw gold up to 100 grams by paying duty.

Direct Tax

- In order to develop equitable tax system through progressive tax, individual income tax rates have been revised from previous 15 and 25 percent to 10, 20, and 30

percent. It has been proposed to impose 20 percent surcharge on taxable income above Rs. 20 lakhs.

- The threshold for exemption of capital gain tax imposed on transaction of house and land has been decreased from Rs. 30 lakhs to Rs. 10 lakhs.
- The provision of dividend tax exemption for firm reinvesting cumulative profit in existing industry has been extended to all manufacturing and tourism industries. Similarly, subsidy in income tax has been proposed to industries providing direct employment to more than one hundred people.
- It has been proposed to provide 50 percent income tax exemption on existing tax to promote tea, textile and dairy industries. Income tax exemption for five years has been proposed to promote small scale entrepreneurship business and additional two years of exemption has been proposed for such industries owned by women.
- 10 percent exemption on income tax has been proposed for three years as an incentive to transfer private limited companies with paid up capital of Rs. 50 crore or above into public limited company.
- It has been proposed to provide 20 percent tax exemption on income tax rate to community hospitals. The GoN has proposed to exempt past fiscal years tax and fees of social organizations if they submit statements as per prevailing income tax act.
- Exemption of social security tax has been proposed for individuals participating in the contributory provident fund. The limit of life insurance premium allowable for the deduction in income tax has been increased to Rs. 25 thousand.

Tax Administration

- Strict action will be taken against those involved in revenue evasion and non-compliance with tax laws. Special penalty will be imposed on the spot against non-compliance and non-issuance of invoice.
- An automated system will be developed to exchange information of financial statements submitted by tax payers to tax administration and financial institutions in order to ensure financial transparency.
- An arrangement will be made to bring tax payers, who were unable to comply with tax systems, into tax net if they submit tax returns of the past three years.
- Trade through letter of credit will be encouraged. Inspection based customs risk management will be initiated. A provision will be made to restrict imports of goods other than similar nature and certain quantity in a single consignment. The border area will be intensively monitored to control illegal trade.
- Customs related transactions will be made realistic and based on transaction value by exchanging electronic information with inter-country customs administration.

- Liquor, beer, cigarettes and tobacco industries will be allowed to establish only in specific places specified by the government.
- A tax payer information management system will be developed. It will be made mandatory to issue electronic invoice for transparency of transactions and such invoices will be linked to the central invoice monitoring system of Inland Revenue Department.
- The rates of non-tax revenue will be reviewed to make it cost effective. The existing policy provisions related to non-tax revenue collection will be reviewed.

Tax Rates

1.73 For 2018/19, there has been no change in the six import tariff rates applicable for 2017/18, namely, 5, 10, 15, 20, 30, and 80 percent. The nine excise rates applicable for 2017/18, namely, 5, 10, 15, 30, 35, 40, 50, 55 and 60 percent has been changed to 16 excise rates applicable for 2018/19, namely, 5, 7, 10, 15, 30, 35, 40, 50, 55, 60, 65, 70, 80, 85, 90 and 100 percent.

Table 1.7

Tax Rates

Description	2017/18	2018/19		
1. Import Duties (Percent)	5, 10, 15, 20, 30, 80	5, 10, 15, 20, 30, 80		
2. Export Duties (Percent)	10, 200	10, 200		
3. Excise (Percent)	5, 10, 15, 30, 35, 40, 50, 55, 60	5, 7, 10, 15, 30, 35, 40, 50, 55, 60, 65, 70, 80, 85, 90 & 100		
4. VAT (Percent)	13 Percent	13 Percent		
5. Income Tax				
(a) Exemption Threshold				
(i) Individual	Rs. 350,000	Rs. 350,000		
(ii) Couple or Family	Rs. 400,000	Rs. 400,000		
(b) Tax Rates (Percent)				
(i) Upto exemption threshold of taxable income from employment	1 Percent	1 Percent		
(ii) After exemption threshold	First Rs. 100,000 On residual amount Above Rs. 25 Lakhs	15 Percent 25 Percent 35 Percent	First Rs. 100,000 Next Rs. 200,000 On residual amount above Rs. 20 lakhs	10 Percent 20 Percent 30 Percent 36 Percent
Corporate Tax				
(a) Flat Rate on Corporate Net Income				
(i) Banks and Financial Institutions	30 Percent	30 Percent		
(ii) Telecommunication & Internet, Remittance, Stockmarket, Merchant Banking and Commodity Broker	25 percent	30 Percent		
(ii) Others	25 Percent	25 Percent		
(b) Partnership Firm	25 Percent	25 Percent		
House Rent Tax	10 Percent	10 Percent		
Meeting Allowance	15 Percent	15 Percent		
Commission	15 Percent	15 Percent		
Lottery, Gift, Prize	25 Percent	25 Percent		
Interest Tax	5 Percent	5 Percent		
Provident Fund and Pension	5 Percent	5 Percent		
Government Securities	5 Percent	5 Percent		
Dividend Tax	5 Percent	5 Percent		

Public Enterprises

- 1.74 Of the 40 public enterprises (PEs) that have been in operation under full or majority ownership of the GON, 26 earned net profit while 11 incurred net loss and remaining 3 did not report the financial statements during 2017/18.

	Rs. in Billion			Growth Rate (%)	
	2015/16	2016/17	2018/19	2016/17	2018/19
Government Investment	270.03	312.08	364.79	15.6	16.9
Share Investment	139.52	159.57	200.37	14.4	25.6
Loan Investment	130.51	152.51	164.42	16.9	7.8
Shareholders' Fund	217.45	289.56	509.62	33.2	76.0
Unfunded Liabilities	32.34	38.57	38.83	19.3	0.7
Operating Income	238.84	322.06	390.83	34.8	21.3
Net Profit/Loss	34.96	41.43	43.45	18.5	4.9
Retained Profit/Loss	22.36	27.77	42.33	24.2	52.4

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

- 1.75 PEs recorded net profit of Rs. 43.45 billion in 2017/18 compared to their net profit of Rs. 41.43 billion in 2016/17. Net profit of PEs remained favorable on account of net profit earned by enterprises like Nepal Telecommunications Company Ltd. (Rs. 17.48 billion), Civil Aviation Authority of Nepal (Rs. 4.44 billion), Rastriya Banijya Bank Ltd. (Rs. 3.66 billion), Nepal Oil Corporation (Rs. 3.59 billion), Agriculture Development Bank (Rs. 3.44 billion), and Nepal Bank Ltd. (Rs. 3.22 billion) as well as net profit earned by some other PEs.
- 1.76 In 2017/18, total capital fund of PEs as well as GON's total investment in the form of equity and debt had increased. The GON's investment in PEs recorded a rise of 16.9 percent over the previous year.
- 1.77 In 2017/18, GON received dividend of Rs. 9.89 billion from PEs. This amount of dividend represented 4.94 percent of total share investment of the GON. The dividend received in the previous year had amounted to Rs. 7.78 billion. In the review year, GON received dividend from Nepal Telecommunications Company Ltd., Civil Aviation Authority of Nepal, Agriculture Development Bank Ltd., Hydroelectricity Investment and Development Company Ltd., Nepal Stock Exchange Ltd., Industrial District Management Ltd., and Citizen Investment Trust.
- 1.78 Net accumulated profit of PEs as of mid-July 2018 amounted to Rs. 42.33 billion. Such profit was Rs. 27.77 billion in the previous year.
- 1.79 The share of unfunded liability in each of the PEs has been substantial on account of facility being provided to retiring PE staff under various headings like gratuity, pension, medical care, insurance, cash in lieu of leave, etc. In 2017/18, the unfunded liability increased by 0.7 percent to Rs. 38.83 billion. Such liability had amounted to Rs. 38.57 billion in the previous year.

Monetary and Financial Situation

Monetary Situation

- 1.80 In 2018/19, broad money (M2) increased by 15.8 percent compared to an increase of 19.4 percent in the previous year. In the review year, narrow money (M1) increased by 8.6 percent in comparison to an increase of 17.6 percent in the previous year.
- 1.81 Currency in circulation increased by 1.7 percent in the review year compared to an increase of 15.0 percent in the previous year. Demand deposits increased by 19.7 percent in the review year compared to an increase of 22.0 percent in the previous year.
- 1.82 In the review year, net foreign assets (foreign exchange valuation gain/loss adjusted) decreased by Rs 67.40 billion (6.4 percent) in contrast to an increase of Rs. 0.96 billion (0.1 percent) in the previous year.
- 1.83 In 2018/19, domestic credit expanded by 21.4 percent, compared to an increase of 26.5 percent in the previous year.
- 1.84 In the review year, net claims of monetary sectors' on GON expanded by 40.3 percent (Rs. 109.93 billion). Such claims had increased by 82.4 percent in the previous year. The GON's cash balance with NRB amounted to Rs. 58.64 billion at the end of the review year.
- 1.85 In the review year, monetary sector's claims on private sector expanded by 19.1 percent (Rs. 467.49 billion), compared to an increase of 22.3 percent in the previous year.
- 1.86 In the review year, reserve money decreased by 1.5 percent, compared to an increase of 8.1 percent in the previous year.
- 1.87 Deposits at Banks and Financial Institutions (BFIs) increased by 18.0 percent in the review year, compared to an increase of 19.2 percent in the previous year. Similarly, Credit to the private sector from BFIs increased by 19.4 percent in the review year, compared to an increase of 22.5 percent in the previous year.

Inter-Bank Transactions and Use of Standing Liquidity Facility

- 1.88 In 2018/19, inter-bank transactions of commercial banks amounted to Rs. 1,775.11 billion and those of other financial institutions (excluding transactions among commercial banks) stood at Rs. 209.55 billion. These respective transactions had amounted to Rs. 1,161.31 billion and Rs. 49.43 billion respectively in the previous year.

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

Particulars	2016/17	2017/18	2018/19
Inter-bank Transactions of Commercial Banks (Rs. in billion)	1062.04	1161.31	1775.11
Inter-bank Transaction Rate of Commercial Banks (In Percent) ¹	0.64	2.96	4.52
Inter-bank Transaction of Other Financial Institutions except among Commercial Banks (Rs. in billion)	381.02	49.43	209.55
Inter-bank Transaction Rate of Other Financial Institutions (In Percent) ¹	4.47	5.40	6.24
Use of Standing Liquidity Facility (Rs. in billion)	62.39	38.33	154.33

¹ Weighted average interest rate during mid-July

Liquidity Management

- 1.89 Liquidity management of the banking system has been conducted using the appropriate instruments (repo, reverse repo, outright sale, outright purchase, deposit collection and NRB bills) in accordance with the decision of the open market operation committee as per the NRB Open Market Operation Bylaw, 2014.
- 1.90 In 2018/19, instruments for absorption and injection of liquidity as necessitated have been used to address fluctuations in liquidity of banking system. To address the provision of interest rate corridor system as announced by monetary policy of this fiscal year, Interest rate corridor procedure, 2074 (with first amendment) has been implemented.
- 1.91 Standing Liquidity Facility (SLF) procedure, 2073 has been amended in accordance with the monetary policy provision that revised the duration of the SLF, granted under the NRB Open Market Operation Bylaw, 2014, to maximum 7 days.
- 1.92 In 2018/19, liquidity amounting Rs.100.35 billion (on turnover basis) was mopped up through open market operation. Of which, Rs.20.70 billion was mopped up through reverse repo auction and Rs.79.65 billion through deposit collection auction. Similarly, total liquidity amounting Rs. 168.16 billion was injected. Of which, Rs. 162.46 billion was injected through regular repo while Rs. 5.70 billion under interest rate corridor through 14 days repo.
- 1.93 In 2018/19, liquidity worth Rs.154.33 billion was injected 156 times to manage short term liquidity to demanding BFIs through government bonds (T-bills and development bonds) and lending facilities against NRB bonds at the rate of 6.5 percent for 7 working days.

Foreign Exchange Transaction

- 1.94 In 2018/19, NRB injected net liquidity amounting Rs. 360.91 billion through the net purchase of US\$ 3.19 billion from foreign exchange market (commercial banks). In previous year, net liquidity amounting Rs. 422.34 billion was injected through the net

purchase of US\$ 4.05 billion. In the review year, Indian currency (IC) equivalent to Rs. 516.97 billion was purchased by selling convertible currency worth US\$ 4.24 billion. In the previous year, IC equivalent to Rs. 522.03 billion was purchased.

Table 1.10
Overall Situation of Foreign Exchange Transactions

(Rs. in billion)

Particulars	2016/17	2017/18	2018/19
1. US\$ Purchase	435.86	431.48	368.63
2. US\$ Sale	-	9.15	7.72
3. Net Liquidity Injection	435.86	422.34	360.91
4. Purchase of Indian Currency by Selling US\$	437.73	498.64	478.92
5. Purchase of Indian Currency by Selling other convertible currency	14.16	7.38	38.05

Short-Term Interest Rates

- 1.95 The 91-day weighted average T-bill rate and inter-bank rate among commercial banks both have increased in the month of mid-July 2019 compared to the month of mid-July 2018. The 91-day weighted average T-bill rate in the month of mid-July 2019 stood at 4.97 percent in comparison to the rate of 3.74 percent in the same month of the previous year. Similarly, the weighted average inter-bank transaction rate among commercial banks stood at 4.52 percent in mid-July 2019, compared to an average of 2.96 percent in the previous year. Likewise, the weighted average inter-bank interest rate among other financial institutions stood at 6.24 percent in mid-July 2019 in comparison to an average of 5.40 percent in mid-July 2018.
- 1.96 Weighted average lending and deposit interest rates of commercial banks stood at 12.13 percent and 6.60 percent respectively in mid-July 2019. Such rates were 12.47 percent and 6.49 percent in mid-July 2018. Similarly, the average base rate (commercial banks) stood at 9.57 percent in mid-July 2019, compared to the rate of 10.47 percent in mid-July 2018.

Table 1.11
Interest Rate of Commercial Banks

Particulars	2016/17	2017/18	2018/19
Weighted Average Interest Rate of Loan	11.33	12.47	12.13
Weighted Average Interest Rate of Deposit	6.15	6.49	6.60
Average Base Rate	9.89	10.47	9.57

Sources and Uses of Funds of Banks and Financial Institutions

Commercial Banks

- 1.97 In 2018/19, total assets/liabilities of commercial banks increased by 17.7 percent (Rs. 542.69 billion) to Rs. 3611.93 billion in comparison to an increase of 18.8 percent (Rs. 486.20 billion) in the previous year.
- 1.98 In 2018/19, total deposits mobilized by commercial banks increased by 15.6 percent (Rs. 383.84 billion) to Rs. 2843.06 billion in mid-July 2019 in comparison to an increase of 18.2 percent (Rs 378.83 billion) in the previous year. In the review year, the current, saving, and fixed deposits liabilities of commercial banks rose by 21.6 percent, 11.0 percent, and 19.8 percent respectively. Such growth was 29.4 percent, 15.5 percent and 21.5 percent respectively in the previous year.
- 1.99 The loans and advances of commercial banks in the review year increased by 18.8 percent (Rs.456.81 billion) to Rs. 2884.95 billion in mid-July 2019. The loans and advances of commercial banks had increased by 23.2 percent in the previous year. In the review year, claims on private sector increased by 17.5 percent (Rs. 366.11 billion) which had increased by 22.3 percent (Rs. 381.49 billion) in the previous year. The ratio of claims on private sector to GDP stood at 70.9 percent in mid-July 2019.
- 1.100 In 2018/19, loans and advances on priority sectors by commercial banks have reached to 17.7 percent (Rs. 440.84 billion) of the total loan disbursed. Among this, loan on agriculture, energy and tourism sectors stood at 8.8 percent, 4.5 percent and 4.3 percent respectively.
- 1.101 In the review year, commercial banks' investment in government securities increased 28.6 percent (Rs. 79.03 billion) to Rs. 354.89 billion as in mid-July 2019. Such investment had increased by Rs. 72.80 billion in the previous year.
- 1.102 As in mid-July 2019, the liquid assets of commercial banks (including investment in government securities) amounted to Rs. 730.56 billion. These liquid assets represented 25.7 percent of the total deposits this year as compared to 26.2 percent in the previous year. Among the components of liquid assets, liquid funds increased by 2.2 percent in the review period. Commercial Banks' balance held abroad increased by 22.3 percent (Rs. 24.59 billion) to Rs. 134.98 billion while balance with NRB decreased by 13.2 percent (Rs. 25.18 billion) to Rs. 165.90 billion as in mid-July 2019.

Development Banks

- 1.103 In the review year, total assets/liabilities of development banks increased by 28.3 percent (Rs. 100.82 billion) to Rs. 457.66 billion as in mid-July 2019. Total deposits, the major source of resource mobilization, expanded by 31.2 percent (Rs. 89.85 billion) to Rs. 378.19 billion in the review year. Likewise, liquid assets of

development banks (including investment in government securities) as in mid-July 2019 amounted to Rs. 39.03 billion, accounting 10.3 percent of total deposits. Such asset was 9.8 percent in the previous year. Among the components of liquid assets, liquid funds expanded by 15.6 percent to Rs. 23.36 billion in the review year.

- 1.104 In the review year, loans and advances of development banks increased by 29.50 percent (Rs. 95.37 billion) to Rs. 418.74 billion as in mid-July 2019 compared to an increase of 28.4 percent in the previous year. Among the components of loans and advances, claims on the private sector expanded by 35.7 percent to Rs. 342.11 billion as in mid-July 2019, accounting 9.9 percent of GDP.

Finance Companies

- 1.105 In the review year, total assets/liabilities of finance companies increased by 16 percent (Rs. 15.15 billion) to Rs. 110.01 billion as in mid-July 2019. Such assets/liabilities had expanded by 18.5 percent to Rs. 94.86 billion in the previous year. Deposit mobilization, the major source of resource mobilization, expanded by 18.8 percent (Rs. 11.85 billion) to Rs. 74.79 billion in mid-July 2019 in comparison to the expansion of 21.6 percent in the previous year. Liquid assets of finance companies (including investment in government securities) in mid-July 2019 amounted to Rs. 11.59 billion, accounting 15.5 percent of total deposits. Such ratio was 14.6 percent in the previous year. Among the components of liquid assets, liquid funds expanded by 13.6 percent to Rs. 6.27 billion in mid-July 2019.
- 1.106 In the review year, loans and advances of finance companies expanded by 16.1 percent (Rs. 14.03 billion) to Rs. 100.98 billion in mid-July 2019 in comparison to the expansion of 19.0 percent in the previous year. Among the components of loans and advances, claims on private sector increased by 17.9 percent to Rs. 67.49 billion in mid-July 2019, accounting 1.9 percent of GDP.

Microfinance Financial Institutions

- 1.107 As of mid-July 2019, there are 90 microfinancial institutions (MFIs) in operation. Among them, 86 are working as replicators of grameen (rural) banking system while 4 are carrying out wholesale microfinance lending transactions.
- 1.108 In the review year, total assets/liabilities of MFIs expanded by 58.8 percent to Rs. 273.06 billion. In mid-July 2019, the total deposits and borrowings of MFIs reached Rs. 85.63 billion and Rs. 126.48 billion respectively while total credit and investment reached Rs. 235.15 billion and 2.57 billion respectively.

Insurance Companies

- 1.109 As of mid-July 2019, there are 40 insurance companies in operation including 19 life insurance companies, 20 non-life insurance companies and 1 reinsurance company.

Based on data received from Insurance Board, total assets/liabilities of insurance companies increased by 33.4 percent to Rs. 347.16 billion in mid-July 2019, compared to the amount of Rs. 260.32 billion in mid-July 2018.

Employees Provident Fund

- 1.110 In mid-July 2019, total assets/liabilities of the Employees Provident Fund (EPF) increased by 9.8 percent to Rs. 342.72 billion compared to an increase of 24.2 percent to Rs. 312.15 billion in the previous year. Provident fund of the employees expanded by 11.2 percent to Rs. 309.85 billion in mid-July 2019 compared to Rs. 278.75 billion in mid-July 2018.

Citizen Investment Trust

- 1.111 Based on data obtained from Citizen Investment Trust (CIT), total assets/liabilities of the trust rose by 30.6 percent to Rs. 148.91 billion in mid-July 2019, compared to Rs. 114.06 billion in the previous year. Fund collection, a major component in the liabilities side of CIT, increased by 17.1 percent to Rs. 126 billion in mid-July 2019 compared to the amount of Rs. 107.61 billion in the previous year. Loans and advances increased by 56.1 percent to Rs. 40.65 billion compared to the amount of Rs. 26.04 billion in the previous year.

Postal Savings Bank

- 1.112 Among the 117 offices of Postal Saving Bank authorized for collecting deposits under Postal Services Department of GON, only 66 offices are presently involved in deposit collection. As of mid-July 2019, total deposits of Postal Saving Bank amounted to Rs. 1.32 billion while the loans and advances amounted to Rs. 0.38 billion.

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

Particulars	Mid-July		
	2017	2018	2019
Number of Offices Licensed to accept Deposits	117	117	117
Number of Offices accepting Deposits	68	65	66
Number of Offices doing Investment	59	57	57
Number of Accounts	69,695	72,947	63,396
Total Deposits (Rs. in million)	2,114.3	3,403.2	1,327.3
Total Investment Outstanding (Rs. in million)	657.8	593.6	377.8

Source: Department of Postal Services, GON

Deposit and Credit Guarantee Fund

- 1.113 The Deposit and Credit Guarantee Fund (DCGF) has been providing credit guarantee services for priority sector as well as for livestock, vegetable farming, foreign employment, micro and deprived sector, and small and medium-scale enterprises. The

DCGF guaranteed total credit amounting to Rs. 25.66 billion and total deposits amounting to Rs. 603.39 billion as of mid-July 2019 (Table 1.13).

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

Particulars	Mid-July			Percent Change	
	2017	2018	2019	2017/18	2018/19
Total Deposit Guaranteed (Rs. in billion)	381.89	430.74	603.38	12.8	40.08
Total Credit Guaranteed (Rs. in billion)	9.46	12.38	25.66	30.8	78.82

Source: Deposit and Credit Guarantee Fund

Credit Information Centre Limited

- 1.114 According to information available from Credit Information Centre Limited, the number of blacklisted borrowers reached 8,620 in mid-July 2019 compared to 6,241 in mid-July 2018.

Financial Structure

- 1.115 As of mid-July 2019, there are total of 225 banks and non-bank financial institutions in operation including 182 BFIs (NRB licensed 171 and 11 others), 40 insurance companies, Employment Provident Fund, Citizen Investment Trust and Postal Saving Bank. The number of such institutions in operation were 241 in the previous year.

**Table 1.14
Number of Banks and Financial Institutions**

Banks and Financial Institutions	Mid-July		
	2017	2018	2019
Commercial Banks	28	28	28
Development Banks	40	33	29
Finance Companies	28	25	23
Microfinance Development Banks	53	65	90
Cooperatives Licensed by the NRB (performing limited banking transactions)	14	14	-
NGOs Licensed by the NRB (performing limited banking transactions)	25	24	-
Institutions Licensed by NRB to conduct banking transactions	188	189	171
Other Institutions ¹	10	10	11
Insurance Companies	28	39	40
Employees Provident Fund	1	1	1
Citizen Investment Trust	1	1	1
Postal Saving Bank	1	1	1
Total	229	241	225

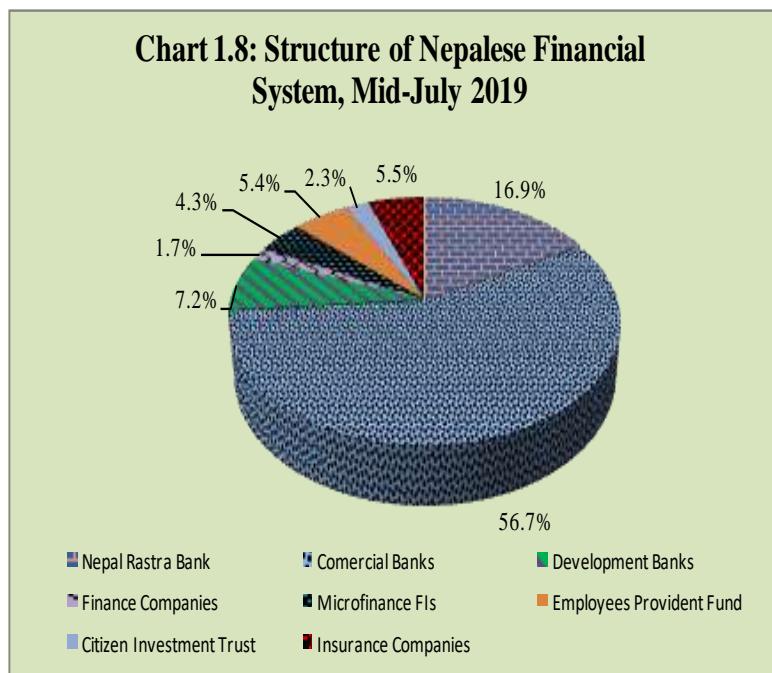
¹ including National Cooperative Bank Ltd., Shri Masreq Bank PSC, and Hydropower Investment and Development Company Ltd. along with licensed institutions for the purpose of conducting hire purchase transactions

- 1.116 As of mid-July 2019, the share of NRB in total assets/liabilities of the financial system remained 16.9 percent. Likewise, the share of commercial banks in total financial system has been 56.7 percent, development banks 7.2 percent, finance companies 1.7

percent, microfinance financial institutions 4.3 percent, Employees Provident Fund 5.4 percent, Citizen Investment Trust 2.3 percent, and insurance companies 5.5 percent. As of mid-July 2019, the ratio of total assets/liabilities of the banking system and GDP stood at 159.5 percent.

Financial Expansion

- 1.117 The number of BFIs (including the cooperatives and NGOs performing limited banking operations) licensed by NRB declined to 171 in mid-July 2019 compared to 189 in mid-July 2019. As of mid-July 2019, there were 28 commercial banks, 29 development banks, 23 finance companies, 90

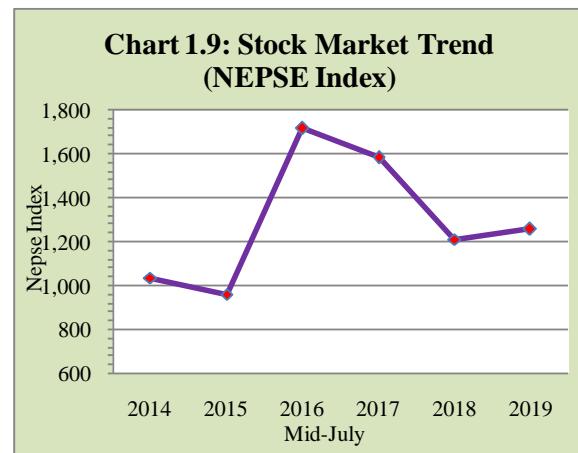


micro-finance development banks (MFDBs) and 1 infrastructure development bank.

- 1.118 Of the total 753 local levels, commercial banks extended their branches at 735 levels as of mid-July 2019 in comparison to 631 levels in mid-July 2018.
- 1.119 The total number of deposit accounts and borrowers has reached 27.87 million and 1.44 million respectively in mid-July 2019. Such number was 23.55 million and 1.30 million respectively in mid-July 2018. Similarly, the number of depositors and borrowers in MFIs have reached 4.33 million and 2.68 million respectively in mid-July 2019. These MFIs have provided their services in all 77 districts.
- 1.120 The cooperatives carrying out limited banking operations licensed by NRB has been separated from regulatory and supervisory scope of the bank from 17 July 2018. The number of cooperatives and NGOs licensed by NRB carrying out limited banking operations were 14 and 24 respectively as of mid-July 2018.

Securities Market

1.121 On y-o-y basis, the NEPSE index increased by 3.8 percent to 1259.0 points in mid-July 2019. Such index was decreased by 23.4 percent to 1212.4 in mid-July 2018. Similarly, the NEPSE sensitive index also increased by 6.3 percent to 271.3 points in mid-July 2019 over its level at 255.2 points in mid-July 2018. Similarly, the NEPSE float index also increased by 6.1 percent to 92.4 points in mid-July 2019 from 87.2 points as in mid-July 2018.



- 1.122 There has been a reduction in the total amount of securities market transactions in the review year. Total share transactions decreased by 9.3 percent to Rs. 110.07 billion in the review year from Rs. 121.39 billion in the previous year.
- 1.123 As of mid-July 2019, market capitalization on y-o-y basis increased by 9.2 percent to Rs. 1567.50 billion. The market capitalization to GDP ratio declined to 45.2 percent in mid-July 2019 from 47.3 percent a year ago. In the review year, the share of banks and financial institutions (including insurance companies), hydropower, manufacturing and processing, hotels, trading and others in stock market capitalization stood at 78.5 percent, 6 percent, 4.2 percent, 1.8 percent, 0.1 percent and 9.5 percent respectively.
- 1.124 The paid-up share value of listed companies in NEPSE increased by 17.1 percent to Rs. 412.28 billion in 2018/19. Total additional securities worth Rs 61.45 billion were listed which consisted of ordinary shares of Rs. 27.20 billion, right shares of Rs. 10.81 billion, bonus shares of Rs. 22.58 billion and debenture of Rs. 851 million.
- 1.125 The number of companies listed in Nepal Stock Exchange Limited has reached 215 in mid-July 2019. Such number was 196 in mid-July 2018. Among the listed companies, 154 are BFIs (including insurance companies) while 19 are manufacturing and processing industries, 30 are hydro-power companies, 4 each are hotels and trading companies, and 4 are categorized under the others.

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

	2017	2018	Projection	
			2019	2020
World Output	3.8	3.6	3.0	3.4
Advanced Economies	2.5	2.3	1.7	1.7
United States	2.4	2.9	2.4	2.1
Euro Area	2.5	1.9	1.2	1.4
Japan	1.9	0.8	0.9	0.5
Emerging and Developing Economies	4.8	4.5	3.9	4.6
Emerging and Developing Asia	6.6	6.4	5.9	6.0
China	6.8	6.6	6.1	5.8
India	7.2	6.8	6.1	7.0
Goods Price				
Fuel	23.3	29.4	-9.6	-6.2
Non-fuel	6.4	1.6	0.9	1.7
Consumer Price				
Advanced Economies	1.7	2.0	1.5	1.8
Emerging and Developing Economies	4.3	4.8	4.7	4.8
World Trade (Merchandise and Services)	5.7	3.6	1.1	3.2

Source: International Monetary Fund, *World Economic Outlook, October 2019*

Table 2
Macroeconomic Indicators

S.N.	Description	Percent Change		
		2016/17	2017/18	2018/19
1	Producers' Prices:			
	1.1 GDP at constant (2000/01) prices	8.2	6.7	7.1
	1.2 GDP at current prices	18.7	13.3	14.3
2	Basic Prices:			
	2.1 GDP at constant (2000/01) prices	7.7	6.3	6.8
	2.2 GDP at current prices	17.4	11.7	12.3
3	GNI at Current Prices	18.3	12.9	14.8
4	Total Consumption	7.1	7.6	10.6
5	Gross Domestic Saving	292.0	50.3	31.4
6	Gross National Saving	37.4	14.9	27.1
7	Total Investment	65.0	33.6	29.0
8	Gross Fixed Capital Formation	29.9	25.1	21.6
9	Gross National Disposable Income	16.1	10.2	16.6
10	Money Supply (M1)	13.1	17.6	8.6
11	Broad Money Supply (M2)	15.5	19.4	15.8
12	Domestic Credit	20.6	26.5	21.4
13	Fixed Deposits	61.3	25.5	22.4
14	Total Exports	4.2	11.4	19.4
15	Total Imports	28.0	25.8	13.9
16	Gross Foreign Exchange Reserve	3.9	2.1	-5.8
17	Government Revenue	26.4	19.3	19.1
18	Government Expenditure*	40.2	30.7	0.1
19	National Consumer Price Index	4.5	4.2	4.6
20	Wholesale Price Index	2.7	1.7	6.2
As Percent of Nominal GDP at Producers' Prices				
1	Total Consumption	86.6	82.2	79.5
2	Gross Domestic Saving	13.4	17.8	20.5
3	Gross National Saving	46.4	47.1	52.4
4	Total Investment	46.8	55.2	62.3
5	Gross Fixed Capital Formation	32.4	34.7	36.9
6	Gross National Disposable Income	133.0	129.3	131.9
7	Money Supply (M1)	21.3	22.1	21.0
8	Broad Money Supply (M2)	96.9	102.1	103.4
9	Domestic Credit	81.4	90.9	96.6
10	Fixed Deposits	36.2	40.1	43.0
11	Total Exports	2.7	2.7	2.8
12	Total Imports	37.0	41.1	40.9
13	Foreign Exchange Reserve	40.4	36.4	30.0
14	Government Revenue	22.8	24.0	25.0
15	Government Expenditure*	30.5	35.2	30.8
16	Government Budget Surplus/Deficit*	-7.1	-10.1	-5.4
17	Domestic Borrowings	-34.3	-38.4	-38.1
18	Trade Balance (-Deficit)	-0.4	-8.2	-7.7
19	Current Account Balance (-Deficit)	15.5	17.3	17.2
20	Total Outstanding External Debt	10.6	12.9	13.1

* On cash basis

Source: Economic Survey, 2018/19; Financial Comptroller General Office

Table 3
Sectoral Growth Rate of Gross Domestic Product

(at 2000/01 prices)

(In Percent)

Particulars	Growth Rate		
	2016/17	2017/18^R	2018/19^P
1. Agriculture	5.2	2.8	5.0
Agriculture and Forestry	5.1	2.7	5.0
Fishery	8.0	6.0	5.6
2. Non-agriculture	9.0	7.7	7.5
Industry	12.4	9.6	8.1
Mining and Quarrying	13.7	8.9	9.5
Manufacturing	9.7	9.2	5.8
Electricity, Gas & Water	20.5	9.8	12.4
Construction	12.4	10.0	8.9
Service	8.1	7.2	7.3
Wholesale & Retail Trade	11.9	12.3	10.9
Hotels & Restaurants	7.3	9.8	8.3
Transport, Storage & Communication	6.5	4.6	5.9
Financial Intermediation	9.1	6.4	6.2
Real Estate, Renting & Business Activities	5.7	5.2	6.1
Public Administration & Defence	9.1	5.1	5.6
Education	7.4	5.0	5.2
Health & Social Work	7.3	6.3	6.7
Other Community, Social & Personal Service Activities	5.6	5.5	6.0
GDP at basic prices	7.7	6.3	6.8
GDP at producers' prices	8.2	6.7	7.1

R = Revised Estimate

P = Provisional Estimate

Source: Central Bureau of Statistics

Table 4
National Consumer Price Index
(Annual Average)

(Base Year: 2014/15=100)

Groups/Sub-Groups	Weight %	2016/17	2017/18	2018/19	Percent Change	
					2017/18	2018/19
Overall Index	100.00	114.8	119.6	125.1	4.2	4.6
1. Food & Beverage	43.91	113.0	116.1	119.7	2.7	3.1
Cereal Grains & their Products	11.33	111.1	113.8	119.9	2.5	5.3
Legume Varieties	1.84	125.4	95.2	89.1	-24.0	-6.5
Vegetables	5.52	107.5	119.7	116.3	11.4	-2.9
Meat & Fish	6.75	112.4	114.9	120.0	2.2	4.5
Milk Products & Eggs	5.24	114.0	121.9	124.9	7.0	2.5
Ghee & Oil	2.95	112.3	115.1	122.4	2.4	6.3
Fruits	2.08	110.6	114.7	121.9	3.8	6.2
Sugar & Sweets	1.74	123.2	122.3	118.2	-0.7	-3.3
Spices	1.21	119.9	114.0	120.4	-4.9	5.6
Soft Drinks	1.24	108.5	111.7	116.0	3.0	3.8
Hard Drinks	0.68	126.1	135.8	150.6	7.6	10.9
Tobacco Products	0.41	111.6	117.5	129.8	5.4	10.4
Restaurant Food	2.92	117.1	122.8	128.7	4.9	4.9
2. Non-Food & Services	56.09	116.3	122.4	129.6	5.3	5.9
Clothing & Footwear	7.19	124.7	132.1	141.0	5.9	6.8
Housing & Utilities	20.30	122.0	130.3	140.3	6.8	7.7
Furnishing & Household Equipment	4.30	112.9	117.2	123.9	3.7	5.7
Health	3.47	105.3	107.7	110.1	2.2	2.2
Transport	5.34	100.9	102.9	109.3	1.9	6.3
Communication	2.82	104.9	105.4	103.8	0.5	-1.5
Recreation & Culture	2.46	107.5	111.9	116.9	4.1	4.5
Education	7.41	120.9	130.6	137.2	8.0	5.0
Miscellaneous Goods & Services	2.81	113.8	118.1	124.4	3.7	5.4
Consumer Price Index - Kathmandu Valley						
Overall Index	100.00	115.0	118.8	124.5	3.3	4.9
1. Food & Beverage	39.77	115.0	118.7	122.5	3.2	3.3
2. Non-Food & Services	60.23	115.0	118.8	125.9	3.3	5.9
Consumer Price Index - Terai						
Overall Index	100.00	113.4	118.4	123.4	4.4	4.3
1. Food & Beverage	44.14	111.4	114.3	116.8	2.6	2.2
2. Non-Food & Services	55.86	115.0	121.7	128.8	5.9	5.9
Consumer Price Index - Hills						
Overall Index	100.00	117.5	122.9	129.0	4.6	5.0
1. Food & Beverage	46.88	114.2	116.7	121.8	2.2	4.3
2. Non-Food & Services	53.12	120.5	128.6	135.7	6.7	5.6
Consumer Price Index - Mountain						
Overall Index	100.00	113.2	119.8	125.7	5.9	4.9
1. Food & Beverage	59.53	111.4	117.0	120.7	5.0	3.2
2. Non-Food & Services	40.47	115.9	124.2	133.5	7.2	7.5

Table 5
National Wholesale Price Index
(Annual Average)

(Base Year: 1999/2000=100)

Groups/Sub-Groups	Weight %	2016/17	2017/18	2018/19	Percent Change	
					2017/18	2018/19
I. Overall Index	100.00	98.3	100.0	106.2	1.7	6.2
1.1 Primary Commodities	33.59	101.3	100.0	106.1	-1.2	6.1
Foodgrains	8.76	101.3	100.0	106.1	-1.2	6.1
Non-food	57.65	101.6	100.0	106.3	-1.6	6.3
1.2 Fuel and Power	31.27	94.5	100.0	112.7	5.8	12.7
Petroleum Products	2.31	9.3	100.0	119.6	6.0	19.6
Electricity	5.66		100.0	100.0		0.0
1.3 Manufactured Commodities	3.10	95.8	100.0	105.3	4.3	5.3
Food Beverages & Tobacco	15.16	95.9	100.0	105.3	4.3	5.3
Textile	1.01	100.9	100.0	115.1	-0.9	15.1
Leather and Leather-related Products	0.29	103.0	100.0	104.0	-2.9	4.0
Wood and Wood-related Products	2.07		100.0	109.4		9.4
Paper and Paper Products	1.08	100.7	100.0	100.1	-0.7	1.1
Chemical and Chemical Goods	6.55	97.3	100.0	100.2	2.8	0.2
Rubber and Plastic Products	1.92	98.0	100.0	105.2	2.0	5.2
Non-metalic Mineral Products	4.50	91.7	100.0	101.2	9.0	1.2
Basic Metals	12.55	87.9	100.0	108.7	13.7	8.7
Electric & Electronic Goods	4.45	96.2	100.0	99.9	4.0	-0.1
Machinery and Goods	3.17	97.0	100.0	103.8	3.1	3.8
Transport, Equipment & Parts Goods	3.80	88.8	100.0	112.3	12.6	12.3
Others	1.08	98.7	100.0	104.0	1.3	4.0
Broad Economic	100.00		100.0	106.2		6.2
Consumption Goods	32.90		100.0	105.5		5.5
Mediator Goods	56.30		100.0	107.3		7.3
Capital Goods	10.80		100.0	102.9		2.9
Construction Materials	14.03	90.3	100.0	108.0		8.0

Table 6
National Salary and Wage Rate Index

(2004/05 = 100)

	Groups/Sub-Groups	Weight %	2015/16	2016/17	2017/18	2018/19	Percent Change	
							2017/18	2018/19
	Overall Index	100.00	369.8	423.2	449.4	491.1	6.2	9.3
1.	Salary Index	26.97	284.4	336.4	368.6	393.1	9.6	6.6
	Officers	9.80	265.8	310.9	339.6	367.0	9.2	8.1
	Non-Officers	17.17	295.0	350.8	385.1	408.0	9.8	5.9
1.1	Civil Service	2.82	340.7	423.2	423.2	454.4	0.0	7.4
	Officers	0.31	281.4	350.7	350.7	358.8	0.0	2.3
	Non-Officers	2.51	347.9	432.0	432.0	466.0	0.0	7.9
1.2	Public Corporations	1.14	290.1	350.6	353.1	373.5	0.7	5.8
	Officers	0.19	233.0	295.2	297.2	310.5	0.7	4.5
	Non-Officers	0.95	301.6	361.6	364.2	386.0	0.7	6.0
1.3	Bank & Financial Institutions	0.55	457.7	494.9	523.2	529.2	5.7	1.1
	Officers	0.10	352.3	375.6	407.5	414.6	8.5	1.7
	Non-Officers	0.45	481.8	522.2	549.7	555.5	5.3	1.1
1.4	Army & Police Forces	4.01	332.4	410.8	410.8	443.9	0.0	8.1
	Officers	0.17	259.3	322.6	322.6	337.0	0.0	4.5
	Non-Officers	3.84	335.7	414.8	414.8	448.8	0.0	8.2
1.5	Education	10.55	300.2	362.4	383.4	422.7	5.8	10.3
	Officers	6.80	272.1	326.8	354.6	392.9	8.5	10.8
	Non-Officers	3.75	351.2	426.9	435.5	476.7	2.0	9.5
1.6	Private Institutions	7.90	206.0	219.7	299.4	299.4	36.3	0.0
	Officers	2.24	243.6	254.4	293.9	293.9	15.5	0.0
	Non-Officers	5.66	191.1	206.0	301.5	301.5	46.4	0.0
2.	Wage Rate Index	73.03	401.3	455.3	479.3	527.3	5.3	10.0
2.1	Agricultural Labourer	39.49	457.5	517.3	546.3	609.0	5.6	11.5
	Male	20.49	451.0	498.0	523.0	580.1	5.0	10.9
	Female	19.00	464.6	538.2	571.4	640.1	6.2	12.0
2.2	Industrial Labourer	25.25	329.0	374.6	391.8	419.1	4.6	7.0
	Highly Skilled	6.31	319.8	356.9	360.1	392.8	0.9	9.1
	Skilled	6.31	326.9	370.1	372.9	400.2	0.7	7.3
	Semi-Skilled	6.31	323.3	363.8	366.6	398.8	0.8	8.8
	Unskilled	6.32	345.8	407.6	467.4	484.3	14.7	3.6
2.3	Construction Labourer	8.29	354.1	405.7	426.7	467.4	5.2	9.5
	Mason	2.76	329.6	379.2	398.9	432.3	5.2	8.4
	Skilled	1.38	318.4	368.9	389.8	424.0	5.7	8.8
	Unskilled	1.38	340.9	389.4	408.1	440.7	4.8	8.0
	Carpenter	2.76	316.8	371.9	386.5	419.3	3.9	8.5
	Skilled	1.38	310.9	359.4	374.1	409.4	4.1	9.4
	Unskilled	1.38	322.8	384.4	398.9	429.2	3.8	7.6
	Worker	2.77	415.7	466.0	494.6	550.5	6.1	11.3
	Male	1.38	422.0	457.1	480.4	541.2	5.1	12.7
	Female	1.39	409.5	474.9	508.7	559.6	7.1	10.0

Table 7
Consumer Price Inflation in Nepal and India (Monthly Series)

(y-o-y changes)

Months	2016/17			2017/18			2018/19		
	Nepal	India	Deviation	Nepal	India	Deviation	Nepal	India	Deviation
August	8.6	5.1	3.5	2.3	3.4	-1.1	4.2	3.7	0.5
September	7.9	4.3	3.6	3.4	3.3	0.1	3.9	3.7	0.2
October	6.7	4.2	2.5	3.1	3.6	-0.5	4.7	3.4	1.3
November	4.8	3.6	1.2	3.9	4.9	-1.0	4.2	2.3	1.9
December	3.8	3.4	0.4	4.2	5.2	-1.0	3.7	2.1	1.6
January	3.2	3.2	0.0	4.0	5.1	-1.1	4.6	2.1	2.6
February	3.3	3.7	-0.4	5.0	4.4	0.6	4.4	2.6	1.8
March	2.9	3.8	-0.9	6.0	4.3	1.7	4.2	2.9	1.3
April	3.8	3.0	0.8	5.3	4.6	0.7	4.4	2.9	1.5
May	3.4	2.2	1.2	4.1	4.9	-0.8	5.3	3.1	2.2
June	2.8	1.5	1.2	4.1	5.0	-0.9	6.2	3.2	3.0
July	2.7	2.4	0.4	4.6	4.2	0.4	6.0	3.2	2.9
Average	4.5	3.4	1.1	4.2	4.4	-0.2	4.6	2.9	1.7

Table 8
Direction of Foreign Trade*

	2016/17	2017/18 ^R	2018/19 ^P	(Rs. in Million)	
				2017/18	2018/19
TOTAL EXPORTS	73049.1	81359.8	97109.5	11.4	19.4
To India	41449.2	46719.8	62731.8	12.7	34.3
To China	1701.5	2437.7	2109.8	43.3	-13.5
To Other Countries	29898.4	32202.3	32267.9	7.7	0.2
TOTAL IMPORTS	990113.2	1245103.2	1418535.3	25.8	13.9
From India	633669.6	814101.6	917909.3	28.5	12.8
From China	127245.0	159987.1	205527.4	25.7	28.5
From Other Countries	229198.6	271014.5	295098.6	18.2	8.9
TOTAL TRADE BALANCE	-917064.1	-1163743.4	-1321425.7	26.9	13.5
With India	-592220.4	-767381.8	-855177.5	29.6	11.4
with China	-125543.5	-157549.4	-203417.6	25.5	29.1
With Other Countries	-199300.2	-238812.2	-262830.6	19.8	10.1
TOTAL FOREIGN TRADE	1063162.3	1326463.0	1515644.8	24.8	14.3
With India	675118.7	860821.4	980641.1	27.5	13.9
With China	128946.5	162424.8	207637.2	26.0	27.8
With Other Countries	259097.0	303216.8	327366.5	17.0	8.0

(In Percent)

1. Ratio of Exports to Imports	7.4	6.5	6.8
India	6.5	5.7	6.8
China	1.3	1.5	1.0
Other Countries	13.0	11.9	10.9
2. Share in Total Exports			
India	56.7	57.4	64.6
China	2.3	3.0	2.2
Other Countries	40.9	39.6	33.2
3. Share in Total Imports			
India	64.0	65.4	64.7
China	12.9	12.8	14.5
Other Countries	23.1	21.8	20.8
4. Share in Trade Balance			
India	64.6	65.9	64.7
China	13.7	13.5	15.4
Other Countries	21.7	20.5	19.9
5. Share in Total Trade			
India	63.5	64.9	64.7
China	12.1	12.2	13.7
Other Countries	24.4	22.9	21.6
6. Share of Exports & Imports in Total Trade			
Export	6.9	6.1	6.4
Import	93.1	93.9	93.6

* Based on customs data

P = Provisional

Table 9
Exports of Major Commodities to India*

(Rs. in Million)

		Fiscal Year			Percent Change	
		2016/17	2017/18 ^K	2018/19 ^P	2017/18	2018/19
A.	Major Commodities	35001.1	37775.9	51129.9	7.9	35.4
1	Aluminium Section	263.2	115.7	6.5	-56.0	-94.4
2	Biscuits	0.1	0.0	0.0	-	-
3	Brans	266.9	325.1	286.5	21.8	-11.9
4	Brooms	0.0	0.6	0.4	-	-38.6
5	Cardamom	3906.2	4846.3	4283.9	24.1	-11.6
6	Catechue	0.0	0.0	0.0	-	-
7	Cattlefeed	555.4	467.9	492.7	-15.8	5.3
8	Chemicals	10.1	7.4	4.6	-26.7	-38.6
9	Cinnamon	71.0	93.8	82.1	32.2	-12.5
10	Copper Wire Rod	793.5	950.2	971.2	19.7	2.2
11	Fruits	17.1	16.2	2.6	-5.2	-84.2
12	G.I. pipe	1026.0	246.4	209.9	-76.0	-14.8
13	Ghee (Vegetable)	0.0	0.0	0.0	-	-
14	Ghee (Clarified)	145.4	119.4	82.7	-17.9	-30.7
15	Ginger	232.3	701.3	497.3	201.9	-29.1
16	Handicraft Goods	44.2	39.2	50.9	-11.5	30.1
17	Herbs	603.7	728.5	723.4	20.7	-0.7
18	Juice	5057.5	4738.5	4549.9	-6.3	-4.0
19	Jute Goods	4460.5	4643.5	5811.4	4.1	25.2
	(a) Hessian	138.0	220.1	318.4	59.5	44.7
	(b) Sackings	3613.3	4419.4	5493.0	22.3	24.3
	(c) Twines	709.2	4.1	0.0	-99.4	-
20	Live Animals	126.5	68.7	10.1	-45.7	-85.4
21	M.S. Pipe	46.7	7.8	0.0	-83.3	-
22	Marble Slab	31.8	53.2	51.6	67.5	-3.2
23	Medicine (Ayurvedic)	681.3	743.3	734.0	9.1	-1.2
24	Mustard & Linseed	28.2	31.6	29.8	12.0	-5.6
25	Noodles	655.6	537.2	791.5	-18.1	47.3
26	Oil Cakes	1460.1	1480.8	1608.1	1.4	8.6
27	Paper	8.6	1.9	42.3	-77.9	-
28	Particle Board	18.2	13.4	7.9	-26.2	-41.5
29	Pashmina	72.1	80.2	113.5	11.2	41.4
30	Plastic Utensils	169.9	22.1	2.6	-87.0	-88.3
31	Polyester Yarn	2816.5	3665.1	6159.6	30.1	68.1
32	Pulses	0.4	0.1	0.2	-88.7	372.0
33	Raw Jute	39.5	0.0	0.8	-	-
34	Readymade Garments	201.1	147.5	174.4	-26.7	18.2
35	Ricebran Oil	24.2	11.5	0.0	-52.4	-
36	Rosin	1671.2	1581.0	1385.6	-5.4	-12.4
37	Shampoos and Hair Oils	0.0	0.0	0.0	-	-
38	Shoes and Sandals	1233.9	1247.6	906.5	1.1	-27.3
39	Skin	249.7	274.5	189.9	9.9	-30.8
40	Soap	1.9	1.0	0.7	-47.9	-26.1
41	Stone and Sand	0.0	0.0	0.0	-	-
42	Turpentine	285.2	321.0	312.4	12.5	-2.7
43	Textiles**	3241.0	3204.0	3420.5	-1.1	6.8
44	Thread	33.8	636.1	754.7	-	18.6
45	Tooth Paste	648.5	762.7	815.9	17.6	7.0
46	Turmeric	7.7	2.2	0.6	-72.0	-74.1
47	Vegetables	91.5	96.9	122.5	5.9	26.4
48	Wire	1672.9	1964.2	2154.3	17.4	9.7
49	Zinc Sheet	2029.8	2780.2	2951.0	37.0	6.1
50	Palm Oil	-	-	10333.2	-	-
B.	Others	6448.1	8943.9	11601.9	38.7	29.7
	Total (A+B)	41449.2	46719.8	62731.8	12.7	34.3

* Based on customs data

** Includes PP fabric

P = Provisional

Table 10
Imports of Major Commodities from India*

(Rs. in Million)

		Fiscal Year		Percent Change	
		2016/17	2017/18 ^R	2018/19 ^P	2017/18
A.	Major Commodities	506569.1	654326.8	729822.1	29.2
1	Agri. Equip.& Parts	15202.2	4552.8	5456.9	-70.1
2	Almuniun Bars, Rods, Profiles, Foil, etc.	3665.8	4986.6	5350.8	36.0
3	Baby Food & Milk Products	5904.1	6711.0	6675.8	13.7
4	Bitumen	1171.7	2689.5	5807.7	129.5
5	Books and Magazines	1708.5	1431.5	1362.9	-16.2
6	Cement	24032.5	31178.1	12971.2	29.7
7	Chemical Fertilizer	1083.0	1862.2	900.1	72.0
8	Chemicals	3943.4	6112.6	7065.1	55.0
9	Coal	9015.6	10871.5	13325.3	20.6
10	Cold-rolled Sheet in Coil	5027.5	10264.1	9848.2	104.2
11	Cooking Stoves	413.4	591.2	681.0	43.0
12	Cosmetics	2664.2	3008.0	3309.0	12.9
13	Cuminseeds and Peppers	1230.4	1487.7	1915.8	20.9
14	Dry Cell Battery	2622.8	2848.7	3520.3	8.6
15	Electrical Equipment	13865.6	15946.8	21236.3	15.0
16	Enamel & Other Paints	2328.4	2934.5	3668.7	26.0
17	Fruits	4949.9	5731.1	10444.9	15.8
18	Glass Sheet and Glasswares	4072.2	4610.7	5373.3	13.2
19	Hotrolled Sheet in Coil	16191.1	24426.8	23354.4	50.9
20	Incense Sticks	723.2	885.0	1016.6	22.4
21	Insecticides	2136.5	2168.0	2550.3	1.5
22	Live Animals	2165.3	3314.9	2721.4	53.1
23	M.S. Billet	46509.3	57943.3	66894.3	24.6
24	M.S. Wires, Rods, Coils, Bars	9259.1	14285.6	17179.5	54.3
25	Medicine	21484.2	24076.8	25518.4	12.1
26	Molasses Sugar	67.0	67.2	94.1	0.3
27	Other Machinery & Parts	26526.9	39276.5	48423.7	48.1
28	Other Stationery Goods	683.0	818.5	1123.1	19.8
29	Paper	5876.9	6418.2	6672.7	9.2
30	Petroleum Products	118919.7	170134.4	213356.5	43.1
31	Pipe and Pipe Fittings	2049.5	2769.7	2843.2	35.1
32	Plastic Utensils	2761.5	3384.3	3572.2	22.6
33	Radio, TV, Deck & Parts	1596.4	1352.9	1511.9	-15.3
34	Raw Cotton	235.2	109.5	472.3	-53.4
35	Readymade Garments	5622.9	5425.6	8049.6	-3.5
36	Rice and paddy	23600.9	28909.9	32215.0	22.5
37	Salt	904.0	1181.9	1409.6	30.7
38	Sanitaryware	5051.4	2224.9	2594.0	-56.0
39	Shoes & Sandals	1049.2	1037.6	1070.0	-1.1
40	Steel Sheet	246.7	1250.6	1490.1	407.0
41	Sugar	119.1	48.7	0.1	-59.1
42	Tea	78.4	105.3	102.4	34.4
43	Textiles	4204.3	4844.4	7881.4	15.2
44	Thread	6418.3	9382.2	11296.6	46.2
45	Tobacco	2805.3	2640.8	2355.6	-5.9
46	Tyre, Tubes & Flapes	5876.8	7617.9	8894.7	29.6
47	Vegetables	10645.5	11038.5	14609.4	3.7
48	Vehicles & Spare Parts	77844.1	105974.1	97520.7	36.1
49	Wire Products	2015.8	3393.6	4115.1	68.4
B.	Others	127100.5	159774.9	188087.2	25.7
	Total (A+B)	633669.6	814101.6	917909.3	28.5
					12.8

* Based on customs data

P = Provisional

Table 11
Exports of Major Commodities to China*

(Rs. in Million)

		Fiscal Year			Percent Change	
		2016/17	2017/18 ^R	2018/19 ^P	2017/18	2018/19
A.	Major Commodities	956.2	1165.3	1103.1	21.9	-5.3
1	Incense Sticks	9.8	12.6	7.4	28.9	-40.9
2	Aluminium, Copper and Brass Utensils	0.0	0.0	0.0	-	-
3	Handicraft (Metal and Woolen)	373.0	319.3	292.7	-14.4	-8.3
4	Noodles	27.7	87.8	148.7	216.6	69.4
5	Other handicraft goods	85.6	144.1	200.0	68.4	38.7
6	Pashmina	25.5	77.7	42.0	204.5	-46.0
7	Readymade Garments	58.7	107.6	100.3	83.5	-6.8
8	Readymade Leather Goods	0.8	0.1	0.7	-88.5	655.1
9	<i>Rudrakshya</i> Beads	0.0	0.0	0.0	-	-
10	Silverware and Jewelleries	3.2	1.5	0.6	-54.6	-61.1
11	Tanned Skin	138.2	101.4	85.7	-26.7	-15.5
12	Tea	8.7	28.9	15.8	233.0	-45.1
13	Vegetables	0.0	0.0	0.0	-	-
14	Wheat Flour	6.0	25.1	13.9	318.3	-44.7
15	Woolen Carpet	219.0	259.2	195.4	18.4	-24.6
B.	Other	745.3	1272.4	1006.7	70.7	-20.9
	Total (A+B)	1701.5	2437.7	2109.8	43.3	-13.5

* Based on customs data

P = Provisional

Table 12
Imports of Major Commodities from China*

		Fiscal Year			Percent Change	
		2016/17	2017/18^R	2018/19^P	2017/18	2018/19
A.	Major Commodities	88456.2	112558.8	140623.3	27.2	24.9
1	Aluminium Scrap, Flake, Foil, Bars & Rods	1451.1	1622.5	2299.4	11.8	41.7
2	Bags	636.8	842.0	1376.3	32.2	63.5
3	Camera	410.1	582.6	729.4	42.0	25.2
4	Chemical	1191.3	1675.9	1789.9	40.7	6.8
5	Chemical Fertilizer	8745.6	8721.0	8322.4	-0.3	-4.6
6	Cosmetic Goods	418.3	665.6	1237.0	59.1	85.8
7	Dry Cell Battery	203.1	181.2	209.0	-10.8	15.4
8	Electrical Goods	8929.7	10951.7	20325.1	22.6	85.6
9	Fastener	225.7	239.4	400.3	6.1	67.2
10	Garlic	365.8	604.3	352.4	65.2	-41.7
11	Ginger	0.0	0.0	0.0	-	-
12	Glasswares	1412.0	1426.2	1750.3	1.0	22.7
13	Medical Equipment & Tools	1027.8	1583.7	1619.7	54.1	2.3
14	Medicine	567.4	915.1	1291.6	61.3	41.1
15	Metal & Wooden Furniture	1260.0	1202.2	1644.4	-4.6	36.8
16	Office Equipment & Stationery	868.3	1103.3	1338.8	27.1	21.3
17	Other Machinery and Parts	10475.8	18863.4	18927.3	80.1	0.3
18	Other Stationeries	668.1	646.8	675.4	-3.2	4.4
19	Paraffin Wax	29.0	6.8	14.2	-76.7	109.9
20	Pipe and Pipe Fittings	666.0	735.7	1096.9	10.5	49.1
21	Plywood & Particle Board	380.6	359.7	452.9	-5.5	25.9
22	Polyethylene Terephthalate (Plastic pet chips/Pet Resin)	0.0	24.0	183.6	-	-
23	Raw Silk	755.1	1695.8	1921.0	124.6	13.3
24	Raw Wool	719.5	372.4	361.7	-48.2	-2.9
25	Readymade Garments	5559.8	8763.7	20982.7	57.6	139.4
26	Seasoning Powder & Flavour for Instant Noodles	70.8	77.7	81.7	9.7	5.1
27	Shoes and Sandals	2176.4	2998.6	6485.9	37.8	116.3
28	Smart Cards	148.3	367.6	189.7	147.9	-48.4
29	Solar Pannel	832.2	480.5	1065.3	-42.3	121.7
30	Steel Rod & Sheet	632.9	1215.4	1241.9	92.0	2.2
31	Storage Battery	837.9	741.7	762.8	-11.5	2.9
32	Telecommunication Equipments and Parts	24230.6	26825.0	22844.4	10.7	-14.8
33	Threads – Polyester	331.9	302.8	469.8	-8.8	55.2
34	Toys	734.7	798.7	1453.8	8.7	82.0
35	Transport Equipment & Parts	2787.4	4109.9	4311.6	47.4	4.9
36	Tyre, Tubes and Flapes	159.1	179.3	241.2	12.7	34.5
37	Video Television & Parts	7146.5	8993.5	10288.7	25.8	14.4
38	Welding Rods	438.3	638.2	748.2	45.6	17.2
39	Wheat Products	209.7	293.6	296.4	40.0	1.0
40	Writing & Printing Paper	752.3	751.6	840.1	-0.1	11.8
B.	Other Commodities	38788.8	47428.3	64904.1	22.3	36.8
	Total (A + B)	127245.0	159987.1	205527.4	25.7	28.5

* Based on customs data

P = Provisional

Table 13
Exports of Major Commodities to Other Countries*

(Rs. in Million)

		Fiscal Year			Percent Change	
		2016/17	2017/18 ^R	2018/19 ^P	2017/18	2018/19
A.	Major Commodities	16329.5	16397.6	16469.4	0.4	0.4
1	Handicraft (Metal and Wooden)	153.3	89.2	146.4	-41.8	64.2
2	Herbs	147.9	295.9	593.1	100.0	100.5
3	Nepalese Paper & Paper Products	380.1	312.8	281.7	-17.7	-9.9
4	Pashmina	2353.7	2124.4	1754.3	-9.7	-17.4
5	Pulses	970.0	896.3	1274.1	-7.6	42.1
6	Readymade Garments	4005.5	4368.1	3911.4	9.1	-10.5
7	Readymade Leather Goods	263.5	295.4	285.4	12.1	-3.4
8	Silverware and Jewelleries	253.8	349.9	510.2	37.9	45.8
9	Tanned Skin	383.1	440.0	244.4	14.9	-44.5
10	Tea	262.0	363.8	304.0	38.8	-16.4
11	Woolen Carpet	7156.4	6861.8	7164.4	-4.1	4.4
B.	Others	13568.9	15804.6	15798.5	16.5	0.0
	Total (A+B)	29898.4	32202.3	32267.9	7.7	0.2

* Based on customs data

P = Provisional

Table 14
Imports of Major Commodities from Other Countries*

(Rs. in Million)

		Fiscal Year			Percent Change	
		2016/17	2017/18 ^R	2018/19 ^P	2017/18	2018/19
A.	Major Commodities	165846.4	19886.1	217242.0	19.9	9.2
1	Aircraft Spareparts	17277.3	22356.7	23110.4	29.4	3.4
2	Bags	43.8	81.5	42.9	85.9	-47.3
3	Betelnut	1036.9	2035.4	1214.7	96.3	-40.3
4	Button	0.4	0.7	0.4	53.6	-36.2
5	Camera	432.7	558.9	870.2	29.2	55.7
6	Chemical Fertilizer	3299.8	4625.5	6929.7	40.2	49.8
7	Cigarette Paper	36.4	58.8	39.0	61.3	-33.7
8	Clove	127.4	83.1	168.9	-34.8	103.2
9	Coconut Oil	31.4	65.8	135.6	109.2	106.2
10	Computer and Parts	2536.4	1853.7	2281.0	-26.9	23.1
11	Copper Wire Rod, Scraps & Sheets	1755.6	2304.9	4380.6	31.3	90.1
12	Cosmetic Goods	1280.5	1329.8	1598.4	3.9	20.2
13	Crude Coconut Oil	0.0	7.7	14.1	-	83.4
14	Crude Palm Oil	5773.1	4689.2	11826.8	-18.8	152.2
15	Crude Soyabean Oil	13529.1	15053.5	13450.8	11.3	-10.6
16	Cuminseed	4.2	0.1	0.1	-98.6	76.9
17	Door Locks	10.3	5.4	19.9	-47.5	268.8
18	Drycell Battery	18.0	41.3	81.3	129.6	97.0
19	Edible Oil	8767.7	6514.3	8142.3	-25.7	25.0
20	Electrical Goods	1663.1	2100.9	2193.0	26.3	4.4
21	Fastener	3.2	1.8	0.5	-42.9	-69.8
22	Flash Light	19.9	13.7	31.0	-30.9	125.4
23	G.I.Wire	2.7	7.8	3.4	190.7	-56.5
24	Glasswares	375.9	414.1	538.7	10.2	30.1
25	Gold	27432.1	32203.5	34633.9	17.4	7.5
26	Insecticides	186.2	149.6	163.4	-19.6	9.2
27	M.S. Billet	0.0	0.0	68.9	-	-
28	M.S.Wire Rod	21.0	0.0	0.0	-99.9	-37.6
29	Medical Equipment & Tools	5439.9	9044.0	6664.9	66.3	-26.3
30	Medicine	3406.5	4793.6	6260.2	40.7	30.6
31	Office Equipment & Stationery	946.4	1022.0	1180.5	8.0	15.5
32	Other Machinary & Parts	6474.1	10943.9	11073.0	69.0	1.2
33	Other Stationeries	673.3	660.8	1311.3	-1.9	98.4
34	P.V.C.Compound	2441.3	2528.6	2942.7	3.6	16.4
35	Palm Oil	607.7	604.6	983.3	-0.5	62.6
36	Paraffin Wax	23.1	11.1	18.0	-52.1	62.7
37	Petroleum Products	2494.2	2108.9	2404.1	-15.4	14.0
38	Pipe & Pipe Fittings	146.1	107.5	50.0	-26.4	-53.5
39	Polythene Granules	8905.4	13896.2	12168.3	56.0	-12.4
40	Powder Milk	713.4	574.5	273.4	-19.5	-52.4
41	Raw Silk	0.1	1.5	0.0	-	-97.9
42	Raw Wool	833.4	753.2	909.5	-9.6	20.8
43	Readymade Garments	1078.5	1024.3	1225.9	-5.0	19.7
44	Shoes and Sandals	203.0	201.8	261.2	-0.6	29.4
45	Silver	9873.3	13354.2	13305.2	35.3	-0.4
46	Small Cardamom	1832.8	187.4	265.4	-89.8	41.6
47	Steel Rod & Sheet	34.9	112.1	273.7	220.9	144.1
48	Storage Battery	677.1	521.8	652.9	-22.9	25.1
49	Synthetic & Natural Rubber	179.1	257.5	222.6	43.8	-13.6
50	Synthetic Carpet	661.6	566.7	600.4	-14.3	5.9
51	Telecommunication Equipment & Parts	6901.7	6057.4	3236.0	-12.2	-46.6
52	Tello	99.9	194.1	113.5	94.2	-41.5
53	Textile Dyes	102.9	152.8	256.1	48.5	67.6
54	Textiles	707.9	743.3	724.8	5.0	-2.5
55	Threads	2146.0	3473.1	4854.7	61.8	39.8
56	Toys	166.4	399.6	214.9	140.2	-46.2
57	Transport Equipment & Parts	7618.1	10779.4	8518.2	41.5	-21.0
58	Tyre,Tube & Flaps	596.1	505.6	587.0	-15.2	16.1
59	Umbrella and Parts	7.4	0.1	1.6	-98.5	-
60	Video Television & Parts	2306.0	3242.9	3472.8	40.6	7.1
61	Watches & Bands	480.7	554.8	611.1	15.4	10.1
62	Writing & Printing Paper	2730.0	2285.1	2541.9	-16.3	11.2
63	X-Ray Film	500.6	490.1	540.0	-2.1	10.2
64	Zinc Ingots	1992.3	507.4	384.2	-74.5	-24.3
65	Coal	6180.0	9666.6	16198.8	56.4	67.6
B.	B. Others	63352.2	72128.4	77856.6	13.9	7.9
	Total (A+B)	229198.6	271014.5	295098.6	18.2	8.9

* Based on customs data

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Table 15
Summary of Balance of Payments

(Rs. in Million)

Particulars	Annual			Percent Change	
	2016/17	2017/18 ^R	2018/19 ^P	2017/18	2018/19
A. Current Account	-10130.6	-247565.3	-265365.9	-	7.2
Goods: Exports f.o.b.	82127.5	93744.1	113012.5	14.1	20.6
<i>Oil</i>	8347.9	12134.1	15520.6	45.4	27.9
<i>Other</i>	73779.6	81610.0	97491.9	10.6	19.5
Goods: Imports f.o.b.	977945.8	-1230870.0	1396633.3	25.9	13.5
<i>Oil</i>	-121413.8	-172243.2	-213835.4	41.9	24.1
<i>Other</i>	-856532.0	-1058626.8	-1182797.9	23.6	11.7
Balance on Goods	-895818.3	-1137125.9	-1283620.8	26.9	12.9
Services: Net	2891.3	2274.8	-16516.0	-21.3	-826.1
Services: Credit	158264.9	177473.0	186806.0	12.1	5.3
<i>Travel</i>	58526.9	67094.6	73572.5	14.6	9.7
<i>Government n.i.e.</i>	25533.6	22461.5	21842.0	-12.0	-2.8
<i>Other</i>	74204.3	87916.9	91391.4	18.5	4.0
Services: Debit	-155373.6	-175198.2	-203322.0	12.8	16.1
<i>Transportation</i>	-46884.9	-63062.3	-67685.4	34.5	7.3
<i>Travel</i>	-79926.9	-79596.5	-89579.9	-0.4	12.5
<i>O/W Education</i>	-35024.9	-38089.5	-46321.1	8.7	21.6
<i>Government Services:Debit</i>	-1331.9	-2483.5	-4703.6	86.5	89.4
<i>Other</i>	-27229.8	-30055.9	-41353.0	10.4	37.6
Balance on Goods & Services	-892926.9	-1134851.2	-1300136.8	27.1	14.6
Income: Net	30995.1	22614.9	39985.9	-27.0	76.8
Income: Credit	51958.8	69142.8	79916.7	33.1	15.6
Income: Debit	-20963.8	-46527.9	-39930.8	121.9	-14.2
Balance on Goods,Services & Income	-861931.9	-1112236.2	-1260150.9	29.0	13.3
Transfers: Net	851801.3	864670.9	994785.0	1.5	15.0
Current Transfers: Credit	855708.8	870475.7	1005588.0	1.7	15.5
<i>Grants</i>	114663.9	61262.4	64788.6	-46.6	5.8
<i>Workers' Remittances</i>	695452.4	755058.6	879271.3	8.6	16.5
<i>Pensions</i>	45592.6	54154.7	61528.1	18.8	13.6
<i>Other (Indian Excise Refund)</i>	0.0	0.0	0.0	-	-
Current Transfers: Debit	-3907.6	-5804.8	-10803.0	48.6	86.1
B. Capital Account (Capital Transfer)	13362.7	17721.8	15458.7	32.6	-12.8
Total (Group A plus B)	3232.1	-229843.5	-249907.2	-	8.7
C. Financial Account (Excluding Group E)	26639.5	102842.1	98595.1	286.1	-4.1
Direct Investment in Nepal	13503.9	17512.8	13068.8	29.7	-25.4
Portfolio Investment	0.0	0.0	0.0	-	-
Other Investment: Assets	-48690.6	-40289.9	-27486.5	-17.3	-31.8
<i>Trade Credits</i>	-9005.3	4193.5	10570.4	-146.6	152.1
<i>Other</i>	-39685.3	-44483.4	-38056.9	12.1	-14.4
Other Investment: Liabilities	61826.1	125619.2	113012.9	103.2	-10.0
<i>Trade Credits</i>	24381.3	54534.9	37107.4	123.7	-32.0
<i>Loans</i>	56109.2	84441.4	65076.4	50.5	-22.9
General Government	44787.1	81178.9	61438.1	81.3	-24.3
<i>Drawings</i>	62601.7	99768.1	81477.0	59.4	-18.3
<i>Repayments</i>	-17814.6	-18589.2	-20038.9	4.3	7.8
Other Sectors	11322.0	3262.5	3638.3	-71.2	11.5
<i>Drawings</i>	11688.6	5317.1	6980.4	-54.5	31.3
<i>Repayments</i>	-366.5	-2054.6	-3342.1	460.5	62.7
<i>Currency & Deposits</i>	-18812.0	-13339.9	10637.7	-29.1	-179.7
Nepal Rastra Bank	231.9	-178.6	27.1	-177.0	-115.2
Deposit Money Banks	-19043.9	-13161.3	10610.6	-30.9	-180.6
<i>Other Liabilities</i>	147.7	-17.2	191.4	-111.7	-1211.4
Total (Group A through C)	29871.6	-127001.3	-151312.1	-525.2	19.1
D. Miscellaneous Items, Net	33422.5	114621.6	94549.3	242.9	-17.5
Total (Group A through D)	63294.1	-12379.7	-56762.8	-119.6	358.5
E. Reserves & Related Items	-63294.1	12379.7	56762.8	-119.6	358.5
Reserve Assets	-61591.9	13350.4	57644.1	-121.7	331.8
<i>Nepal Rastra Bank</i>	-61879.3	-25781.8	80857.5	-58.3	-413.6
<i>Deposit Money Banks</i>	287.4	39132.2	-23213.4	-	-159.3
Use of Fund Credit and Loans	-1702.3	-970.7	-881.3	-43.0	-9.2
Changes in Reserve Net (- increase)	-82106.1	-960.2	67400.5	-	-

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Table 16
Gross Foreign Exchange Reserve

	Mid-July			Percent Change	
	2017	2018	2019	2017/18	2018/19
Rs. in Million					
Nepal Rastra Bank	927266.4	989396.3	902443.9	6.7	-8.8
Convertible	683870.4	737632.1	667902.2	7.9	-9.5
Inconvertible	243396.0	251764.2	234541.8	3.4	-6.8
Commercial Banks	152165.8	113188.9	136474.9	-25.6	20.6
Convertible	141503.0	102007.4	125515.3	-27.9	23.0
Inconvertible	10662.8	11181.5	10959.7	4.9	-2.0
Total Reserve	1079432.1	1102585.2	1038918.9	2.1	-5.8
Convertible	825373.3	839639.5	793417.4	1.7	-5.5
Inconvertible	254058.8	262945.8	245501.4	3.5	-6.6
US dollars in Million					
Nepal Rastra Bank	9014.8	9048.8	8252.0	0.4	-8.8
Convertible	6648.6	6746.2	6107.4	1.5	-9.5
Inconvertible	2366.3	2302.6	2144.7	-2.7	-6.9
Commercial Banks	1479.3	1035.2	1247.9	-30.0	20.6
Convertible	1375.7	932.9	1147.7	-32.2	23.0
Inconvertible	103.7	102.3	100.2	-1.4	-2.0
Total Reserve	10494.2	10084.0	9500.0	-3.9	-5.8
Convertible	8024.2	7679.2	7255.1	-4.3	-5.5
Inconvertible	2469.9	2404.8	2244.9	-2.6	-6.7

Table 17
International Investment Position (IIP)

		(Rs. in Million)		
S.N.	Items	As in Mid-July (Rs. in Million)		
		2017	2018	2019
A	Assets	1107787.5	1138241.3	1080102.9
1	Direct Investment	-	-	-
2	Portfolio Investment	-	-	-
3	Other Investments	152129.8	118135.0	143051.3
	Other equity	10765.8	8792.3	11685.3
	Currency and deposits	43556.8	47474.6	48371.2
	Loans	3304.6	3562.2	879.6
	Trade credit and advances	9005.3	4193.6	10570.3
	Other account receivable	85497.3	54112.3	71544.9
4	Official Reserve Assets	955657.7	1020106.3	937051.6
B	Liabilities	677024.6	856117.4	921943.1
1	Direct Investment	168611.0	200547.5	213616.2
2	Portfolio Investment	-	-	-
3	Other Investments	508413.6	655569.9	708326.9
	Other equity	-	-	-
	Currency and deposits	41402.3	43498.9	44586.6
	Loans	432794.1	546906.2	616043.9
	Trade credit and advances	24381.2	54534.8	37107.4
	Other account payable	66.4	154.6	120.7
	Special drawing rights	9769.6	10475.5	10468.3
Net IIP		430762.9	282123.9	158159.8

Table 18
Government Budgetary Operation¹
(Based on banking transactions)
(As of Mid-July)

Heads	Amount			Percent Change	
	2016/17	2017/18	2018/19 ²	2017/18	2018/19
Expenditure of Budget	815703.0	1066175.4	1067669.2³	30.7	0.1
Recurrent	513674.8	693457.2	712314.3	35.0	2.7
a. Domestic Resources	476214.7	635885.3	668895.8	33.5	5.2
b. Foreign Loans	19890.4	32757.8	31631.8	64.7	-3.4
c. Foreign Grants	17569.7	24814.1	11786.7	41.2	-52.5
Capital	199191.7	263547.4	232417.0	32.3	-11.8
a. Domestic Resources	160256.4	216396.1	175370.6	35.0	-19.0
b. Foreign Loans	25724.4	39922.9	51515.7	55.2	29.0
c. Foreign Grants	13210.9	7228.4	5530.7	-45.3	-23.5
Financial	102836.5	109170.8	122937.9	6.2	12.6
a. Domestic Resources	100771.0	103326.3	117585.8	2.5	13.8
b. Foreign Loans	1737.0	5510.4	5344.1	217.2	-3.0
c. Foreign Grants	328.5	334.1	8.0	1.7	-97.6
Total Resources	627008.4	760676.7	880154.2	21.3	15.7
Revenue and Grants	623594.1	755156.3	880154.2	21.1	16.6
<i>Revenue</i>	<i>609117.3</i>	<i>726724.6</i>	<i>865551.3</i>	<i>19.3</i>	<i>19.1</i>
<i>Foreign Grants</i>	<i>14476.8</i>	<i>28431.7</i>	<i>14602.9</i>	<i>96.4</i>	<i>-48.6</i>
Previous Year's Cash Balance & Beruju	3414.3	5520.4	0	61.7	-100.0
Deficits(-) Surplus(+)	-188694.6	-305498.7	-187515.0	61.9	-38.6
Sources of Financing	138276.1	224234.8	170109.5	62.2	-24.1
Internal Loans	87529.4	142036.8	95619.4	62.3	-32.7
Domestic Borrowings	88337.7	144751.0	96382.0	63.9	-33.4
(i) Treasury Bills	33000.0	71958.7	26435.0	118.1	-63.3
(ii) Development Bonds	55000.0	72000.0	69947.0	30.9	-2.9
(iii) National Savings Certificates	0.0	0.0	0.0	0.0	0.0
(iv) Citizen Saving Certificates	285.6	751.1	0.0	163.0	-100.0
(v) Foreign Employment Bond	52.1	41.2	0.0	-20.9	-100.0
Others ⁴	-808.3	-2714.2	-762.6	235.8	-71.9
Principal Refund and Share Divestment	2940.2	3235.3	3066.1	10.0	-5.2
Foreign Loans	47806.5	78962.7	71424.0	65.2	-9.5
Total resources available to the Government	-50418.5	-81263.9	-17405.5	61.2	-78.6
Balance of Govt. Office Account	41672.1	64489.0	-41736.1	54.8	-164.7
V. A. T. Fund Account	-853.5	34.1	-42.7	-104.0	-225.2
Customs Fund Account	225.2	-443.6	-156.7	-297.0	-64.7
Reconstruction Fund Account	17038.6	1248.5	-28287.1	-92.7	-2365.7
Local Authorities' Accounts (LAA) ⁵	13323.8	44059.8	-23811	230.7	-154.0
Others	11938.0	19590.2	10561.4	64.1	-46.1
Current Balance (-Surplus)	-8746.4	-16774.9	-59141.6	91.8	252.6
Last year's Cash Balance in the Treasury	115018.5	106272.1	89497.8	-7.6	-15.78
Adjustment			28287.2	-	-
Current Balance (-Surplus)	106272.1	89497.2	58643.4[#]	-15.8	-34.5

1 Based on data reported by banking office of NRB and commercial banks conducting government transactions and report released from 81 DTCOs and payment centres.

2 Preliminary

3 From 2018/19, GBO includes federal government data only. Revenue mobilization for 2018/19 includes federal government revenue plus the amount in the divisible fund to be transferred to provincial and local governments.

4 Other amount earned from Nepal Government securities

5 Change in outstanding amount disbursed to VDC/DDC remaining unspent

Includes Local Authority 'GA' 50% remaining at NRB Rs. 51938.0 million

Table 19
Outstanding Domestic Debt of Government of Nepal

(Rs. in Million)

S. N.	Bonds/Ownership	Amount			Amount Change		Percent Change	
		2016/17	2017/18	2018/19	2017/18	2018/19	2017/18	2018/19
1	Treasury Bills	110409.3	144847.9	146793.0	34438.6	1945.1	31.2	1.3
	a. Nepal Rastra Bank	30457.4	26119.9	18473.1	-4337.5	-7646.8	-14.2	-29.3
	b. Commercial Banks	79538.8	118153.0	125094.9	38614.2	6941.9	48.5	5.9
	c. Development Banks	343.1	420.0	2960.9	76.9	2540.9	22.4	605.0
	d. Finance Companies	70.0	155.0	262.1	85.0	107.1	121.4	69.0
	e. Others	0.0	0.0	2.0	0.0	2.0	0.0	0.0
2	Development Bonds	163900.0	235900.0	297347.0	72000.0	61447.0	43.9	26.0
	a. Nepal Rastra Bank	8942.0	45287.0	44032.5	36345.0	-1254.5	406.5	-2.8
	b. Commercial Banks	123523.0	157710.5	229793.3	34187.5	72082.8	27.7	45.7
	c. Development Banks	6471.7	7569.4	12715.1	1097.7	5145.7	17.0	68.0
	d. Finance Companies	3948.3	3532.7	5060.0	-415.6	1527.3	-10.5	43.2
	e. Others	21015.0	21800.4	5746.1	785.4	-16054.3	3.7	-73.6
3	National Saving Certificates	906.5	906.5	0.0	0.0	-906.5	0.0	-100.0
	a. Nepal Rastra Bank	182.4	262.2	0.0	79.8	-262.2	43.8	-200.0
	b. Commercial Banks	0.0	0.0	0.0	0.0	0.0	0.0	0.0
	c. Development Banks	0.0	0.0	0.0	0.0	0.0	0.0	0.0
	d. Finance Companies	0.0	0.0	0.0	0.0	0.0	0.0	0.0
	e. Others	724.1	644.3	0.0	-79.8	-644.3	-11.0	-100.0
4	Citizen Saving Bonds	7965.2	8716.3	8376.1	751.1	-340.2	9.4	-3.9
	a. Nepal Rastra Bank (Secondary Market)	2274.7	2907.5	2794.9	632.8	-112.6	27.8	-3.9
	b. Commercial Banks	0.0	0.0	0.0	0.0	0.0	0.0	0.0
	c. Development Banks	0.0	0.0	0.0	0.0	0.0	0.0	0.0
	d. Finance Companies	0.0	0.0	0.0	0.0	0.0	0.0	0.0
	e. Others	5690.5	5808.8	5581.2	118.3	-227.6	2.1	-3.9
5	Foreign Employment Bonds	529.7	528.0	454.6	-1.7	-73.4	-0.3	-14.5
	a. Nepal Rastra Bank	10.0	10.90	12.70	0.90	1.80	9.0	16.5
	b. Others	519.7	517.1	438.9	-2.6	-78.2	-0.5	-15.1
6	Total Domestic Debt	283710.7	390898.7	452967.7	107188.0	62069.0	37.8	15.9
	a. Nepal Rastra Bank	41866.5	74587.5	65313.2	32721.0	-9274.3	78.2	-12.4
	b. Commercial Banks	203061.8	275863.5	354888.2	72801.7	79024.7	35.9	28.6
	c. Development Banks	6814.8	7989.4	15676.0	1174.6	7686.6	17.2	96.2
	d. Finance Companies	4018.3	3687.7	5322.1	-330.6	1634.4	-8.2	44.3
	e. Others	27949.3	28770.6	11768.2	821.3	-17002.4	2.9	-59.1
7	Balance at NRB (Overdraft(+)/Surplus(-))	-106272.1	-89497.8	-58643.4	16774.3	30854.4	-440.2	-34.5

Memorandum Item

<i>a. IMF Promissory Note</i>	4871.1	262.8	262.8
<i>b. Foreign Debt</i>	409863.9	525351.3	588449.9
<i>c. Total Public Debt (Excluding IMF Promissory Note)</i>	693574.6	916250.0	1041417.6

Table 20
Monetary Survey

(Rs. in Million)

	Mid-July			Annual Change			
				2017/18		2018/19	
	2017	2018	2019 ^P	Amount	Percent	Amount	Percent
1. Foreign Assets, Net	1014634.9	1054291.7	984783.1	960.2 ¹	0.1	-67400.5 ²	-6.4
1.1 Foreign Assets	1107823.5	1133295.2	1073526.6	25471.7	2.3	-59768.7	-5.3
1.2 Foreign Currency Deposits	93188.6	79003.5	88743.4	-14185.1	-15.2	9739.9	12.3
(a) Deposits	90339.6	77178.3	84490.3	-13161.3	-14.6	7312.0	9.5
(b) Other	2849.0	1825.2	4253.2	-1023.8	-35.9	2428.0	133.0
2. Net Domestic Assets	1577067.1	2040174.9	2597354.5	501804.5 ¹	31.8	555071.5 ²	27.2
2.1 Domestic Credit	2177792.0	2755893.0	3345520.1	578101.0	26.5	589627.1	21.4
(a) Net Claims on Government	149489.0	272630.3	382556.1	123141.3	82.4	109925.8	40.3
Claims on Government	255761.1	362128.1	441199.5	106367.0	41.6	79071.4	21.8
Government Deposits	106272.1	89497.8	58643.4	-16774.3	-15.8	-30854.4	-34.5
(b) Claims on Non-Financial Govt Enterprises	9225.9	10034.3	9693.1	808.4	8.8	-341.2	-3.4
(c) Claims on Financial Enterprises	21917.1	30444.4	42994.9	8527.3	38.9	12550.5	41.2
Government	4286.2	3827.2	1607.2	-459.1	-10.7	-2219.9	-58.0
Non-Government.	17630.9	26617.3	41387.7	8986.3	51.0	14770.4	55.5
(D) Claims on Private Sector	1997160.0	2442784.0	2910275.9	445624.0	22.3	467492.0	19.1
2.2 Net Non-Monetary Liabilities	600724.9	715718.1	748165.6	76296.6 ¹	12.7	34555.6 ²	4.8
3. Broad Money Supply (M2)	2591702.0	3094466.6	3582137.6	502764.6	19.4	487671.0	15.8
3.1 Money Supply (M1+)	1623172.5	1878960.2	2093758.4	255787.8	15.8	214798.1	11.4
(a) Money Supply (M1)	569402.4	669395.0	726642.8	99992.6	17.6	57247.8	8.6
Currency	361745.9	415985.4	423204.3	54239.5	15.0	7218.9	1.7
Demand Deposits	207656.4	253409.5	303438.4	45753.1	22.0	50028.9	19.7
(b) Saving & Call Deposits	1053770.1	1209565.3	1367115.6	155795.2	14.8	157550.3	13.0
3.2 Time Deposits	968529.5	1215506.4	1488379.3	246976.9	25.5	272872.9	22.4
4. Broad Money Liquidity (M3)	2682041.6	3171644.9	3666627.9	489603.4	18.3	494983.0	15.6

P = Provisional

1 Adjusting exchange valuation gain of Rs. 38696.6 million

2 Adjusting exchange valuation gain of Rs. -2108.1 million

Table 21
Central Bank Survey

(Rs. in Million)

	Mid-July			Annual Change			
				2017/18		2018/19	
	2017	2018	2019 ^P	Amount	Percent	Amount	Percent
1. Foreign Assets	955657.7	1020106.3	937051.6	64448.6	6.7	-83054.7	-8.1
1.1 Gold Investment	25929.4	28078.5	31837.0	2149.1	8.3	3758.5	13.4
1.2 SDR Holdings	170.6	165.1	349.9	-5.5	-3.2	184.8	111.9
1.3 IMF Reserve Position	2291.3	2466.3	2420.8	175.0	7.6	-45.6	-175.0
1.4 Foreign Exchange	927266.4	989396.3	902443.9	62130.0	6.7	-86952.4	-8.8
2. Claims on Government	41866.5	74587.5	65313.2	32721.0	78.2	-9274.3	-12.4
2.1 Treasury Bills	30457.4	26119.9	18473.1	-4337.5	-14.2	-7646.8	-29.3
2.2 Development Bonds	8942.0	45287.0	44032.5	36345.0	406.5	-1254.5	-2.8
2.3 Other Government Securities	2467.1	3180.6	2807.6	713.5	28.9	-373.0	-11.7
2.4 Loans and Advances	0.0	0.0	0.0	0.0		0.0	
3. Claims on Non-Financial Government Enterprises	31.0	31.0	31.0	0.0	0.0	0.0	0.0
4. Claims on Non-Financial Institutions	3448.6	2795.7	577.7	-652.9	-18.9	-2218.0	-79.3
4.1 Government Institutions	3432.6	2779.7	577.7	-652.9	-19.0	-2202.0	-79.2
4.2 Non-Government Institutions	16.0	16.0	0.0	0.0	0.0	-16.0	-100.0
5. Claims on Banks and Financial Institutions	6937.3	12230.3	22904.8	5293.0	76.3	10674.5	87.3
5.1 Refinance	6937.3	12230.3	22404.8	5293.0	76.3	10174.5	83.2
5.2 Repo Lending and SLF	0.0	0.0	500.0	0.0		500.0	
6. Claims on Private Sector	4137.1	4796.1	3638.1	659.0	15.9	-1158.0	-24.1
7. Other Assets	36601.2	38810.4	43350.8	2209.2	6.0	4540.4	11.7
Assets = Liabilities	1048679.4	1153357.4	1072867.3	104677.9	10.0	-80490.1	-7.0
8. Reserve Money	656909.5	709884.5	699059.1	52975.0	8.1	-10825.4	-1.5
8.1 Currency Outside ODCs	361745.9	415985.4	423204.3	54239.5	15.0	7218.9	1.7
8.2 Currency Held by ODCs	63082.5	72207.4	82116.0	9124.9	14.5	9908.6	13.7
8.3 Deposits of Commercial Banks	194425.9	191080.6	165897.1	-3345.3	-1.7	-25183.5	-13.2
8.4 Deposits of Development Banks	12364.7	12843.8	14675.0	479.0	3.9	1831.2	14.3
8.5 Deposits of Finance Companies	4802.4	4210.7	4809.9	-591.7	-12.3	599.1	14.2
8.6 Other Deposits	20488.0	13556.6	8356.8	-6931.5	-33.8	-5199.7	-38.4
9. Govt. Deposits	106272.1	89497.8	58643.4	-16774.3	-15.8	-30854.4	-34.5
10. Deposit Auction	14400.0	44550.0	0.0	30150.0	209.4	-44550.0	-100.0
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	2849.0	1825.2	954.7	-1023.8	-35.9	-870.5	-47.7
14. Capital and Reserve	128664.1	173512.2	195281.7	44848.1	34.9	21769.5	12.5
15. Other Liabilities	139584.6	134087.7	118928.4	-5496.9	-3.9	-15159.3	-11.3

Table 22
Condensed Assets and Liabilities of Banks and Financial Institutions

(Rs. in Million)

	Mid-July			Annual Change			
				2017/18		2018/19	
	2017	2018	2019 ^P	Amount	Percent	Amount	Percent
1. Total Deposits	2299807.6	2742102.9	3235066.8	442295.3	19.2	492963.8	18.0
1.1 Demand Deposits	199047.2	256298.4	312601.5	57251.2	28.8	56303.1	22.0
(a) Domestic Deposits	187168.4	239853.0	295081.6	52684.5	28.1	55228.7	23.0
(b) Foreign Deposits	11878.8	16445.4	17519.9	4566.7	38.4	1074.5	6.5
1.2 Saving Deposits	814153.0	946821.9	1060334.7	132668.9	16.3	113512.8	12.0
(a) Domestic Deposits	800517.3	936435.0	1049099.8	135917.7	17.0	112664.8	12.0
(b) Foreign Deposits	13635.7	10386.9	11234.9	-3248.8	-23.8	848.0	8.2
1.3 Fixed Deposits	993425.8	1228056.5	1497553.7	234630.7	23.6	269497.2	21.9
(a) Domestic Deposits	947689.9	1193173.7	1464882.7	245483.8	25.9	271709.0	22.8
(b) Foreign Deposits	45735.9	34882.7	32671.0	-10853.2	-23.7	-2211.7	-6.3
1.4 Call Deposits	272342.0	288593.5	341080.3	16251.5	6.0	52486.7	18.2
(a) Domestic Deposits	253252.8	273130.3	318015.8	19877.5	7.8	44885.5	16.4
(b) Foreign Deposits	19089.2	15463.2	23064.5	-3626.0	-19.0	7601.2	49.2
1.5 Margin Deposits	20839.6	22332.6	23496.6	1493.1	7.2	1163.9	5.2
2. Borrowings from NRB	6937.3	12230.3	22904.8	5293.0	76.3	10674.5	87.3
3. Foreign Liabilities	0.0	0.0	3298.5	0.0		3298.5	
4. Other Liabilities	580782.0	691418.7	847028.5	110636.7	19.0	155609.8	22.5
4.,1 Paid-up Capital	226966.6	282509.2	305940.8	55542.6	24.5	23431.6	8.3
4.2 General Reserves	139321.8	151143.2	200127.4	11821.3	8.5	48984.3	32.4
4.3 Other Liabilities	214493.5	257766.3	340960.2	43272.7	20.2	83194.0	32.3
Assets=Liabilities	2887526.8	3445751.9	4108298.5	558225.1	19.3	662546.6	19.2
5. Liquid Funds	420597.2	393460.5	403971.4	-27136.6	-6.5	10510.9	2.7
5.1 Cash in Hand	63082.5	72207.4	82116.0	9124.9	14.5	9908.6	13.7
5.2 Balance with NRB	211593.1	208135.1	185381.9	-3458.0	-1.6	-22753.1	-10.9
5.3 Foreign Currency in Hand	1092.8	2685.0	2703.4	1592.1	145.7	18.4	0.7
5.4 Balance Held Abroad	144663.1	110396.3	133670.6	-34266.8	-23.7	23274.3	21.1
5.5 Cash in Transit	165.7	36.8	99.6	-128.9	-77.8	62.8	170.5
6. Loans and Advances	2240990.8	2763288.2	3334704.5	522297.4	23.3	571416.3	20.7
6.1 Claims on Government	213894.6	287540.6	375886.3	73646.0	34.4	88345.7	30.7
6.2 Claims on Non-Financial Government Enterprises	9194.9	10003.3	9662.1	808.4	8.8	-341.2	-3.4
6.3 Claims on Financial Enterprises	18468.6	27648.7	42417.2	9180.2	49.7	14768.5	53.4
Government	853.7	1047.5	1029.5	193.8	22.7	-18.0	-1.7
Non-Government	17614.9	26601.3	41387.7	8986.3	51.0	14786.4	55.6
6.4 Claims on Private Sector	1993022.9	2437987.9	2906637.8	444965.0	22.3	468650.0	19.2
Principal	1959009.2	2399814.5	2866191.4	440805.3	22.5	466376.9	19.4
Interest Accrued	34013.7	38173.4	40446.4	4159.7	12.2	2273.1	6.0
6.5 Foreign Bills Purchased & Discounted	6409.9	107.7	101.0	-6302.2	-98.3	-6.7	-6.2
7. NRB Bond	0.0	0.0	0.0	0.0		0.0	
8. Other Assets	225938.8	289003.2	369622.6	63064.4	27.9	80619.4	27.9

P = Provisional

Table 23
Condensed Assets and Liabilities of Commercial Banks

(Rs. in Million)

	Mid-July			Annual Change			
				2017/18		2018/19	
	2017	2018	2019 ^P	Amount	Percent	Amount	Percent
1. Total Deposits	2080385.7	2459219.0	2843055.1	378833.3	18.2	383836.1	15.6
1.1 Demand Deposits	191702.3	248045.6	301610.6	56343.3	29.4	53565.0	21.6
(a) Domestic Deposits	179874.8	231602.4	284093.2	51727.6	28.8	52490.8	22.7
(b) Foreign Deposits	11827.5	16443.2	17517.4	4615.7	39.0	1074.2	6.5
1.2 Saving Deposits	703028.1	811667.0	901296.1	108638.9	15.5	89629.1	11.0
(a) Domestic Deposits	689422.5	801283.5	890065.1	111861.0	16.2	88781.7	11.1
(b) Foreign Deposits	13605.6	10383.5	11231.0	-3222.1	-23.7	847.4	8.2
1.3 Fixed Deposits	879821.8	1068861.5	1280459.5	189039.7	21.5	211598.1	19.8
(a) Domestic Deposits	834086.9	1033978.8	1247792.5	199891.9	24.0	213813.7	20.7
(b) Foreign Deposits	45734.9	34882.7	32667.1	-10852.1	-23.7	-2215.6	-6.4
1.4 Call Deposits	285228.7	308479.0	336437.2	23250.3	8.2	27958.2	9.1
(a) Domestic Deposits	266139.4	293013.0	313372.1	26873.7	10.1	20359.1	6.9
(b) Foreign Deposits	19089.3	15466.0	23065.0	-3623.4	-19.0	7599.1	49.1
1.5 Margin Deposits	20604.8	22165.9	23251.7	1561.1	7.6	1085.7	4.9
2. Borrowings from NRB	6243.6	11776.9	21304.2	5533.3	88.6	9527.3	80.9
3. Foreign Liabilities	0.0	0.0	3298.5	0.0		3298.5	
4. Other Liabilities	496399.1	598235.3	744268.0	101836.2	20.5	146032.8	24.4
4.1 Paid-up Capital	186759.5	231457.6	252260.3	44698.1	23.9	20802.7	9.0
4.2 General Reserves	121570.4	132712.5	177623.9	11142.1	9.2	44911.4	33.8
4.3 Other Liabilities	188069.2	234065.1	314383.8	45995.9	24.5	80318.7	34.3
Assets=Liabilities	2583028.4	3069231.2	3611925.8	486202.8	18.8	542694.7	17.7
5. Liquid Funds	395624.5	367746.5	375666.9	-27877.9	-7.0	7920.4	2.2
5.1 Cash in Hand	55472.0	63741.4	72159.9	8269.4	14.9	8418.6	13.2
5.2 Balance with NRB	194425.9	191080.6	165897.1	-3345.3	-1.7	-25183.5	-13.2
5.3 Foreign Currency in Hand	996.7	2500.5	2552.0	1503.8	150.9	51.5	2.1
5.4 Balance Held Abroad	144564.8	110388.9	134982.9	-34175.9	-23.6	24593.9	22.3
5.5 Cash in Transit	165.0	35.2	75.0	-129.9	-78.7	39.9	113.4
6. Loans and Advances	1970122.3	2428141.7	2884954.4	458019.4	23.2	456812.7	18.8
6.1 Claims on Government	203061.8	275863.5	354888.2	72801.7	35.9	79024.7	28.6
6.2 Claims on Non-Financial Government Enterprises	8874.4	9631.5	9244.1	757.2	8.5	-387.5	-4.0
6.3 Claims on Financial Enterprises	16701.3	22577.2	33159.9	5875.9	35.2	10582.7	46.9
<i>Government</i>	853.7	1047.5	1029.5	193.8	22.7	-18.0	-1.7
<i>Non-Government</i>	15847.7	21529.7	32130.4	5682.1	35.9	10600.7	49.2
6.4 Claims on Private Sector	1735074.9	2119961.7	2487561.2	384886.8	22.2	367599.5	17.3
(a) Principal	1708985.2	2090479.1	2456591.8	381493.9	22.3	366112.7	17.5
(b) Interest Accrued	26089.7	29482.7	30969.4	3393.0	13.0	1486.7	5.0
6.5 Foreign Bills Purchased & Discounted	6409.9	107.7	101.0	-6302.2	-98.3	-6.7	-6.2
7. NRB Bond	0.0	0.0	0.0	0.0		0.0	
8. Other Assets	217281.6	273343.0	351304.5	56061.4	25.8	77961.6	28.5

P = Provisional

Table 24
Condensed Assets and Liabilities of Development Banks

(Rs. in Million)

	Mid-July			Annual Change			
				2017/18		2018/19	
	2017	2018	2019 ^P	Amount	Percent	Amount	Percent
1. Total Deposits	221028.1	288346.0	378193.0	67318.0	30.5	89846.9	31.2
1.1 Demand Deposits	5588.5	7304.0	9123.4	1715.5	30.7	1819.4	24.9
(a) Domestic Deposits	5537.2	7301.7	9120.8	1764.6	31.9	1819.1	24.9
(b) Foreign Deposits	51.3	2.3	2.5	-49.0	-95.6	0.3	11.5
1.2 Saving Deposits	92788.1	114735.9	135365.8	21947.8	23.7	20629.8	18.0
(a) Domestic Deposits	92758.0	114732.6	135361.8	21974.5	23.7	20629.3	18.0
(b) Foreign Deposits	30.1	3.4	4.0	-26.7	-88.8	0.6	17.4
1.3 Fixed Deposits	88673.0	124816.2	178879.6	36143.2	40.8	54063.5	43.3
(a) Domestic Deposits	88671.9	124816.2	177557.8	36144.2	40.8	52741.7	42.3
(b) Foreign Deposits	1.0	0.0	1321.8	-1.0	-100.0	1321.8	
1.4 Call Deposits	33757.2	41371.1	54635.1	7613.9	22.6	13263.9	32.1
(a) Domestic Deposits	33544.6	41371.1	54635.0	7826.5	23.3	13263.9	32.1
(b) Foreign Deposits	212.7	0.0	0.0	-212.7	-100.0	0.0	
1.5 Margin Deposits	221.2	118.8	189.1	-102.4	-46.3	70.3	59.2
2. Borrowings from NRB	181.4	221.0	1406.4	39.6	21.8	1185.4	536.4
3. Foreign Liabilities	0.0	0.0	0.0	0.0		0.0	
4. Other Liabilities	57246.0	68272.9	78061.0	11026.9	19.3	9788.1	14.3
4.1 Paid-up Capital	29699.5	38003.8	39899.8	8304.3	28.0	1896.0	5.0
4.2 General Reserves	12282.2	12080.4	15618.4	-201.8	-1.6	3538.1	29.3
4.3 Other Liabilities	15264.3	18188.7	22542.7	2924.4	19.2	4354.0	23.9
Assets=Liabilities	278455.5	356839.9	457660.4	78384.5	28.1	100820.4	28.3
5. Liquid Funds	19078.5	20198.3	23358.4	1119.8	5.9	3160.1	15.6
5.1 Cash in Hand	6519.2	7161.6	8521.4	642.4	9.9	1359.7	19.0
5.2 Balance with NRB	12364.7	12843.8	14675.0	479.0	3.9	1831.2	14.3
5.3 Foreign Currency in Hand	96.0	184.3	151.2	88.4	92.1	-33.2	-18.0
5.4 Balance Held Abroad	98.2	7.4	9.7	-90.9	-92.5	2.3	31.6
5.5 Cash in Transit	0.3	1.2	1.2	0.9	359.1	0.0	0.0
6. Loans and Advances	251801.0	323376.8	418744.5	71575.8	28.4	95367.7	29.5
6.1 Claims on Government	6814.8	7989.4	15676.0	1174.6	17.2	7686.6	96.2
6.2 Claims on Non-Financial Government Enterprises	170.1	75.2	234.2	-94.9	-55.8	159.0	211.4
6.3 Claims on Financial Enterprises	41999.9	61535.0	58588.2	19535.2	46.5	-2946.8	-4.8
<i>Government</i>	0.0	0.0	0.0	0.0		0.0	
<i>Non-Government</i>	41999.9	61535.0	58588.2	19535.2	46.5	-2946.8	-4.8
6.4 Claims on Private Sector	202816.3	253777.1	344246.1	50960.9	25.1	90469.0	35.6
(a) Principal	200735.9	252107.6	342111.1	51371.7	25.6	90003.5	35.7
(b) Interest Accrued	2080.3	1669.5	2135.0	-410.8	-19.7	465.5	27.9
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	7576.0	13264.9	15557.4	5688.9	75.1	2292.6	17.3

P = Provisional

Table 25
Condensed Assets and Liabilities of Finance Companies

(Rs. in Million)

	Mid-July			Annual Change			
				2016/17		2017/18	
	2016	2017	2018 ^P	Amount	Percent	Amount	Percent
1. Total Deposits	51768.0	62946.9	74793.3	11179.0	21.6	11846.4	18.8
1.1 Demand Deposits	4371.8	3974.8	6155.3	-397.0	-9.1	2180.6	54.9
(a) Domestic Deposits	4371.8	3974.8	6155.3	-397.0	-9.1	2180.6	54.9
(b) Foreign Deposits	0.0	0.0	0.0	0.0	0.0	0.0	0.0
1.2 Saving Deposits	18444.6	20425.4	23680.8	1980.9	10.7	3255.4	15.9
(a) Domestic Deposits	18444.6	20425.4	23680.8	1980.9	10.7	3255.4	15.9
(b) Foreign Deposits	0.0	0.0	0.0	0.0	0.0	0.0	0.0
1.3 Fixed Deposits	25197.9	34512.6	39671.3	9314.7	37.0	5158.7	14.9
(a) Domestic Deposits	25197.9	34512.6	39671.3	9314.7	37.0	5158.7	14.9
(b) Foreign Deposits	0.0	0.0	0.0	0.0	0.0	0.0	0.0
1.4 Call Deposits	3740.2	3986.2	5230.1	246.0	6.6	1243.9	31.2
(a) Domestic Deposits	3740.2	3986.2	5230.1	246.0	6.6	1243.9	31.2
(b) Foreign Deposits	0.0	0.0	0.0	0.0	0.0	0.0	0.0
1.5 Margin Deposits	13.5	47.9	55.8	34.4	254.6	7.9	16.5
2. Borrowings from NRB	512.3	232.4	194.2	-279.9	-54.6	-38.2	-16.4
3. Foreign Liabilities	0.0	0.0	0.0	0.0		0.0	
4. Other Liabilities	27775.9	31684.4	35026.1	3908.4	14.1	3341.7	10.5
4.1 Paid-up Capital	10507.6	13047.8	13780.7	2540.3	24.2	732.9	5.6
4.2 General Reserves	5469.3	6350.2	6885.1	881.0	16.1	534.8	8.4
4.3 Other Liabilities	11799.1	12286.3	14360.3	487.2	4.1	2074.0	16.9
Assets=Liabilities	80056.2	94863.7	110013.6	14807.5	18.5	15149.9	16.0
5. Liquid Funds	5894.2	5515.7	6268.1	-378.5	-6.4	752.4	13.6
5.1 Cash in Hand	1091.3	1304.4	1434.7	213.1	19.5	130.3	10.0
5.2 Balance with NRB	4802.4	4210.7	4809.9	-591.7	-12.3	599.1	14.2
5.3 Foreign Currency in Hand	0.1	0.1	0.2	0.0	-18.2	0.1	130.3
5.4 Balance Held Abroad	0.0	0.0	0.0	0.0	0.0	0.0	0.0
5.5 Cash in Transit	0.4	0.4	23.3	0.0	11.0	22.9	5155.3
6. Loans and Advances	73080.7	86952.7	100984.9	13872.0	19.0	14032.2	16.1
6.1 Claims on Government	4018.0	3687.7	5322.1	-330.3	-8.2	1634.4	44.3
6.2 Claims on Non-Financial Government Enterprises	150.4	296.6	183.9	146.2	97.2	-112.7	-38.0
6.3 Claims on Financial Enterprises	13780.6	18719.4	20648.4	4938.8	35.8	1928.9	10.3
Government	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Non-Government	13780.6	18719.4	20648.4	4938.8	35.8	1928.9	10.3
6.4 Claims on Private Sector	55131.7	64249.0	74830.5	9117.3	16.5	10581.5	16.5
(a) Principal	49288.0	57227.8	67488.5	7939.8	16.1	10260.7	17.9
(b) Interest Accrued	5843.7	7021.2	7342.0	1177.5	20.2	320.8	4.6
6.5 Foreign Bills Purchased & Discounted	0.0	0.0	0.0	0.0	0.0	0.0	0.0
7. NRB Bond	0.0	0.0	0.0	0.0		0.0	
8. Other Assets	1081.3	2395.4	2760.6	1314.1	121.5	365.3	15.2

P = Provisional

Table 26
Sectorwise Outstanding Loan of Commercial Banks

(Rs. in Million)

		Mid-July			Annual Change			
					2017/18		2018/19	
		2017	2018	2019 ^P	Amount	Percent	Amount	Percent
1.	Agriculture	75350	116436	166038	41086	54.5	49602	42.6
2.	Mining	3468	4420	6887	952	27.5	2467	55.8
3.	Production Sector	315942	380564	452452	64621	20.5	71888	18.9
4.	Construction	178777	212488	251365	33711	18.9	38877	18.3
5.	Metal Production, Machinery & Electrical Tools and Fitting	22633	29803	32235	7169	31.7	2432	8.2
6.	Transportation, Equipment Production and Fitting	24206	27192	31939	2986	12.3	4747	17.5
7.	Transportation, Communication and Public Service	87610	112257	151321	24647	28.1	39064	34.8
8.	Wholesalers and Retailers	397945	483927	550985	85982	21.6	67057	13.9
9.	Finance, Insurance and Fixed Assets	148589	179843	200565	31254	21.0	20722	11.5
10.	Service Industry	137178	174629	215277	37451	27.3	40648	23.3
11.	Consumption Loan	70022	70054	70380	32	0.0	326	0.5
12.	Local Government	1507	1500	1513	-7	-0.5	13	0.9
13.	Other	272671	319217	367037	46546	17.1	47820	15.0
	Total	1735899	2112330	2497993	376432	21.7	385663	18.3

P = Provisional

Table 27
Outstanding Amount of Refinance Facility Provided by Nepal Rastra Bank to Banks and Financial Institutions

(Rs. in Million)

S.N.	Institutions	2016/17	2017/18	2018/19
1.	Commercial Banks	6095.0	11757.0	21281.0
2.	Development Banks	501.0	221.0	906.0
3.	Finance Companies	277.0	210.0	201.0
	Total	6873.0	12188.0	22388.0

Table 28
Sources and Uses of Funds of Microfinance Institutions

(Rs. in Million)

Particulars	Mid-July			Percent Change	
	2017	2018	2019 ¹	2017/18	2018/19
Sources					
Capital Funds	12,763.60	17,443.60	25,503.40	36.7	46.2
Deposits	34,401.20	49,548.80	85,631.90	44.0	72.8
Borrowings	66,953.00	87,683.70	126,482.20	31.0	44.2
Others	10,172.10	13,282.20	28,951.20	30.6	118.0
P/L Account	3,718.90	4,029.30	6,493.70	8.3	61.2
Sources=Uses	128,008.80	171,987.70	273,062.40	34.4	58.8
Uses	-	-	-	0	0
Liquid Funds	12,741.00	16,383.10	19,306.90	28.6	17.8
Investment	2,753.10	2,495.50	2,573.60	-9.4	3.1
Loans & Advances	106,515.20	145,951.50	235,153.40	37.0	61.1
Others	5,929.90	7,096.10	15,982.10	19.7	125.2
P/L Account	69.60	61.40	46.40	-11.8	-24.5

1 Unaudited

Table 29
Sources and Uses of Funds of NRB Licensed Cooperatives

(Rs. in Million)

Particulars	Mid-July			Percent Change	
	2017	2018	2019 ¹	2017/18	2018/19
Sources					
Capital Funds	2,862.20	3,499.50	-	22.3	-100.0
Deposits	25,399.40	33,143.40	-	30.5	-100.0
Borrowings	2,021.70	1,803.70	-	-10.8	-100.0
Others	1,765.50	2,477.60	-	40.3	-100.0
P/L Account	1,027.70	1,362.50	-	32.6	-100.0
Sources=Uses	33,076.50	42,286.70	-	27.8	-100.0
Uses					
Liquid Funds	6,859.40	9,830.70	-	43.3	-100.0
Investment	2,828.70	2,920.40	-	3.2	-100.0
Loans & Advances	21,365.00	26,794.60	-	25.4	-100.0
Others	1,765.40	2,353.80	-	33.3	-100.0
P/L Account	258.00	387.20	-	50.1	-100.0

1 Unaudited

Table 30
Sources and Uses of Funds of Insurance Companies

(Rs. in Million)

Particulars	Mid-July			2017/18		2018/19	
	2017	2018	2019 ¹	Amount Change	Percent Change	Amount Change	Percent Change
Sources							
Paid-up Capital	14,522.10	35,981.00	44,749.90	21,458.90	147.8	8,768.90	24.4
Reserve Funds	162,819.40	203,743.60	283,912.80	40,924.20	25.1	80,169.20	39.3
Other Liabilities	8,548.50	20,591.60	18,493.30	12,043.10	140.9	- 2,098.30	-10.2
Sources=Uses	185,890.00	260,316.20	347,155.70	74,426.20	40.0	86,839.50	33.4
Uses							
Bank & Cash Balances	4,623.50	6,900.20	9,317.20	2,276.70	49.2	2,417.00	35.0
Investment	161,263.10	227,774.30	301,932.10	66,511.20	41.2	74,157.80	32.6
Fixed Assets	2,993.30	3,626.90	4,255.20	633.60	21.2	628.30	17.3
Other Assets	17,010.10	22,014.80	31,651.20	5,004.70	29.4	9,636.40	43.8

1 Unaudited

Source: Insurance Board Nepal

Table 31
Sources and Uses of Funds of Employees Provident Fund

(Rs. in Million)

Particulars	Mid-July			2017/18		2018/19	
	2017	2018	2019 ¹	Amount Change	Percent Change	Amount Change	Percent Change
Sources							
Paid-up Capital	244,145.40	278,753.00	309,848.40	34,607.60	14.2	31,095.30	11.2
Reserve Funds	4,659.00	29,949.10	28,487.40	25,290.10	542.8	-1,461.70	-4.9
Other Liabilities	2,479.00	3,447.70	4,387.90	968.70	39.1	940.20	27.3
Sources=Uses	251,283.30	312,149.80	342,723.60	60,866.50	24.2	30,573.80	9.8
Uses							
Bank & Cash Balance	2,521.00	353.00	3,214.50	-2,168.00	-86.0	2,861.50	810.5
Investment	78,690.40	93,325.30	101,310.40	14,634.90	18.6	7,985.10	8.6
<i>Fixed Deposits</i>	60,520.00	54,689.20	78,318.10	-5,830.80	-9.6	23,628.90	43.2
<i>GON Securities</i>	15,390.40	14,461.20	525.70	-929.20	-6.0	-13,935.50	-96.4
<i>Housing Plan</i>	-	-	-	-	0.0	-	0.0
<i>Share Investment</i>	2,780.00	24,174.90	22,466.60	21,394.90	769.6	-1,708.30	-7.1
<i>Other Investment</i>	-	-	-	-	0.0	-	0.0
Loans and Advances	166,660.90	213,133.00	233,067.10	46,472.10	27.9	19,934.10	9.4
<i>Project Loan</i>	28,471.00	45,896.10	52,280.40	17,425.10	61.2	6,384.30	13.9
<i>Depositor Loan</i>	138,189.90	167,236.90	180,786.70	29,047.00	21.0	13,549.80	8.1
Fixed Assets	1,181.00	1,173.00	1,227.80	-8.00	-0.7	54.90	4.7
Other Assets	2,230.00	4,165.50	3,903.70	1,935.50	86.8	-261.80	-6.3

1 Unaudited

Source: Employees Provident Fund

Table 32
Sources and Uses of Funds of Citizen Investment Trust

(Rs. in Million)

Particulars	Mid-July			2017/18		2018/19	
	2017	2018	2019 ¹	Amount Change	Percent Change	Amount Change	Percent Change
Sources							
1. Paid-up Capital	740.30	903.10	1,102.30	162.80	22.0	199.20	22.1
2. Reserve Funds	2,322.90	3,738.50	4,228.80	1,415.60	60.9	490.30	13.1
3. Fund Collection	93,545.10	107,605.20	126,003.00	14,060.10	15.0	18,397.80	17.1
4. Other Liabilities	2,493.30	1,814.50	17,574.20	- 678.80	-27.2	15,759.70	868.5
Sources=Uses	99,101.60	114,061.30	148,908.30	14,959.70	15.1	34,847.00	30.6
Uses							
1. Liquid Assets	2,283.50	1,825.00	6,032.90	- 458.50	-20.1	4,207.90	230.6
2. Investment	68,564.70	77,817.10	84,229.60	9,252.40	13.5	6,412.50	8.2
3. Loans & Advances	23,108.90	26,040.00	40,650.30	2,931.10	12.7	14,610.30	56.1
4. Other Assets	5,144.50	8,379.20	17,995.50	3,234.70	62.9	9,616.30	114.8

1 Unaudited

Source: Citizen Investment Trust

Table 33
Structure of Nepalese Financial System

Particulars	2016/17			2017/18			2018/19		
	Total Assets/ Liabilities	Percentage Share in Total	Ratio of Total Assets to Nominal GDP (%)	Total Assets/ Liabilities	Percentage Share in Total	Ratio of Total Assets to Nominal GDP (%)	Total Assets/ Liabilities	Percentage Share in Total	Ratio of Total Assets to Nominal GDP (%)
Financial Institutions	4,169,884.0	88.6	155.9	4,912,997.0	87.7	162.1	5,525,529.0	86.8	159.5
Nepal Rastra Bank	1,048,679.0	22.3	39.2	1,153,357.0	20.6	38.1	1,072,867.0	16.9	31.0
Commercial Banks	2,583,028.0	54.9	96.6	3,069,231.0	54.8	101.3	3,611,926.0	56.7	104.3
Development Banks	278,455.0	5.9	10.4	356,840.0	6.4	11.8	457,660.0	7.2	13.2
Finance Companies	80,056.0	1.7	3.0	94,864.0	1.7	3.1	110,014.0	1.7	3.2
Microfinance FIs	128,009.0	2.7	4.8	171,988.0	3.1	5.7	273,062.0	4.3	7.9
Cooperatives	33,076.0	0.7	1.2	42,287.0	0.8	1.4	-	-	-
Microfinance NGOs	18,580.0	0.4	0.7	24,430.0	0.4	0.8	-	-	-
Contractual Saving Institutions	536,275.0	11.4	20.1	686,527.0	12.3	22.6	838,788.0	13.2	24.2
Provident Fund	251,283.0	5.3	9.4	312,150.0	5.6	10.3	342,724.0	5.4	9.9
Citizen Investment Trust	99,102.0	2.1	3.7	114,061.0	2.0	3.8	148,908.0	2.3	4.3
Insurance Companies	185,890.0	3.9	7.0	260,316.0	4.6	8.6	347,156.0	5.5	10.0
Postal Saving Bank	2,119.0	-	0.1	1,914.0	-	0.1	1,446.0	-	-
Total	4,708,278.0	100.0	176.0	5,601,438.0	100.0	184.8	6,365,763.0	100.0	183.8
GDP (Rs. in billion)			2,674.49			3,031.03			3,464.32
Market Capitalization of Securities Market (Rs. in billion)			1,856.83			1,435.14			1,567.50
Ratio of Market Capitalization to GDP (%)			69.40			47.3			45.2

Table 34
Stock Market Indicators

Particulars	Mid-July			Percent Change	
	2017	2018	2019	2017/18	2018/19
1 Number of Listed Companies	208	196	215	-5.8	9.7
2 Paid-up Capital of the Listed Companies (Rs. in million)	289,590.40	352,094.60	412,280.70	21.6	17.1
3 Total Market Capitalization (Rs. in million)	1,856,829.40	1,435,137.70	1,567,499.40	-22.7	9.2
4 Annual Turnover (Rs. in million)	205,023.10	121,391.00	110,075.00	-40.8	-9.3
5 Market Days	230	233	246	1.3	5.6
6 Number of Companies Traded	270	259	277	-4.1	6.9
7 Number of Transactions	1,356,515	1,311,034	1,422,791	-3.4	8.5
8 Number of Listed Shares (in '000)	2,965,884	3,598,745	4,206,602	21.3	16.9
9 Number of Shares Traded (in '000)	392,881	293,818	387,507	-25.2	31.9
10 Ratio of Paid-up Capital to GDP (%)	10.8	11.6	11.9	7.3	2.4
11 Ratio of Turnover to Paid-up Capital (%)	70.8	34.5	26.7	-51.3	-22.6
12 Ratio of Turnover to Market Capitalization (%)	11.0	8.5	7.0	-23.4	-17.0
13 Ratio of Market Capitalization to GDP (%)	69.4	47.3	45.2	-31.8	-4.4
14 NEPSE Index (closing)	1,582.7	1,212.4	1,259.0	-23.4	3.8
15 NEPSE Sensitive Index (closing)	336.0	255.2	271.3	-24.1	6.3
16 NEPSE Float Index (closing)	116.1	87.2	92.4	-25.0	6.1

* Not Available

Source: Nepal Stock Exchange Limited

Table 35
Securities Listed at Nepal Stock Exchange Limited

	2016/17			2017/18		
	No. of Shares ('000)	Amount (Rs. in Million)	Share %	No. of Shares ('000)	Amount (Rs. in Million)	Share %
Institutionwise						
Commercial Banks	403,056.2	40,305.6	30.6	208,939.5	20,894.0	34.0
Development Banks	121,689.6	12,169.0	9.3	71,417.4	7,141.7	11.6
Insurance Companies	68,574.7	6,857.5	5.2	38,484.6	3,848.5	6.3
Finance Companies	22,723.4	2,272.3	1.7	17,654.9	1,765.5	2.9
Productive and Processing Companies	-	-	-	44,000.0	4,400.0	7.2
Hotels	2,273.3	227.3	0.2	8,062.5	806.3	1.3
Trading Organizations	8,917.9	891.8	0.7	307.4	30.7	0.1
Hydropower Companies	40,409.0	4,040.9	3.1	223,612.2	22,361.2	36.4
Others	647,672.2	64,767.2	49.2	1,992.3	199.2	0.3
Total	1,315,316.3	131,531.6	100.0	614,470.9	61,447.1	100.0
Securitywise						
Ordinary Shares	308,322.4	30,832.2	23.4	272,020.5	27,202.1	44.3
Right Shares	361,446.4	36,144.6	27.5	108,148.9	10,814.9	17.6
Bonus Shares	274,673.4	27,467.3	20.9	225,784.2	22,578.4	36.7
Government Bonds	364,716.0	36,471.6	27.7	-	-	-
Convertible Preference Shares	-	-	-	-	-	-
Debentures Issued by Banks	-	-	-	8,517.3	851.7	1.4
Others	6,158.1	615.8	0.5	-	-	-
Total	1,315,316.3	131,531.6	100.0	614,470.9	61,447.1	100.0

Source: Nepal Stock Exchange Limited

Table 36
Listed Companies and Market Capitalization

Particulars	No. of Listed Companies			Market Capitalization (Rs. In Million)						Share Price	
	Mid-July 2016	Mid-July 2017	Mid-July 2018	Mid-July 2016		Mid-July 2017		Mid-July 2018		Percent Change	
				Price	Share %	Price	Share %	Price	Share %	2016/17	2017/18
Financial Institutions	165	147	154	1586081.6	85.4	1155762.2	80.5	1230665.1	78.5	-27.1	6.5
Commercial Banks	27	27	27	979489.8	52.8	744021.1	51.8	830790.0	53.0	-24.0	11.7
Development Banks	80	34	32	258428.5	13.9	72578.9	5.1	82101.0	5.2	-71.9	13.1
Finance Companies	36	27	26	52361.3	2.8	18187.5	1.3	20526.4	1.3	-65.3	12.9
Microfinance institutions		37	47	0.0	0.0	97052.9	6.8	92661.7	5.9	0.0	-4.5
Insurance Companies	22	22	22	295802.0	15.9	223921.8	15.6	204586.0	13.1	-24.3	-8.6
Construction and Processing Companies	18	18	19	41989.5	2.3	40172.0	2.8	65509.9	4.2	-4.3	63.1
Hotels	4	4	4	29356.2	1.6	24419.4	1.7	28078.3	1.8	-16.8	15.0
Trading Organizations	4	4	4	1237.9	0.1	1141.7	0.1	1511.5	0.1	-7.8	32.4
Hydropower Companies	14	19	30	77197.3	4.2	67397.5	4.7	93281.8	6.0	-12.7	38.4
Others	3	4	4	120966.9	6.5	146245.0	10.2	148452.8	9.5	20.9	1.5
Total	208	196	215	1856829.4	100.0	1435137.7	100.0	1567499.4	100.0	-22.7	9.2

Source: Nepal Stock Exchange Limited

Appendix 1.1
Lists of Banks and Financial Institutions Licensed for
Financial Transactions
(As in mid-July 2019)

1. Commercial Banks

S. No.	Name	Head Office	Operation Date (A.D.)	Paid-up Capital # (Rs. in Million)	Working Area
1	Nepal Bank Ltd.	Dharmapath, Kathmandu	1937/11/15	9,811.1	National Level
2	Agriculture Development Bank Ltd.	Ramshahpath, Kathmandu	1968/01/21	14,448.2	National Level
3	Nabil Bank Ltd.	Beena Marg, Kathmandu	1984/07/12	9,011.8	National Level
4	Nepal Investment Bank Ltd.	Durbarmarg, Kathmandu	1986/03/09	12,869.7	National Level
5	Standard Chartered Bank Nepal Ltd.	Nayabaneshwor, Kathmandu	1987/02/28	8,011.4	National Level
6	Himalayan Bank Ltd.	Kamaladi, Kathmandu	1993/01/18	8,520.3	National Level
7	Nepal SBI Bank Ltd.	Kesharmahal, Kathmandu	1993/07/07	8,449.3	National Level
8	Nepal Bangaladesh Bank Ltd.	Kamaladi, Kathmandu	1994/06/06	8,088.3	National Level
9	Everest Bank Ltd.	Lazimpat, Kathmandu	1994/10/18	8,106.9	National Level
10	Kumari Bank Ltd.	Durbarmarg, Kathmandu	2001/04/03	8,685.6	National Level
11	Laxmi Bank Ltd.	Hattisar, Kathmandu	2002/04/03	8,920.5	National Level
12	Citizens Bank International Ltd.	Narayanhitipath, Kathmandu	2007/04/20	8,371.1	National Level
13	Prime Commercial Bank Ltd.	Kamalpokhari, Kathmandu	2007/09/24	9,318.6	National Level
14	Sunrise Bank Ltd.	Gairidhara, Kathmandu	2007/10/12	8,152.6	National Level
15	Century Commercial Bank Ltd.	Putalisadak, Kathmandu	2011/03/10	8,415.5	National Level
16	Sanima Bank Ltd.	Nagpokhari, Kathmandu	2012/02/15	8,001.3	National Level
17	Machhapuchhre Bank Ltd.	Lazimpat, Kathmandu	2012/07/09*	8,055.7	National Level
18	NIC Asia Bank Ltd.	Thapathali, Kathmandu	2013/06/30*	8,834.2	National Level
19	Global IME Bank Ltd.	Kamaladi, Kathmandu	2014/04/09*	10,310.5	National Level
20	NMB Bank Ltd.	Babarmahal, Kathmandu	2015/10/18*	9,618.2	National Level
21	Prabhu Bank Ltd.	Babarmahal, Kathmandu	2016/02/12*	8,892.7	National Level
22	Siddhartha Bank Ltd.	Hattisar, Kathmandu	2016/07/21*	8,887.6	National Level
23	Bank of Kathmandu Ltd.	Kamalpokhari, Kathmandu	2016/07/14*	8,063.1	National Level
24	Civil Bank Ltd.	Kamaladi, Kathmandu	2016/10/17*	8,003.4	National Level
25	Nepal Credit and Commerce Bank Ltd.	Bagbazar, Kathmandu	2017/01/01*	7,018.6	National Level
26	Janata Bank Nepal Ltd.	Thapathali, Kathmandu	2017/04/07*	8,000.8	National Level
27	Rastriya Banijya Bank Ltd. ¹	Singhadurbarplaza, Kathmandu	2018/05/02*	9,004.8	National Level
28	Mega Bank Nepal Ltd. ²	Kamaladi, Kathmandu	2018/05/13*	10,388.6	National Level

* Joint operation date after merger

Paid-up capital based on the financial statement of Mid-July 2019.

2. Development Banks

S. No.	Name	Head Office	Operation Date (A.D.)	Paid-up Capital # (Rs. in Million)	Working Area
1	Narayani Development Bank Ltd.	Ratna Nagar, Chitwan	2001/10/17	55.60	1-3 District Level (Nawalparasi, Chitwan, Makwanpur)
2	Sahayogi Vikas Bank Ltd.	Janakpurdham, Dhanusha	2003/10/23	509.70	1-3 District Level (Dhanusa, Mahottari, Sindhuli)
3	Karnali Bikash Bank Ltd.	Nepalgunj, Banke	2004/02/18	502.80	1-3 District Level (Banke, Bardiya, Dang)

4	Excel Development Bank Ltd.	Birtamod, Jhapa	2005/07/21	692.70	1-5 District Level (Ilam, Jhapa, Morang, Sunsari, Panchthar)
5	Miteri Development Bank Ltd.	Dharan, Sunsari	2006/10/13	585.00	1-5 District Level (Jhapa, Morang, Sunsari, Dhankuta, Udaypur)
6	Muktinath Bikas Bank Ltd.	Kamaladi, Kathmandu	2007/01/03	3,064.80	National Level
7	Kankai Bikas Bank Ltd.	Damak, Jhapa	2007/05/03	515.00	1-5 District Level (Jhapa, Ilam, Morang, Panchthar, Sunsari)
8	Bhargab Bikas Bank Ltd.	Nepalgunj, Banke	2007/08/30	501.60	1-5 District Level (Banke, Dang, Bardiya, Rupandehi, Kapilbastu)
9	Corporate Development Bank Ltd.	Birgunj, Parsa	2007/11/07	200.00	1-3 District Level (Parsa, Makwanpur, Kavrepalanchowk)
10	Purnima Bikas Bank Ltd.	Siddharthanagar, Rupandehi	2008/05/20	551.30	1-3 District Level (Rupandehi, Nawalparasi, Chitwan)
11	Kanchan Development Bank Ltd.	Mahendranagar, Kanchanpur	2009/09/19	531.30	1-5 District Level (Kailali, Kanchanpur, Dadeldhura, Baitadi, Doti)
12	Sindhu Bikas Bank Ltd.	Barhabise, Sindhupalchowk	2010/09/09	500.00	1-5 District Level (Sindhupalchowk, Kavre, Dolka, Makawanpur, Chitwan)
13	Sahara Bikas Bank Ltd.	Malangawa, Sarlahi	2010/10/27	163.40	1 District Level (Sarlahi)
14	Nepal Community Development Bank Ltd.	Butwal, Rupendehi	2010/11/03	531.70	1-3 District Level (Rupandehi, Nawalparasi, Chitwan)
15	Salapa Bikash Bank Ltd.	Diktel, Khotang	2012/07/16	28.00	1 District Level (Khotang)
16	Green Development Bank Ltd.	Baglung Bazar, Baglung	2013/08/25	500.00	1-5 District Level (Baglung, Myagdi, Kaski, Tanahu, Nawalparasi East)
17	Sangrila Development Bank Ltd.	Baluwatar, Kathmandu	2014/07/13*	2,606.60	National Level
18	Deva Development Bank Ltd.	Laldurbar, Kathmandu	2015/07/10*	2,037.70	National Level
19	Kailash Bikash Bank Ltd.	Putalisadak, Kathmandu	2016/04/04*	2,520.60	National Level
20	Shine Resunga Development Bank Ltd.	Butwal, Rupandehi	2013/03/17*	1,622.70	4-10 District Level (Rupandehi, Nawalparasi, Arghakhachi, Gulmi, Palpa, Dang, Pyuthan, Kapilvastu, Baglung and Chitwan)
21	Jyoti Bikas Bank Ltd.	Kamaladi, Kathmandu	2016/08/12*	3,100.00	National Level
22	Garima Bikas Bank Ltd.	Iazimpat, Kathmandu	2016/09/20*	2,788.40	National Level
23	Om Development Bank Ltd.	Pokhara, Kaski	2017/06/16*	2,515.20	National Level
24	Mahalaxmi Bikas Bank Ltd. ¹	Durbar Marg, Kathmandu	2017/07/02*	2,844.50	National Level
25	Gandaki Bikas Bank Ltd. ¹¹	Pokhara, Kaski	2017/07/05*	2,750.00	National Level
26	Lumbini Bikas Bank Ltd. ¹²	Dillibazar, Kathmandu	2017/07/09*	2,209.80	National Level
27	Kamana Sewa Bikas Bank Ltd.	Gyaneshwor, Ktm.	2017/08/04*	2,540.20	National Level
28	Saptakoshi Development Bank Ltd.	Dhankuta, Koshi	2019/07/07*	787.10	1-7 District Level (Morang, Ilam, Panchthar, Jhapa, Sunsari, Dhankuta, Terhathum)
29	Tinau Bikas Bank Ltd.	Butwal, Rupandehi	2019/07/16*	1,144.20	1-7 District Level (Rupandehi, Nawalparasi East, Nawalparasi West, Chitwan, Palpa, Dang, Kapilvastu)

* Joint operation date after merger

Paid-up capital based on the financial statement of mid-July 2019.

3. Finance Companies

S. No.	Name	Head Office	Operation Date (A.D.)	Paid-up Capital [#] (Rs. in Million)	Working Area
1	Nepal Finance Ltd.	Kamaladi, Kathmandu	1993/01/06	135.80	National Level
2	Nepal Share Markets and Finance Ltd.	Ramshahapath, Kathmandu	1993/10/19	233.30	National Level
3	Goodwill Finance Ltd.	Hattisar, Kathmandu	1995/05/15	800.00	National Level
4	Lalitpur Finance Co. Ltd.	Lagankhel, Lalitpur	1995/12/14	236.90	National Level
5	United Finance Co. Ltd.	Durbarmarg, Kathmandu	1996/01/26	1,010.50	National Level
6	Progressive Finance Co. Ltd.	Newroad, Kathmandu	1996/02/26	800.10	National Level
7	Janaki Finance Co. Ltd.	Janakpurdham, Dhanusha	1997/03/07	492.10	1-3 District Level (Dhanusha, Mahottari, Siraha)
8	Pokhara Finance Ltd.	Pokhara, Kaski	1997/03/16	857.30	National Level
9	Hathway Finance Co. Ltd.	Dharan, Sunsari	1997/08/17	300.00	National Level
10	Multipurpose Finance Co. Ltd	Rajbiraj, Saptari	1998/04/15	41.50	1 District Level (Saptari)
11	Shrijana Finance Ltd.	Biratnagar, Morang	1999/12/14	460.80	1-3 District Level (Morang, Sunsari, Saptari)
12	World Merchant Banking & Finance Ltd.	Hetauda, Makwanpur	2001/08/10	182.00	National Level
13	Capital Merchant Banking & Finance Co. Ltd.	Battisputali, Kathmandu	2002/02/01	935.10	National Level
14	Crystal Finance Ltd.	Thapathali, Kathmandu	2002/03/13	70.00	National Level
15	Guheshwori Merchant Banking & Finance Ltd.	Pulchowk, Lalitpur	2002/06/13	800.00	National Level
16	ICFC Finance Ltd.	Bhatbhateni, Kathmandu	2004/07/15	882.20	National Level
17	City Express Finance Co. Ltd.	Durbarmarg, Kathmandu	2006/03/24	400.00	National Level
18	Manjushree Financial Institution Ltd.	Nayabaneshwor, Kathmandu	2007/10/17	804.10	National Level
19	Reliance Finance Ltd.	Pradarsani Marg, Kathmandu	2014/05/08*	832.40	National Level
20	Gorkhas Finance Ltd.	Dillibazar, Kathmandu	2016/04/10*	868.00	National Level
21	Shree Investment & Finance Co. Ltd.	Dillibazar, Kathmandu	2017/02/01*	810.00	National Level
22	Central Finance Ltd.	Kupandole, Lalitpur	2017/03/23*	823.40	National Level
23	Best Finance Ltd.	Chabahil, Kathmandu	2018/08/02*	810.00	National Level

* Joint operation date after merger

Paid-up capital based on the financial statement of Mid-July 2019.

4. Microfinance Development Banks

S. No.	Name	Head Office	Operation Date (A.D.)	Paid-up Capital [#] (Rs. in Million)	Working Area
1	Nirdhan Utthan Laghubitta Bittiya Sanstha Ltd.	Naxal, Kathmandu	1999/07/17	1,200.00	National Level
2	RMDC Laghubitta Bittiya Sanstha Ltd.	Putalisadak, Kathmandu	1999/12/06	799.40	National Level
3	Deprosc Laghubitta Bittiya Sanstha Ltd.	Bharatpur, Chitwan	2001/07/03	773.40	National Level
4	Chhimek Laghubitta Bittiya Sanstha Ltd.	Old Baneshwor, Kathmandu	2001/12/10	1,180.00	National Level
5	Shawalamban Laghubitta Bittiya Sanstha Ltd.	Lalcolony Marg, Kathmandu	2002/02/22	628.90	National Level
6	Sana Kisan Bikas Laghubitta Bittiya Sanstha Ltd.	Subidhanagar, Kathmandu	2002/03/11	786.00	National Level
7	Nerude Laghubitta Bittiya Sanstha Ltd.	Biratnagar, Morang	2007/06/15	397.60	National Level
8	Naya Nepal Laghubitta Bittiya Sanstha Ltd.	Dhulikhel, Kavre	2009/03/20	84.00	4-10 District Level (Kavre, Ramechhap, Sindhuli, Mahottari, Dhanusha, Siraha, Saptari, Sunsari, Morang, Jhapa)

9	Mithila Laghubitta Bittiya Sanstha Ltd.	Dhalkebar, Dhanusha	2009/04/29	99.00	10+5 District Level (Sindhuli, Mahottari, Dhanusha, Siraha, Sarlahi, Saptari, Rautahat, Udaypur, Bara, Ramechhap, Sindhupalchok, Kavreplanshowk, Nuwakot, Dolakha, Okhaldhunga)
10	Summit Laghubitta Bittiya Sanstha Ltd.	Birtamod, Jhapa	2009/05/20	210.00	4-10 District Level (Jhapa, Morang, Sunsari, Taplejung, Ilam, Panchthar, Udayapur, Saptari, Siraha, Dhankuta)
11	Sworojagar Laghubitta Bittiya Sanstha Ltd	Banepa, Kavre	2009/12/16	269.50	National Level
12	First Microfinance Laghubitta Bittiya Sanstha Ltd	Gyaneshwor, Kathmandu	2009/12/28	684.40	National Level
13	Nagbeli Laghubitta Bittiya Sanstha Ltd	Birtamod, Jhapa	2010/02/04	167.70	4-10 District Level (Jhapa, Morang, Ilam, Panchthar, Taplejung, Terhathum, Dhankuta, Sunsari, Saptari, Udaypur)
14	Kalika Laghubitta Bittiya Sanstha Ltd.	Waling, Syangja	2010/07/21	108.00	National Level
15	Mirmire Laghubitta Bittiya Sanstha Ltd.	Banepa, Kavre	2010/09/23	128.80	10+5 District Level (Rasuwa, Nuwakot, Dhading, Dolakha, Gulmi, Kavrepalanchowk, Makwanpur, Chitwan, Nawalparasi, Palpa, Rukum, Rolpa, Salyan, Arghakhanchi, Pyuthan)
16	Janauththan Samudayik Laghubitta Bittiya Sanstha Ltd.	Butwal, Rupandehi	2010/11/09	28.80	19 District Level (Kailali, Kanchanpur, Banke, Bardiya, Dang, Kapilvastu, Rupandehi, Nawalparasi, Chitwan, Parsa, Surkhet, Dadeldhura, Gulmi)
17	Womi Laghubitta Bittiya Sanstha Ltd.	Bharatpur, Chitwan	2012/03/08	101.10	National Level
18	Laxmi Laghubitta Bittiya Sanstha Ltd.	Maharajgunj, Kathmandu	2012/06/04	242.00	National Level
19	Civil Laghubitta Bittiya Sanstha Ltd.	Chuchepati, Kathmandu	2012/07/05	114.10	National Level
20	Mahila Sahayatra Laghubitta Bittiya Sanstha Ltd.	Chitlang, Makwanpur	2012/12/25	121.00	National Level
21	Kisan Microfinance Bittiya Sanstha Ltd.	Lamkichhuwa, Kailali	2013/01/16	86.00	10+5 District Level (Kailali, Achham, Bajura, Bajhang, Baitadi, Darchula, Kalikot, Humla, Mugu, Doti, Dadeldhura, Dailekh, Salyan, Jajarkot, Jumla)
22	Vijaya Laghubitta Bittiya Sanstha Ltd.	Gaidakot, Nawalparasi	2013/03/28	194.80	National Level
23	NMB Laghubitta Bittiya Sanstha Ltd.	Pokhara-Hemja, Kaski	2013/03/31	162.00	National Level
24	FORWARD Community Microfinance Bittiya Sanstha Ltd.	Duhabi Bhaluwa, Sunsari	2013/05/17	377.70	National Level
25	Global IME Laghubitta Bittiya Sanstha Ltd.	Besisahar, Lamjung	2013/05/19	110.50	National Level
26	Mahuli Laghubitta Bittiya Sanstha Ltd.	Bagdhuwa, Saptari	2013/06/15	102.00	10+5 District Level (Saptari, Siraha, Udaypur, Khotang, Sunsari, Bhojpur, Okhaldhunga, Sindhuli, Dhankuta, Ramechhap, Terhathum, Sankhuwasabha, Solukhumbu, Sarlahi, Mahottari)
27	Suryodaya Laghubitta Bittiya Sanstha Ltd.	Putalibazar, Syanja	2013/07/16	107.90	23 District Level (Baglung, Myagdi, Parbat, Syangja, Manang, Lamjung, Mustang, Gulmi, Pyuthan, Rolpa, Nawalparasi East, Nawalparasi West, Rupandehi, Kapilbastu, Dang, Banke, Bardiya, Salyan)
28	Mero Laghubitta Bittiya Sanstha Ltd.	Battar, Nuwakot	2013/07/18	657.80	National Level
29	Samata Laghubitta Bittiya Sanstha Ltd.	Pipra, Simara	2013/08/25	60.70	10 District Level (Bara, Rautahat, Sarlahi, Mahottari, Sindhulim Parsa, Sunsari, Dhanusha, Udaypur, Chitwan)
30	RSDC Laghubitta Bittiya Sanstha Ltd.	Butwal, Rupandehi	2013/09/11	633.50	National Level

31	Samudayik Laghubitta Bittiya Sanstha Ltd.	Panchkhal, Kavre	2014/04/13	100.00	4-10 District Level (Sindhupalchowk, Kavrepalanchowk, Dolakha, Ramechhap, Solukhumbu, Okhaldhunga, Nuwakot, Khotang, Bhojpur, Sankhuasabha)
32	National Microfinance Bittiya Sanstha Ltd.	Nilkantha, Dhading	2014/07/02	150.90	National Level
33	Nepal Grameen Bikas Laghubitta Bittiya Sanstha Ltd.	Butwal, Rupandehi	2014/08/15*	924.20	National Level
34	Nepal Sewa Laghubitta Bittiya Sanstha Ltd.	Phatksila, Sindhupalchowk	2014/10/26	60.00	10 District Level (Sindhupalchowk, Rasuwa, Nuwakot, Kavrepalanchowk, Dhading, Gorkha, Lamjung, Dolakha, Solukhumbu, Sindhuli)
35	Unnati Laghubitta Bittiya Sanstha Ltd.	Siddharthanagar, Rupandehi	2014/11/07	88.20	10+5 District Level (Rupandehi, Palpa, Pyuthan, Kapilvastu, Arghakhanchi, Gulmi, Parbat, Baglung, Myagdi, Mustang, Syangja, Kaski, Rolpa, Salyan, Surkhet)
36	Swadeshi Laghubitta Bittiya Sanstha Ltd.	Itahari, Sunsari	2014/12/31	230.00	National Level
37	NADEP Laghubitta Bittiya Sanstha Ltd.	Gajuri, Dhading	2015/05/15	70.00	National Level
38	Support Microfinance Bittiya Sanstha Ltd.	Hasposa, Itahari	2015/07/12	60.00	4-10 District Level (Sunsari, Terhathum, Dhankuta, Panchthar, Bhojpur, Udaypur, Khotang, Sindhuli, Ramechhap, Makwanpur)
39	Arambha Laghubitta Bittiya Sanstha Ltd.	Ugratara, Kavrepalanchowk	2015/07/23	60.00	10+5 District Level (Sindhupalchowk, Nuwakot, Dolakha, Ramechhap, Sindhuli, Okhaldhunga, Khotang, Bhojpur, Terhathum, Dhankuta, Kavrepalanchowk, Dhading, Gorkha, Tanahun, Kaski)
40	Janasewi Laghubitta Bittiya Sanstha Ltd.	Kushma, Parbat	2015/09/29	144.30	4-10 District Level (Parbat, Baglung, Myagdi, Gulmi, Rukum, Rolpa, Kaski, Tanahun, Lamjung, Gorkha)
41	Chautari Laghubitta Bittiya Sanstha Ltd.	Butwal, Rupandehi	2016/01/03	186.00	10+5 District Level (Nawalparasi, Rupandehi, Kapilvastu, Gulmi, Arghakhanchi, Palpa, Rolpa, Dang, Salyan, East Rukum, West Rukum, Jajarkot, Surkhet, Syangja)
42	Ghodighoda Laghubitta Bittiya Sanstha Ltd.	Sripur Belauri, Kanchanpur	2016/06/12	27.60	4-10 District Level (Kailali, Kanchanpur, Banke, Bardiya, Dang, Surkhet, Doti, Dadeldhura, Baitadi, Darchula)
43	Asha Lagubitta Bittiya Sastha Ltd.	Madanpur, Nuwakot	2016/08/29	207.40	National Level
44	Nepal Agro Microfinance Bittiya Sastha Ltd.	Pokhara, Kaski	2016/09/20	49.80	4-10 District Level (Kaski, Parbat, Baglung, Gulmi, Pyuthan, Rolpa, Tanahun, Salyan, Palpa, Lamjung)
45	Rama Roshan Microfinance Bittiya Sastha Ltd.	Mangalsen, Acham	2016/09/22	13.40	4-10 District Level (Achham, Dadeldhura, Doti, Bajhang, Bajura, Kailali, Jumla, Kalikot, Dailekh, Surkhet)
46	Creative LaghuBitta Bittiya Sastha Ltd.	Pratappur, Kailali	2016/09/25	35.00	4-10 District Level (Kailali, Kanchanpur, Bardiya, Surkhet, Doti, Achham, Kalikot, Bajura, Darchula, Bajhang)
47	Gurans LaghuBitta Bittiya Sastha Ltd.	Dhankutabazaar, Dhankuta	2016/11/16	77.50	4-10 District Level (Taplejung, Paanchthar, Ilam, Terhathum, Dhankuta, Sankhuwasabha, Bhojpur, Morang, Sunsari, Okhaldhunga)
48	Ganapati Microfinance Bittiya Sastha Ltd.	Shuklagandaki, Tanahu	2016/12/09	103.50	National Level
49	Infinity Microfinance Bittiya Sanstha Ltd	Gaidakot, Nawalparasi	2017/01/20	207.40	National Level
50	Adhikhola Laghubitta Bittiya Sanstha Ltd.	Bhirkot, Syangja	2017/02/12	100.00	4-10 District Level (Syangja, Kaski, Lamjung, Tanahun, Nawalparasi, Rupandehi, Palpa, Arghakhanchi, Gulmi, Kapilvastu)

51	Swabhiman Laghubitta Bittiya Sanstha Ltd.	Tilottama, Rupandehi	2017/05/22	61.90	National Level
52	Sparsha Laghubitta Bittiya Sanstha Ltd.	Pokhara Lekhnath, Kaski	2017/07/13	83.00	4-10 District Level (Kaski, Baglung, Myagdi, Lamjung, Tanahun, Nawalparasi, Parbat, Gulmi, Arghakhanchi, Gorkha)
53	Sabaiko Laghubitta Bittiya Sanstha Ltd.	Bandipur, Tanahu	2017/07/14	112.00	National Level
54	Sadhana Laghubitta Bittiya Sanstha Ltd.	Gorkha, Gorkha	2017/10/30	73.50	4-10 District Level (Gorkha, Lanjung, Tanahun, Dhading, Manang, Makwanpur, Kaski, Myagdi, Baglung , Parbat)
55	NIC Asia Laghubitta Bittiya Sanstha Ltd.	Bherimalika, Jajarkot	2017/11/21	1,004.50	National Level
56	Sarathi Laghubitta Bittiya Sanstha Ltd.	Byas, Tanahun	2017/11/21	70.00	4-10 District Level (Tanahun, Dhading, Makwanpur, Parbat, Bara, Parsa, Nawalparasi, Rupandehi, Gorkha and Lamjung)
57	Nagrik Laghubittiya Bittiya Sanstha Ltd.	Banepa, Kavre	2017/12/14	70.00	4-10 District Level (Kavrepalanchowk, Sindhupalchowk, Nuwakot, Dolakha, Ramechhap, Sindhuli, Gorkha, Dhading, Lamjung, Tanahun)
58	Trilok Laghubitta Bittiya Sanstha Ltd.	Sunawal, Nawalparasi	2018/01/25	61.00	4-10 District Level (Gorkha, Lamjung, Gulmi, Arghakhanchi, Palpa, Tanahun, Syangja, Kaski, Kapilvastu, Nawalparasi)
59	Manakamana Laghubitta Bittiya Sanstha Ltd.	Siddharthanagar, Rupandehi	2018/02/18	45.50	4-10 District Level (Rupandehi, Kapilbastu, Syangja, Palpa, Gulmi, Arghakhanchi)
60	Sahakarya Laghubitta Bittiya Sanstha Ltd.	Hariwan, Sarlahi	2018/02/01	14.00	4-10 District Level (Sarlahi, Rautahat, Mahottari, Udaypur, Sindhuli, Ramechhap, Dolakha, Okhaldhunga, Khotang, Solukhumbu)
61	Sajeelo Laghubitta Bittiya Sanstha Ltd.	Gorkha, Gorkha	2018/02/07	140.00	National Level
62	Satyawati Laghubitta Bittiya Sanstha Ltd.	Buddhabhumi, Kapilbastu	2018/03/23	15.80	4-10 District Level (Nawalparasi, Rupandehi, Kapilvastu, Arghakhanchi, Gulmi, Palpa, Rolpa, Salyan, Pyuthan, Jajarkot)
63	Buddha Jyoti Laghubitta Bittiya Sanstha Ltd.	Lumbini sanskritik, Rupandehi	2018/06/20	12.00	4-10 District Level (Palpa, Arghakhanchi, Gulmi, Baglung, Rupandehi, Nawalparasi, Kapilvastu, Mustang, Myagdi, Rukum)
64	Samaj Laghubitta Bittiya Sanstha Ltd.	Malangawa, Sarlahi	2018/05/15	11.40	1-3 District Level (Dhanusha, Sarlahi, Mahottari)
65	Dibya Laghubitta Bittiya Sanstha Ltd.	Namobuddha, Kavrepalanchowk	2018/08/08	77.00	National Level
66	Cweda Laghubitta Bittiya Sanstha Ltd.	Dhunibeshi, Dhading	2018/09/27	13.80	4-10 District (Kathmandu, Dhading, Gorkha, Lamjung, Tanahun, Bara, Parsa, Chitwan, Nawalparasi and Rupandehi)
67	Grameen Swayamsewak Laghubitta Bittiya Sanstha Ltd.	Hariwan, Sarlahi	2018/10/01	42.00	Province No. 2
68	Mahila Laghubitta Bittiya Sanstha Ltd.	Banepa, Sanga, Kavrepalanchowk	2018/10/18	60.00	National Level
69	Manushi Laghubitta Bittiya Sanstha Ltd.	Banepa, Bhaisepati, Kavrepalanchok	2018/11/17	70.00	National Level
70	Adarsha Laghubitta Bittiya Sanstha Ltd.	Banepa, Kavrepalanchowk	2018/12/16	14.00	Province No. 3
71	Unique Nepal Laghubitta Bittiya Sanstha Ltd.	Kohalpur, Banke	2018/12/16	63.00	4 - 10 District (Bardiya, Banke, Kailali, Kanchanpur, Dang, Kapilbastu,Rupandehi, Nawalparasi, Surkhet, Dadeldhura)
72	Smart Laghubitta Bittiya Sanstha Ltd.	Ghorahi, Dang	2019/02/10	14.00	4 - 10 District (Dang, Pyuthan, Rolpa, Rukum, Salyan, Banke, Bardiya, Kailali, Arghakhanchi, Kapilbastu)
73	Mahila Samudayik Laghubitta Bittiya Sanstha Limited	Ghorahi, Dang	2019/02/27	42.00	10 District (Dang, Pyuthan, Rolpa, Rukum, Salyan, Banke, Bardiya, Kailali, Kapilbastu, Rupandehi)

74	Jalpa Laghubitta Bittiya Sanstha Limited	Pokhara, Kaski	2019/03/15	70.00	10 District (Kaski, Tanahun, Lamjung, Gorkha, Syangja, Dhading, Chitwan, Nawalparasi, Rupandehi, Palpa)
75	Solve Laghubitta Bittiya Sanstha Limited	Dhankuta-5	2019/02/13	42.00	Province No. 1
76	Rastra Utthan Laghubitta Bittiya Sanstha Limited	Banepa, Kavrepalanchowk	2019/02/20	175.00	National Level
77	WEAN Laghubitta Bittiya Sanstha Limited	Galchhi, Dhading	2019/04/08	14.60	Province No. 3
78	Upakar Laghubitta Bittiya Sanstha Limited	Kohalpur, Banke	2019/03/27	42.00	Province No. 5
79	Dhaulagiri Laghubitta Bittiya Sanstha Limited	Baglung -2 , Baglung	2019/02/19	70.00	National Level
80	CYC Nepal Laghubitta Bittiya Sanstha Limited	Baglung -3, Baglung	2019/03/15	70.00	National Level
81	NESDO Samriddha Laghubitta Bittiya Sanstha Limited	Kushma, Parbat	2019/03/05	70.00	National Level
82	Swastik Laghubitta Bittiya Sanstha Limited	Lahan, Siraha	2019/03/26	12.00	Province No. 2
83	Garibi Nyunikaran Laghubitta Bittiya Sanstha Limited	Rajbiraj, Saptari	2019/03/11	14.00	Province No. 2
84	Shrijanshil Laghubitta Bittiya Sanstha Limited	Golbazar, Siraha	2019/03/15	70.00	National Level
85	NRN Laghubitta Bittiya Sanstha Limited	Dhangadhi, Kailali	2019/02/25	140.70	National Level
86	Jiban Bikash Laghubitta Bittiya Sanstha Limited	Katahari , Morang	2019/02/28	140.00	National Level
87	Gharelu Laghubitta Bittiya Sanstha Limited	Banepa, Kavrepalanchowk	2019/03/12	70.40	National Level
88	Janakpur Laghubitta Bittiya Sanstha Limited	Janakpurdham, Dhanusha	2019/03/15	34.80	Province No. 2
89	BPW Laghubitta Bittiya Sanstha Limited	Banepa, Kavrepalanchowk	2019/04/15	20.30	Province No. 3
90	Atmanirbhar Laghubitta Bittiya Sanstha Limited	Ghorahi, Dang	2019/04/15	42.00	Province No. 5

* Joint operation date after merger

Paid-up capital based on the financial statement of Mid-July 2019.

"Social Upgrade in Progress of Education Region (SUPER)", Tulsipur, Dang is in the process of operation.

5. Other Institutions

S. No.	Name	Office	Contact Office	Date
1	Rastriya Sahakari Bank Ltd.	Kupandole, Lalitpur	Baneshwor, Kathmandu	2067/04/04
2	Mashreq Bank PSC	Dubai , UAE	Thapathali, Kathmandu	2067/06/26
3	Hydroelectricity Investment & Development Company Ltd.	Babarmahal, Kathmandu	Babarmahal ,Kathmandu	2069/03/26
4	Omni Pvt.Ltd. ^{\$}	Adarshnagar, Birgunj	Adarshanagar, Birgunj	2071/01/24
5	Hulas Investment Pvt.Ltd. ^{\$}	Ganabahal, Kathmandu	Ganabahal, Kathmandu	2071/04/18
6	Sipradi Hire Purchase Pvt. Ltd. ^{\$}	Thapathali, Kathmandu	Thapathali, Kathmandu	2071/07/20
7	MAW Investment Pvt. Ltd. ^{\$}	Biratnagar, Morang	Teku, Kathmandu	2071/09/30
8	Batas Investment Co. Pvt. Ltd. ^{\$}	Pokhara, Kaski	Gairidhara, Kathmandu	2071/10/21
9	Syakar Investment Pvt. Ltd. ^{\$}	Kantipath, Kathmandu	Kantipath, Kathmandu	2073/03/10
10	Jagadamba Credit & Investment Pvt. Ltd. ^{\$}	Naxal, Kathmandu	Naxal, Kathmandu	2073/09/17
11	Doha Bank	Doha , Qatar	Thapathali, Kathmandu	2074/01/11

\$ For the purpose of hire purchase.

6. Infrastructure Development Bank

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

PART – 2

ACTIVITIES OF NEPAL RASTRA BANK

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PART – TWO

ACTIVITIES OF NEPAL RASTRA BANK

Monetary Policy for Fiscal Year 2018/19

- 2.1 In accordance with the provision made in the Nepal Rastra Bank Act, 2002, Nepal Rastra Bank (NRB) has been formulating and implementing monetary policy with the objective of maintaining economic stability and sustainable development of the economy through price and balance of payments stability. To attain these objectives, the bank is focusing on the functions that include effective liquidity management, promotion of competitive financial resources for productive use, effective foreign exchange reserve management and expansion of access to finance.
- 2.2 In this context, NRB announced the monetary policy for 2018/19 on 11 July 2018 with the main objective of maintaining macroeconomic stability and facilitating the achievement of targeted economic growth in line with GON's policies and programs enunciated through its budget statement.
- 2.3 The first quarter review of the monetary policy for 2018/19 was published on 27 November 2018, half-yearly review on 18 February 2019 and the third quarter review on 23 May 2019. Similarly, the annual review of monetary policy 2018/19 along with monetary policy for 2019/20 was published on 24 July 2019.

Objectives and Targets

- 2.4 The main objectives of monetary policy were to conduct monetary management to check the demand side pressure on price and external sector stability arising from expanding economic activities, promote employment, develop entrepreneurship, and mobilize financial instruments towards priority sectors to facilitate the targeted growth.
- 2.5 The monetary policy for 2018/19 set the target of containing average annual consumer inflation at 6.5 percent. Besides, the monetary policy targeted to maintain foreign exchange reserve level sufficient to cover the import of goods and services for at least 8 months and to manage necessary monetary liquidity to facilitate the attainment of 8 percent economic growth.
- 2.6 Due to the growth in agricultural production, increased energy availability, growth in tourist arrival and improved industrial climate; the growth rate of Gross Domestic Product stood at 7.1 percent in 2018/19. The average inflation rate was limited to 4.6 percent in the review year due to the growth in internal production, improvement in supply management and lower global inflation rate. On external front, higher import in

the review year caused deficit in the BOP by Rs.67.40 billion. As of mid-July 2019, the foreign exchange reserve in the banking sector was sufficient to cover import of goods and services for 7.8 months.

Table 2.1
Inflation and Balance of Payments Surplus

Particulars	2016/17	2017/18	2018/19	
			Target	Actual
Annual Average Inflation (in percent)	4.5	4.2	6.5	4.6
Balance of Payments (Rs. billion) (+Surplus/-Deficit)	82.1	0.96	14.0	-67.4

Intermediate and Operating Targets of Monetary Policy

- 2.7 Adopting price stability as the primary objective, fixed exchange rate with the Indian currency was continued as the nominal anchor of monetary policy 2018/19. While attaining the targeted economic growth, the objectives and targets of monetary policy have been determined considering the expenditures of local, provincial, and federal governments and the domestic and international economic outlook. For this purpose, continuity was given to the practice of designating the growth rate of broad money supply (M2) as the intermediate target and excess reserve of the BFIs as the operating target of monetary policy.
- 2.8 The broad money supply, the intermediate target of monetary policy, rose by 15.8 percent in comparison to the initial projection of 18.0 percent for 2018/19. Likewise, gross domestic credit grew at the rate of 21.4 percent in comparison to the projection of 22.5 percent and credit to private sector grew at the rate of 19.1 percent in comparison to the projection of 20 percent. (Table 2.2).

Table 2.2
Money Supply and Domestic Credit

Particulars	2016/17	2017/18	2018/19	
			Target	Actual
Growth rate of broad money supply (in percent)	15.5	19.4	18.0	15.8
Growth rate of narrow money supply (in percent)	13.1	17.6	13.6	8.6
Growth rate of domestic credit (in percent)	20.6	26.5	22.5	21.4
Growth rate of credit to private sector (in percent)	18.0	22.3	20.0	19.1

Instruments of Monetary Policy

- 2.9 Consistent with the stance of monetary policy for 2018/19 and to facilitate the attainment of related economic and monetary objectives, the operating target and instruments of monetary policy were selected. With an objective of interest rate stabilization and modernization of liquidity management through minimizing the fluctuation in the liquidity of the banking sector, the existing lower limit of interest rate

corridor has been changed from 3 to 3.5 percent and upper limit of the corridor has been changed from 7 percent to 6.5 percent. Repo rate for the two-week period as a policy rate was unchanged at 5 percent.

- 2.10 The existing provision of Cash Reserve Ratio (CRR) of 6 percent for commercial banks, 5 percent for development banks and 4 percent for finance companies has been changed to make it 4 percent for all three institutions. Likewise SLR has been reduced from 12 percent to 10 percent for commercial banks, 9 percent to 8 percent for development banks and 8 percent to 7 percent for finance companies. The bank rate applied for the purpose of Lender of Last Resort (LOLR) facility and to discount securities has been reduced from 7 percent to 6.5 percent.

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

Headings	2016/17	2017/18	2018/19
Cash Reserve Ratio			
“A” Class Institutions	6.0	6.0	4.0
“B” Class Institutions	5.0	5.0	4.0
“C” Class Institutions	4.0	4.0	4.0
Statutory Liquidity Ratio			
“A” Class Institutions	12.0	12.0	10.0
“B” Class Institutions	9.0	9.0	8.0
“C” Class Institutions	8.0	8.0	7.0

- 2.11 To facilitate the higher economic growth by attracting external resources, commercial banks and microfinance institutions were allowed to borrow from abroad up-to 25 percent of their primary capital. On the release of half-yearly review of monetary policy, the limit for such debt was raised to 100 percent of primary capital for all commercial banks, development banks and finance companies.
- 2.12 Policy provision has been made to provide hedging services by creating a separate fund in the bank for foreign investments in infrastructure projects.
- 2.13 The existing provision for commercial banks to extend 25 percent of their total credit in priority sector has been changed to make it at least 10 percent in agriculture and 15 percent in energy and tourism sector.
- 2.14 The provision requiring commercial banks, development banks and finance companies to extend 5.0 percent, 4.5 percent and 4.0 percent of their total credit respectively in deprived sector has been maintained at 5.0 percent for all three classes of institutions.
- 2.15 The limit for deposit mobilization from single institution by the BFIs has been reduced to 15 percent from existing 20 percent.

- 2.16 The provision has been made to allow BFIs to issue long-term debentures and the mobilized amount could be included as a source while computing CCD ratio.
- 2.17 Commercial banks are required to maintain the spread rate of 4.5 percent between the credit and deposit rate by mid-July 2019.
- 2.18 GON has issued Unified Procedure for Interest Subsidy on Concessional Loan, 2075 to promote production and entrepreneurship. Arrangement has been made to provide concessional loans under seven different headings. As of mid-July 2019, concessional loan of Rs.32.19 billion remains outstanding. Under this procedure, concessional loans were provided to 17,203 borrowers for selected agriculture and livestock businesses. The concessional loan of Rs. 0.63 billion was provided to 1,092 beneficiaries under this procedure for other sector. Total interest subsidized by the GON on such loan stands at Rs.1.25 billion.

Public Debt Management

Issue and Management

- 2.19 Public Debt Management Department of NRB is raising domestic debt, managing it and using the government securities as tools for liquidity management and monetary management in accordance with the Public Debt Act, 2002, Public Debt Rules, 2003 (Second Amendment), Management of Primary and Secondary Market of Securities Rules, 2005, Public Debt Management Guidelines, 2017 and Nepal Rastra Bank Open Market Transaction Bylaw, 2014 as well as other bylaws and manuals.
- 2.20 Since the enactment of Raising of Public Debt Act, 2059, the domestic debt has been mobilized in accordance with the GON approved annual domestic debt issue calendar and auction calendar for raising domestic debt as arranged in each annual budgets of GON.
- 2.21 The NRB is presently conducting domestic debt management on behalf of GON by issuing treasury bills, development bonds, citizen saving bonds, national saving bonds and foreign employment saving bonds.

Treasury Bills

- 2.22 In 2018/19, treasury bills worth Rs. 26.44 billion was issued consisting Rs. 8.0 billion of 91 days, Rs. 7.86 billion of 182 days and Rs. 10.58 billion of 364 days maturity. Similarly, treasury bills issued in the past and outstanding till mid-July 2019 amounting to Rs. 315.94 billion were renewed from time to time as per their repayment schedule. During the review year, treasury bills amounting to Rs. 24.49 billion were redeemed by GON.

Development Bonds

2.23 In 2018/19, the development bonds amounting Rs 69.95 billion has been issued. The development bonds during the period were issued in accordance to interest rate determined by Dutch auction method. At the end of 2018/19, the outstanding amount of Development Bonds stood at Rs. 297.35 billion. The payment period of the outstanding development bonds ranges between 5 and 15 years. The detail of development bonds issued in 2018/19 is presented in the table 2.4.

Table 2.4
Issue of Development Bond

S.N.	Development Bond	Period (Year)	Issued Amount (Rs. in Million)	Interest Rate (Percent)
1	2081 "Ga"	5	12,000.0	6.19
2	2082 "Ga"	6	8,000.0	6.33
3	2083 "Ga"	7	7,112.0	6.50
4	2084 "Ga"	8	11,000.0	5.99
5	2085 "Ga"	9	8,000.0	6.50
6	2086 "Ga"	10	6,000.0	6.49
7	2087 "Ga"	11	6,000.0	6.48
8	2089 "Ga"	13	5,095.0	6.50
9	2090	14	6,740.0	6.50
Total			69,947.0	6.34

Citizen/National/Foreign Employment Saving Bonds

- 2.24 There was no fresh issue of Citizen Saving Bond in 2018/19. The outstanding Citizen Saving Bond in mid-July 2018 was Rs. 8.72 billion, out of which Rs. 0.34 billion was redeemed during 2018/19 and Rs. 8.38 billion remained outstanding as of mid-July 2019.
- 2.25 There was no fresh issue of National Saving Bond in 2018/19. The total outstanding National Saving Bond in mid-July 2018 was Rs.0.91 billion which was fully redeemed by the end 2018/19.
- 2.26 There was no fresh issue of Foreign Employment Saving Bond in 2018/19. The outstanding Foreign Employment Saving Bond in mid-July 2018 was Rs.0.53 billion, out of which Rs. 0.08 billion was redeemed during 2018/19 and Rs. 0.45 billion remained outstanding as of mid-July 2019.

Net Domestic Debt Issue

- 2.27 In 2018/19, gross domestic debt amounting to Rs. 96.38 billion was raised through various instruments while redemption amounted to Rs. 34.31 billion. Net domestic debt of Rs. 62.06 billion was issued in 2018/19.

Table 2.5
Net Domestic Debt Issue

(Rs in Million)

Description	2016/17	2017/18	2018/19	Ratio with GDP (%)		
				2016/17	2017/18	2018/19
(A) Total Issue	88,337.8	144,750.9	96,382.0	3.40	4.81	2.78
Treasury Bill	33,000.0	71,958.7	26,435.0	1.27	2.39	0.76
Development Bond	55,000.0	72,000.0	69,947.0	2.12	2.39	2.02
National Saving Bond	-	-	-	0.00	0.00	0.00
Citizen Saving Bond	285.7	751.1	-	0.01	0.02	0.00
Foreign Employment Bond	52.1	41.2	-	0.00	0.00	0.00
Special Bond	-	-	-	0.00	0.00	0.00
(B) Payment	38,785.1	37,562.9	34,313.1	1.49	1.25	0.99
Treasury Bill	38,649.9	37,520.0	24,490.0	1.49	1.25	0.70
Development Bond	0.0	-	8,500.0	0.00	0.00	0.24
National Saving Bond	0.0	-	906.5	0.00	0.00	0.02
Citizen Saving Bond	126.6	-	340.2	0.00	0.00	0.01
Foreign Employment Bond	8.7	42.9	76.4	0.00	0.00	0.00
Special Bond	0.0	-	-	0.00	0.00	0.00
(C) Net Domestic Debt	49,552.7	107,188.1	62,068.9	1.91	3.56	1.79
Treasury Bill	-5,649.9	34,438.7	1,945.0	-0.22	1.15	0.06
Development Bond	55,000.0	72,000.0	61,447.0	2.12	2.39	1.77
National Saving Bond	-	-	-906.5	0.00	0.00	-0.02
Citizen Saving Bond	159.1	751.1	-340.2	0.01	0.02	0.00
Foreign Employment Bond	43.4	-1.7	-76.4	0.00	0.00	0.00
Special Bond	-	-	-	0.00	0.00	0.00
(D) Total Outstanding Domestic Debt	283,710.6	390,898.7	452,967.6	10.92	13.00	13.07
Gross Domestic Product	2,599,234.0	3,007,246.0	3,464,300.0			

2.28 The domestic debt liability of GON has reached Rs. 452.97 billion in mid-July 2019 in comparison to Rs. 390.90 billion a year ago. In the review period, the volume of bonds have increased in comparison to the previous year since the amount collected by GON through treasury bills and development bonds is higher than the payments made in the same year.

Table 2.6
Domestic Debt Liabilities of GoN

(Rs in Million)

S. N.	Type of Bill/Bond	2016/17		2017/18		2018/19		Percent Change	
		Amount	Share (%)	Amount	Share (%)	Amount	Share (%)	2017/18	2018/19
1.	Treasury Bill	110,409.3	38.9	144,847.9	37.1	146,792.9	32.4	31.2	1.3
2.	Development Bond	163,900.0	57.8	235,900.0	60.4	297,347.0	65.7	43.9	26.0
3.	National Saving Bond	906.5	0.3	906.5	0.2	0.0	0.0	0.0	0.0
4.	Citizen Saving Bond	7,965.3	2.8	8,716.3	2.2	8,376.1	1.8	2.0	5.1
5.	Foreign Employment Bond	529.6	0.2	528.0	0.1	451.5	0.1	-0.3	-14.7
6.	Special Bond	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Total		283,710.6	100.0	390,898.7	100.0	452,967.6	100.0		

Government Bonds owned by Nepal Rastra Bank

2.29 Citizen/national/foreign employment saving bonds, development bonds and treasury bills get transferred to the ownership of NRB through the securitization of overdraft, direct repurchase auction during OMO, purchase of securities pledged as collateral from secondary market when BFIs fail to repay the SLF loan, and purchase of securities from the market makers on their request. Among the government securities held in the ownership of NRB, the share of development bond has remained the highest at 67.42 percent in 2018/19.

Table 2.7
Details of Government Securities in the Ownership of NRB

(Rs. in Million)

S. N.	Type of Security	2016/17		2017/18		2018/19		Percent Change	
		Amount	Share (%)	Amount	Share (%)	Amount	Share (%)	2017/18	2018/19
1.	Treasury Bill	30,457.4	72.8	26,119.9	35.0	18,473.1	28.3	-14.2	-29.3
2.	Development Bond	8,942.0	21.4	45,287.0	60.7	44,032.5	67.4	406.4	-2.8
3.	National Saving Bond	182.4	0.4	262.2	0.4	0.0	0.0	43.7	-100.0
4.	Citizen Saving Bond	2,274.7	5.4	2,907.5	3.9	2,794.9	4.3	27.8	-3.9
5.	Foreign Employment Bond	10.0	0.0	10.9	0.0	12.7	0.0	9.0	16.5
Total		41,866.5	100.00	74,587.5	100.00	65,313.3	100.00		

Financial Sector Reform, Enhancing Financial Access and Regulation

Financial Access Promotion Program

2.30 Financial access has been widening with the expansion of BFIs network. In accordance with the government's objective of ensuring the presence of at least a branch of commercial bank in each local level, there has been significant increment in the commercial banks to 735 local levels at the end of review year, compared to 631 at the end of 2017/18.

Table 2.8
Provincewise Commercial Bank Network at Local Level
(July 2019)

Province	No. of Local Level	No. of Local Level with Access of Network
One	137	136
Two	136	134
Three	119	117
Gandaki	85	84
Five	109	109
Karnali	79	73
Seven	88	82
Total	753	735

2.31 NRB has continued to give priority for branchless banking services with a view to enhance financial access. NRB has been giving permission for conducting branchless banking services through Point of Transaction (POT) machine and mobile banking in rural areas by monitoring the technical and practical aspects of the banks. The number of such service has reached 1,530 in the review year. As a result, access to both deposit and credit has been growing. As of mid-July 2019, deposit accounts numbered 27.87 million while the number of creditors stood 1.44 million in A, B and C class BFIs. BFIs have expanded their branches impressively with total number standing at 8,687 till mid-July 2019, including 3,585 of A class, 1,267 of B class, 206 of C class and 3,629 of D class. Consequently, an average of 3,363 people have been served per BFI branch.

Table 2.9
Branches of Banks and Financial Institutions

Banks and Financial Institutions	Mid-July				
	2015	2016	2017	2018	2019
Branches of Commercial Banks	1,672	1,869	2,274	3,023	3,585
Branches of Development Banks	808	852	769	993	1,267
Branches of Finance Companies	242	175	130	186	206
Branches of Microfinance Institutions	1,116	1,376	1,895	2,449	3,629
Total	3,838	4,272	5,068	6,651	8,687
No. of Deposit Account ('000)	14,935	16,836	19,754	23,545	27,866
No. of Borrowers ('000)	1,033	1,097	1,216	1,301	1,439
No. of Branchless Banking Centre		812	1,008	1,285	1,530

2.32 In order to study Financial Access and Financial Usage, Nepal Financial Inclusion Portal has been lunched for public use from 30 September 2018. Using this portal, the location of licensed BFIs branch, ATM and branchless banking can be analyzed through mapping. Additionally, the information about deposit and credit at provincial as well as district level, description of number of accounts, and information on mobile/internet banking access can also be obtained.

Legal Reform

2.33 The proposals for timely amendment of Nepal Rastra Bank Act, 2002 and Banks and Financial Institutions Act, 2017 have been submitted to Ministry of Finance, GON.

Long Term Resource Mobilization

2.34 Fourteen banks have been granted permission to issue bonds worth Rs. 43.98 billion for long term resource mobilization in 2018/19.

Merger/Acquisition of BFIs

- 2.35 In the review year, 14 BFIs went into the process of merger and acquisition resulting in 7 BFIs. The license of 7 BFIs (merger-2 and acquisition-5) has been cancelled. Among them 4 BFIs have been merged into 2 BFIs and 10 BFIs have gone through the process of acquisition resulting in 5 institutions. Till the end of mid-July 2019, 171 BFIs (including A, B, C and D class) participated in the process of merger and acquisition out of which license of 128 BFIs were revoked to form 43 BFIs.

Table 2.10
Merged/Acquired Banks and Financial Institutions

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

License for Financial Transactions

- 2.36 The license for conducting financial transactions has been provided to 26 MFIs in the review year which include 1 in Sarlahi, 2 in Dhading, 6 in Kavrepalanchok, 2 in Banke, 4 in Dang, 1 in Kaski, 1 in Dhankuta, 2 in Baglung, 1 in Parbat, 2 in Siraha, 1 in Saptari, 1 in Kailali, 1 in Morang and 1 in Dhanusha district. Among these 26 MFIs, 24 are financial intermediary non-governmental organizations (FINGOs). Likewise, letter of intent has been granted to 4 MFIs.

Table 2.11
Institutions Granted Letter of Intent

S.N.	Institutions	Address
1	Shaligram Laghubitta Bittiya Sanstha Limited	Myagdi
2	Nawakiran Laghubitta Bittiya Sanstha Limited	Kavrepalanchowk
3	Abhiyan Laghubitta Bittiya Sanstha Limited	Kavrepalanchowk
4	Deurali Laghubitta Bittiya Sanstha Limited	Rupandehi

Refinance Facility and Concessional Loans

- 2.37 The refinance fund of Rs. 19.75 billion at the bank, after addition of NRB's profit from 2017/18 and Rs. 4.75 billion from GON's Economic Rehabilitation Fund, reached Rs. 30.75 billion. This will provide additional support for lending to the priority sectors of strategic importance at concessional interest rates. The use of refinance facility has remarkably gone up due to the reduction in the refinance rates and simplification of its procedures. In the review year, general refinance of Rs. 35.69 billion was provided to

24 commercial banks, 3 development banks and 3 finance companies. In the previous year, general refinance amounting to Rs. 20.90 billion was provided to 18 commercial banks, 2 development banks and 2 finance companies against the collateral of good loans provided to the productive sector. In the review period, export refinance facility amounting to Rs. 2.30 billion was provided to 9 commercial banks. In the previous year, export refinance facility amounting to Rs. 1.27 billion was provided to 7 commercial banks. In accordance with refinance procedures for the purpose of reconstructing residential houses for the households affected by the earthquake, altogether 31 BFIs were provided refinance facility amounting to Rs. 0.98 billion. As such a total sum of Rs. 38.97 billion was provided under refinance facility. As of mid-July 2019, general refinance of Rs. 19.31 billion, export refinance of Rs. 0.86 billion and refinance provided to earthquake victims of Rs. 2.21 billion totaling Rs. 22.36 billion remains outstanding.

- 2.38 While loan amounting to Rs. 32.82 billion to 18,295 borrowers remain outstanding as of mid-July 2019 under Unified Manual Related to Interest Rate Subsidy for *Concessional Loan, 2075*, interest rate subsidy amounting to Rs. 1.56 billion has been provided. Banks and financial institutions have been urged time and again to facilitate easy flow of concessional loans.
- 2.39 According to provisions made by Interest Rate Subsidy Benchmark for Cold House and Food Storage House Construction Program, Rs 55.2 million has been provided in interest subsidy to 10 different cold house and food storage house.

Proceedings of Grievance Management Committee

- 2.40 Grievance Management Committee was formed, as per the decision of the Council of Ministers dated 15 December 2006, under the convenorship of Deputy Governor comprising representative from Ministry of Finance (MOF) and President of Nepal Bankers Association as members and representative from Federation of Nepalese Chambers of Commerce and Industry (FNCCI) as observer for hearing grievances if any party feels aggrieved in transactions between the BFI and the borrower. Among the 229 grievances and complaints received in the review year, hearing by the Grievance Management Committee has been undertaken in the case of 37 while in the case of remaining complaints, necessary correspondence has been made with concerned BFIs and attempts have been underway for their solutions by coordinating between the applicants and the concerned parties. Likewise, about 200 complaints received informally have been addressed in the review year.
- 2.41 Applications for matters like extending the maturity period of the loan, charging of pre-settlement fee on repaying the loan ahead of time, halting the auctioning of the property pledged as collateral as the auction being carried out was not in compliance with the procedures, blacklisting/ removal from the blacklist, etc are generally received in the Committee. With regards to such complaints, both the borrower and the bank are

invited at the Committee meeting to build mutual understanding and communicate the Committee decisions.

Deprived Sector Credit

- 2.42 In 2018/19, commercial banks, development banks, and finance companies are required to extend 5.0 percent of their total credit to the deprived sector. As of mid-July 2019, the credit extended to the deprived sector as the percent of total credit comprised 6.07 percent for the commercial banks, 10.14 percent for the development banks and 7.81 percent for the finance companies.

Implementation of Basel-III Provisions

- 2.43 In accordance with the NRB policy of gradually implementing the Basel-III provisions as per need and justification, Capital Adequacy Framework 2015 based on Basel-III has been implemented in Nepalese commercial banks.

Approval of Loans for Margin Lending

- 2.44 Upon recommendation of Nepal Stock Exchange Ltd (NEPSE), approval has been granted to 15 share broker institutions to provide margin lending facility as per the section 76 of Nepal Rastra Bank Act, 2002. NEPSE has to oversee whether they are complying to prevailing laws and are operating within the bound of policy and direction of Security Board of Nepal as well as provisions outlined in Manual Related to Margin Lending, 2018 issued by NEPSE.

Financial Stability Report

- 2.45 The bank has been regularly publishing the Financial Stability Report. The tenth issue of the Financial Stability Report based on statistics of mid-July 2018 has been released.

Data Publication

- 2.46 Monthly and Annual Bulletins have been prepared and published regularly on the basis of daily, monthly and quarterly data received from banks and financial institutions according to Unified Directives, 2075 formulated for NRB licensed A, B and C class institutions.

Rural Self-Reliance Fund and Projects Related to Microfinance

Rural Self-Reliance Fund

- 2.47 With the seed capital of Rs. 10 million of GON, the Rural Self-Reliance Fund (RSRF) was established in 1991 in order to raise the socio-economical status of economically weak and poor citizens residing in rural areas through the provision of low interest credit. The RSRF provides wholesale loan to cooperatives and other institutions providing micro-finance services. The total seed capital in the fund has reached Rs.0.79 billion with the contribution of Rs. 0.54 billion from GON and Rs. 0.25 billion from NRB.
- 2.48 In the context of changing circumstances, with an objective of expanding the investment coverage and updating the RSRF in line with its objective, the Rural Self-Reliance Fund Operations Directive, 2017 has been prepared and brought into implementation since 23 April 2018.
- 2.49 Since its establishment, Micro-finance Promotion & Supervision Department of NRB has been operating this fund. Following the cabinet decision of GON dated 10 December 2018 that granted the letter of consent to transfer the ownership of RSRF program to Small Farmers Development Microfinance Financial Institution Ltd., the GON (ministerial-level decision) approved the RSRF Manual, 2019 on 11 March 2019. As per the section 18 of the Manual, tripartite agreement for the handover of the fund was completed on 16 July 2019 and loan files were transferred.
- 2.50 The RSRF has been providing loan to affiliate institutions on installment basis not exceeding 10 times of their core capital (viz., share capital, general reserve, and profit) on first, second and third loans. The first, second and third installment of loans are capped at Rs 3 million, Rs.3.5 million and Rs. 4 million respectively. Arrangement has been made to provide microcredit through cooperatives to its member up to Rs.125000 for improving the economic/social status of the deprived sector. Since 2002/03, the fund had provided wholesale credit to Agricultural Development Bank Limited (ADBL) for the purpose of arranging long-term capital especially required for businesses like tea, black cardamom and cold storage in the past. At present, the RSRF does not provide such long term credit.
- 2.51 As of mid-July 2019, the outreach of RSRF has expanded to 72 districts. The RSRF disbursed loan amounting to Rs. 2.53 billion to 1239 institutions comprising of 1135 cooperatives, 53 NGOs and Agricultural Development Bank. Of the total disbursed amount, Rs.2.19 billion was repaid (with 95 percent of repayment rate) while Rs.0.33 billion remained as outstanding. As of mid-July 2019, total households benefiting from this fund has reached 63,396.

Table 2.12
Lending Position of Rural Self-Reliance Fund
(As in mid-July 2019)

Description	NGOs	Cooperatives	Agricultural Dev. Bank	Total
Loan Disbursement				
a) No. of Districts	27	72		72
b) No. of Institutions	53	1,185	1	1,239
c) Loan Amount (Rs. in million)	25.1	2,444.2	159.2	2,628.5
d) No. of Benefited Families	4,004	59,392	-	63,396
Loan Flow				
a) No. of Districts	27	72		72
b) No. of Institutions	53	1,185	1	1,239
c) Loan Amount (Rs. in million)	22.5	2,346.1	159.2	2,527.8
Loan Recovery				
a) Principal Amount (Rs. in million)	22.5	2,123.4	153.4	2,299.3
b) Interest Amount (Rs. in million)	2.8	240.6	18.8	262.2
Loan Recovery				
a) Principal Amount (Rs. in million)	20.5	2021.2	153.4	2195.1
b) Interest Amount (Rs. in million)	2.8	240.6	18.8	262.2
Outstanding Loan				
a) No. of Institutions	15	352	1	368
b) Principal Amount (Rs. in million)	2.0	324.9	5.8	332.7
Overdue Loan				
a) No. of Institutions	15	159	-	174
b) Principal Amount (Rs. in million)	2.0	107.2	-	109.2
c) Percent	9.0	4.6	-	4.7
Loan Rate	91.0	95.4	100.0	95.2

- 2.52 The publicity campaign was continued by organizing various programs and seminars in order to expand the outreach of RSRF to the cooperatives working in the rural areas of the country.

Sources and Uses of Instruments of Microfinance Financial Institutions

- 2.53 The total assets/liabilities of D class financial institutions conducting microfinance related transactions has increased by 55.47 percent to Rs. 267.38 billion as of mid-July 2019. Similarly, the capital fund, total deposits, and total borrowings of these institutions stood at Rs. 25.48 billion, Rs. 85.54 billion, and Rs. 126.33 billion respectively. Likewise, total loans and investment amounted to Rs. 234.86 billion and Rs. 2.57 billion respectively. Liquid assets of these institutions amounted to Rs. 19.28 billion and other assets amounted to Rs. 10.63 billion.

Table 2.13
Sources and Uses of Funds of Microfinance Institutions

(Rs. in Million)

Particulars	Mid-July			Percent Change	
	2017	2018	2019 ¹	2017/18	2018/19
Sources					
Capital Funds	12760	174400	25480	36.68	46.10
Deposits	34400	49550	85540	44.04	72.63
Borrowings	66950	87680	126330	30.96	44.08
Others	10170	13280	23550	30.58	77.33
P/L Account	3720	4030	6480	8.33	60.79
Sources=Uses	1,28,000	1,71,980	2,67,380	34.36	55.47
Uses					
Liquid Funds	12740	16380	19280	28.57	17.7
Investment	2750	2500	2570	-9.09	2.8
Loans & Advances	106510	145950	234860	37.02	60.92
Others	5930	7090	10630	19.56	49.93
P/L Account	70	60	40	-14.29	-33.33

1 Unaudited

Description of Prompt Corrective Action Against Microfinance Financial Institutions

2.54 In the review year, Prompt Corrective Action (PCA) was taken against 3 MFIs for failing to maintain the required minimum capital fund.

2.55 The annual report of inspection and supervision has been prepared for 2018/19. From this report quarterly off-site supervision report and half yearly report about inspection report implementation status for 2018/19 is prepared for the licensed micro-finance institutions.

Projects Related to Microfinance

2.56 The necessary management and monitoring of projects namely, RISMFP, SEDRA, UNNATIA2F operating in connection with microfinance activities has been carried out in coordination with this bank. In this regard, a report has been submitted after the inspection of the project affiliated to RISMFP.

Supervision of Banks and Financial Institutions

Supervision of Commercial Banks

- 2.57 In 2018/19, following the method of risk-based supervision, full scope onsite inspection of 15 commercial banks, targeted onsite inspection of 13 commercial banks, and 13 special onsite inspections on the basis of complaints and grievances have been carried out. The task of correcting the weaknesses identified from onsite inspection and evaluation of banks on the basis of received details is continued.
- 2.58 The bank has been monitoring Cash Reserve Ratio (CRR) over every two weeks, Credit to Core Capital cum Deposit ratio (CCD) ratio on daily basis, loan as per the purpose of Statutory Liquidity Ratio (SLR) and details regarding spread rate on regular basis. Loans disbursed to deprived sector and stress testing results are being monitored on quarterly basis.
- 2.59 In order to ensure the accounting system of BFIs conform to international standard, Nepal Financial Reporting Standard (NFRS) has been implemented for the transaction of commercial banks since the end of 2017/18. In 2018/19, approval has been granted to all 28 commercial banks to publish their financial statements of the previous year prepared according to the new standard. While providing such approval, banks have been directed to improve and not to repeat the remarks found on-site and off-site supervision and external audit.
- 2.60 Regular monitoring is done based on the compliance of the direction issued against the remarks mentioned in the report prepared by conducting full scope, targeted, special onsite inspection as well as regular off-site supervision by the bank. Further, inspection report has been prepared on semi-annual basis for all commercial banks.
- 2.61 Regarding the development and implementation of SIS system for addressing the various problems related to collection, security, monitoring, analysis and publication of data regularly obtained from BFIs, the Input Requirement Process has been completed while on-site module is ready and user acceptance test is in progress.
- 2.62 Risk Management Guidelines for Banks and Financial Institutions 2018 has been issued including periodic revision with additional provisions issued to BFIs on risk management guidelines.
- 2.63 Assessment of the banking sector on the basis of Financial Soundness Indicators (FSI) has been completed and the related statistics are sent to the IMF. Currently, this is being done based on 12 Core Set and 12 Encouraged Set Indicators.
- 2.64 Process of preparing IT Risk Supervision Framework has been initiated in coordination with IT Department and other supervision departments with the objective of effectively

monitoring and evaluating the IT related risks of banks and financial institutions and implementing necessary strategies

- 2.65 Two commercial banks have been penalized for failing to maintain the CCD ratio stipulated by this bank.
- 2.66 Annual bank supervision report incorporating results obtained from inspection and supervision of commercial banks and analysis of financial situation along with timely issues has been published for the 2018/19

Supervision of Development Banks

- 2.67 In the context of successively implementing the risk based supervision system, on-site inspection of two national level development banks have been completed applying the risk based supervision system for 2018/19. BASEL II Framework has been implemented for national level "B" class development banks. Accordingly, inspection and monitoring of national level "B" class financial institutions is being conducted based on BASEL II Framework.
- 2.68 The concept of 'Base Rate' has been implemented in "B" class financial institutions and the base rate is being regularly monitored. As in previous fiscal years, special on-site inspection of some institutions was carried out in this fiscal year also to monitor base rate computation method and system.
- 2.69 A policy is in place to encourage the BFIs for merger and acquisition in order to strengthen their capital base for mobilizing resources needed for long-term development and promoting financial stability. In the review year, 4 institutions were involved in merger and acquisition process thereby reducing the number of development banks to 29 by mid-July 2019.
- 2.70 A planned program for conducting the on-site inspection of "B" class financial institution at least once a year has been in operation. In the review year, corporate level on-site inspection of 23 "B" class financial institutions, risk based inspection of two institution and targeted supervision of one institution have been completed. Likewise, 19 special inspections and 5 follow-up inspections have been completed in the review period.
- 2.71 In order to strengthen the financial soundness of "B" class financial institutions, a policy of verification using Prudential Mechanism has been adopted before approving the proposal of cash dividend and bonus share.
- 2.72 With regard to financial institutions which failed to maintain the spread between lending and deposit interest rates within 5 percent as per NRB's directive, attention of their board and the CEO has been drawn while providing them approval to publish annual financial statements.

- 2.73 Off-site supervision is being conducted for development banks on a regular basis. Off-site supervision reports have been prepared for the fourth quarter of 2017/18 and for the first, second and third quarters of 2018/19 followed by key financial indicators. Annual supervision report of development banks have been prepared and uploaded in the NRB website.
- 2.74 While regularly monitoring the CRRs of "B"-class financial institutions up to mid-July 2019, cash penalty has been imposed on six development banks for failing to comply with the stipulated cash reserve ratio.
- 2.75 While regularly monitoring the statutory liquidity ratios of "B" class financial institutions up to mid-July 2019, all institutions complied with the provision of statutory liquidity ratio as stipulated by the NRB except for one institution whose two years has not been completed after being released from problematic status.
- 2.76 While regularly monitoring the deprived sector credit of "B" class financial institutions up to mid-July 2019, all financial institutions complied with the provision of deprived sector lending as stipulated by the NRB.

Supervision of Finance Companies

- 2.77 In 2018/19, onsite supervision of 17 finance companies has been completed.
- 2.78 In the review year, 18 finance companies have been granted approval for publishing their annual financial statements after preparing annual off-site inspection report for AGM Clearance purpose.
- 2.79 In the review year, 4 finance companies were declared problematic. One finance company is in the process of liquidation, one went into merger/acquisition and 18 finance companies are in operation.

Table 2.14
Key Macroeconomic Indicators of Finance Companies
(July 2019)

a.	Total Paid-up Capital	Rs. 12,029,252,000
b.	Total Deposit	Rs. 74,531,494,000
c.	Total Loan	Rs. 64,300,503,000
d.	Loan on Productive Sector	Rs. 9,368,426,000 (17.48 Percent)
e.	Deprived Sector Loan	Rs. 4,823,730,000 (8.40 Percent)
f.	Total Real Sector Loan	Rs. 4,844,349,000 (7.53 Percent)
g.	Non-Performing Loan	Rs. 1,594,144,000 (2.47 Percent)
h.	Total Loan/Total Deposit and Primary Capital	72.58 Percent
i.	Loan/Deposit Ratio	86.27 Percent
j.	Liquid Assets/Total Deposits	31.46 Percent

Supervision of Microfinance Financial Institutions (MFIs)

- 2.80 In 2018/19, full scope onsite supervision of 45 MFIs and special/follow-up inspection of 9 MFIs have been completed. Approval was granted to 65 MFIs to publish their annual financial statements.

Foreign Exchange Management

- 2.81 Any industry under the approved scheme of the Department of Industries, requesting approval for import of edible gold for industrial purposes with the condition of direct inspection of the concerned excise office of the product made by mixing edible gold as a trial, can import edible gold up to a maximum of 1500 (One thousand five hundred) grams per annum directly through bank.
- 2.82 Goods import exceeding INR 50 million from India must be carried out through Letter of Credit.
- 2.83 A provision has been made to provide exchange facility up to USD 1000 as equivalent to use of land way to a person demanding passport service travelling abroad on the basis of Travel Document issued by Government of Nepal.
- 2.84 Government Agency, carrying out development project for Government of Nepal while opening LC for approved service purchase is not required to obtain approval from this bank, given attached request letter and application from the related agency.
- 2.85 The tenure of loan provided by commercial banks for the import of industrial raw materials in foreign exchange has been extended from 90 days to 180 days.
- 2.86 While making payment to consultants/contractors of the project developer of Arun 3 Hydroelectric project identified as the project of national pride and the one that recently started construction, SJVN- Arun-3 Power Development Company as mentioned in the PDA, arrangements have been made to allow the commercial banks to provide exchange of Indian rupees directly not exceeding the amount of contract after examining the documents and ensuring performance from the developer company and recommendation from Investment Board of Nepal.
- 2.87 A notice has been issued on 28 November 2018 that any licenced Bank and financial institutions, Remittance Company and other licenced institutions shall not be involved in any transaction with Max money SDN, BHD, Malaysia as the arrears for the remittance transaction by such institutions are not paid. Similarly, Re-notice has been issued on 14 February 2019; such that any licenced banks, financial institutions and remittance companies and institutions licensed by this bank shall not make any arrangement for accepting and making payment in processing from the third party.

- 2.88 Any amount to be paid to the beneficiaries by the banks, financial institutions and remittance companies shall be compulsorily received in advance (Pre Funding) or bank guarantee shall be received equivalent to such amount.
- 2.89 Necessary arrangements have been made to make payment in convertible currency by opening LC for the shipment from the third country to import fertilizers, seeds approved by Global Tender via Krishi Samagri Company Limited or National Seed Company Limited
- 2.90 A provision has been made to obtain loan in Nepalese currency from Commercial Banks of Nepal against the collateral of deposits in convertible foreign currency by foreign investors in the industry and project established under foreign investment .
- 2.91 Commercial Banks of Nepal can make the confirmation against the collateral of foreign currency deposit accounts with local and correspondent banks for LC and trade finance services for the purpose of Correspondent banking.
- 2.92 On the basis of the receipt of proof of foreign currency in advance received from the foreign country in the bank opening the letter of credit, the arrangement has been made to directly export the goods from third country through different ports without entering Nepal through intermediary trade.
- 2.93 Arrangements have been made to provide gold to Gold Silver Merchants if they sell Gold Silver Jewelleries in convertible currency to foreigner, non-resident Nepali, diplomatic mission officials within Nepal after obtaining license from this bank considering it as deemed export.
- 2.94 Necessary amendments have been made to the "Gold Import and Sales Procedure, 2068" issued for the import and sale of gold.
- 2.95 LC to be opened for the import of goods above USD 40,000 from third country has been amended to open LC compulsorily for the import of goods above USD 30,000 and in order to provide foreign exchange exceeding USD 25,000 through TT, a provision has been made to receive Beneficiary and Credibility Information.
- 2.96 A provision has been made to provide service for loan management, Escrow account management and Custodian by any commercial bank as an agent of tripartite agreement among related foreign investors, foreign investment companies or associations, and commercial banks for debt management of loan provided by foreign investors in different projects for Principal and interest recovery to complete process up to collateral auction of default borrower.
- 2.97 Limit up to INR 100,000 has been set for any payment made for purchase of goods and services through Credit, Debit and Prepaid card as well as electronic card through the

medium of POS or any other electronic medium for a single or multiple times within a month except payment made to hotel, hospital and medical stores in India.

- 2.98 Regarding the provision of allowing approved games for casinos by Government of Nepal Ministry of Culture, Tourism and Civil Aviation, Department of Tourism, Casinos are allowed to use banking channel for receipts, payments and transfers of amounts for allowing games included in the SOP (Standards of Operations Procedures) approved by Department of Tourism.
- 2.99 Arrangements have been made that the travel agency, trekking agency, cargo courier agent, hotel and other entities shall bring the amount to be repatriated from abroad within 15 days of the foreign exchange transaction.
- 2.100 Provision has been made to make submission of PAN compulsory for Nepalese demanding convertible foreign currency exceeding USD 5,000 for migration, education and health.
- 2.101 Provision has been made to avail Passport foreign exchange purchase facility up to USD 200 for Nepalese worker with labor approval from governmental agencies for foreign employment.
- 2.102 Existing provision related to issuance of loans in convertible foreign currency by licensed commercial banks and national level development banks for production and transmission of hydro-electricity projects has been broadened to include solar and wind energy related projects.
- 2.103 Circular has been issued for implementation of provisions on "Procedure on Export cash incentives, 2075" amended by the Government of Nepal on 24 May 2018.
- 2.104 Provisions have been made for issuance of Pre-Shipment and Post-Shipment loans in convertible foreign currency under prevailing arrangement to exporters, earning convertible foreign currency through exports and demanding such loans in convertible foreign currency, at the interest rate not exceeding one year LIBOR rate plus 1.25 (one decimal two five) per cent along with collection of principal amount and interest of such loans in convertible foreign currency.
- 2.105 Provision has been made for issuance of loans in convertible foreign currency for payment of Sight LC by commercial banks for import of industrial raw materials and machinery goods at the interest rate not exceeding Six Month LIBOR rate plus 1.25 (one decimal two five) per cent.
- 2.106 As per the existing provision, only foreign diplomats with convertible foreign currency account can receive cash payment while residing and living in Nepal. Provision has been made for non-diplomatic foreign employees with valid visa employed in various

embassies and diplomatic mission to receive cash payment up to USD 500 or equivalent every month from their personal convertible foreign currency account.

- 2.107 A public notice related to provisions for borrowings in convertible foreign currency for licensed "A", "B" and "C" class banks and financial institutions has been published. Banks and financial institutions on compliance with stated conditions can borrow either in Indian Currency from India based banks and financial institutions at interest rate not exceeding MCLR (Marginal Cost of Funding Based Lending Rate) plus one per cent or in other convertible foreign currency to issue loans in hydropower generation and transmission line, roads, tunnel/subways, airport, cable car, bridges and physical infrastructure (excluding real estate sector like housing and land development), foreign currency earning tourism, agriculture and microfinance sector and such borrowings should not exceed hundred percent of core capital.
- 2.108 A public notice related to borrowings in convertible foreign currency for licensed "D" class micro finance institutions has been published with provision that they can borrow up to 30 times of its core capital in convertible foreign currency from foreign banks and financial institutions to issue loans to tourism sector, agricultural sector, small enterprises and businesses, micro hydro and renewable energy, projects and business promoting employment and self-employment income generation, poverty alleviation and production enhancement.
- 2.109 Notice has been published on NRB's website regarding use of QR code, POS machine and other Payment System directly related to foreign payment system from any institutions other than those approved by Nepal Rastra Bank as illegal.
- 2.110 Hedging Related Rules, 2075 has been published on 25 February 2019 in gazette of Nepal.
- 2.111 Nepal Rastra Bank has approved foreign direct investment (FDI) inflows in equity equivalent to Rs. 35.74 billion in 2018/19. During the same period, NRB has also approved debt in foreign currency equivalent to USD 64.70 million, EURO 0.24 million, Japanese Yen 10.10 million, Indian Currency 67 million and Canadian Dollar 0.5 million.
- 2.112 In 2018/19, accounting has been done for foreign direct investment (FDI) inflows in equity equivalent to Rs. 31.97 billion and FDI inflows in debt equivalent to USD 76.8 million, Euro 50 thousand and INR 9.843 million. In addition, during the same period, for return of FDI, payment of interest and principal of foreign debt, repatriation of dividend on FDI, approval has been made for repatriation of USD 72.6 million, INR 8.656 million and foreign currency equivalent to Rs. 28.94 billion.
- 2.113 By 2018/19, the total numbers of companies and firms that have taken license to deal in foreign exchange stood at 3340, which comprises of 218 Hotels, 921 Travel Agencies, 1546 Trekking Agencies, 62 Cargo companies, 375 Money Changers, 52 Remittance

Companies, 28 Commercial Banks, 19 Development Banks, 4 Finance Companies, Nepal Infrastructure Development Bank, Nepal Clearing House Limited, 74 Airlines and 39 other entities. Among licensed, 2992 companies are operating within Kathmandu Valley whereas 348 companies are located outside Kathmandu valley.

2.114 During 2018/19, regular inspection was conducted on 175 companies out of total companies licensed to deal in foreign exchange comprising 115 Money Changers, 11 Travel Agencies, 5 Trekking Agencies, 31 Hotels, 5 Remittance Companies, 4 Airlines and 4 Banks and others.

2.115 Nepal Rastra Bank Remittance By-law, 2067; Nepal Rastra Bank Money Changer By-law, 2067 and Nepal Rastra Bank Foreign Exchange Transaction Licensing and Regulation By-law, 2067 are in the process of amendment.

2.116 On the basis of notice issued on 13 January 2019 in the names of 54 concerned companies and enterprises with pending files on issues related to Foreign Direct Investment (FDI) inflows and its accounting to submit additional and missing documents within 30 days from date of notice, the files of those companies that failed to come in contact within stipulated time were closed except 11 companies that responded within time frame. In addition, during 2018/19, total 502 files associated with FDI have been processed.

2.117 Foreign Exchange Facilitation Unit has been established at One-stop Service Center functioning under Department of Industry, Ministry of Industry, Commerce and Supplies, Government of Nepal to increase the effectiveness of operations related to foreign direct investment. In addition, "Operation Manual of Foreign Exchange Facilitation Unit, One-Stop Service Center, 2076" has been implemented to facilitate the operation of that unit.

Currency Management

2.118 In 2018/19, 80 million pieces of Rs. 500 denomination notes and 97 million pieces of Rs. 20 denomination notes were printed and deposited in the NRB vault.

2.119 Master Plan on Note Printing (Procurement), 2074 and Master Plan on Coin Printing, 2074 based on provisions of Public Procurement Act, 2063 and Nepal Rastra Bank, Note Printing and Minting Directives, 2065 are implemented. In addition, within the current cycle, invitation of bids has been called upon for printing of 400 million pieces of Rs.100 denomination notes, 230 million pieces of Rs. 50 denomination notes and 310 million pieces of Rs. 1000 denomination notes from 6 companies enlisted in prequalification list.

2.120 In 2018/19, 490 million pieces of various denomination notes were issued for circulation. In the review year, the note printing expenses amounted to Rs. 853.7 million.

Table 2.15
Details of Currency Notes Issued from Note Stock and Printing Expenses in 2018/19

Denomination (Rs.)	Notes in Circulation (Pieces in Million)	Printing Expenses (in Million)
5	96.15	128.1
10	97.60	166.3
20	69.80	83.4
50	101.60	157.3
100	38.60	91.8
500	43.05	134.7
1000	43.20	92.9
Total Amount	490.00	853.7

2.121 The amount of notes in circulation is increasing every year. Notes in circulation, which had been Rs. 430.99 billion in 2016/17, had increased by 14.7 percent in 2017/18 to Rs. 494.37 billion. In 2018/19, Notes in circulation increased by 2.6 percent to Rs. 507.06 billion. Notes issued have been secured by foreign currency and foreign securities. The details of currency in circulation as of mid-July 2019 are presented in table 2.16.

Table 2.16
Details of Currency Notes in Circulation (Mid-July 2019)

Denomination (Rs.)	Notes in Circulation (Pieces in Thousand)	Amount (Rs. in Million)
1	161,033	161.1
2	92,681	185.5
5	535,926	2,679.6
10	414,448	4,144.5
20	249,321	4,986.4
25	2,290	57.2
50	212,366	10,618.3
100	173,106	17,310.6
250	350	87.4
500	220,866	110,433.0
1000	356,396	356,396.5
Total	2,257,7501	507,060.0

2.122 In order to make the supply system of the Nepalese currency effective as well as ensure the supply of currency as required for payment of Government of Nepal's expenditure, Nepal Rastra Bank has been supplying Nepalese notes and withdrawing the soiled notes through the 77 currency chests across the nation which comprises of NRB's one chest in the Valley and one each in seven offices outside the Valley, Rastriya Banijya

Banks's 45 and Nepal Bank Limited's 24. If the amount deposited in the currency chests exceeds the amount insured, the excess amount is withdrawn incurring the fund transfer costs by the NRB itself while necessary arrangement has been made to supply the required amount if funds are deficient in the currency chest. Further, in order to enhance effectiveness of the existing operational procedures for resolving problems observed in currency chest transactions, seminars have been conducted through participation of staffs engaged in currency chest transactions.

2.123 Information is being uploaded in the NRB's website with objective to impart awareness among the stakeholders and the general public about the need to bring into secure circulation of note and discontinue the soiled notes from circulation. Regarding the implementation of Clean Note Policy issued by NRB, necessary direction has been given to BFIs by conducting regular inspection of their branch offices for assessing their compliance with policy.

2.124 Soiled, torn and non-useable notes in various denominations in the possession of BFIs and the general public amounting to Rs. 76.96 billion were collected and consigned to ashes during the review year.

Table 2.17
Details of Consigned Notes Ineligible for Circulation in 2018/19

Denominations (Rs.)	Consigned to Ashes (in Thousand)	Amount (Rs. Million)
1	35	0.0
2	77	0.2
5	41,828	209.2
10	46,574	465.7
20	42,456	849.1
25	5	0.1
50	45,044	2,252.3
100	41,463	4,146.3
250	0	0.0
500	31,604	15.802.1
1000	53,232	53232.0
Total	302,318	76,957.0

2.125 Mint Division has been selling medallions and coins of gold, silver and other metals on regular basis. In mid-July 2018, the outstanding amount of Re. 1 coin and Rs. 2 coin stood at Rs 69.68 million and Rs. 67.17 million respectively of which Re. 1 coin worth Rs 49.8 million and Rs 2 coin worth Rs. 37.356 million were sold during the review period. At the end of mid-July 2019, the outstanding amount of Re. 1 coin and Rs. 2 coin stood at Rs 19.88 million and Rs. 29.81 million respectively.

Human Resource Management

2.126 As of mid-July 2019, there are total of 1024 staff in the bank, consisting of 934 administrative and 90 technical staff. Of the total human resources, 526 are officer level, 376 are assistant level and 122 are office subordinate level staff. The ratio of officers to assistants (including office subordinates) was 1:0.95 in mid-July 2019. Such ratio had been 1:0.8 a year ago. Similarly, as of mid-July 2019, 134 staff are working under contract basis, consisting of 88 security personnel, 12 health personnel, 2 engineers, 1 sub-engineer, 24 drivers and 7 technicians (among the retired employees of NRB) at Mint Division.

Table 2.18
Details of Existing Staff

Level	Staff Composition as in mid-July 2019		
	Administration	Technical	Total
Officer Special	16	—	16
Officer First	39	1	40
Officer Second	139	13	152
Officer Third	296	22	318
Total	490	36	526
Assistant First	87	8	95
Assistant Second	211	40	251
Assistant Third	24	6	30
Assistant Fourth	—	—	—
Assistant Fifth	—	—	—
Total	322	54	376
Office Assistant (Class-less) First	35	—	35
Office Assistant (Class-less) Second	25	—	25
Office Assistant (Class-less) Third	1	—	1
Office Assistant (Class-less) Fourth	61	—	61
Total	122	—	122
Grand Total	934	90	1,024

2.127 During 2018/19, 180 employees (74 assistant directors and 106 assistants) entered into the Bank service (8 from within the bank service and 172 from outside) while 100 employees left the Bank service for various reasons. Among the employees who left the Bank service, 95 employees left due to the provision of compulsory retirement, 2 employees resigned, 2 met untimely death and 1 dismissed with not being ineligible to enter into Bank service in future.

2.128 During the review year, altogether 318 vacancies were fulfilled by means of promotion comprising 180 from open competition, 101 from evaluation and 37 from internal examination. Likewise, 16 drivers, 1 dispensary, 4 Mint technicians and 13 security guards have been recruited on contract basis.

Table 2.19
Details of Fulfillment of Vacancy during 2018/19

S.N.	Level	Service Type	External Competition	Performance Appraisal	Internal Competition
1	Officer Special	Administration	-	7	-
2	Officer First	Administration	-	11	5
3	Officer First	Technical	-	-	-
4	Officer Second	Administration	-	36	16
5	Officer Second	Technical	-	-	-
6	Officer Third	Administration	84	4	-
7	Officer Third	Technical	-	-	-
8	Assistant First	Administration	-	25	16
9	Assistant First	Technical	-	-	-
10	Assistant Second	Administration	96	8	-
11	Assistant Second	Technical	10	-	-
12	Assistant Third	Administration	-	-	-
13	Office Assist. 4th	Administration	-	10	-
Total		180		101	37

Miscellaneous

Budget Management, Corporate Risk Mitigation and Strategic Plan

Budgetary Management

- 2.129 As per the provision of Nepal Rastra Bank Act, 2002 and Nepal Rastra Bank Budget Formulation, Implementation and Monitoring Directive, 2015, the board of directors has approved the NRB's income and expenditure (budget) for 2018/19 on 14th July 2019.
- 2.130 All the departments/offices/divisions/units have been informed for implementation and compliance of 16-point directive issued by the board of directors at the time of budget approval and the Nepal Rastra Bank Budget Formulation, Implementation and Monitoring Directive, 2015 with the view of making the implementation of the annual income and expenditure (budget) for 2018/19 more effective, efficient and outcome-oriented.
- 2.131 Following the Nepal Rastra Bank Act, 2002 and the Nepal Rastra Bank Budget Formulation, Implementation, and Monitoring Directive, 2015, the Corporate Planning Department prepares a quarterly budget review report by analyzing report received from each budget centre and submits it to the budget review committee which then after necessary evaluation finally submit it to the board of directors for approval.
- 2.132 For making performance more effective by mutually coordinating various departments/offices/divisions, Management Seminar has been organized. Likewise,

seminars on third Strategic Plan (2017-2021), annual action plan and half-yearly budget review have also been organized with the objective of identifying solutions to the issues faced while implementing strategic plan, annual action plan and budget.

Implementation of Risk Management

2.133 Risk Management Report for the half yearly period of 2018/19 has been approved by the board of directors after discussions in the Risk Management Committee and the yearly report has been discussed in the risk management committee and it is in the process of being forwarded to the board of directors.

2.134 Business Continuity Plan (BCP) Roadmap, Volume 1 and BCP Operation Volume as a part of Management Succession Plan have been finalized by the risk management committee after discussions.

Implementation of Strategic Plan

2.135 NRB's third strategic plan (2017-2021) has come into implementation from 10th January 2018 with a view of carrying out Bank's activities in a planned manner.

Implementation of Annual Work Plan

2.136 Bank has been conducting regular and special nature works of each fiscal year in a planned way by formulating and implementing the approved programs. Altogether 351 main functions and 205 other functions were planned for 2018/19. Out of the main functions, 248 functions have been completed, 59 have started and 44 have not yet started. Likewise, out of other functions, 183 functions have been completed and 22 functions have not yet started.

Implementation of Financial Sector Development Strategy

2.137 Financial Sector Development Strategy (2016/17 - 2020/21) has come into implementation after approval from GoN, Council of Ministers on January 6, 2017 for the GoN, regulatory bodies of financial sector, private sector and development partners to develop and consolidate the financial sector. There are 198 works mentioned in the strategy. Out of 149 works targeted for 2018/19, 78 works have been completed, 57 works have not been completed and 14 works have not yet started.

Information Technology

2.138 The Human Resource Information System (HRIS) to manage the Human Resource Management Information System Software (HRMISS) of the central office of the Bank has been installed and it is at the stage of being implemented. Likewise, various old software systems have been replaced with web-based system.

- 2.139 Real Time Gross Settlement (RTGS) System installed in all departments and offices with the DFID's aid is in the stage of Live Simulation Test. Likewise, an ultra-modern Data Center constructed with DFID's aid is at the very stage of operation.
- 2.140 Cyber Security Policy and IT Service Management Policy (Outsourcing Policy, Migration Policy, Green Technology, Technology Replacement and Software Upgrade Policy) in line with Bank's Third Strategic Plan (2017-2021) and annual workplan for 2019/20 have come into implementation. Bank's existing IT Policy, IT Guidelines and IT Code of Conduct have been updated.
- 2.141 Physical infrastructure related to information technology prepared by payments service suppliers and by BFIs in the process of establishment of new offices as well as the transferred ones have been inspected. Similarly, information technology infrastructure of BFIs has been supervised by visiting various BFIs.

Financial Information Unit

- 2.142 Financial Information Unit has published annual report of 2017/18 in accordance with the provisions made by the Asset (Money) Laundering Prevention Act, 2008 (latest amendment). The report has been sent to respective law implementing bodies and published on FIU's website too.
- 2.143 The internal and external preparatory works for the implementation of goAML software are undergoing in line with new agreement with the United Nations Office on Drugs and Crime (UNODC) and Financial Information Unit to submit threshold and suspicious transactions report electronically by the 'A' class banks from 18 October 2018 and 'B' and 'C' class financial institutions from 17 July 2019 to Financial Information Unit. Trainings related to operation of goAML Software and processing of reports have been provided to the employees working in Financial Information Unit by the experts from the supplier UNODC in April 2019 and by FIU of Bangladesh in January 2019.
- 2.144 Reports on threshold transactions and suspicious transactions have been received from informing institutions on a regular basis.

Table 2.20
Details of Threshold Transactions in 2018/19

<i>Informing Institution</i>	<i>No. of Threshold Transaction</i>
<i>Bank and Financial Institutions</i>	5,181,200
<i>Government Organization (including Cooperatives)</i>	12,237
<i>Insurance Companies</i>	124,789
<i>Stock Exchange Companies</i>	33,912
<i>Others</i>	12,811
<i>Total</i>	5,364,949

Table 2.21
Details of Suspicious Transactions in 2018/19

<i>Status of Suspicious Transaction</i>	<i>No. of Suspicious Transactions</i>
<i>Suspicious transactions received</i>	<i>1351</i>
<i>Suspicious transactions analyzed</i>	<i>677</i>
<i>Suspicious transactions sent for further actions to law enforcing bodies</i>	<i>207</i>
<i>Suspicious transactions pending</i>	<i>470</i>

- 2.145 Financial Information Unit has conducted 9 trainings, interaction and orientation programs during 2018/19.
- 2.146 Financial Information Unit and Central Bureau of Investigation of Nepal Police and Money Laundering Investigation Department have mutually agreed to exchange information on money laundering and terrorist financing activities. Financial Information Unit have conducted interaction programs mentioned in annual workplan with chief executive officers, implementing officers and other employees of informing institutions with the aim of receiving quality information and maintaining co-ordination among various institutions by providing adequate information and awareness on anti money laundering and combating terrorist financing.
- 2.147 Second "National Strategy and Workplan on Money Laundering and Combating Terrorist Financing (2019-2024)" has been approved and has come into implementation.
- 2.148 Financial Information Unit, assimilating the importance of inter-country information exchange, has signed MoUs with 14 foreign FIUs by exercising the rights provided by Asset (Money) Laundering Prevention Act, 2008 to maintain necessary understandings with foreign equivalent institutions. FIU has made 24 requests to EGMONT Group of FIUs and the latter has made 30 requests to FIU in 2018/19. With the aid of Asia/Pacific Group on Money Laundering (APG) various programs have been conducted by experts on goAML Software and preparation of upcoming mutual evaluation.
- 2.149 Financial Information Unit has been co-ordinating and co-working with notifying institutions and regulatory bodies to collect necessary information and data for the effective implementation of AML/CFT related provisions and to evaluate Nepal's third mutual evaluation upcoming in 2020-2021A.D.
- 2.150 The 21st APF Annual (Plenary) Meeting was hosted by Nepal from 21-27 July 2018 in Kathmandu. National risk assessment and self evaluation has been completed to evaluate status and standard of the overall AML/CFT systems including Nepal's overall legal & institutional framework, implementation status, institutional capacity and work effectiveness with the objectives of ensuring financial stability, transparency and controlling financial frauds. It is believed that this will help in policy and process

improvement and Nepal's third mutual evaluation, upcoming in 2020-2021 A.D., by Asia/Pacific Group on Money Laundering (APG).

Legal and Proceeding/Pleading of Legal Suits

- 2.151 Payment and Settlement Act, 2019 has come into implementation and the draft copies for amendments of Foreign Exchange (Regulation) Act 1962, Negotiable Instruments Act 1977, Nepal Rastra Bank Act 2002, Banks and Financial Institutions Act 2017 have been submitted to Government of Nepal.
- 2.152 Nepal Rastra Bank Note Printing and Coin Minting related Directives 2008 (first amendment 2018), Procurement Bylaws 2014 (third amendment 2018), Board of Directors' Meeting and Stamp related Bylaws 2006 (latest amendment), Gold, Silver and Other Metals Procurement, Minting and Sale related Bylaws 2018 and Merger and Acquisition of Banks and Financial Institutions related Bylaws 2008 (fourth amendment 2018) have been updated.
- 2.153 The process of liquidation of Nepal Development Bank Limited and United Development Bank Limited has ended after the management's failure to resolve the negative networth problem. The insolvency related decisions of the High Court are under consideration in case of Samjhana Finance Limited and Himalaya Finance Limited and the complete set of decision of the Supreme Court in case of Crystal Finance Limited related insolvency has not been received yet.
- 2.154 A number of legal appeals have been lodged following dissatisfaction with the NRB's decision against BFIs and their officials. Also suits have been lodged in various courts by making NRB a defendant.

Table 2.22
Details of Legal Suits

S.N.	Type of Legal Suits	Number
1.	<i>Current Suits</i>	89
2.	<i>Decided Suits</i>	46
3.	<i>Decided Suits in Last Fiscal Year</i>	23
4.	<i>Suits relating to Insolvency</i>	3

- 2.155 The format of mortgage deed of the Bank has been made consistent with the mortgage deed format issued by Government of Nepal, Ministry of Land Management, Cooperatives and Poverty Alleviation, Department of Land Management and Archive (Land Administration Section) on October 15, 2018. The archive management work including the legal deeds with the existing and retired employees is in progress.

Internal Audit

- 2.156 Among the internal audit activities regularly conducted by Internal Audit Department of NRB during 2018/19, audit of Banking Office, Currency Management Department, Financial Management Department, General Services Department, Public Debt Management Department and all Offices outside the Kathmandu valley have been completed. Likewise, monitoring of the compliance of directives issued by internal audit committee has also been completed.
- 2.157 Off-site audit reports of Banking Office, Currency Management Department (including Mint Division), Financial Management Department and all Offices outside the Kathmandu valley have been completed.
- 2.158 Audit has been completed and report submitted to audit committee in areas like process and status of provisions related to investment made by Foreign Exchange Management Department; activities of Bank Supervision Department along with policy provision; activities, process and provisions related to risk management conducted by various departments and offices of the Bank, and activities conducted by Human Resource Management Department, etc.
- 2.159 A follow-up report has been submitted on the status of implementation of the issues raised in the external audit report of the Bank for 2017/18.
- 2.160 A follow-up report in co-ordination with IT Department has been submitted on the implementation of the issues and suggestions pointed out by the System Audit.
- 2.161 The Nepal Rastra Bank Internal Audit and Inspection Directives 2060 has been re-written.
- 2.162 Risk-based Internal Audit Manual has been approved by the Management Committee to implement Risk-based Internal Audit System.
- 2.163 A three-year Preliminary Audit Plan has been prepared to identify the audit universe of NRB, to rank them and to determine the audit cycle.

General Services

- 2.164 Procurement has been made by preparing Standard Bidding Documents as stipulated by the Public Procurement Monitoring Office, Government of Nepal.
- 2.165 Shree BILIL-ConTech J/V was awarded contract for reconstruction of building at Thapathali by Central Project Implementation Unit, Ministry of Urban Development, Government of Nepal by inviting bids according to approved Master Plan, Drawing, Design prepared by consultants appointed as per MOU between the bank and Central Project Implementation Unit, Ministry of Urban Development, Government of Nepal for reconstruction of buildings at Baluwatar and Thapathali which were damaged due

to devastating earthquake of 25 April, 2015. Twenty five percent of construction work has been completed in the review period.

- 2.166 Shree CICO Samanantar JV was awarded contract for reconstruction of building at Baluwatar by Central Project Implementation Unit, Ministry of Urban Development, Government of Nepal and around 10 percent work has been completed in the review period.
- 2.167 Bids have been called for preparation of Drawing, Design, Cost Estimate, Tender Document according to approved Drawing, Design, Cost Estimate prepared by Fuji International Design Associates, Sankhamul hired as consultant to supervise construction of Residence of the Governor and Deputy Governors, Residential Training Center and Mini Mint at the bank's 42 ropani land at Sanothimi, Bhaktapur.
- 2.168 Construction of boundary wall on bank's land at Kohalpur, Banke has been completed.
- 2.169 Elevator has been replaced and brought into operation in Block A building at bank's central office.
- 2.170 The process of renting suitable building to operate office in Birendranagar Municipality, Surkhet has been forwarded. In addition, budget has been arranged for the purchase of land at that place and discussions with stakeholders for acquiring land has been ongoing.
- 2.171 Fifteen percent work of construction of Prefab Structure on two storey building at the Northeast side of Baluwatar premises of the bank has been completed.
- 2.172 Banking Office and Currency Management Department have been relocated from Thapathali to Baluwatar premises by constructing structures such as counter, vault among others, to facilitate construction of new buildings at Baluwatar and Thapathali. Also, Internal Audit Department and Research Department located at Baluwatar have been moved to National Cooperative Development Board building at Pulchowk. Further, Bank Supervision Department and Corporate Planning Department have been relocated to Rastriya Banijya Bank building at Durbarmarg.
- 2.173 Interior decoration of Non-Residential Nepali Association building located at Baluwatar is under way for relocating the departments from the construction site.

Payments System

- 2.174 Among banks and financial institutions that have requested permission to act as Payment Service Providers (PSP), permission were given to 7 Development Banks and 5 Finance Companies in 2018/19. Similarly, among the nonbanks and nonfinancial institutions which have requested permission to act as Payment System

Operator (PSO), permission has been given to 3 institutions for Payment System Operator.

- 2.175 Among various banks/non-banks and financial institutions that sought permission to set up institutions / mechanisms for acting as payment service providers / payment system operators, letter of intent has been granted to 20 institutions/mechanisms for the establishment of a payment-related working organization in 2018/19.
- 2.176 A detailed study report on the concept Paper of the National Payment Switch / Gateway has been prepared and in the process of approval.
- 2.177 Directives on requirement of approval prior to disclosure of the annual financial statement and permission of Payment Services Provider for the microfinance institutions have been issued while necessary amendments on the limits of the electronic transactions have been made.
- 2.178 The bank has prepared a draft of System Installation, User Acceptance Test (UAT), Users Training, Digital Certificate Issuance, RTGS Rules in relation to the installation and operation of the Real Time Gross Settlement (RTGS) system, which is to be operated by the technical support of UK Aid Sakchyam.
- 2.179 National Retail Payment Strategy, prepared in technical assistance of International Finance Corporation (IFC), is in the process of approval.
- 2.180 Under the Bank of Korea Knowledge Partnership Program (BoK-KPP) for the strengthening and development of the modern payment system, a study report has been prepared in accordance with the agreement between the Korean Delegates who were visiting Nepal and the employees of this bank to modernize the payment system.

Banking Transactions

- 2.181 Branches of 23 commercial banks located outside Kathmandu Valley that were carrying out government transactions were inspected in 2018/19.
- 2.182 In accordance with the GON's policy of ensuring presence of Banking Service in all local levels, approval was given to different commercial banks to carry out government transactions in 703 local levels of all 7 provinces in 2018/19.
- 2.183 In 2018/19, total of 95 Letter of Credit/Authorization to Pay (AP) amounting Rs. 12 billion were processed for payment, including 91 Letters of Credit worth about Rs. 12 Billion (11 LCs equivalent to US\$ 2.3 million in US Dollar and rest 80 in Rs. receiving the margin) and 4 APs as per the request of the agencies/offices under the Government of Nepal. Regular Payments have been made based on the documents/affidavit of LCs and those LCS which were completed have been closed.

- 2.184 The implementation status of Electronic Cheque Clearance (ECC) and Interbank Payment System (IPS) at the outside valley offices of the bank- Siddharthnagar, Biratnagar, Pokhara, and Nepalganj – were monitored.
- 2.185 The cheques of Nepal Rastra Bank and banks and financial institutions above Rs. 300 million, which couldn't be cleared through the ECC system, were manually cleared.
- 2.186 Of the various foreign currencies deposited in the banking office of this bank, excess US dollar amounting to USD 307.64 million was sent through cargo for deposit in agency accounts at CIMB Bank, Singapore, on 61 occasions.
- 2.187 In order to ease and manage the supply of cash Indian Rupees, one billion Indian Rupees was brought from Reserve Bank of India, Kolkata once in the review year.
- 2.188 Currently, there are Indian Currency Note Chests in operation in 18 offices including 4 in Nepal Bank Limited and 14 in Rastriya Banijya Bank Limited. Supply of Indian currency is being managed by maintaining atleast INR 500 million in each INR note chest established at the central offices of NBL and RBB. INR is being distributed from Teku, Durbarmarg, and Lalitpur branches of Rastriya Banijya Bank and Maharajgunj, Thimi and Dharmapath branches of Nepal Bank Limited.
- 2.189 Under concessional refinancing, the outstanding refinance loans disbursed to 27 'A' Class Commercial Banks, 7 'B' Class Development Banks and 5 'C' Class Finance Companies amounted to Rs. 22.39 billion in mid-July 2019. Of this, Rs. 19.31 billion is general refinance against the collateral of good loans at 4 percent annual interest rate, Rs. 866.1 million is export refinance at 1 percent annual interest rate, Rs. 2.21 billion is the refinance for earthquake victims and for remote branch operation at zero percent interest rate.

Meeting of Board of Directors

- 2.190 In 2018/19, meetings of Board of Directors were held 57 times. Such meetings were held 60 times in the previous fiscal year.

Training, Workshop, Seminar, Travel, and Interaction

- 2.191 A meeting of Standing Technical Committee of ACU member nations was held in Kathmandu on 9 July 2019.
- 2.192 SAARC Finance Database seminar was held in Kathmandu from May 15 to May 16, 2019 with the participation of 22 representatives from SAARC nations.

- 2.193 In continuation of Directors Education Programs by means of different seminars, workshops and interactions, a one day interaction program was conducted with the Chairperson and members of Board of Directors of Development Banks on major issues related to Corporate Governance, Assets Laundering, Risk Management and Internal Control System.
- 2.194 Interaction program was conducted with the top executives, including the chief executive officers of development banks, on contemporary issues related to risk management and internal control system.
- 2.195 Interaction program was conducted with the members of Audit Committee and Risk Management Committee of development banks on preparation of Risk Profile of Development Banks and implementation of directions issued on the basis of remarks raised on Risk Based Supervision Report.
- 2.196 A workshop was conducted in Kathmandu with the Chief Executive Officers of Micro-finance Financial Institutions on compliance of the directives issued by this bank and expansion of micro finance sector, its potential and challenges.
- 2.197 An interaction program was conducted with the Chairperson and Directors of Micro-finance Financial Institutions on the major issues related to Corporate Governance, Risk Management, and Internal Control System.
- 2.198 A workshop related to Process Document and Three Lines of Defense and major issues seen during internal and external audit, was conducted in Kathmandu, for the Chiefs of the Departments/Divisions and the Chiefs of the offices outside the Kathmandu Valley.
- 2.199 Trainings were conducted for related department's staffs on GL Software, HRISS, and Inventory Management Software and on other needed subjects.
- 2.200 An interaction program on the investigation of offences prohibited by Banking Offence and Punishment Act and other relevant laws, prosecution experiences and reform measures was organized. Government lawyers, officials and employees under the Office of Attorney General and employees of the Nepal Police participated in the program.
- 2.201 Interaction program was organized with the participants from banks conducting government transactions, members of SIS Team, and representatives of Office of the Comptroller General.
- 2.202 Training programs on government transactions were organized for employees of banks conducting government transactions in all 7 provinces including Pokhara, Dhangadi, Biratnagar, Janakpur, Surkhet, Hetauda and Butwal.

- 2.203 Interaction programs regarding the prevailing legal provision of the electronic payment system and the status of its implementation were conducted with the participation of the concerned departments of the bank and payment service operators / providers.
- 2.204 Interaction programs were organized in various places of the country including Kathmandu while preparing the pre-budget report submitted by this bank to assist the Nepal Government in the preparation of the annual budget. Similarly, in the course of the semi-annual review of the monetary policy for the 2018/19 and the formulation of the monetary policy for the 2019/20, interaction programs with the stakeholders were organized in Kathmandu.
- 2.205 A one day interaction program was organized in Kathmandu with the Chief Executive Officers and Financial Officers of Commercial banks on International Reporting System under BPM6.

Study and Research Related Activities

- 2.206 Research Department of the bank has completed the studies on ‘Small and Medium Enterprises Financing in Nepal’, ‘Status of Financial Access in Nepal: a Brief Study’, ‘Macro Prudential Policy: A Cross Country Experience’, ‘Inward Remittance in Nepal: Sample Based Estimation’, and ‘Foreign Direct Investment Survey’. Similarly, the process of constructing Housing Price Index has also started.
- 2.207 Biratnagar Office of the bank completed special study on ‘Economic and Financial Status of Province no 1, District wise profile’, Janakpur Office completed special study on ‘The Effect of Micro Finance Service in Financial Access and Socioeconomic Aspects of Clients’, Birgunj Office completed special study on ‘Current Status, Challenges and Opportunities of Tourism Business in Chitwan’, Siddharthnagar Office completed special study on ‘Current Status, Prospects and Problems of Coffee Farming in Palpa, Gulmi and Arghakhanchi Districts’ and Nepalganj Office completed special study on ‘Finanical Access in Karnali Province’.

Table 1
Denomination-wise Currency Notes in Circulation

(Rs. in Million)

Denomination	Mid July					
	2017		2018		2019	
	Amount	Percent	Amount	Percent	Amount	Percent
1	161.1	0.0	161.1	0.0	161.0	7.1
2	185.7	0.0	185.5	0.0	92.7	4.1
5	2,184.1	0.5	2,403.8	0.5	535.9	23.7
10	3,344.3	0.8	3,673.1	0.7	414.4	18.3
20	3,961.3	0.9	4,523.9	0.9	249.3	11.0
25	57.5	0.0	57.4	0.0	2.9	0.1
50	7,396.2	1.7	8,550.4	1.7	212.4	9.4
100	15,254.5	3.5	17,206.1	3.5	173.1	7.7
250	87.5	0.0	87.4	0.0	0.3	0.0
500	95,113.5	22.1	101,386.0	20.5	220.9	9.8
1000	303,244.3	70.4	356,154.8	72.0	354.6	15.8
Total	430,990.0	100.0	494,389.5	100.0	2,257.7	100.0

Table 2
Security against Currency Notes in Circulation

(Rs. in Million)

Mid-July	Gold	Silver	Foreign Currency and Securities	Total	Government Securities	Security against Note Issued	Share of Foreign Currency, Gold and Silver in Total Security (%)
				(1+2+3)			(4÷6)*100
	(1)	(2)	(3)	(4)	(5)	(6)	(7)
2006	703	-	79,756.0	80,459.0	4,172.0	84,631.0	95.1
2007	-	-	87,138.0	87,138.0	4,172.0	91,310.0	95.4
2008	-	-	108,778.0	108,778.0	4,172.0	112,950.0	96.3
2009	-	-	137,038.0	137,038.0	4,172.0	141,210.0	97.0
2010	-	-	157,128.0	157,128.0	4,172.0	161,300.0	97.4
2011	-	-	163,448.0	163,448.0	4,172.0	167,620.0	97.5
2012	-	-	197,078.0	197,078.0	4,172.0	201,250.0	97.9
2013	-	-	233,460.0	233,460.0	-	233,460.0	100.0
2014	-	-	273,250.0	273,250.0	-	273,250.0	100.0
2015	-	-	319,080.0	319,080.0	-	319,080.0	100.0
2016	-	-	386,160.0	386,160.0	-	386,160.0	100.0
2017	-	-	430,990.0	430,990.0	-	430,990.0	100.0
2018	-	-	494,389.5	494,389.5	-	494,389.5	100.0
2019	-	-	2,257.7	2,257.7	-	2,257.7	100.0

Table 3
Training Programs Conducted by Bankers Training Centre

S. No.	Subject	Level	Date	Duration
1	Preparation of Financial Statement under NFRS Regime	Officer	2075/04/20-22	3 days
2	Management Development Programme	Officer	2075/05/03-08	6 days
3	Foreign Exchange Management	Officer/Non-Officer	2075/05/20-22	3 days
4	Issues on AML/CFT: Supervisory Perspective	Officer/Non-Officer	2075/06/01-02	2 days
5	Research Methodology	Officer	2075/06/09-12	4 days
6	Accounting and Loan Management for MFIs (Siddharthanagar)	Officer/Non-Officer	2075/06/21-22	2 days
7	Pre-service Training for Officer Level –A	Officer	2075/07/8-14	6 days
8	Pre-service Training for Officer Level- B			
9	Olympic Software (GL System) (Pokhara)	Officer/Non-Officer	2075/08/12-14	3 days
10	Pre-service for Assistant - IT	Non Officer	2075/08/18-20	3 days
11	Macroeconomic Management	Officer	2075/09/15-20	6 days
12	Basel Capital Accord	Officer	2075/09/25-27	3 days
13	सेवासँग सम्बन्धित विषयमा सहयोगी कर्मचारीहरु (सिद्धार्थनगर कार्यालय)	Non-Officer	2075/12/1	1 day
14	Stress Management for Executives (Dhulikhel)	Executives-Officer	2075/12/8-9	2 days
15	Internal Auditing in NRB: Issues and Challenges (Nepalgunj)	Officer/Non- Officer	2075/12/12-14	3 days
16	सेवासँग सम्बन्धित विषयमा सहयोगी कर्मचारीहरु (बीरगञ्ज कार्यालय)	Non-Officer	2076/01/19	1 day
17	Risk Based Supervision	Officer	2076/01/22-27	6 days
18	Compilation of Monetary and Financial Statistics	Officer/Non-Officer	2076/02/06 - 07	2 day
19	Compilation of BOP Statistics	Officer/Non-Officer	2076/02/15-16	2 day
20	Central Banking	Non-Officer	2076/02/19-24	6 days
21	Behavioural Science for Middle Level Officers	Officer	2076/03/04 - 05	2 days
22	Modalities of preparing economic activities study report (considering 753 Local Bodies) प्रदेशगत आर्थिक गतिविधि तथा विशेष अध्ययन सम्बन्धी प्रशिक्षण तथा अन्तर्राक्षय कार्यक्रम	Officer/Non-Officer	2076/03/10 - 12	3 day
23	Pre-service Training for Officers	Officer	2076/03/19 - 25	6 days
24	Stress Management for Executives (residential - one night two days)	ED/Director	2077/12/08 to 09	2 days

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

S.No.	Subject	No. of Participants	Host Institution	Place
1	Risk Based Supervision	4	The SEACEN Centre	Cambodia
2	Macroeconomic and Monetary Policy	4	The SEACEN Centre	Taiwan
3	High Level Meeting	2	A2F	Philippines/Myanmar
4	Airbus 330-200 Handover Program	1	NAC	
5	Wastage Destruction Process of Rs 5 Banknotes	2	China Banknote	China
6	LC Reporting System Webbased Software	4	Embassy of Nepal, India	India
7	Macroprudential Supervision	4	The SEACEN Centre	Indonesia
8	KPP Capacity Building Training Program	4	The Bank of Korea	Korea
9	APG Assessor Training Workshop	1	Asia/Pacific Group on Money Laundering	Malaysia
10	SEACEN High Level Seminar and Meeting	2	The SEACEN Centre	Malaysia
11	18th SAARC Payment Council Meeting and Workshop	1	Reserve Bank of India	Maldives
12	Asset Allocation	1	Bank for International Settlement	Switzerland
13	Payment Systems Operations	4	The SEACEN Centre	Korea
14	Central Bank Finance	2	Bank of Indonesia	Indonesia
15	2nd SEACEN HC Strategic Conference	1	The SEACEN Centre	Malaysia
16	Financial Frameworks	1	IMF-STI	Singapore
17	Financial Sector Policies	1	IMF-STI	Singapore
18	Destruction Process of Materials Used & Wastage of Printing Nrs 10	2	Others	Bulgaria
19	Human Resource Management	1	Deutsche Bundesbank	Germany
20	Making use of Big Data in Emerging Market	1	ISCB	Turkey
21	Central Bank Seminar	1	The Zurich Kantonalbank	Switzerland
22	FATF Standards Training	2	Financial Action Task Force	Korea
23	Seminar on Currency Management System	2	Bank of Indonesia	Indonesia
24	An Overview on CIMB Bank's Wholesale Banking Operations	4	CIMB Bank	Singapore
25	APG Regional pre-ME Workshop	2	Korea Financial Intelligence Unit	Korea
26	Bayesian Methods for Empirical Macroeconomics	2	The Bank of Korea	Korea
27	Internal Audit & Management	4	The Bank of Korea	Korea
28	11th annual National Asset-Liability Management	2	Central Baking Publication	Singapore
29	10th Global Policy Forum	1	Alliance for Financial Inclusion	Russia
30	11th Global Policy Forum	1	Alliance for Financial Inclusion	Russia
31	12th Global Policy Forum	1	Alliance for Financial Inclusion	Russia
32	Transforming a Central Bank	1	The International Banking and Finance Institute	France
33	Himalayan-Belt Road Corporation Forum	6	People's Govt. of Tibet	China
34	Monetary & Financial Statistics	1	International Monetary Fund	USA
35	Financial Cycles and Crisis	4	The SEACEN Centre	Philippines
36	Seminar on Payment Systems and Instruments	1	ISCB	Turkey
37	Workshop on Modernization of Monetary Policy Frameworks	5	IMF-SARTTAC	Bhutan
38	Course on Managing Capital Flows	2	IMF-SARTTAC	India
39	Corporate Governance of Banks: Evaluating, Culture and Conduct	4	The SEACEN Centre	Thailand
40	Modernization of Monetary Policy Frameworks & SEACEN-BIS High Level Seminar & 17th Meeting of SEACEN Executive Committee	1	IMF-SARTTAC & The SEACEN Centre	Bhutan/ Thailand
41	Specialized Training Program	3	Thomson Reuters	India
42	SEACEN-BIS High Level Seminar & 17th Meeting of SEACEN Executive Committee	1	The SEACEN Centre	Thailand

S.No.	Subject	No. of Participants	Host Institution	Place
43	BIS-Asian Reserve Management Workshop	1	Bank for International Settlement	Thailand
44	Financial Access data	2	International Monetary Fund	Thailand
45	Egmont Group Plenary Meeting	2	Egmont Group	Australia
46	Management in the Central Bank	1	Federal Reserve Bank	USA
47	Supervision	1	Federal Reserve Bank	USA
48	Crisis Management & Resolution	2	The SEACEN Centre	Malaysia
49	Financial Sector Policies	3	IMF-SARTTAC	India
50	Workshop on Corruption and Financial Investigation	1	UNODC	Thailand
51	Strengthening the Enable Environment Disaster Risk Financing	1	Asian Development Bank	Philippines
52	Mint and Print Conference	1	Banque de Liban	Beirut
53	Reserve Management	2	Bank for International Settlement	Switzerland
54	Destruction Process of Materials Used & Wastage of Printing Nrs	2	De La Rue	UK
55	Analytics of Macroeconomics & Monetary Policy Management	4	The SEACEN Centre	Philippines
56	Foreign Exchange Reserve & Risk Management	1	ISCB	Turkey
57	Bot-AFI Joint Learning Program on Financial Inclusion Strategy	2	Allience for Financial Inclusion	Tanzania
58	70th Excom Meeting & 21st General Assembly of APRACA	2	APRACA	Sri Lanka
59	37th SAARCFINANCE Group Meeting & Annual Meeting of IMF	3	IMF & SAARCFINANCE	Indonesia
60	Identification, Valuation and Resolution of Problem Loans	4	The SEACEN Centre	Philippines
61	2018 Asian Regional Forum on Investment Management of Foreign Exchange	1	Asian Development Bank	Armenia
62	Macroeconomic Diagnostic	4	The SEACEN Centre	Hong Kong
63	Risk Management in Central Bank & Public Institutions	2	Bank of Indonesia	Indonesia
64	Financial Stability	4	The Bank of Korea	Korea
65	Fundamental Course on Bank Examiners	4	The SEACEN Centre	Papua New Guinea
66	2nd Asia Forum on Reserve Management & 10th Commonwealth Bank Global Markets Conference	2	Ministry of Fin(Japan) & Commonwealth Bank	Australia/ Japan
67	Macro-Stress Testing	1	IMF-STI	Singapore
68	High Security Thread and Foils	2	Others	Austria
69	Strengthening Cyber-Resilience in the Financial Sector	1	De Nethelands Bank	Netherlands
70	SEACEN Leadeaship Masterclass II: Caultivating Leadership Resilience	4	The SEACEN Centre	Malaysia
71	Controlling at Central Banks	1	Deutche Bundesbank	Germany
72	Fiscal Sustainability and Debt Sustainability Framework for Low Income ries	2	IMF-SARTTAC	Thailand
73	Stress Testing	1	The International Banking and Finance Institute	France
74	Cross-Border Interbank Contagion Risk Analysis	1	The SEACEN Centre	Malaysia
75	Liquidity Risk Management	4	The SEACEN Centre	Indonesia
76	BNM-AFI Training on AML/CFT Considerations and Approaches	1	Allience for Financial Inclusion	Malaysia
77	Price-Setting Behaviour and Inflation Dynamics in SEACEN Membership	2	The SEACEN Centre	Malaysia
78	FSI/EMEAP Regional Policy and Implementation Meeting	2	Bank for International Settlement	Malaysia
79	Payment & Settlement	3	The Bank of Korea	Korea
80	Seminar on Cash Circulation Management	1	ISCB	Turkey
81	Price & Volume Indieces in official Statistics	1	Deutsche Bundesbank	Germany
82	Internal Audit & Risk Management in a Central Banks	1	The International Banking and Finance Institute	France
83	Practical Implementation of Risk-Based Supervision	4	IMF-SARTTAC	India

S.No.	Subject	No. of Participants	Host Institution	Place
84	54th SEACEN Governors Conference/High Level Seminar & 38th Meeting of SEACEN	3	The SEACEN Centre	Sri Lanka
85	Legal Aspects of International Financial Institutions	1	IMF-STI	Singapore
86	Global Payments Week 2018	3	World Bank	Malaysia
87	International Program on Payment & Settlement	4	RBI Staff Collage	India
88	International Program on Banking Regulation	4	RBI Staff Collage	India
89	Familiarization Program for Financial Journalists from Nepal	4	Reserve Bank of India	India
90	Improved Treasury and Debt Management	2	IMF-SARTTAC	India
91	Public Procurement	1	Deutsche Bundesbank	Germany
92	Financial Inclusion Global Initiative	2	Others	Egypt
93	Balance Sheet Approach	3	IMF-STI	Singapore
94	Financial Institutions Conference	2	Mashreq Bank	UAE
95	Central Bank Governance Forum	2	International Monetary Fund	UAE
96	An Overview of Wholesale Banknotes Transaction	2	CIMB Bank	Singapore
97	Egmont Group Meeting	1	Egmont Group	Indonesia
98	Workshop & Stakeholders Consultation on Enhancing MSMEs Financing in Cambodia	1	United Nations	Cambodia
99	Banking Supervision within the Basel Framework	1	Deutsche Bundesbank	Germany
100	Macroeconomics analysis and Forecasting	1	Deutsche Bundesbank	Germany
101	On-Site Banking Supervision	1	Deutsche Bundesbank	Germany
102	E-Passport Technical Sub-Committee Subject Matter Study	1	Department of Passport	Malaysia
103	Operational Risk Management in a Central Bank	1	The International Banking and Finance Institute	France
104	SAARC Finance Seminar	2	SAARC Finance	Bangladesh
105	Agricultural Financing and Rural Development	1	CICTAB	Bangladesh
106	Directors of Training Meeting	2	IMF-STI	Malaysia
107	APG Assessor Training	1	Asia Pacific Group	New Zealand
108	SEACEN EXCO Interview Committee Meeting	2	The SEACEN Centre	Malaysia
109	International Macroeconomics Analysis	4	The SEACEN Centre	Indonesia
110	Financial Stability & Macro-Prudential Regulation	6	RBI Staff Collage	India
111	Asset Classification and Provisioning from Prudential and IFRS Perspective	1	IMF-STI	Singapore
112	Operation Training at National Bank of Serbia to Learn CMA Installed RTGS System	5	National Bank of Serbia	Serbia
113	Central Bank Communication:Building Knowledge and Trust in a Changing World	1	ISCB	Turkey
114	APG Assessor Training	1	Asia Pacific Group	New Zealand
115	Womens Development through Income Generating Activities	3	CICTAB	India
116	Stress Tests-Methods and areas of application	1	Deutsche Bundesbank	Germany
117	Monetary Policy Implementation	1	Deutsche Bundesbank	Austria
118	G20 Global Leadership Program	1	Others	South Korea
119	Consumer Protection, Financial Inclusion and Education	1	The International Banking and Finance Institute	France
120	FSI 20th Anniversary Conference:A Cross-Sectorial Reflection on the past & Looking ahead	1	Bank for International Settlement	Switzerland
121	Expert Pannel on Current Challenges for Cash Management	1	Deutsche Bundesbank	Germany
122	Selected Issues in the envolving Financial Regulatory Framework	2	IMF-STI	Singapore
123	Assessment of Corporate Credit Risk in a Central Banks	1	The International Banking and Finance Institute	France
124	Foreign Reserves Management	3	The Bank of Korea	Korea
125	Reserve Management	1	Bank for International Settlement	Switzerland

S.No.	Subject	No. of Participants	Host Institution	Place
126	JSA Funded IMF Technical Assistance to Promote Financial Stability in the Asia Pacific Region	2	International Monetary Fund	Cambodia
127	29th SAARCFINANCE Coordinators Meeting	1	SAARC Finance	Bhutan
128	On-Site Examination	4	The SEACEN Centre	Malaysia
129	Corporate Use of Derivatives & Implications for Emerging Market of Central Banks	1	ISCB	Turkey
130	Financial Stability, Systematic Risk and Macropredential Policy	1	Deutsche Bundesbank	Germany
131	Strategic Planning	1	Deutsche Bundesbank	Germany
132	Financial Crisis Management	2	Bank Indonesia	Indonesia
133	International Economics & International Relations	1	The International Banking and Finance Institute	France
134	Government Finance Statistics	1	IMF-STI	Singapore
135	Cloud Fest	2	Cloud Fest	Germany
136	Developing a Leadership Competency Framework	2	The SEACEN Centre	Philippines
137	International Central Banking	2	State Bank of Pakistan	Pakistan
138	Factory Visit for Strong Room and Security System	3	Others	India
139	Internal Audit: Emerging Challenges and Effective Practices	2	State Bank of Pakistan	Pakistan
140	Internal Audit Practices at Central Banks	1	ISCB	Turkey
141	Audit Support and Compliance Functions at a Central Banks	1	Deutsche Bundesbank	Germany
142	14th Financial Inclusion Strategy Peer Learning Group	1	Alliance for Financial Inclusion	Zambia
143	Core Elements of Banking Supervision	5	IMF-SARTTAC	India
144	Machine Learning, Artificial Intelligence and Big Data-The Perspective of Central Banks	1	Deutche Bundesbank	Germany
145	SEACEN Springboard Leadership Course	4	The SEACEN Centre	Malaysia
146	Sectorial Financial Acs	1	ISCB	Turkey
147	Acing for Banking Supervisors	1	Deutche Bundesbank	Germany
148	Central Bank Policy Mix	2	Bank Indonesia	Indonesia
149	Interest rate risk in the banking book and market risk	3	Bank for International Settlement	South Korea
150	Roundtable on Public Procurement	2	National Bank of Ukraine	Ukraine
151	Balance of Payments & External Statistics	1	ISCB	Turkey
152	Monetary Policy Workshop	1	ISCB	Turkey
153	Knowledge Exchange Visit at Bank of Tanzania	4	Bank of Tanzania	Tanzania
154	Monetary Policy	3	The Bank of Korea	Korea
155	Payment Settlements Operations	4	The SEACEN Centre	Malaysia
156	Finacial Markets and Instruments	1	International Monetary Fund	USA
157	Behavioural Insights & Evidence Based Policymaking	1	Allience for Financial Inclusion	Armenia
158	Destruction Process of Materials Used & Wastage of Printing Nrs 500	2	Perum Peruri	Indonesia
159	Macroeconomics for Central Banking	3	Reserve Bank of India	India
160	Supervision	1	Federal Reserve Bank	USA
161	Cash Management & Combating forfeit Money	1	Deutsche Bundesbank	Germany
162	US Monetary Policy Implementation	1	Federal Reserve Bank	USA
163	Financial Stability, Systematic Risk and Macropredential Policy	1	Deutsche Bundesbank	Germany
164	Technological Operations and Risk Management	4	Asian Development Bank	Philippines
165	Payment and Settlement	3	The Bank of Korea	Korea
166	Recovery & Resolution with a Focus an Credit Institutions	1	Deutsche Bundesbank	Germany
167	Developing Acability Mechanism Framework for Financial Intermediaries	1	Asian Development Bank	China
168	Financial Stability Policy of Central Banks	1	The International Banking and Finance Institute	Austria
169	Reserve Management	1	Bank for International Settlement	Switzerland

S.No.	Subject	No. of Participants	Host Institution	Place
170	Seminar on Monetary & Financial Ac Statistics	1	The International Banking and Finance Institute	France
171	2019 Asian Regional Public Debt Management Forum	1	Asian Development Bank	Azerbaijan
172	Risk Based Banking Supervision	2	IMF-STI	Singapore
173	Model Based Monetary Policy Analysis & Forecasting	1	IMF	USA
174	Data Protection	1	The International Banking and Finance Institute	France
175	A Research Agenda for Central Banks	1	The International Banking and Finance Institute	France
176	71th EXCUM of APRACA 3rd Annual Meeting of IMF-SARTTAC Steering Committee	1	APRACA & IMF-SARTTAC	Japan/ Maldives
177	3rd Annual Meeting of IMF-SARTTAC Steering Committee	1	IMF-SARTTAC	Maldives
178	Reserve Management	1	Bank for International Settlement	Switzerland
179	International Trade & Macroeconomics	2	Bank of Korea	Korea
180	SEACEN Expert Group Seminar	1	The SEACEN Centre	Malaysia
181	Financial sector Surveillance	1	IMF-STI	Singapore
182	SEACEN Leadeaship Masterclass 1: Decision Making for High Performance	2	The SEACEN Centre	Korea
183	The Royal Mint Coin Management Training	1	The Royal Mint	London
184	Sustainable & Green Finance	1	Deutche Bundesbank	Germany
185	Roundtable on Strategic Planning in Central Banks	2	National Bank of Ukraine	Ukraine
186	21st SEACEN-FSI Conference & 32nd Meeting of SEACEN Members	1	The SEACEN Centre	Vietnam
187	Monetary Policy: Theory & Practice	2	The bank of Korea	Korea
188	Implementing the sustainable Development Goals: Role for social & Solidarity economy	1	Others	Switzerland
189	2019 Annual General Meeting of the BIS	3	Bank for International Settlement	Switzerland
190	13th ECB Central Banking Seminar	2	European Central Bank	Germany
191	Plateform Economy & its Promise for Financial Inclusion	2	Allience for Financial Inclusion	Malaysia
192	Fiscal analysis and Forecasting	1	IMF-STI	Singapore
193	42st Meeting of SEACEN Directors & High Level Seminar of Directors	1	The SEACEN Centre	Indonesia
194	SEACEN_CPMI Course on Technology & Emerging Risks in Payment & Settlement	3	The SEACEN Centre	India
195	Managing Capital Flows:Macroeconomic analysis and Policies	1	International Monetary Fund	USA
196	Analysis & Modeling of Macro-Financial Linkages	3	The SEACEN Centre	Indonesia
197	Central Bank Policy Mix: Issues, Chalenges & Policy Mix, Issues, Challenges & Policy Response	1	ISCB	Turkey
198	Financial Regulators Training Initiative-Regional Seminar on Financial Literacy & Investor Protection	2	Asia Pacific Economic cooperation	Bangladesh
199	IT Service Continuity	1	Deutche Bundesbank	Germany
200	Banknote Managers Cheques	2	Oberthur Fiduciare	France
201	38th SAARCFINANCE Group Meeting,48th ACU BOD & Standing Technical Committee Meeting	2	SAARC Finance	Bhutan
202	Currency Technology Symposium	2	Giescke & Devrient	Germany
203	SEACEN High Level Seminar and Meeting for Deputy Governors	2	The SEACEN Centre	Malaysia
	Total	394		

Table 5
Details of Fund Transfers and Transactions of Foreign Currency through Offices Located Outside Kathmandu Valley in 2018/19

S.No	Office	Fund Transfers and Deposits								Purchase and Sale of Foreign Currencies					
		Amount (Rs. Million)				IC (Rs. Million)				Other Foreign Currencies		IC			
		Fund Transfer		Fund In ²		Fund Transfer		Fund In ³		Rs. Million		Rs. Million			
		No. of Currency Chests ¹	Frequ-ency	Amount	Frequ-ency	Amount	Frequ-ency	Amount	Frequ-ency	Purchase	Balance ⁴	Purchase	Sale ⁵	Balance ⁴	
1	Biratnagar	12	71	28,580.0	18	1,916.1	22	281.6	-	-	361.1	66.3	80.00 ⁶	315.4	1,639.2
2	Janakpur	6	41	12,590.0	5	181.2	0	0	-	-	281.9	1.9	-	442.2	294.6
3	Birgunj	4	29	24,925.8	19	9,573.9	2	4.8	-	-	58.2	9.0	0	286.3	890.2
4	Pokhara	8	49	17,150.0	6	101.8	-	-	2	320.0	2,977.4	98.6	11.3	402.6	478.5
5	Siddharthanagar	7	52	19,500.0	13	284.7	-	-	1	800.0	855.8	39.5	53.7	587.1	1,720.8
6	Nepalgunj	13	49	14,824.2	19	4,617.5	-	-	-	-	57.9	54.6	4.5	458.3	1,147.8
7	Dhangadhi	9	46	10,080.0	11	1,577.8	-	-	2	4.7	54.3	8.1	21.6	353.6	634.6
Total		59	337	127,650.0	91	18,253.0	24	286.4	3	1,124.7	4,646.6	278.0	891.1	2,845.5	6,805.7

1 Number of currency chests under the Office

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

3 Only amount sold to clients by Office

4 Balance in mid-July 2019 following transfers to other offices

5 IC deposit means IC collected on different days from NRB Banking Office.

6 Received fund from Kathmandu Banking Office.

Appendix 2.1

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

1. “Integrated Procedure on Interest Grants for Concessional Loans, 2076” has been issued to make youth self-employed, professional and entrepreneurial. Under this procedure, the following seven types of loans can be obtained from any bank and financial institution:
 - a. Commercial agriculture and animal husbandry loan up to hundred million rupees,
 - b. Educated Youth Self Employment Loan up to seven hundred thousand rupees,
 - c. Youth returning from overseas project loan up to one million rupees,
 - d. Female entrepreneurial loan up to one and half million rupees,
 - e. Dalit community business development loan up to one million rupees,
 - f. Higher and technical and vocational education loan up to five hundred thousand rupees,
 - g. Private housing construction loan for earthquake victims up to three hundred thousand rupees.
2. Banks and financial institutions shall compulsorily publish actual unified financial statements as well as the major financial indicators, including the business of all the branches in a national-level daily newspaper within 15 days from the end of each quarter and send a copy to Regulation Department and related Supervision Department.
3. Provision has been made for the credit provided by banks and financial institutions for reconstruction of earthquake-hit residential homes with refinance facility at zero interest for a maximum period of 2 years, and in such loans, banks and financial institutions shall charge maximum of 2% interest with the customer. After the period of refinancing, the banks and financial institutions are required to charge interest rate by adding up to a maximum of 2 percentage points in their Cost of Funds, and the money equal to the Cost of Funds can be demanded from the bank.
4. The provision of licensed banks and financial institutions to guarantee savings and fixed deposits up to Rs. 200 thousands of natural persons in their institution at “Credit and Deposit Guarantee Fund” has been revised up to Rs. 300 thousands.
5. Policy provision has been made for the licensed banks and financial institutions to set up a subsidiary company to operate the securities business.
6. Provision has been made whereby director of any licensed institution exiting for whatever reason, except the extension of tenure, is not allowed to join any other licensed institution as director or in any other capacity before completion of six months of the exit.
7. Provision has been made whereby exiting Chief Executive Officer (CEO) of any licensed institution for whatever reason, except the extension of tenure, is not allowed to join any other licensed institution as CEO or in any other capacity before completion of six months of the exit. Also, provision has been made whereby exiting Chief

Executive Officer (CEO) of any licensed institution, for whatever reason, is not allowed to join any other licensed institution as Director or in any other capacity before completion of tenure or six months of the exit, whatever is maximum. Similarly, provision has been made whereby second ranked executives of "A" class licensed institutions is not allowed to join any other licensed institution as in the same rank of any other licensed institutions before completion of six months of the exit.

8. Provision has been made for banks and financial institutions not to charge more than 8 percent interest rate for the use of general refinance facility and not more than 3 percent interest rate for the use of export refinance facility from the borrower.
9. A provision has been made to use simplified form for customer identification and affirmation of Nepali natural person who do not have a bank account for the purpose of opening a bank account of all Nepali under "Let Us Open Bank Account Campaign 2076".
10. Considering the effect of transforming the shares owned by the promoter group into ordinary shares on capital markets, banking as well as the overall financial sector, a provision has been made for conversion of promoter share into ordinary share to a maximum of 10 percent points at a time. Also the conversion should be done in minimum of 2 times.
11. Risk Management Guidelines for Banks and Financial Institutions 2018 has been implemented.
12. Nepal Infrastructure Bank was granted license on 11/02/2019 to operate as Nepal's first infrastructure bank. Also, directives were issued for the regulation of infrastructure development bank.
13. Uniform Chart of Accounts was issued for licensed "A", "B" and "C" class Banks and Financial Institutions effective from fiscal year 2019/20.
14. The existing limit of non-purpose personal loans including overdraft facilities by Banks and Financial Institutions has been revised to Rs 5 million from Rs 7.5 million.
15. A provision has been made whereby licensed banks and financial institutions are required to use the credit rating of the borrowers made by credit rating agency as the basis for credit disbursement and renewal for loans equal to or more than Rs 500 million.
16. Provision has been made for "A" class commercial banks to establish provincial offices in each of the provinces by mid-January 2019, and if such level offices had been established in the past, such offices should be converted to the provincial offices to include functions of coordination, monitoring, institutional governance, risk management and complaint hearing of the branches under its jurisdiction in the respective provinces.
17. Provision has been made not to run a gift related program in order to make the deposit collection attractive.
18. Provision of non-acceptance of fixed deposits less than three months and fixed deposits which can be withdrawn whenever the customer wants to withdraw before the expiry of the term at pre-specified interest rate have been made for BFIs.

19. Provision has been made whereby the proportion of the Call Deposits accepted by the licensed "A" class commercial bank should not be more than 10 percent of the total deposit liability and the portion of the Call Deposit accepted by the licensed "B" and "C" class financial institutions should not be more than 15 percent of the total deposit liability.
20. Provision has been made for licensed banks and financial institutions that have fulfilled the conditions specified by this bank are not required to get the approval of the bank to open extension counters in areas other than Kathmandu Valley, Municipal Corporation and Sub-Metropolitan City.
21. Licensed "A" class commercial banks are required to rate their credit annually from the national or international credit rating agencies from fiscal year 2018/19.
22. Licensed institutions shall mobilize the institutional deposit of any firm, company or organized institution maximum up to 15 percent of its total deposit.
23. Provision has been made for banks and financial institutions to provide/renew loan to firms and companies only after taking the latest tax payer certificate and/ or updated tax payer filing certificate or E-statement.
24. Licensed "B" class development banks and "C" class finance companies shall have to prepare the financial statements for 2018/19 as per Nepal Financial Reporting Standards (NFRS). For the purpose of declaring dividends, format of the distributable profits and financial statements shall be as prescribed by this bank.
25. Banks and financial institutions shall compulsorily provide training on banking to their employees from assistant to officer level. In order to develop skilled manpower in the banking sector, banks and financial institutions have to provide such training to the newly recruited employees within 2 years of entering the bank.
26. The interest rate (bank rate) of loans provided to the licensed institutions from this bank as per the provisions of the prevailing Act has been fixed at 6.5 percent.
27. Loan can be issued against listed shares by licensed banks and financial institutions by taking the average of last traded price of 180 working days published by Nepal Stock Exchange Limited or the prevailing market price of the shares, whichever is less, up to 65 percent of the valuation. Once loan has been disbursed, credit limit cannot be extended or additional loans cannot be provided by reevaluating the shares held as security.
28. Banks and Financial Institutions can only issue loan against shares up to 40 percent of their core capital. In addition, while providing such loans, banks and financial institutions shall have to disburse the loan only in the case of shares of a listed company, not exceeding 10 percent of their core capital. Such loan should not exceed 10 percent of the total credit.
29. A policy provision has been made for commercial banks to set up subsidiaries for operating securities business.
30. Commercial banks shall have to submit the Annual Action Plan with the deposit obligation and debt repayment approved by their Board of Directors to the Bank Supervision Department by mid-July every fiscal year. In addition, in relation to

monitoring the implementation of the action plan, the bank's board of directors will have to review the plan quarterly and submit it to the Bank Supervision Department within 15 days of the end of the quarter. The plan will be taken as basis for supervision of respective banks by this bank.

31. Provision has been made for licensed institutions to send details of all the approved loans/credit facility (C.I.F. No. 1 & 2) with interest overdue for more than 90 days to the Credit Information Center within 15 days of the end of the month.
32. Provision has been made for the promotion of financial literacy by using the amount allocated to the corporate social responsibility fund by the commercial banks and national level financial institutions since the fiscal year 2018/19. A minimum of 10 percent should be spent in each province.
33. Provision has been made for licensed "B", "C" and "D" financial institutions to operate at provincial or national level.
34. In order to make banking services and transactions more simple and convenient, customer can deposit cash at any branch of other banks and financial institutions convenient to them to get it deposited in their account and make utility payment to service provider's account through NCHL-IPS system.

Appendix 2.2**Commercial Bank Branches Inspected On-Site in 2018/19****(A) Targeted On-Site Inspection (Risk-based)**

Machhapuchchhre Bank Ltd.	Everest Bank Ltd.
Nepal Bangladesh Bank Ltd.	Sanima Bank Ltd.
Siddhartha Bank Ltd.	Laxmi Bank Ltd.
Nepal Investment Bank Ltd.	Standard Chartered Bank Ltd.
Nepal Bank Ltd.	Global IME Bank Ltd.
Citizens Bank International Ltd.	Himalayan Bank Ltd.
Nabil Bank Ltd.	

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

Nepal SBI Bank Ltd.	Prime Commercial Bank Ltd.
Century Commercial Bank Ltd.	Sunrise Bank Ltd.
Rastriya Banijya Bank Ltd.	Mega Bank Ltd.
Janata Bank Ltd.	Prabhu Bank Ltd.
NIC Asia Bank Ltd.	Kumari Bank Ltd.
Nepal Credit & CommerceBank Ltd.	Bank of Kathmandu Ltd.
Civil Bank Ltd.	NMB Bank Ltd.
Agriculture Development Bank Ltd.	

(C) Special Inspection

Siddhartha Bank Ltd. (2 Times)	Nepal Bangladesh Bank Ltd. (2 Times)
Nepal Investment Bank Ltd. (3 Times)	Bank of Kathmandu Ltd.
Janata Bank Ltd.	Rastriya Banijya Bank Ltd.
NIC Asia Bank Ltd.	Prime Commercial Bank Ltd.
Nabil Bank Ltd.	

Appendix 2.3**"B" Class Financial Institutions
(Mid-July 2019)**

Muktinath Bikas Bank Ltd.	National Level
Sangrila Development Bank Ltd.	National Level
Deva Bikas Bank Ltd.	National Level
Kailash Bikas Bank Ltd.	National Level
Jyoti Bikas Bank Ltd.	National Level
Garima Bikas Bank Ltd.	National Level
Om Development Bank Ltd.	National Level
Mahalaxmi Bikas Bank Ltd.	National Level
Gandaki Bikas Bank Ltd.	National Level
Lumbini Bikas Bank Ltd.	National Level
Kamana Sewa Bikas Bank Ltd.	National Level
Shine Resunga Development Bank Ltd.	4-10 District
Saptakoshi Development Bank Ltd.	1-7 District
Tinau Mission Bikas Bank Ltd.	1-7 District
Excel Development Bank Ltd.	1-5 District
Kankai Bikas Bank Ltd.	1-5 District
Bhargav Bikas Bank Ltd.	1-5 District
Kanchan Development Bank Ltd.	1-5 District
Sindhu Bikas Bank Ltd.	1-5 District
Green Development Bank Ltd.	1-5 District
Narayani Development Bank Ltd.	1-3 District
Sahayogi Bikas Bank Ltd.	1-3 District
Karnali Bikas Bank Ltd.	1-3 District
Miteri Development Bank Ltd.	1-3 District
Corporate Development Bank Ltd.	1-3 District
Purnima Bikas Bank Ltd.	1-3 District
Nepal Community Development Bank Ltd.	1-3 District
Sahara Bikas Bank Ltd.	1 District
Salapa Bikas Bank Ltd.	1 District

Appendix 2.4**Development Banks Inspected at
Corporate Level in 2018/19****(A) On-Site Inspection**

Sangrila Development Bank Ltd.	Miteri Development Bank Ltd.
Karnali Bikas Bank Ltd.	Sahara Bikas Bank Ltd.
Deva Bikas Bank Ltd.	Mahalaxmi Bikas Bank Ltd.
Sahayogi Bikas Bank Ltd.	Purnima Bikas Bank Ltd.
Corporate Development Bank Ltd.	Green Development Bank Ltd.
Saptakoshi Development Bank Ltd.	Nepal Community Development Bank Ltd.
Kamana Sewa Bikas Bank Ltd.	Kankai Bikas Bank Ltd.
Excel Development Bank Ltd.	Kabeli Bakas Bank Ltd.
Bhargav Bikas Bank Ltd	Sindhu Bikas Bank Ltd.
Mission Development Bank Ltd.	Gandaki Bikas Bank Ltd.
Garima Bikas Bank Ltd.	Tinay Bikas Bank Ltd.
Lumbini Bikas Bank Ltd.	Salapa Development Bank Ltd.
Risk-based Inspection	
Om Development Bank Ltd.	Muktinath Bikas Bank Ltd.

(B) Special Inspection

Sangrila Development Bank Ltd.	Sangrila Development Bank Ltd.
Kailash Bikas Bank Ltd.	Jyoti Bikas Bank Ltd.
Sahara Bikas Bank Ltd.	Sangrila Development Bank Ltd.
Lumbini Bikas Bank Ltd.	Kailash Bikas Bank Ltd.
Mahalaxmi Bikas Bank Ltd.	Deva Bikas Bank Ltd.
Garima Bikas Bank Ltd.	Jyoti Bikas Bank Ltd.
Lumbini Bikas Bank Ltd.	Jyoti Bikas Bank Ltd.
Kailash Bikas Bank Ltd.	Kailash Bikas Bank Ltd.
Kamana Sewa Bikas Bank Ltd.	Kamana Sewa Bikas Bank Ltd.
Deva Bikas Bank Ltd.	

(C) Follow-up Inspection

Narayani Development Bank Ltd.	Purnima Bikas Bank Ltd.
Muktinath Bikas Bank Ltd.	Sahayogi Bikas Bank Ltd.
Mission Development Bank Ltd.	Salapa Bikas Bank Ltd.

Appendix 2.5

Microfinance Financial Institutions

S.	Name
1	Nidhan Utthan Laghubitta Bittiya Sanstha Ltd.
2	Diprocs Laghubitta Bittiya Sanstha Ltd.
3	Chhimuk Laghubitta Bittiya Sanstha Ltd.
4	Swabalan Laghubitta Bittiya Sanstha Ltd.
5	Nerude Laghubitta Bittiya Sanstha Ltd.
6	Naya Nepal Laghubitta Bittiya Sanstha Ltd.
7	Mithila Laghubitta Bittiya Sanstha Ltd.
8	Summit Laghubitta Bittiya Sanstha Ltd.
9	Swarojgar Laghubitta Bittiya Sanstha Ltd.
10	Nagbeli Laghubitta Bittiya Sanstha Ltd.
11	Kalika Laghubitta Bittiya Sanstha Ltd.
12	Mirmire Laghubitta Bittiya Sanstha Ltd.
13	Janauthan Samudayik Laghubitta Bittiya Sanstha Ltd.
14	Womi Laghubitta Bittiya Sanstha Ltd.
15	Laxmi Laghubitta Bittiya Sanstha Ltd.
16	Civil Laghubitta Bittiya Sanstha Ltd.
17	Mahila Sahayatra Laghubitta Bittiya Sanstha Ltd.
18	Kisan Laghubitta Bittiya Sanstha Ltd.
19	Vijaya Laghubitta Bittiya Sanstha Ltd.
20	NMB Laghubitta Bittiya Sanstha Ltd.
21	Forward Community Microfinance Bittiya Sansthan Ltd.
22	Golbal IMF Laghubitta Bittiya Sanstha Ltd.
23	Mahuli Samudayik Laghubitta Bittiya Sanstha Ltd.
24	Suryodaya Laghubitta Bittiya Sanstha Ltd.
25	Mero Microfinance Laghubitta Bittiya Sanstha Ltd.
26	Samata Laghubitta Bittiya Sanstha Ltd.
27	Samudayik Laghubitta Bittiya Sanstha Ltd.
28	National Microfinance Bittiya Sanstha Ltd.
29	Grameen Bikas Laghubitta Bittiya Sanstha Ltd.
30	Nepal Sewa Laghubitta Bittiya Sanstha Ltd.
31	Unnati Microfinance Bittiya Sanstha Ltd.
32	Swadeshi Laghubitta Bittiya Sanstha Ltd.
33	Nadep Laghubitta Bittiya Sanstha Ltd.
34	Support Microfinance Bittiya Sanstha Ltd.
35	Arambha Microfinance Bittiya Sanstha Ltd.
36	Janasewi Laghubitta Bittiya Sanstha Ltd.
37	Chautari Laghubitta Bittiya Sanstha Ltd.
38	Ghodighoda Laghubitta Bittiya Sanstha Ltd.
39	Asha Laghubitta Bittiya Sanstha Ltd.
40	Nepal Agro Laghubitta Bittiya Sanstha Ltd.
41	Ramaroshan Laghubitta Bittiya Sanstha Ltd.
42	Creative Laghubitta Bittiya Sanstha Ltd.
43	Gurans Laghubitta Bittiya Sanstha Ltd.

S.N.	Name
44	Ganapati Laghubitta Bittiya Sanstha Ltd.
45	Infinity Microfinance Bittiya Sanstha Ltd.
46	Andhikhola Laghubitta Bittiya Sanstha Ltd.
47	Swabhiman Laghubitta Bittiya Sanstha Ltd.
48	Sparsha Laghubitta Bittiya Sanstha Ltd.
49	Sabaiko Laghubitta Bittiya Sanstha Ltd.
50	Sadhana Laghubitta Bittiya Sanstha Ltd.
51	NIC Asia Laghubitta Bittiya Sanstha Ltd.
52	Sarathi Laghubitta Bittiya Sanstha Ltd.
53	Nagrik Laghubitta Bittiya Sanstha Ltd.
54	Trilok Laghubitta Bittiya Sanstha Ltd.
55	Sahakarya Laghubitta Bittiya Sanstha Ltd.
56	Manakamana Laghubitta Bittiya Sanstha Ltd.
57	Sajilo Laghubitta Bittiya Sanstha Ltd.
58	Satyawati Laghubitta Bittiya Sanstha Ltd.
59	Buddha Jyoti Laghubitta Bittiya Sanstha Ltd.
60	Samaj Laghubitta Bittiya Sanstha Ltd.
61	Dibya Laghubitta Bittiya Sanstha Ltd.
62	Cweda Laghubitta Bittiya Sanstha Ltd.
63	Grameen Swayamsewak Laghubitta Bittiya Sanstha Ltd.
64	Mahila Laghubitta Bittiya Sanstha Ltd.
65	Manushi Laghubitta Bittiya Sanstha Ltd.
66	Adarsha Laghubitta Bittiya Sanstha Ltd.
67	Unique Nepal Laghubitta Bittiya Sanstha Ltd.
68	Smart Laghubitta Bittiya Sanstha Ltd.
69	Mahila Samudayik Laghubitta Bittiya Sanstha Ltd.
70	Jalpa Laghubitta Bittiya Sanstha Ltd.
71	Solve Laghubitta Bittiya Sanstha Ltd.
72	Rastral Utthan Laghubitta Bittiya Sanstha Ltd.
73	Win Laghubitta Bittiya Sanstha Ltd.
74	Upakar Laghubitta Bittiya Sanstha Ltd.
75	Dhaulagiri Laghubitta Bittiya Sanstha Ltd.
76	CYC Nepal Laghubitta Bittiya Sanstha Ltd.
77	Nesdo Samriddha Laghubitta Bittiya Sanstha Ltd.
78	Swastik Laghubitta Bittiya Sanstha Ltd.
79	Gribi Nyunikaran Laghubitta Bittiya Sanstha Ltd.
80	Shrijanshil Laghubitta Bittiya Sanstha Ltd.
81	NRN Laghubitta Bittiya Sanstha Ltd.
82	Jeevan Bikas Laghubitta Bittiya Sanstha Ltd.
83	Gharelu Laghubitta Bittiya Sanstha Ltd.
84	Janakpur Laghubitta Bittiya Sanstha Ltd.
85	BPW Laghubitta Bittiya Sanstha Ltd.
86	Atmanirbhar Laghubitta Bittiya Sanstha Ltd.

Microfinance Financial Institutions

S. N.	Name
1	RMDC Laghubitta Bittiya Sanstha Ltd.
2	Sana Kisan Bikas Laghubitta Bittiya Sanstha Ltd.

S.N.	Name
3	First Microfinance Laghubitta Bittiya Sanstha Ltd.
4	RSDC Laghubitta Bittiya Sanstha Ltd.

Appendix 2.6

Banks and Financial Institutions Licensed as Market Makers

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

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

Appendix 2.7

**Banks and Remittance Companies Licensed as Sales Agents in
Foreign Employment Saving Bonds**

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

Appendix 2.8**Board of Directors**

(In mid-July 2019)

Dr. Chiranjibi Nepal, Governor	Chairman
Dr. Rajan Khanal, Secretary, Ministry of Finance	Member
Mr. Chinta Mani Siwakoti, Deputy Governor	Member
Mr. Shiba Raj Shrestha, Deputy Governor	Member
Prof. Dr. Shreeram Poudyal	Member
Mr. Ramjee Regmi	Member
Dr. Suvod Kumar Karn	Member

Appendix 2.9**List of Special Class and First Class Officers**

(In mid-July 2019)

Special Class Officers		
1	Mr. Laxmi Prapanna Niraula	Executive Director, Currency Management Dept.
2	Mr. Maheswor Lal Shrestha	Executive Director, Bank Supervision Department
3	Mr. Bhuban Kandel	Executive Director, Development Bank Supervision Dept.
4	Dr. Nophil Matangi Maskay	Executive Director, Office of the Governor
5	Mrs. Neelam Dhungana (Timsina)	Executive Director, Internal Audit Department
6	Mr. Dev Kumar Dhakal	Executive Director, Payment Systems Department
7	Mr. Mukunda Kumar Chhetri	Executive Director, General Services Department
8	Mr. Pitambar Bhandari	Executive Director, Human Resource Management Dept.
9	Mr. Sunil Udash	Executive Director, Finance Company Supervision Department
10	Mr. Rishikesh Bhatta	Executive Director, Financial Management Department
11	Mr. Pradeep Raj Poudyal	Executive Director, Corporate Planning Department
12	Dr. Gunakar Bhatta	Executive Director, Research Department
13	Mr. Naresh Shakya	Executive Director, Banking Office, Kathmandu
14	Mr. Suman Kumar Adhikari	Executive Director, Public Debt Management Department
15	Dr. Prakash Kumar Shrestha	Executive Director, Micro-Finance Promotion & Supervision Dept.
16	Mrs. Sarita Bhatta (Adhikari)	Executive Director, Foreign Exchange Management Dept.
17	Mr. Bam Bahadur Mishra	Act. Executive Director, Banks & Financial Institutions Regulation Dept
First Class Officers		
1	Mr. Revati Prasad Nepal	Director, Legal Division
2	Mr. Ramu Paudel	Director, Financial Information Unit
3	Mr. Vishruth Thapa	Director, Bank Supervision Department
4	Mr. Ram Bahadur Manandhar	Director, Development Bank Supervision Department
5	Mr. Daya Ram Sharma	Director, Micro-Finance Promotion & Supervision Dept.
6	Mr. Tulashi Prasad Ghimire	Director, Human Resource Management Department

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

PART – THREE

**ANNUAL FINANCIAL SITUATION OF
NEPAL RASTRA BANK**

- **Assets and Liabilities** 125
- **Income Statement** 126
- **Annual Financial Statements of Nepal Rastra Bank** 128

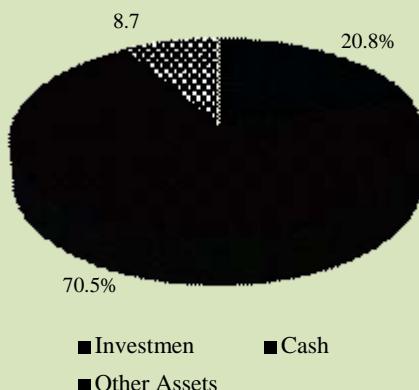
PART – THREE

**ANNUAL FINANCIAL SITUATION OF
NEPAL RASTRA BANK**

Assets and Liabilities

- 3.1 As per the NRB's balance sheet as of mid-July 2019, the assets/liabilities of the Bank declined by 7.23 percent to Rs. 1,071.70 billion, compared to the corresponding amount in mid-July 2018. The assets/liabilities had increased by 17.17 percent to Rs. 1155.29 billion in mid-July 2018.
- 3.2 Of the total assets, the share of investment securities was 20.82 percent followed by cash and cash equivalents at 70.53 percent and other assets at 8.65 percent in mid-July 2019. The respective shares in mid-July 2018 were 20.17 percent, 73.36 percent and 6.47 percent respectively.
- 3.3 Compared to mid-July 2018, the amount of NRB's investment securities declined by 4.23 percent to Rs. 223.13 billion in mid-July 2019. In mid-July 2018, the total investment securities had amounted to Rs. 232.98 billion.
- 3.4 Between mid-July 2018 and mid-July 2019, the amount of NRB's cash and cash equivalents declined by 10.82 percent to Rs. 755.85 billion. In mid-July 2018, cash and cash equivalents had amounted to Rs. 847.56 billion.
- 3.5 Of the total liabilities and equity, the share of liabilities was 78.87 percent and that of equity 21.13 percent in mid-July 2019. In mid-July 2018, these shares were 82.32 percent and 17.68 percent respectively.

**Chart 3.1
Assets Structure of the NRB**



3.6 As share of total liabilities as of mid-July 2019, currency in circulation, deposits from banks and financial institutions, deposits from Government of Nepal and other liabilities stood at 59.99 percent, 21.93 percent, 11.31 percent and 6.73 percent respectively. These shares in mid-July 2018 constituted 51.99 percent, 21.88 percent, 15.16 percent and 10.97 percent respectively.

3.7 Currency in circulation increased by 2.56 percent to Rs. 507.06 billion in mid-July 2019 compared to a year ago. In mid-July 2018, currency in circulation had amounted to Rs. 494.39 billion.

3.8 Deposits from banks and financial institutions in NRB declined by 10.92 percent to Rs. 185.38 billion in mid-July 2019 compared to mid-July 2018. Such deposits had amounted to Rs. 208.12 billion in mid-July 2018.

3.9 GON deposits in NRB declined by 33.68 percent to Rs. 95.61 billion in mid-July 2019 compared to a year ago. Such deposits had amounted to Rs. 144.17 billion in mid-July 2018.

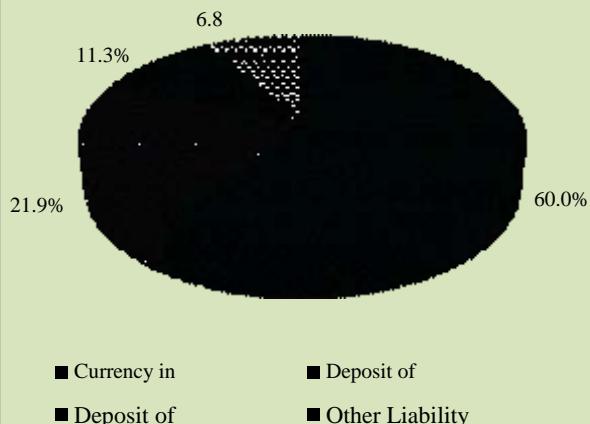
3.10 Total equity increased by 10.87 percent in mid-July 2019 compared to mid-July 2018. Under this, reserves and surplus increased by 11.14 percent to Rs. 221.50 billion. Such fund had amounted to Rs. 199.30 billion in mid-July 2018.

3.11 Share capital of the bank in mid-July 2019 remained the same at Rs. 5 billion as in mid-July 2018.

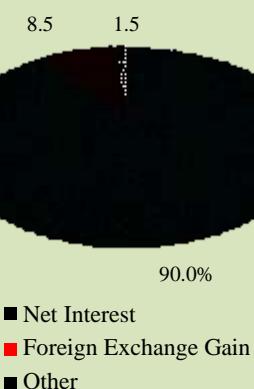
Income Statement

3.12 As per the income statement of FY 2018/19 (July 17, 2018 through July 16, 2019), the total net operating income of NRB during the review year increased by 17.63 percent to Rs. 39.01 billion compared to that of previous year. In the net operating income of FY 2018/19, the share of net interest income was 89.99 percent,

**Chart 3.2
Liability Structure of the NRB**



**Chart 3.3
Operating Income Structure of NRB**



followed by 8.55 percent of foreign exchange gain realized and 1.46 percent of other income.

- 3.13 In the review year as compared to that of previous year, the net interest income increased by 8.77 percent to Rs. 35.10 billion while foreign exchange gain realized rose by 322.43 percent to Rs. 3.34 billion. Similarly, other income rose by 53.90 percent to Rs. 0.66 billion and net loss from fees and commission declined by 77.64 percent to Rs. 0.09 billion.
- 3.14 In the review year, net income before revaluation of gain/loss from foreign exchange and other assets increased by 23.46 percent to Rs. 34.43 billion as compared to that of previous year. Such net income was Rs. 27.89 billion in the previous year.
- 3.15 In the review year, the net income stood at Rs. 32.16 billion after adjusting foreign exchange revaluation loss of Rs. 2.19 billion and gold and silver revaluation loss of Rs. 0.08 billion. The net income was Rs. 69.78 billion in the previous year.
- 3.16 In the review year, total comprehensive income amounted to Rs. 34.23 billion after adjusting other comprehensive income/expenditure. Total comprehensive income was Rs. 70.31 billion in the previous year.

NEPAL RASTRA BANK
STATEMENT OF FINANCIAL POSITION
As on 31st Asar, 2076 (July 16, 2019)

Particulars	Notes	As on July 16, 2019	As on July 16, 2018	Figures in NRs.
ASSETS				
Cash and Cash Equivalents	4.1	755,847,715,109	847,556,150,188	
Trading Assets		-	-	
Derivative Assets Held for Risk Management		-	-	
Loans and Advances to Bank and Financial Institutions	4.2	22,894,754,410	12,220,303,401	
Loans and Advances to Others	4.3	15,049,976,973	12,144,802,143	
Overdraft to Government of Nepal		-	-	
Gold and Silver at Fair Value	4.4	50,202,241,103	45,467,467,808	
Investment Securities	4.5	223,127,793,161	232,984,574,153	
Inventories	4.6	2,893,354,348	3,835,795,333	
Investment Properties		-	-	
Property, Plant and Equipment	4.7	1,596,262,751	948,299,333	
Intangible Assets	4.8	90,542,898	114,014,904	
Other Assets	4.9	2,304,387	17,312,233	
TOTAL ASSETS		1,071,704,945,138	1,155,288,719,496	
LIABILITIES AND EQUITY				
LIABILITIES				
Financial Liabilities held for Trading		-	-	
Derivative Liabilities Held for Risk Management		-	-	
Bills Payable		221,828,105	115,622,742	
Deposits from Bank and Financial Institutions	4.10	185,385,094,042	208,116,242,256	
Deposit from Government of Nepal		95,605,371,467	144,165,917,368	
Deposits from Others	4.11	21,252,588,039	25,479,607,975	
Short Term Borrowings	4.12	-	44,550,000,000	
IMF Related Liabilities	4.13	20,789,695,685	21,674,958,091	
Staff Liabilities	4.14	1,881,103,006	2,095,039,220	
Subordinated Liabilities		-	-	
Provisions		-	-	
Other Liabilities	4.15	985,889,604	1,403,316,968	
Currency in Circulation	4.16	507,060,000,000	494,389,500,000	
Surplus Payable to Government of Nepal	4.17 (a)	12,020,000,000	9,000,000,000	
Total Liabilities		845,201,569,949	950,990,204,620	
EQUITY				
Capital		5,000,000,000	5,000,000,000	
Reserves & Surplus	4.17 (b)	221,503,375,189	199,298,514,877	
Non-controlling Interest		-	-	
TOTAL EQUITY		226,503,375,189	204,298,514,877	
TOTAL LIABILITIES AND EQUITY		1,071,704,945,138	1,155,288,719,496	

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

As per our report of even date

Mr. Pradeep Raj Poudyal

Mr. Baburam Gautam
Deputy Auditor General

Executive Director-Financial Management Dept.

Board of Directors:

Dr. Chiranjibi Nepal Governor	CA. Tek Nath Acharya T.N. Acharya & Co. Chartered Accountants	CA. Jitendra Mishra CSC & Co. Chartered Accountants	CA. Prabin D. Joshi Prabin Joshi & Co. Chartered Accountants
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Dr. Rajan Khanal Secretary MOF/Board Member	Mr. Chinta Mani Siwakoti Deputy Governor	Mr. Shiba Raj Shrestha Deputy Governor
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Dr. Sri Ram Poudyal Board Member	Mr. Ramjee Regmi Board Member	CA. Dr. Suvod Kumar Karn Board Member	Date: Jan. 29, 2020 Place: Kathmandu
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NEPAL RASTRA BANK
STATEMENT OF NET INCOME AND OTHER COMPREHENSIVE INCOME
For the Year ended on 31st Asar, 2076 (July 16, 2019)

Figures in NRs.

Particulars	Notes	For the Year Ended July 16, 2019	For the Year Ended July 16, 2018
Interest Income	4.18	35,770,709,606	32,431,135,623
Interest Expense	4.19	(665,160,304)	(156,622,766)
Net interest Income		35,105,549,302	32,274,512,857
Fee and Commission Income	4.20	102,777,081	100,152,190
Fee and Commission Expense	4.21	(195,791,127)	(516,125,642)
Net Fee and Commission Income		(93,014,046)	(415,973,452)
Net Trading Income		-	-
Net income from Other Financial Instruments at Fair Value through Profit or Loss		-	-
Foreign Exchange Gain/(Loss) - Realised		3,335,856,624	789,682,272
Other Income	4.22	661,343,008	429,723,304
Total Operating Income		39,009,734,889	33,077,944,981
Impairment Allowance on Financial Assets Written back		-	84,899,543
Net Operating Income		39,009,734,889	33,162,844,524
Personnel Expenses	4.23	(2,667,042,095)	(3,298,549,296)
Depreciation, Amortisation and Impairment of Non-Financial Assets	4.24	(149,190,750)	(134,751,851)
Operating Expenses	4.25	(1,761,414,659)	(1,839,298,902)
Distributable Net Income/(Expenditure)		34,432,087,384	27,890,244,475
Foreign Exchange Gain/(Loss) - Unrealised		(2,193,530,153)	38,272,111,979
Gold and Silver Revaluation Gain/(Loss)		(76,037,528)	3,618,022,578
Securities Revaluation Gain/(Loss)		-	-
Net Income/(Expenditure) for the year		32,162,519,703	69,780,379,032
Other Comprehensive Income			
Actuarial gain (Loss) in defined benefit Retirement Schemes		1,341,411,990	1,483,371,084
Net gain (loss) on hedges of net investments		-	-
Net Change in fair value of Cash flow hedges		-	-
Net Change in Fair value of Equity Instruments		724,414,689	(955,264,382)
Other Comprehensive Income		2,065,826,679	528,106,702
Total Comprehensive Income		34,228,346,382	70,308,485,734

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

As per our report of even date

Mr. Pradeep Raj Poudyal

Executive Director-Financial Management Dept.

Mr. Baburam Gautam
Deputy Auditor General**Board of Directors:**-----
Dr. Chiranjibi Nepal
Governor-----
CA. Tek Nath Acharya
T.N. Acharya & Co.
Chartered Accountants-----
CA. Jitendra Mishra
CSC & Co.
Chartered Accountants-----
CA. Prabin D. Joshi
Prabin Joshi & Co.
Chartered Accountants-----
Dr. Rajan Khanal
Secretary MOF/Board Member-----
Mr. Chinta Mani Siwakoti
Deputy Governor-----
Mr. Shiba Raj Shrestha
Deputy Governor-----
Dr. Sri Ram Poudyal
Board Member-----
Mr. Ramjee Regmi
Board Member-----
CA. Dr. Suvod Kumar Karn
Board Member-----
Date: Jan. 29, 2020
Place: Kathmandu

NEPAL RASTRA BANK
STATEMENT OF CASH FLOWS
For the Year ended on 31st Asar, 2076 (July 16, 2019)

PARTICULARS	Figures in NRs.	
	For the Year Ended July 16, 2019	For the Year Ended July 16, 2018
Cash Flow From Operating Activities		
Net Income/(Expenditure) for the year	32,162,519,703	69,780,379,032
Adjustments		
Depreciation & Amortisation	149,190,750	134,751,851
Dividend Income	(14,022,986)	(62,332,657)
Provisions no Longer Required Written Back	-	(84,899,543)
Grant Income	-	-
Profit from Sale of Assets/ Investments	(7,036,678)	(73,847,508)
Assets Written Off	-	-
Interest paid on IMF Liabilities	114,976,450	76,400,976
Surplus/(Deficit) Due to Restatement of Prior Period Errors	(3,486,071)	4,578,042
Foreign Exchange Gain/(Loss) - Unrealised	2,193,530,153	(38,272,111,979)
Net Gold and Silver Revaluation Gain/(Loss)	76,037,528	(3,618,022,578)
Securities Revaluation Gain/(Loss)	-	-
Actuarial gain (Loss) in defined benefit Retirement Schemes	1,341,411,990	1,483,371,084
Cash Flow From Operation Before Inc / Dec in Operating Assets	36,013,120,839	29,368,266,720
(Increase)/Decrease in Operating Assets	(12,622,177,007)	(6,302,330,039)
Loans & Advances	(13,579,625,838)	(5,597,737,293)
Inventories	942,440,985	(750,295,878)
Other Assets	15,007,847	45,703,132
Increase/(Decrease) in Operating Liabilities	(120,593,872,265)	(27,620,823,017)
Government Deposit	(48,560,545,901)	(49,586,769,863)
Deposit Liabilities	(26,958,168,150)	(4,987,969,359)
Bills Payable	106,205,363	(117,979,578)
Short Term Borrowings	(44,550,000,000)	30,150,000,000
IMF Deposit	-	262,837,718
Staff Liabilities	(213,936,214)	(3,696,558,381)
Other Liabilities	(417,427,364)	355,616,445
Net Cash Flow From Operating Activities	Total (A)	(97,202,928,433)
Cash Flow From Investing Activities		
Net (Incr)/Decr in Investment Securities	10,581,195,681	(34,268,671,890)
Gold & Silver	(4,810,810,823)	415,656,960
Purchase of Property, Plant & Equipment	(780,302,393)	(121,579,044)
Sale of Property, Plant & Equipment	14,651,310	106,185,093
Purchase of Intangible Assets	(994,400)	(1,133,672)
Dividend Income	14,022,986	62,332,657
Net Cash Flow From Investing Activities	Total (B)	5,017,762,362
Cash Flow From Financing Activities		
Bank Note Issued	12,670,500,000	63,399,500,000
Increase/Decrease in ECF/RCF Loan & SDR Allocation	(885,262,406)	(147,565,089)
Interest paid on IMF Liabilities	(114,976,450)	(76,400,976)
Surplus Paid to GON	(9,000,000,000)	(7,500,000,000)
Net Cash Flow From Financing Activities	2,670,261,144	55,675,533,934
Net Cash Flow for the Year (A+B+C)	(89,514,904,927)	17,313,437,701
Revaluation Gain or Loss on Foreign Exchange	(2,193,530,153)	38,272,111,979
Cash and Cash Equivalent at the Beginning of the Year	847,556,150,188	791,970,600,508
Cash and Cash Equivalent at the end of the Year	755,847,715,109	847,556,150,188

As per our report of even date

Mr. Pradeep Raj Poudyal
Executive Director-Financial Management Dept.

Mr. Baburam Gautam
Deputy Auditor General

Board of Directors:

Dr. Chiranjibi Nepal Governor	CA. Tek Nath Acharya T.N. Acharya & Co. Chartered Accountants	CA. Jitendra Mishra CSC & Co. Chartered Accountants	CA. Prabin D. Joshi Prabin Joshi & Co. Chartered Accountants
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Dr. Rajan Khanal Secretary MOF/Board Member	Mr. Chinta Mani Siwakoti Deputy Governor	Mr. Shiba Raj Shrestha Deputy Governor
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Dr. Sri Ram Poudyal Board Member	Mr. Ramjee Regmi Board Member	CA. Dr. Suvod Kumar Karn Board Member	Date: Jan. 29, 2020 Place: Kathmandu
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NEPAL RASTRA BANK

Statement of Changes in Equity

For the Year ended on 31st Asar, 2076 (July 16, 2019)

Figures in NRs.

PARTICULARS	Capital	Statutory Reserve				Gold & Silver Equilisation Reserve	Fair Value Reserve	Revaluation Reserve	Other Reserves	Retained Earning	Total
		General Reserve	Monetary Liability Reserve	Financial Stability Fund	Exchange Equilisation Fund						
Balance as on July 16, 2017	5,000,000,000	25,974,792,905	5,086,563,008	1,889,049,010	58,821,697,898	22,599,580,748	3,973,804,991	869,693,096	18,770,968,505	0	142,986,150,161
Adjustment for Prior Period Income (Expense)									(699,061)	4,578,041	3,878,979
Restated Balance	5,000,000,000	25,974,792,905	5,086,563,008	1,889,049,010	58,821,697,898	22,599,580,748	3,973,804,991	869,693,096	18,770,269,444	4,578,041	142,990,029,140
Net Income for the year										69,780,379,032	69,780,379,032
Other Comprehensive Income										528,106,702	528,106,702
Appropriation of Net Income:											
To General Reserve		6,794,952,019								(6,794,952,019)	-
To Monetary Liability Reserve			1,512,606,009							(1,512,606,009)	-
To Financial Stability Fund				1,512,606,009						(1,512,606,009)	-
To Exchange Equilisation Fund					38,272,111,979					(38,272,111,979)	-
To Gold & Silver Equilisation Reserve						3,618,022,578				(3,618,022,578)	-
To Revaluation Reserve							(955,264,382)				-
To Fair Value Reserve								11,334,345,337		955,264,382	-
To Other Reserve								97,610,812		(11,334,345,337)	-
To Net Cumulative Surplus Fund										(97,610,812)	-
Inter Fund Transfer:											
Gold & Silver to General Reserve											-
General Reserve to Share Capital											-
Other Reserve to Retained Earnings											-
Other Reserve to General Reserve											-
Balance Surplus Transfer to Government										(9,000,000,000)	(9,000,000,000)
Balance as on July 16, 2018	5,000,000,000	32,769,744,924	6,599,169,017	3,401,655,019	97,093,809,877	26,217,603,326	3,018,540,609	(0)	30,197,992,102		204,298,514,874
Adjustment for Prior Period Income (Expense)										(3,486,071)	(3,486,071)
Restated Balance	5,000,000,000	32,769,744,924	6,599,169,017	3,401,655,019	97,093,809,877	26,217,603,326	3,018,540,609	(0)	30,197,992,102	(3,486,071)	204,295,028,804
Net Income for the year										32,162,519,703	32,162,519,703
Other Comprehensive Income										2,065,826,679	2,065,826,679
Appropriation of Net Income:											
To General Reserve		7,371,159,330								(7,371,159,330)	-
To Monetary Liability Reserve			1,788,500,665							(1,788,500,665)	-
To Financial Stability Fund				1,788,500,665						(1,788,500,665)	-
To Exchange Equilisation Fund					(2,193,530,153)					2,193,530,153	-
To Gold & Silver Equilisation Reserve						(76,037,528)				76,037,528	-
To Revaluation Reserve							724,414,689				-
To Fair Value Reserve								12,797,280,027		(724,414,689)	-
To Other Reserve								4,572,616		(12,797,280,027)	-
To Net Cumulative Surplus Fund										(4,572,616)	-
Inter Fund Transfer:											
Gold & Silver to General Reserve											-
General Reserve to Share Capital											-
Other Reserve to Retained Earnings											-
Other Reserve to General Reserve											-
Balance Surplus Transfer to Government										(12,020,000,000)	(12,020,000,000)
Balance as on July 16, 2019	5,000,000,000	40,140,904,254	8,387,669,682	5,190,155,684	94,900,279,724	26,141,565,798	3,742,955,298	(0)	42,999,844,745		226,503,375,189

Board of Directors:

As per our report of the even date.

Dr. Chiranjibi Nepal
GovernorDr. Rajan Khanal
Secretary MOF/Board MemberMr. Pradeep Raj Poudyal
Executive Director-Financial Management Dept.Mr. Baburam Gautam
Deputy Auditor GeneralMr. Chinta Mani Siwakoti
Deputy GovernorMr. Shiba Raj Shrestha
Deputy GovernorCA. Tek Nath Acharya
T.N. Acharya & Co.
Chartered AccountantsCA. Jitendra Mishra
CSC & Co.
Chartered AccountantsCA. Prabin D. Joshi
Prabin Joshi & Co.
Chartered AccountantsDr. Sri Ram Poudyal
Board MemberMr. Ramjee Regmi
Board MemberCA. Dr. Suvod Kumar Karn
Board MemberDate: Jan. 29, 2020
Place: Kathmandu

Nepal Rastra Bank
Notes Forming part of Financial Statements
Fiscal Year 2075/76 (2018/19 AD)

1. General Information

Nepal Rastra Bank (hereinafter referred to as 'NRB' or 'the Bank'), the Central Bank of Nepal, was incorporated under Nepal Rastra Bank Act, 2012 as superseded by NRB Act 2058 (amended on 2073). The Bank is domiciled in Nepal and its central office is located at Baluwatar, Kathmandu. The Bank's jurisdiction is spread throughout the country. The main activities/objectives of the Bank include:

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

2. Basis of Preparation

2.1 Statement of Compliance

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

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

2.2 Responsibility of Financial Statements

The Board of Directors of the Bank is responsible for preparation and presentation of the bank's financial statements and for the estimates and judgments used in them. The financial statements are approved by the Board Meeting held on 20th Poush 2075 (4th January 2019).

2.3 Functional and Presentation Currency

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

2.4 Fiscal Year

The financial statements relate to the fiscal year 2075/76 i.e. 1st Sawan 2075 to 31st Asar 2076 corresponding to Gregorian calendar July 17, 2018 to July 16, 2019. The previous year was 1st Sawan 2074 to 32nd Asar 2075 (July 16, 2017 to July 16, 2018).

2.5 Use of Estimates, Assumptions or Judgments

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

Estimated and underlying assumptions are reviewed on an ongoing basis. Revision to accounting estimates are recognized in the period in which the estimates are revised and in any future period affected.

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

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

2.6 Controlling Body

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

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

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

3. Significant Accounting Policies

3.1 Basis of Measurement

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

Items	Measurement Basis
Non Derivative Financial Instrument at Fair value through profit or Loss	Fair value
Equity investments	Fair value
Gold & Silver Investment other than inventories	Fair value
Inventories (Including gold & silver kept for further processing)	Cost or Net Realisable value whichever is lower
Net defined benefit liability/(assets)- gratuity & pension fund and staff security fund	Fair value of plan assets less the present value of the defined benefit obligation

3.2 Basis of Consolidation

The Bank's investment in Rastriya Beema Samsthan and Agriculture Project Service Center is in excess of 50% of the paid up capital of those entities. These investments were made under the specific directives or policies of the Government of Nepal and other relevant statutes. Accordingly, the Bank did not exercise control or significant influence on the entities except for regulatory purposes. As the requirement of NFRS 10- Consolidated Financial Statements does not meet for consolidation, the consolidation of the financial statements of the subsidiaries is not done.

3.2.1 Basis of Accounting for Investment in Associates

The Bank's investment in Nepal Stock Exchange Ltd. and National Productivity and Economic Development Ltd. is in excess of 20% of the paid up capital of those entities. These investments were made under the specific directives or policies of the Government of Nepal and other relevant statutes. Accordingly, the Bank did not exercise significant influence on the entities except for regulatory purposes. As the requirement of NAS 28- Investments in Associates for being the associates of the bank does not meet, the equity accounting for such investment has not been done.

3.3 Interest Income/(Expenses)

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

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

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

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

- i. Interest on financial assets and financial liabilities measured at amortized cost on an effective interest basis.
- ii. Interest on financial assets & financial liabilities through profit or loss.
- iii. The effective portion of fair value changes in qualifying hedging derivatives designated in cash flow hedges of variability in interest cash flows, in the same period as the hedged cash flow affect interest income/expenses; and
- iv. The effective portion of fair value changes in qualifying hedging derivatives designated in fair value hedges of interest rate risk.

3.4 Non Interest Income

i. Fees and Commission income

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

ii. Net trading income

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

iii. Net income from financial instruments designated at fair value

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

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

iv. Other Income

- Balances unclaimed and outstanding for more than three clear consecutive accounting years in unclaimed account is written back to income.
- Dividend income is recognized when the right to receive income is established.
- Penal income is accounted on cash basis.

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

3.5 Leases

Payment made under operating leases are recognized in Statement of Net Income on straight line basis over the term of the lease.

3.6 Foreign Currency Transaction

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

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

interest and payment during the year and the amortized cost in the foreign currency translated at the rate of exchange at the reporting date.

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

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

3.7 Income tax

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

3.8 Financial Assets and Financial Liabilities

i) Recognition

The Bank initially recognizes loans and advances, deposits, debt securities issued, subordinated liabilities on the date of which they are originated. All other financial instruments (including regular-way purchases and sales of financial assets) are recognized on the trade date which is the date on which the Bank becomes a party to the contractual provisions of the instruments.

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

ii) Classification

Financial assets

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

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

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

fair value reserve in equity. When an investment is derecognized, gain or loss accumulated in equity is reclassified to Statement of Net Income.

Financial liabilities

All financial liabilities are recognized initially on the trade date, which is the date that the bank becomes a party to the contractual provisions of the instrument except for Debt Securities which are initially recognized on the date that they are issued. A financial liability is derecognized when its contractual obligations are discharged, cancelled or expired. Non derivatives financial liabilities are classified into the other financial category. Such financial liabilities are recognized initially at fair value less any directly attributable transaction cost. Subsequent to initial recognition, these financial liabilities are measured at amortized costs using effective interest rate method.

(iii) Derecognition

Financial assets

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

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

Financial Liabilities

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

(iv) Offsetting

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

(v) Amortized cost measurement

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

(vi) Fair value measurement

Fair value of a financial instrument is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties at an arm's length transaction. Quoted market values represent fair value when a financial instrument is traded in an

organized and liquid market. Where quoted market values are not available, fair values are estimated by other techniques such as discounted cash flows.

(vii) Identification and measurement of impairment

Financial assets

At each reporting date the bank assesses the objective evidence that a financial asset or group of financial assets is impaired or not. A financial asset or a group of financial assets is impaired and impairment losses are incurred only if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset and that loss event has an impact on the estimated future cash flows of the financial assets or group of financial assets that can be reliably estimated.

Objective evidence that financial assets are impaired includes:

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

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

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

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

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

Non financial assets

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

(viii) Designation at fair value through Profit or Loss

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

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

3.9 Cash and Cash Equivalents

Cash and cash equivalents include notes and coins on hand, unrestricted balances held with banks and highly liquid financial assets with original maturities of three months or less from the acquisition date that are subject to an insignificant risk of changes in their fair value.

3.10 Trading Assets and Liabilities

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

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

3.11 Loans and Advances to Banks and Financial Institutions

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

3.12 Loan and Advances to Others

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

3.13 Investment Securities

Investment securities are initially measured at fair value plus, in the case of investment securities not at fair value through profit or loss., incremental direct transaction cost, and

subsequently accounted for depending on their classification as either amortised const, fair value through profit or loss, or fair value through other comprehensive income.

3.14 Investment Property

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

3.15 Property and Equipment

i. Recognition and Measurement

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

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

Any gain or loss on disposal of an item of property and equipment (calculated as the difference between the net proceeds from disposal and carrying amount of the items) is recognized within other income in Statement of Net Income.

ii. Depreciation

Land is not depreciated. All other property, plant and equipment are depreciated from the date they are available for use or in respect of self-constructed assets, from the date that the construction is completed and ready for use. Depreciation is charged on straight-line method over the estimated useful life of current and comparative years of significant items of property, plant and equipment. Useful lives and residual values are reviewed on each reporting date and adjusted if required.

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

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

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

iii. Assets received in grant

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

3.16 Intangible Assets

Intangible assets include software purchased by the bank. The intangible assets that are acquired by the Bank and have definite useful lives are measured at cost less accumulated

amortization and any impairment losses. Costs incurred in the ongoing maintenance of software are expensed immediately as incurred. Subsequent cost on software is capitalized only when it increases the future economic benefits embodied in the specific asset to which it relates. Software, useful life of which have been defined by terms of contract or conditions for use are amortized on straight-line basis over the useful life of asset.

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

3.17 Impairment of Non Financial Assets

At each reporting date, the Bank reviews the carrying amounts of its non financial assets to determine where there is an indication of impairment. If such indication exists, then the asset's recoverable amount is estimated.

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

3.18 Gold and Silver at fair value

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

3.19 Inventories

Inventories are carried at cost or net realizable value whichever is less. Cost for inventories is determined under the weighted average method. Other stores except dispensary stock, various coin/metal stocks as well as printed notes are charged directly to Statement of Net Income. Durable goods with unit cost of twenty five thousand rupees or less are expensed off at the time of purchase.

Gold and silver stock physically held for minting and processing purpose are also treated as inventories and are carried at cost or net realizable value whichever is less. Cost for gold and silver is determined on the basis of specific identification of their individual cost (IAS 2.23).

3.20 Deposits and Borrowings

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

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

3.21 Provisions

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

3.22 Employee Benefits

i. Defined Contribution Plans

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

- 1) **Contributory Retirement Fund:** All permanent employees are entitled for participation in employee's Provident Fund (Retirement Fund) wherein the employees contribute at various rates of their current drawn salaries. The bank contributes 10% of basic salary to this fund, which is separately administered as a defined contribution plan as per Nepal Rastra Bank Staff By-Law 2068: Rule 78 Sub-rule 1(a) & 1(c). The Bank's obligations for contributions to the above Fund are recognized as an expense in Statement of Net Income as the related services are rendered.
- 2) **Welfare Provident Fund:** Certain amounts as prescribed by the Board are annually transferred to this fund, which is meant to be a defined contribution scheme for the welfare of the employees, as per Nepal Rastra Bank Staff By-Law 2068: Rule 78 Sub-rule 1(b) and 1(c). Contributions by the Bank are expensed in Statement of Net Income as the related services are accounted.

ii. Defined Benefits Plan

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

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

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

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

- 1) **Gratuity and Pension Scheme:** Gratuity and Pension Scheme is a defined benefit obligation under which employees having service period of five years or more but less than twenty years are eligible for gratuity, which is based on last pay-scale of staff's existing designation and completed years of service. Similarly, employees having service period of twenty years or more are eligible for pension, which is based on last pay-scale of staff's existing designation and completed years of service. The bank measures the obligation of this plan as valued by a qualified actuary using projected credit method. All expenses related to defined benefits plans in employee benefit are expensed in Statement of Net Income.
- 2) **Staff Security Fund:** Staff Security Fund is defined benefit plan under which all the permanent employees are entitled to staff security fund at the time of retirement, death or termination from the service by any other circumstances at the predetermined factor prescribed by the bank, which is based on last drawn salary and completed years of service as per Nepal Rastra Bank Staff By-Law 2068: Rule 78 Sub-rule 1(e). Employees having service period of thirty years are eligible for maximum sixty three months salary. The bank measures the obligation of this plan as valued by a qualified actuary using projected credit method. All expenses related to defined benefits plans in employee benefit are expensed in Statement of Net Income.
- 3) **Staff Medical Fund:** Employees are eligible for medical benefits based on the specified slabs as per medical rules, last drawn salary and completed years of service, as per Nepal Rastra Bank Staff By-Law 2068: Rule 78 Sub-rule 1(d). Incremental liability is provided for and transferred to this Fund.
- 4) **Leave Encashment:** As per Nepal Rastra Bank Staff By-Law 2068: Rule 86,87 and 91, the employees are entitled to en-cash their un-utilized accumulated leave at the time of retirement or any other prescribed time as decided by the management of the bank. Home leave, Sick leave and Special Leave are defined benefit plans which are recognized when the leave remains un-availed at the time of closing date. Provision is created for liability on employees' leave based on obligation dischargeable to employees at balance sheet date.

iii. Other long term employee benefits

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

iv. Termination Benefits

The termination benefits are expensed at the earlier of which the Bank can no longer withdrawn the offer of those benefits and when the Bank recognizes costs for restructuring. If benefits are not expected to be wholly settled within 12 months of the reporting date, then they are discounted.

v. Short term employee benefits

Short term employees benefits are expenses as the related services is provided. A liability is recognized for the amount expected to be paid if the Bank has a present legal or constructive obligation to pay this amount as a result of past service provided by the employees and obligation can be estimated reliably.

3.23 Currency in Circulation

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

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

3.24 Transactions on Repurchase Obligations (Repo) and Reverse Repo

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

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

3.25 Unclaimed Account

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

3.26 Bills Payable and Bills Receivable

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

3.27 Consolidation of Project Accounts

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

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

3.28 Presentation

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

NEPAL RASTRA BANK
Notes Forming part of Financial Statements
Fiscal Year 2075-76 (2018/19)

4 Notes relating to items in the financial statements

4.1 Cash and Cash Equivalents

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

Particulars	July 16, 2019	July 16, 2018
Foreign Currency:		
Cash in Hand & at Vault	15,550,851,739	32,276,351,028
Balances with Other Banks	80,612,597,573	98,530,337,509
GOI Treasury Bills	220,338,423,350	235,503,932,213
US Government Treasury Bills	16,311,683,916	16,354,309,087
Time Deposit	418,855,585,681	454,376,878,804
Investment in FIXBIS	-	2,174,478,354
Investment in Repurchase Agreements	-	-
IMF Related Assets: SDR Holdings	354,810,632	164,054,814
Total Foreign Currency	752,023,952,891	839,380,341,809
Local Currency:		
Cash in Hand & at Vault	3,809,821,027	8,155,854,685
Balances with Other Banks	13,941,191	19,953,694
Total Local Currency	3,823,762,218	8,175,808,379
Total	755,847,715,109	847,556,150,188

4.2 Loans and Advances to Bank & Financial Institutions

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

Particulars	July 16, 2019	July 16, 2018
Refinance/SLF Loans:		
Commercial Banks	21,282,538,229	11,756,876,381
Development Banks	1,406,378,153	221,000,000
Finance Companies	205,838,028	210,427,020
Loan to Micro Finance Institutions	10,000,000	42,000,000
Less: Allowance for impairment	(10,000,000)	(10,000,000)
Total	22,894,754,410	12,220,303,401
Allowance for impairment		
Balance as on 01-04-2075	10,000,000	10,000,000
Charge for the year	-	-
Effect of foreign currency movements	-	-
Unwind of discount	-	-
Balance as on 31-03-2076	10,000,000	10,000,000

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

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

Particulars	Period	Refinance Rate	July 16, 2019	July 16, 2018
General Refinance	1 year	4%	19,313,678,409	9,993,957,858
Special/Export Refinance	1 year	1%	866,118,842	402,125,496
Zero Interest Loan	6 months	0%	2,214,993,159	1,824,220,046
Standing Liquidity Facility	3 days	6.5%	500,000,000	-
Total			22,894,790,410	12,220,303,401

4.3 Loans and Advances to Others

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

Particulars	July 16, 2019	July 16, 2018
Receivable from GON against payment to IMF	-	-
Advance Payment to GON	2,000,000,000	-
Balance with Asian Clearing Union (ACU)		
Gross Loans to Employees	3,637,363,702	4,783,283,731
Less: Amortisation Adjustment	(198,464,626)	(1,246,720,971)
Net Loans to Employees	3,438,899,076	3,536,562,760
Interest Receivable		
Australian Dollar	45,840,435	85,362,439
Canadian Dollar	16,739,419	15,723,868
Yuan Ren-Min-Bi (China)	1,093,520,762	1,121,904,696
Nepalese Rupee	2,830,806,706	3,070,689,979
Pound Sterling	6,320,474	9,824,167
United States Dollars	1,842,824,495	1,486,543,397
Interest Receivable	5,836,052,291	5,790,048,546
Advances Recoverable		
Advance to Staff	8,427,189	12,017,500
Sundry Debtors	125,024,421	403,752,167
Advance for Construction	948,834,161	-
Prepaid Expenses	614,978	945,099
Pension Advance Account	2,684,059,189	2,393,372,855
Staff Endowment Policy Advance	10,401,500	9,977,500
Other	-	461,548
Less: Impairment Allowance	(2,335,832)	(2,335,832)
Net Advances Recoverable	3,775,025,606	2,818,190,838
Total	15,049,976,973	12,144,802,143

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

4.4 Gold & Silver at Fair Value

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

Particulars	July 16, 2019	32-03-2075
Investment in Paper Gold	31,837,001,290	28,078,523,145
Gold Held in Stock at Fair Value	10,753,933,029	9,514,334,427
Silver Held in Stock at Fair Value	7,611,306,784	7,874,610,236
Total	50,202,241,103	45,467,467,808

4.5 Investment Securities

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

Particulars	July 16, 2019	July 16, 2018
At Amortized Cost	218,863,558,942	229,454,754,044
At Fair Value through Other Comprehensive Income (OCI)	4,264,234,218	3,529,820,109
At Fair Value through Profit or Loss		
Total	223,127,793,161	232,984,574,153
a) Investment Securities at Amortized Cost	July 16, 2019	July 16, 2018
Government Treasury Notes/Bonds(USD)	65,589,931,430	65,546,403,362
Government Treasury Notes/Bonds (CNY)	59,059,765,279	58,989,291,902
Investment in Mid term Instruments (MTI)	2,730,109,799	8,387,708,224
Notice Deposit (JPY)	-	18,701,060,000
Time Deposit	22,062,665,446	-
Government Bond (GON)	225,339,574	216,672,667
Fixed deposit with Bank & Financial Institutions	3,964,832,000	3,585,959,000
Government Treasury Bills (GON)	18,431,422,742	25,600,825,674
Saving Certificates (GON)	46,799,852,672	48,427,193,215
Investment in Rural Self Reliance Fund	253,400,000	253,400,000
Less individual allowance for impairment	(253,760,000)	(253,760,000)
Total	218,863,558,942	229,454,754,044
Impairment Loss on Available for Sale Investment Securities		
Balance as on 01-04-2075	253,760,000	330,653,903
Charge for the year	-	-
Reversal of Impairment	-	(76,893,903)
Balance as on 31-03-76	253,760,000	253,760,000

Interest amount of Rs.8,56,52,051.37 has been accrued on deposit amounting Rs.25,37,60,000.00 made in problematic financial institution and the same hasn't been booked as income.

b) Investment Securities at Fair Value through OCI	July 16, 2019	July 16, 2018
Quoted equity securities	1,926,257,845	1,448,320,962
Unquoted equity securities	2,345,476,374	2,088,999,147
Less: Allowance for impairment of equity securities	(7,500,000)	(7,500,000)
Total	4,264,234,218	3,529,820,109
Impairment Loss on Investment Securities		
Balance as on 01-04-2075	7,500,000	7,500,000
Charge for the year	-	-
Reversal of Impairment	-	-
Balance as on 31-03-76	7,500,000	7,500,000

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

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

I) Investment in quoted equity securities includes the following:

Particulars	July 16, 2019	July 16, 2018
RMDC Laghubitta Bittiya Sanstha Ltd.	105,792,675	95,881,291
Citizen Investment Trust	1,767,041,375	1,298,216,945
Grameen Bikas Laghubitta Bittiya Sanstha Ltd.	53,423,794	54,222,726
Total	1,926,257,845	1,448,320,962

The shares investment in RMDC Laghubitta Bittiya Sanstha Ltd. has been revalued on the basis of latest trading price of promoter share of respective institution in stock market. In absence of trading of promoter share of Citizen Investment Trust & Grameen Bikas Laghubitta Bittiya Sanstha Ltd, we have considered ratio of share price of promoter share & general share of RMDC .

II) Investment in unquoted equity securities includes the following:

Particulars	July 16, 2019	July 16, 2018
Agricultural Project Services Centre	5,000,000	5,000,000
Rastriya Beema Sansthan - Life Ins.	1,000,000	1,000,000
Nepal Stock Exchange Ltd.	999,382,248	1,046,014,465
National Productivity and Eco. Dev.	2,500,000	2,500,000
Deposit & Credit Guarantee Fund	1,143,088,259	884,055,389
Nepal Clearing House	61,001,402	47,178,000
Credit Information Bureau	107,189,098	82,899,198
National Banking Institute	26,315,367	20,352,096
Total	2,345,476,374	2,088,999,147

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

III) Selection of Presentation criteria

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

4.6 Inventories

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

Particulars	July 16, 2019	July 16, 2018
Gold Held in Stock at Cost	1,789,665,516	2,114,210,086
Silver Held in Stock at Cost	64,295,747	66,380,138
Security Note Stock	957,679,167	1,440,296,928
Coin Stock	79,596,342	203,718,006
Other Metal Stock	13,449,497	22,906,167
Numismatic Stock	22,824,571	22,487,221
Dispensary Stock	800,559	753,838
Total Inventories	2,928,311,400	3,870,752,384
Less: Impairment Allowance		
Non-moving Numismatic Stock	(22,465,794)	(22,465,794)
Non-moving Other Metal Stock	(8,716,000)	(8,716,000)
Unissuable Note Stock	(3,775,258)	(3,775,258)
Total Allowance for Impairment	(34,957,052)	(34,957,052)
Total Inventories Net of Allowance for Impairment	2,893,354,348	3,835,795,333

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4.7 Property and equipment

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

Particulars		Land	Building	Computer & Accessories	Vehicles	Machinery Equipment	Office Equipment	Furniture and Fixture	Other Assets	Capital Work in Progress	Total Assets
Depreciation Rate			3%	20%	20%	20%	20%	10%	20%		
Original Cost	Balance as on July 16, 2017	193,834,552	727,395,236	218,238,525	268,551,292	111,354,213	141,979,046	43,467,755	4,829,873	19,199,920	1,728,850,414
	Addition during the Year		47,691,347	5,910,888	25,458,900	3,375,485	20,776,595	5,680,699	386,900	12,298,230	121,579,044
	Disposal/Write Off/Adjustment	-	-	(7,332,103)	(32,822,048)	(2,962,132)	(5,991,699)	(40,071)	-	(28,893,387)	(78,041,440)
	Balance as on July 16, 2018	193,834,552	775,086,583	216,817,310	261,188,144	111,767,566	156,763,942	49,108,382	5,216,773	2,604,763	1,772,388,016
Accumulated Depreciation	Balance as on July 16, 2017	-	282,654,304	119,307,996	140,302,155	102,006,422	93,466,670	17,159,967	4,507,910	-	759,405,424
	Depreciation for the Year	-	22,088,573	28,724,334	37,436,064	2,807,682	15,819,511	3,413,180	97,773	-	110,387,117
	Disposal/Write Off/Adjustment	-	-	(5,582,765)	(31,568,583)	(2,962,128)	(5,550,313)	(40,070)	-	-	(45,703,857)
	Balance as on July 16, 2018	-	304,742,877	142,449,565	146,169,636	101,851,977	103,735,869	20,533,077	4,605,683	-	824,088,683
Net Book Value as on July 16, 2018		193,834,552	470,343,706	74,367,745	115,018,508	9,915,590	53,028,073	28,575,305	611,090	2,604,763	948,299,333
Original Cost	Balance as on July 17, 2018	193,834,552	775,086,583	216,817,310	261,188,144	111,767,566	156,763,942	49,108,382	5,216,773	2,604,763	1,772,388,016
	Addition during the Year	-	7,724,204	27,979,391	135,894,795	7,571,111	20,307,123	10,708,987	352,285	569,764,497	780,302,393
	Disposal/Write Off/Adjustment	-	(216,994)	(17,838,342)	(36,061,735)	(1,493,160)	(6,152,766)	(555,895)	(61,200)	-	(62,380,091)
	Balance as on July 16, 2019	193,834,552	782,593,793	226,958,359	361,021,204	117,845,518	170,918,299	59,261,475	5,507,858	572,369,260	2,490,310,318
Accumulated Depreciation	Balance as on July 17, 2018	-	304,742,877	142,449,565	146,169,636	101,851,977	103,735,869	20,533,077	4,605,683	-	824,088,683
	Depreciation for the Year	-	23,072,985	25,107,032	51,875,205	3,434,590	17,264,338	3,796,439	173,755	-	124,724,344
	Disposal/Write Off/Adjustment	-	(83,544)	(16,875,348)	(30,140,241)	(1,468,151)	(5,600,870)	(536,107)	(61,198)	-	(54,765,460)
	Balance as on July 16, 2019	-	327,732,318	150,681,249	167,904,599	103,818,416	115,399,337	23,793,409	4,718,240	-	894,047,567
Net Book Value as on July 16, 2019		193,834,552	454,861,475	76,277,109	193,116,605	14,027,101	55,518,963	35,468,066	789,618	572,369,260	1,596,262,751

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4.8 Intangible assets and goodwill

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

Particulars		Computer Software			Total Assets
		Useful Life Defined by Contractual Agreements	Other Useful Life	Capital Work in Progress	
Amortisation Rate			20%	10%	
Original Cost	Balance as on July 16, 2017	1,763,930	11,145,151	229,272,935	- 242,182,016
	Addition during the Year		1,133,672		1,133,672
	Disposal/Write Off/Adjustment				-
	Balance as on July 16, 2018	1,763,930	12,278,823	229,272,935	- 243,315,688
Accumulated Amortisation	Balance as on July 16, 2017	1,241,842	8,163,818	95,530,390	- 104,936,050
	Depreciation for the Year	258,420	1,179,021	22,927,292	24,364,734
	Disposal/Write Off/Adjustment				-
	Balance as on July 16, 2018	1,500,262	9,342,840	118,457,682	- 129,300,783
Net Book Value as on July 16, 2018		263,668	2,935,983	110,815,253	- 114,014,904
Original Cost	Balance as on July 17, 2018	1,763,930	12,278,823	229,272,935	- 243,315,688
	Addition during the Year		994,400		994,400
	Disposal/Write Off/Adjustment				-
	Balance as on July 16, 2019	1,763,930	13,273,223	229,272,935	- 244,310,088
Accumulated Amortisation	Balance as on July 17, 2018	1,500,262	9,342,840	118,457,682	- 129,300,783
	Depreciation for the Year	258,420	1,280,693	22,927,293	24,466,406
	Disposal/Write Off/Adjustment				-
	Balance as on July 16, 2019	1,758,681	10,623,533	141,384,975	- 153,767,190
Net Book Value as on July 16, 2019		5,249	2,649,690	87,887,959	- 90,542,898

4.9 Other Assets

Particulars	July 16, 2019	July 16, 2018
Deposits	1,558,228	1,663,378
Project Assets	-	6,661,172
Other Receivables	746,158	8,987,683
Total	2,304,387	17,312,233

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4.10 Deposits from banks and financial institutions

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

Particulars	July 16, 2019	July 16, 2018
Foreign Currency	10,075,679,634	3,114,280,834
Local Currency	175,309,414,408	205,001,961,421
Total	185,385,094,042	208,116,242,256

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

4.11 Deposits from Others

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

Particulars	July 16, 2019	July 16, 2018
Foreign Currency:		
Public Enterprises	301,795,165	404,716,417
Other Organisations	540,238	540,140
Total Foreign Currency	302,335,404	405,256,557
Local Currency:		
Public Enterprises	7,131,814,089	12,495,870,285
Margin Deposit in LCs	12,804,495,388	11,877,413,870
Other Organisations	1,013,943,158	701,067,264
Total Local Currency	20,950,252,635	25,074,351,419
Total	21,252,588,039	25,479,607,975

All deposits are non interest bearing and current in nature.

4.12 Short Term Borrowings

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

Particulars	July 16, 2019	July 16, 2018
NRB Bonds	-	-
Deposit Collection-Auction	-	44,550,000,000
Reverse Repo Liabilities	-	-
Total	-	44,550,000,000

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

4.13 IMF Related Liabilities

Particulars	July 16, 2019	July 16, 2018
Foreign Currency:		
Special Drawing Right Allocation	10,468,255,853	10,475,488,916
Interest Bearing Loan :		
Loan under Rapid Credit Facility (RCF)	876,817,665	1,754,847,008
Loan under Extended Credit Facility (ECF)	-	-
Total Foreign Currency	11,345,073,518	12,230,335,924
Local Currency:		
IMF Account No 1	9,443,743,425	9,443,743,425
IMF Account No 2	878,742	878,742
Total Local Currency	9,444,622,167	9,444,622,167
Total	20,789,695,685	21,674,958,091

4.14 Staff Liabilities 0.9

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

Particulars		July 16, 2019	July 16, 2018
Medical Fund (Includes Medical Earning Fund, Interest, etc)		536,315,205	593,320,954
Welfare Provident Fund		554,492,224	518,419,539
Liability for Staff Leave Encashment		897,654,092	981,879,599
Liability for Retired Staff		593,464,996	527,358,878
Gratuity and Pension Fund	18,589,350,597		18,710,462,476
Less: Plan Assets	(19,170,360,000)		(19,391,142,000)
		(581,009,403)	(680,679,524)
Staff Security Fund	1,892,985,892		2,168,339,774
Less: Plan Assets	(2,012,800,000)		(2,013,600,000)
		(119,814,108)	154,739,774
Total		1,881,103,006	2,095,039,220

4.15 Other liabilities

Particulars		July 16, 2019	July 16, 2018
Interest Payable		25,369,322	20,957,582
Asian Clearing Union		126,976,089	193,763,757
Earnest Money		-	-
Insurance Premium Collected from Staff		87,593,610	95,731,091
Other Payables of Project		-	30,501
Payable against GON Bonds		-	-
Unclaimed Account		106,631,904	84,855,262
General Account		6,972,436	6,978,943
Deferred Grant Income		123	123
Other Liabilities		632,346,121	1,000,999,709
Total		985,889,604	1,403,316,968

4.16 Currency in Circulation

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

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

Denomination	July 16, 2019	July 16, 2018
1	161,033,483	161,067,956
2	185,362,442	185,513,184
5	2,679,628,395	2,403,814,900
10	4,144,479,450	3,673,117,530
20	4,986,427,480	4,523,894,180
25	57,243,300	57,347,350
50	10,618,303,600	8,550,438,650
100	17,310,639,600	17,206,082,500
250	87,420,750	87,427,750
500	110,432,982,500	101,386,029,000
1000	356,396,479,000	356,154,767,000
Total	507,060,000,000	494,389,500,000

The currency in circulation at the end of the reporting period included cash-in-hand NRs. 3,809,821,027 (P.Y. NRs. 8,155,854,685).

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

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

Particulars	F.Y. 2018/19	F.Y. 2017/18
Net Income/(Expenditure) for the year	32,162,519,703	69,780,379,032
Foreign Exchange Gain/(Loss) - Unrealised	2,193,530,153	(38,272,111,979)
Net Gold and Silver Revaluation Gain/(Loss)	76,037,528	(3,618,022,578)
Securities Revaluation Gain/(Loss)	-	-
Actuarial gain (Loss) in defined benefit Retirement Schemes	1,341,411,990	1,483,371,084
Surplus/(Deficit) Due to Restatement of Prior Period Errors	(3,486,071)	4,578,042
Reversal of Project Split Interest Reserve Fund	-	4,233,491
Reversal of Investment Revaluation Reserve	-	869,693,096
Reversal of Net Cumulative Surplus Fund	-	-
Surplus Available for Distribution	35,770,013,303	30,252,120,186
Less: Appropriations		
General Reserve	(7,371,159,330)	(6,794,952,019)
Monetary Liability Reserve	(1,788,500,665)	(1,512,606,009)
Financial Stability Fund	(1,788,500,665)	(1,512,606,009)
Development Fund	(11,825,000,000)	(11,000,000,000)
Development Finance Project Mobilisation Fund	(1,504,219)	(18,958,350)
Banking Development Fund	(150,000,000)	(110,000,000)
Mechanisation Fund	(200,000,000)	(150,000,000)
Gold Replacement Fund	(520,775,808)	(55,386,987)
Mint Development Fund	(100,000,000)	-
Net Cumulative Surplus Fund	(4,572,616)	(97,610,812)
Balance Payable to Government of Nepal	12,020,000,000	9,000,000,000

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

4.17 (b) Reserves & Surplus

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

Particulars	July 16, 2019	July 16, 2018
Capital Reserve:		
Gold and Silver Equalization Reserve	26,141,565,798	26,217,603,326
Statutory Reserve:		
General Reserve	40,140,904,254	32,769,744,924
Monetary Liabilities Reserve	8,387,669,682	6,599,169,017
Financial Stability Fund	5,190,155,684	3,401,655,019
Exchange Equalization Fund	94,900,279,724	97,093,809,877
Net Cumulative Surplus Fund	776,017,850	771,445,233
Other Reserves and Funds:		
Development Fund	37,825,989,244	26,000,989,244
Banking Development Fund	1,151,941,806	1,001,941,806
Development Finance Project Mob. Fund	271,276,979	269,772,761
Mechanisation Fund	1,341,316,414	1,141,316,414
Scholarship Fund	61,594,504	61,594,504
Mint Development Fund	647,712,943	547,712,943
Gold Replacement Fund	670,595,008	149,819,200
Investment Revaluation Reserve	-	-
Rural Self Reliance Fund (GS Kosh)	253,400,000	253,400,000
Fair Value Reserve for Equity Instruments	3,742,955,298	3,018,540,609
Project Split Interest Reserve Fund	-	-
Total Reserves and Funds	221,503,375,189	199,298,514,877

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

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4.18 Interest Income

See accounting policy 3.3 . Interest income includes the following:

Particulars	F.Y. 2018/19	F.Y. 2017/18
Foreign Currency Financial Assets		
Income on Bonds/Treasury Bills	18,028,748,904	17,779,430,091
Income from Fixed Term Deposit	12,584,954,198	9,789,862,243
Interest Income from Foreign Gold Deposit	106,977,372	365,128,103
Interest Income on Call Deposit	826,903,774	450,356,670
Sub-total	31,547,584,248	28,384,777,107
Local Currency Financial Assets		
Government Securities	2,903,563,002	2,946,647,805
Investment in Financial and Other Institutions	504,395,556	515,394,605
Loans and Refinance	815,166,800	584,316,107
Sub-total	4,223,125,358	4,046,358,517
Total Interest Income from Financial Assets	35,770,709,606	32,431,135,623

4.19 Interest Expenses

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

Particulars	F.Y. 2018/19	F.Y. 2017/18
Foreign Currency Financial Liabilities		
SDR Allocation & ECF Loan	114,976,450	76,400,976
Others	15,141,303	9,641,494
Sub-total	130,117,753	86,042,470
Local Currency Financial Liabilities		
Deposit Collection	532,179,181	64,704,506
Reverse Repo	2,863,369	5,875,790
NRB Bond	-	-
Sub-total	535,042,550	70,580,296
Total Interest Expense on Financial Liabilities	665,160,304	156,622,766

4.20 Fee and commission income

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

Particulars	F.Y. 2018/19	F.Y. 2017/18
Foreign Currency Financial Assets		
On Currency Exchange	1,208,925	1,233,655
Sub-total	1,208,925	1,233,655
Local Currency Financial Assets		
Government Transaction & Other services	101,568,156	98,918,535
Sub-total	101,568,156	98,918,535
Total Commission Income from Financial Assets	102,777,081	100,152,190

4.21 Fee and commission expense

Particulars	F.Y. 2018/19	F.Y. 2017/18
Foreign Currency Liabilities		
Commission & Charges	69,914,783	24,473,751
Sub-total	69,914,783	24,473,751
Local Currency Liabilities		
Agency Expenses	125,876,345	491,651,891
Sub-total	125,876,345	491,651,891
Total Agency and Service Charge	195,791,127	516,125,642

Agency Expenses Includes Agency Commission Paid to the Following Banks for Operating Government Accounts.

Nepal Bank Ltd.	18,600,000	55,800,000
Rastriya Banijya Bank	30,200,000	90,600,000
Agriculture Development Bank	2,500,000	7,500,000
Total	51,300,000	153,900,000

4.22 Other Income

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

Particulars	F.Y. 2018/19	F.Y. 2017/18
Income from Mint (Sale of Coin)	392,236	264,545
Gain from Sale of Precious Metals and Coins	548,902,926	62,539,138
Fine/Penalty Charge	20,513,888	114,285,634
Profit from Sale of Assets	7,036,678	73,847,508
Dividend Income	14,022,986	62,332,657
Project Income/(Loss)	1,504,219	18,958,350
Grant Income	-	-
Miscellaneous	68,970,076	97,495,472
Total	661,343,008	429,723,304

4.23 Personnel expenses

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

Particulars	F.Y. 2018/19	F.Y. 2017/18
Salary	528,806,033	599,390,594
Allowances	594,987,003	593,896,207
Provident Fund Contribution	52,880,604	59,939,060
Staff Welfare (Including Medical Fund Contribution)	168,004,430	178,867,499
Staff Welfare Provident Fund	491,150,000	446,500,000
Pension & Gratuity Fund	240,322,012	550,602,809
Staff Security Fund	93,958,940	190,052,952
Staff Leave Compensation	120,604,978	253,157,179
Finance Cost under NFRS on Staff Loan	354,505,979	403,369,767
Others	21,822,116	22,773,230
Total	2,667,042,095	3,298,549,296

4.24 Depreciation, amortisation and impairment of non financial assets

Particulars	F.Y. 2018/19	F.Y. 2017/18
Depreciation on Property & Equipment	124,724,344	110,387,117
Impairment of Property & Equipment	-	-
Amortisation of intangible assets	24,466,406	24,364,734
Impairment of intangible assets	-	-
Total	149,190,750	134,751,851

4.25 Operating expenses

Particulars	F.Y. 2018/19	F.Y. 2017/18
Directors Fees and Expenses	6,095,466	6,200,085
Note Printing Charges	853,756,241	947,474,424
Mint Expenses	984,130	1,102,497
Security charges	56,323,875	55,876,464
Remittance Charges	51,106,804	54,067,690
Travelling Expenses	207,930,042	242,822,895
Insurance Charges	130,966,546	97,153,904
Repair & Maintenance	107,186,880	79,089,740
Banking Promotion	47,408,479	55,506,586
Audit Fees and Expenses	2,664,050	2,941,611
Assets Written Off	621,613	481,848
Utilities Expenses	45,774,789	42,407,231
Postal and Communication Expenses	18,040,274	15,327,847
House Rent	12,577,168	2,774,094
Training Seminar and Membership	46,632,459	39,302,916
Expenses on Miscellaneous Assets	6,092,333	6,275,112
Consumable Expenses	22,465,783	19,715,989
Books and Periodicals	7,987,874	8,526,003
Finance Cost under NFRS on GON Bonds	-	46,804,273
Miscellaneous Expenses	136,799,854	115,447,691
Total	1,761,414,659	1,839,298,902

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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 July 16, 2019		As on July 16, 2018	
	Weight (Kg, Gm, Mg)	Total Fair Value (NRs.)	Weight (Kg, Gm, Mg)	Total Fair Value (NRs.)
Investment in Paper Gold	5,863.058993	31,837,001,290	5,863.058993	28,078,523,145
Gold held in Stock	1,953.662100	10,753,933,029	1,953.662100	9,514,334,427
Silver held in Stock	122,466.722182	7,611,306,784	122,466.722182	7,874,610,236
Total		50,202,241,103		45,467,467,808

Fair value for gold and silver was based on the closing rate prevailing in London Market and Nepal Gold & Silver Dealer's Association respectively. For gold physically held with the bank, the rate for Tejabi Gold 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 is as follows:

Particulars	As on July 16, 2019		As on July 16, 2018	
	Weight (Kg, Gm, Mg)	Value (NRs.)	Weight (Kg, Gm, Mg)	Value (NRs.)
Gold held in Stock	592.963420	1,789,665,516	781.311607	2,114,210,086
Silver held in Stock	3259.507650	64,295,747	3614.048202	66,380,138
Total		1,853,961,263		2,180,590,224

5.2 Yearend Exchange Rates

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

S.N.	Currency	Current Year	Previous Year
1	US Dollar	109.36	109.34
2	UK Pound Sterling	137.25	144.71
3	Euro	123.34	127.77
4	Swiss Franc	111.39	109.15
5	Australian Dollar	76.89	81.21
6	Canadian Dollar	83.92	83.10
7	Singapore Dollar	80.65	80.06
8	Japanese Yen	1.014	0.973
9	Chinese Yuan	15.91	16.34
10	Saudi Arabian Riyal	29.16	29.16
11	Qatari Riyal	30.04	30.03
12	Thai Baht	3.54	3.28
13	UAE Dirham	29.77	29.77

14	Malaysian Ringgit	26.62	26.99
15	South Korean Won	0.0927	0.0967
16	Swedish Kroner	11.68	12.31
17	Danish Kroner	16.52	17.14
18	Hong Kong Dollar	13.97	13.93
19	Kuwait Dinar	359.34	361.34
20	Bahrain Dinar	290.09	290.03
21	SDR	153.7198	153.826
22	Indian Rupees	1.60	1.60

5.3 Related Parties and Transactions with them

5.3.1 Key Management Personnel

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

S.N.	Name	Post	Date	R e m a r k s
1	Dr. Chiranjibi Nepal	Governor	Mar. 22, 2015	
2	Dr. Rajan Khanal	Finance Secretary/Board	Apr. 9, 2018	
3	Chinta Mani Siwakoti	Deputy Governor	Mar. 2, 2018	
4	Shiba Raj Shrestha	Deputy Governor	Mar. 2, 2018	
5	Dr. Sri Ram Poudyal	Board Member	Apr. 16, 2017	
6	Ramjee Regmi	Board Member	Apr. 16, 2017	
7	CA.Dr. Suvod Kumar Karn	Board Member	Apr. 24, 2018	
8	Narayan Prasad Paudel	Executive Director	Sept. 23, 2012	retired w.e.f. June 8, 2019
9	Nara Bahadur Thapa	Executive Director	June 17, 2013	retired w.e.f. . June 8, 2019
10	Janak Bahadur Adhikari	Executive Director	Nov. 26, 2013	retired w.e.f. May 24, 2019
11	Bhisma Raj Dhungana	Executive Director	Aug. 31, 2014	retired w.e.f. . June 8, 2019
12	Laxmi PrapannaNiroula	Executive Director	Aug. 31, 2014	
13	Shankar Prashad Acharya	Executive Director	Dec. 4, 2014	retired w.e.f. Aug. 13, 2018
14	Maheshwor Lal Shrestha	Executive Director	Nov. 2, 2015	
15	Bhuban Kadel	Executive Director	Mar. 16, 2016	
16	Dr.Nophil Matangi Maskay	Executive Director	Apr. 24, 2016	
17	Upendra Kumar Paudel	Executive Director	Aug. 7, 2016	retired w.e.f. Sept. 24, 2018
18	Dr. Bhubanesh Prasad Pant	Executive Director	Sept. 17, 2016	retired w.e.f. Oct. 3, 2018
19	Neelam Dhungana(Timsina)	Executive Director	May 28, 2017	
20	Jhalak Sharma Acharya	Executive Director	Jan. 3, 2018	retired w.e.f. . June 8, 2019
21	Dev Kumar Dhakal	Executive Director	Mar. 28, 2018	
22	Mukunda Kumar Chhetri	Executive Director	Mar. 28, 2018	
23	Pitambar Bhandari	Executive Director	Mar. 28, 2018	
24	Sunil Udash	Executive Director	Mar. 28, 2018	
25	Rishikesh Bhatta	Executive Director	Aug. 28, 2018	
26	Pradeep Raj Poudyal	Executive Director	Oct. 4, 2018	
27	Gunakar Bhatta	Executive Director	Oct. 23, 2018	
28	Naresh Shakya	Executive Director	June 14, 2019	
29	Suman Kumar Adhikari	Executive Director	June 26, 2019	
30	Prakash Kumar Shrestha	Executive Director	June 26, 2019	
31	Sarita Bhatta (adhikari)	Executive Director	June 26, 2019	

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

i. *Transactions with Key Management Personnel*

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

Particulars	Current Year (NRs.)	Previous Year (NRs.)
Short term employee benefits	75,933,312	70,808,464
Post-employment benefits	96,671,018	35,767,108
Other long term benefits	-	-
Total	172,604,330	106,575,571

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	8,925,042	6,200,085
Loan Facilities	73,984,100	89,937,115

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

Board Members are entitled for meeting allowance of NRs. 5,000.00 per meeting. In addition, non-executive board members are entitled for fuel, vehicle repair, telephone, newspaper, internet, medicine & facilities. Details of such salary, benefits and other facilities provided to executive as well as non-executive board members for FY 2075/76 are provided below:

Name	Post	Salary	Board Meeting Allowances	Other Allowances & Facilities
Dr. Chiranjibi Nepal	Governor	1,180,800	285,000	2,072,399
Dr. Rajan Khanal	Finance Secretary/Board Member		200,000	121,000
Mr. Chinta Mani Siwakoti	Deputy Governor	1,054,800	240,000	2,661,839
Mr. Shiba Raj Shrestha	Deputy Governor	1,054,800	275,000	2,641,774
Dr. Sri Ram Poudyal	Board Member		285,000	540,885
Mr. Ramjee Regmi	Board Member		270,000	300,885
CA.Dr. Suvod Kumar Karn	Board Member		235,000	540,820
	Total	3,290,400	1,790,000	8,879,602

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	101,568,156	98,918,534
Payment made to GON from surplus (As per Financial Statement of Previous Year)	9,000,000,000	7,500,000,000
Advance payment to GON	2,000,000,000	-
Balances at the year end		
Deposit from GON	95,605,371,467	144,165,917,369
Interest Receivable from GON	1,010,339,989	1,010,339,989
Advance payment to GON	2,000,000,000	-
Investment in Treasury Bills (GON)	18,431,422,742	25,600,825,674
Investment in Bonds (GON)	225,339,574	216,672,667
Investment in Saving Certificates (GON)	46,799,852,672	48,427,193,215

ii. Government of Nepal Treasury Position

Balance of Government of Nepal as of 31st Asar 2076 as per the records of the bank was a surplus balance of NRs. 95,605,371,467 (P.Y. NRs. 144,165,917,368). 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. The surplus balance of Government Treasury position as of July 16, 2018 was finalized at Jan. 14, 2019.

5.4 Inter-Office Transactions

The balance of inter-office transactions under reconciliation is NRs. 6,972,435.72 (PY NRs. 6,978,943.02) which is presented as general account under Other liabilities.

5.5 Assets Received in Grant

The various assets received as grant under the Financial Sector Restructuring Project (phase I and II) was valued at NRs. 11,585,586, out of which there was a written down balance of NRs. 123 (PY NRs.123) at the yearend. During the year, assets used in UNCDF/NRB/UNNATI-Access to Finance Project (A2F) were received as grant after the completion of the project which were recognized at nominal value of NRs. 21.

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 yearend was as follows:

- a) By Nature of Assets

Particulars	As on July 16, 2019	As on July 16, 2018
Cash Equivalents	736,487,042,343	807,123,944,475
Loans and Advances to Bank and Financial Institutions	22,894,754,410	12,220,303,401
Loans and Advances to Others	15,049,976,973	2,144,802,143
Gold and Silver	50,202,241,103	45,467,467,808
Investment Securities	223,127,793,161	232,984,574,153
Other Assets	2,304,387	17,312,233
TOTAL ASSETS	1,047,764,112,376	1,109,958,404,214

- b) By Geographical Region

Particulars	As on July 16, 2019	As on July 16, 2018
India	223,315,857,841	240,523,189,482
USA	124,290,297,087	126,162,164,066
Germany	273,481,782	192,077,300
Switzerland	33,224,194,558	54,016,971,573
United Kingdom	13,543,713,120	4,073,288,713
France	26,218,785,493	28,164,274,635
Japan	1,621,926,459	5,642,751,247
Netherland	-	-
Bahrain	106,558,898,611	61,970,358,189
Australia	-	-
Singapore	141,548,748,897	68,670,617,918
Canada	9,366,587	79,169,937
Belgium	-	-
Hong Kong	117,862,358,254	203,526,814,568
U.A.E	26,114,927,068	21,902,272,015
China	59,504,974,363	60,000,571,621
Iran	-	-
Bangladesh	17,107,436,144	28,630,894,020
Thailand	-	-
Nepal	156,569,146,112	206,402,988,929
Total	1,047,764,112,376	1,109,958,404,214

c) By Nature of the Entity

Particulars	As on July 16, 2019	As on July 16, 2018
Central Banks	44,674,832,075	43,387,687,461
Bank for International Settlement	6,156,486,180	11,039,549,998
Foreign Government	355,404,957,553	363,505,143,562
International Monetary Fund	354,810,632	164,054,814
Foreign Commercial Banks	529,526,727,770	585,905,722,484
Domestic Banks and FIs	26,619,767,601	15,572,456,095
Government of Nepal	67,456,614,988	74,244,691,556
Equity Instruments	4,517,634,218	3,783,220,109
Other Parties	13,052,281,359	12,355,878,134
Total	1,047,764,112,376	1,109,958,404,214

d) By Credit Rating

Particulars	Rating	As on July 16, 2019		As on July 16, 2018	
		Amount (NRs.)	%	Amount (NRs.)	%
Foreign Currency					
Financial Assets					
AAA	20,870,199,866	1.99		34,823,423,050	3.14
AA+	-	-		126,162,164,066	11.37
AA-	33,722,888,590	3.22		38,127,522,188	3.44
AA	-	-		4,073,288,713	0.37
A+	35,783,286,448	3.42		67,926,813,980	6.12
A	130,172,053,135	12.42		223,479,906,218	20.14
A-	-	-		5,631,938,097	0.51
BBB+	35,651,905,966	3.40		-	-
BBB-	167,800,498,611	16.02		320,061,418,189	28.84
Other*	512,116,981,594	48.88		183,521,920,063	16.54
Total		936,117,814,210	89.34	1,003,808,394,563	90.45
Local Currency					
Financial Assets	Other**	109,646,298,166	10.66	106,150,009,651	9.55
Total Financial Assets		1,047,764,112,376	100.00	1,109,958,404,214	100.00

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

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

5.6.1.2 Impairment Losses

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

Particulars	Allowances for Diminution in Value of Equity Investment	Allowances for Doubtful Investment in Fixed Deposit	Allowances for Doubtful Refinance/Loan	Allowances for Doubtful Receivables
Balance as on July 15, 2017	7,500,000	330,653,903	10,000,000	10,329,878
Impairment Loss Recognized	-	-	-	-
Amount Written Off	-	-	-	-
Reversal of Impairment Loss	-	76,893,903	-	7,994,046
Balance as on July 16, 2018	7,500,000	253,760,000	10,000,000	2,335,832
Impairment Loss Recognized	-	-	-	-
Amount Written Off	-	-	-	-
Reversal of Impairment Loss	-	-	-	-
Balance as on July 16, 2019	7,500,000	253,760,000	10,000,000	2,335,832

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

i. Impairment for equity instruments

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

Name of Entity	As on July 16, 2019			As on July 16, 2018		
	Amount of Equity investment	Impairment Amount	Net Assets	Amount of Equity investment	Impairment Amount	Net Assets
Agricultural Project Services Centre	5,000,000	5,000,000	-	5,000,000	5,000,000	-
National Productivity and Eco. Dev.	2,500,000	2,500,000	-	2,500,000	2,500,000	-
Total	7,500,000	7,500,000	-	7,500,000	7,500,000	-

ii. Impairment for investment in fixed deposit

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

Name of Entity	As on July 16, 2019			As on July 16, 2018		
	Amount of Fixed Deposit	Impairment Amount	Net Assets	Amount of Fixed Deposit	Impairment Amount	Net Assets
Capital Merchant Banking and Finance Ltd.	188,360,000	188,360,000	-	188,360,000	188,360,000	-
Crystal Finance Ltd.	23,800,000	23,800,000	-	23,800,000	23,800,000	-
Himalaya Finance Ltd.	41,600,000	41,600,000	-	41,600,000	41,600,000	-
Total	253,760,000	253,760,000	-	253,760,000	253,760,000	-

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

iii. Impairment for Refinance/Loans

The bank has provided loans at subsidized rate to one of the existing Grameen Bikas Bank (currently merged to Grameen Bikas Laghubitta BittiyaSanstha Ltd.) and the loan has been matured since long. But it is yet to realize the amount and hence made provision for the impairment for full amount.

Name of Entity	As on July 16, 2019			As on July 16, 2018		
	Amount of Loan	Impairment Amount	Net Assets	Amount of Loan	Impairment Amount	Net Assets
Grameen Bikas Laghubitta Bittiya SansthaLtd.	10,000,000	10,000,000	-	10,000,000	10,000,000	-
Total	10,000,000	10,000,000	-	10,000,000	10,000,000	-

iv. Impairment for Receivables

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

5.6.1.3 Credit Quality

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

Counterparties	As on July 16, 2019	As on July 16, 2018
External Credit Rating at least AAA/BBB- from credit rating agency	23,921,042,988	413,393,643,476
Non Rated Counterparties	505,605,684,782	172,318,315,251
Central Banks	44,674,832,075	43,387,687,461
Bank for International Settlement	6,156,486,180	11,039,549,998
Foreign Government	355,404,957,553	363,505,143,562
International Monetary Fund	354,810,632	164,054,814
Government of Nepal	67,456,614,988	74,244,691,556
Financial Assets with Other Counterparties:	44,189,683,178	31,711,554,338
- Party with Normal Risk	43,916,087,347	31,631,722,264
- Party with High Risk	273,595,832	273,595,831
Total	1,047,764,112,376	1,109,958,404,214

5.6.2 Liquidity Risk

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

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

5.6.2.1 Assets Held for Managing Liquidity Risk

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

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

5.6.2.2 Maturity Profile of Financial Assets

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

Current Year Figures (NRs.)

Particulars	Contractual and Other Cash Flows					
	Carrying Amount	upto 1 month	1-3 months	3-12 months	1 -3 Year	More than 3 Year
Cash Equivalents	736,487,042,343	80,626,538,764	655,860,503,579			
Loans and Advances to Bank and Financial Institutions	22,894,754,410			22,894,754,410		
Loans and Advances to Others						
Receivable from GON against payment to IMF						
Advance Payment to GON	2,000,000,000	2,000,000,000				
Balance with ACU						
Gross Loans to Employees	3,438,899,076	106,949,761	202,895,045	412,667,889	481,445,871	2,234,940,510
Interest Receivable	5,836,052,291	700,326,275	933,768,367	4,201,957,649		
Advance to Staff	8,427,189	842,719	1,264,078	5,646,216	421,359	252,816
Sundry Debtors	122,688,589		73,613,154	36,806,577	12,268,859	
Prepaid Expenses	614,978	7,380	30,749	576,849		
Pension Advance Account	2,684,059,189	34,892,769	53,681,184	161,043,551	233,513,149	2,200,928,535
Staff Endowment Policy Advance	10,401,500					10,401,500
Other						
Investment Securities						
US Government Treasury Notes/Bonds	65,589,931,430			96,633,241	10,913,426,674	54,579,871,515
Government Treasury Notes/Bonds (CNY)	59,059,765,279	2,207,725,376	7,072,278,516	22,410,419,378	27,369,342,009	
Investment in Mid-term Instruments	2,730,109,799			29,708,278	2,700,401,521	
Notice Deposit (JPY)						
Government Bond (GON)	225,339,574				225,339,574	
Fixed deposit with Bank & Financial Institutions	3,711,072,000	21,200,000	819,900,000	2,869,972,000		
Government Treasury Bills (GON)	18,431,422,742	9,330,750	5,712,482,518	12,709,609,474		
Saving Certificates (GON)	46,799,852,672		77,540,000	1,324,472,106	36,963,698,382	8,434,142,183
Investment in Rural Self Reliance Fund	253,400,000					253,400,000
Quoted equity securities	1,926,257,845					1,926,257,845
Unquoted equity securities	2,337,976,374					2,337,976,374
Other Assets	2,304,387					2,304,387
Total	974,550,371,665	85,707,813,794	670,807,957,190	67,154,267,620	78,899,857,399	71,980,475,663

Previous Year Figures (NRs.)

Particulars	Contractual and Other Cash Flows					
	Carrying Amount	upto 1 month	1-3 months	3-12 months	1 -3 Year	More than 3 Year
Cash Equivalents	807,123,944,475	80,626,538,764	726,497,405,712			
Loans and Advances to Bank and Financial Institutions	12,220,303,401			12,220,303,401		
Loans and Advances to Others				-		
Receivable from GON against payment to IMF	-		-			
Balance with Asian Clearing Union (ACU)	-					
Gross Loans to Employees	3,536,562,760	176,828,138	176,828,138	353,656,276	530,484,414	2,298,765,794
Interest Receivable	5,790,048,546	579,004,855	579,004,855	4,632,038,836		
Advance to Staff	12,017,500	1,201,750	1,802,625	8,051,725	600,875	360,525
Sundry Debtors	401,416,335		240,849,801	120,424,901	40,141,634	
Prepaid Expenses	945,099	9,451	47,255	888,393		
Pension Advance Account	2,393,372,855	23,933,729	47,867,457	47,867,457	239,337,285	2,034,366,927
Staff Endowment Policy Advance	9,977,500					9,977,500
Other	461,548				461,548	
Investment Securities						
US Government Treasury Notes/Bonds	65,546,403,362			20,554,522,183	30,805,550,966	14,186,330,213
Government Treasury Notes/Bonds (CNY)	58,989,291,902	6,344,751,218	1,197,604,829	30,257,366,894	21,189,568,960	
Investment in Mid-term Instruments	8,387,708,224			8,387,708,224		
Notice Deposit (JPY)	18,701,060,000				5,610,318,000	13,090,742,000
Government Bond (GON)	216,672,667					216,672,667
Fixed deposit with Bank & Financial Institutions	3,332,199,000			3,332,199,000		
Government Treasury Bills (GON)	25,600,825,674		25,600,825,674			
Saving Certificates (GON)	48,427,193,215					48,427,193,215
Investment in Rural Self Reliance Fund	253,400,000					253,400,000
Quoted equity securities	1,448,320,962					1,448,320,962
Unquoted equity securities	2,081,499,147					2,081,499,147
Other Assets	17,312,233					17,312,233
Total	1,064,490,936,406	87,752,267,904	754,342,236,345	79,915,027,291	58,416,463,682	84,064,941,183

5.6.2.3 Maturity Profile of Financial Liabilities

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

Current Year Figures (NRs.)

Particulars	Contractual and Other Cash Flows					
	Carrying Amount	upto 1 month	1-3 months	3-12 months	1 -3 Year	More than 3 Year
Bills Payable	221,828,105	221,828,105	-		-	-
Deposits from Bank and Financial Institutions	185,385,094,042	37,077,018,808	10,075,679,634	18,538,509,404	119,693,886,195	-
Deposit from Government of Nepal	95,605,371,467	20,077,128,008	22,945,289,152	30,593,718,870	21,989,235,437	-
Deposits from Others	21,252,588,039	5,100,621,129	4,888,095,249	11,263,871,661	-	-
Short Term Borrowings	-	-	-		-	-
IMF Related Liabilities	20,789,695,685	-	-	878,742		20,788,816,943
Staff Liabilities	1,881,103,006	1,147,957,220	94,055,150	262,870,035	188,110,301	188,110,301
Other Liabilities	985,889,604		985,889,604		-	-
Total	326,121,569,948	63,624,553,270	38,989,008,790	60,659,848,711	141,871,231,934	20,976,927,244

Previous Year Figures (NRs.)

Particulars	Contractual and Other Cash Flows					
	Carrying Amount	upto 1 month	1-3 months	3-12 months	1 -3 Year	More than 3 Year
Bills Payable	115,622,742	115,622,742				
Deposits from Bank and Financial Institutions	208,116,242,256	41,623,248,451	3,460,173,528	20,811,624,226	142,221,196,051	
Deposit from Government of Nepal	144,165,917,368	57,666,366,947	86,499,550,421			
Deposits from Others	25,479,607,975	5,095,921,595	20,383,686,380			
Short Term Borrowings	44,550,000,000	14,400,000,000				
IMF Related Liabilities	21,674,958,091				21,674,958,091	
Staff Liabilities	2,095,039,220	1,045,778,416	419,007,844	211,245,116	209,503,922	209,503,921.97
Other Liabilities	1,403,316,968		1,403,316,968			
Total	447,600,704,619	119,946,938,152	112,165,735,141	21,022,869,341	164,105,658,064	209,503,922

5.6.3 Market Risk

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

5.6.3.1 Currency Risk:

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

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

Current Year Figures (NRs.)

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

Previous Year Figures (NRs.)

Particulars	USD	AUD	EUR	GBP	CNY	CAD	SDR	JPY
	54.79	3.62	0.45	1.77	10.45	0.80	0.02	1.93
Cash and Cash Equivalents	469,621,700,195	31,715,381,105	4,628,912,527	18,303,424,884	48,120,145,415	8,307,221,003	164,054,814	1,300,375,611
Loans and Advances to Bank and Financial Institutions								
Loans and Advances to Others	1,680,307,154	85,362,439		9,824,167	1,121,904,696	15,723,868		
Gold and Silver	28,078,523,145							
Investment Securities	68,253,577,277	5,680,534,309			58,989,291,902			18,701,060,000
Other Assets								
Total Financial Assets	567,634,107,771	37,481,277,852	4,628,912,527	18,313,249,051	108,231,342,013	8,322,944,871	164,054,814	20,001,435,611
Bills Payable								
Deposits from Bank and Financial Institutions	1,165,867,060	2,514,353	1,636,484,067	147,324,175				
Deposit from Government of Nepal								
Deposits from Others	540,140							
Short Term Borrowings								
IMF Related Liabilities							12,230,335,924	
Staff Liabilities								
Other Liabilities	4,920		54,251,461					
Total Financial Liabilities	1,166,412,120	2,514,353	1,690,735,528	147,324,175	0	0	12,230,335,924	0
Net Financial Position Exposure	566,467,695,651	37,478,763,499	2,938,176,999	18,165,924,876	108,231,342,013	8,322,944,871	-12,066,281,110	20,001,435,611

Besides above currency exposures, the bank's foreign currency reserve also consists major portion of Indian currency (INR) denominated assets which stands around 24.49% (PY 24.44%) of total reserve. Since, the exchange rate of Nepalese rupee is pegged to INR the net exposure position of INR has not been presented in above table. The foreign currency reserve denominated in currencies other than stated above and INR amounted to 1.87% (PY 1.75%) of the total foreign currency reserve.

5.6.3.2 Sensitivity Analysis of Currency Risk

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

	Impact on Profit or Loss			
	In case of Strengthening or Weakening of Currency by 10%			
	For the Fiscal Year Ended July 16, 2019		For the Fiscal Year Ended July 16, 2018	
	Strengthening	Weakening	Strengthening	Weakening
USD	53,956,377,832	-53,956,377,832	56,646,769,565	-56,646,769,565
AUD	3,142,992,237	-3,142,992,237	3,747,876,350	-3,747,876,350
EUR	-653,850,780	653,850,780	293,817,700	-293,817,700
GBP	728,801,670	-728,801,670	1,816,592,488	-1,816,592,488
CNY	10,464,499,704	-10,464,499,704	10,823,134,201	-10,823,134,201
CAD	879,622,612	-879,622,612	832,294,487	-832,294,487
SDR	-1,099,026,289	1,099,026,289	-1,206,628,111	1,206,628,111
JPY	347,883,585	-347,883,585	2,000,143,561	-2,000,143,561
Total	67,767,300,570	-67,767,300,570	74,954,000,241	-74,954,000,241

5.6.3.3 Interest Rate Risk

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

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

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

Particulars	Weighted Average Interest Rate %	As on July 16, 2019	As on July 16, 2018
<u>Interest Sensitive Financial Assets</u>			
Balances with Other Banks	0.23	80,612,597,573	98,530,337,509
GOI Treasury Bills	6.21	220,338,423,350	235,503,932,213
US Government Treasury Bills	2.25	16,311,683,916	16,354,309,087
Time Deposit	2.46	418,855,585,681	454,376,878,804
Investment in FIXBIS	-	-	2,174,478,354
IMF Related Assets: SDR Holdings	1.08	354,810,632	164,054,814
General Refinance	4	19,313,678,409	9,993,957,858
Special/Export Refinance	1	866,118,842	402,125,496
Standing Liquidity Facility	6.5	500,000,000	-
<u>Loans to Employees</u>			
House loan Uninsured	1	1,332,864	1,358,700
House Repair Loan Uninsured	1	679,857,964	783,105,532
Vehicle Loan Uninsured	3	18,643,296	45,247,931
Staff Loan Uninsured 2068	1	574,512,694	655,742,445
Investment in Paper Gold	0.4	31,837,001,290	28,078,523,145
US Government Treasury Notes/Bonds	1.71	65,589,931,430	65,546,403,362
Government Treasury Notes/Bonds (CNY)	3.43	59,059,765,279	58,989,291,902
Investment in Mid-term Instruments	1.5	2,730,109,799	8,387,708,224
Notice Deposit (JPY)	-	-	18,701,060,000
Time Deposit	2.74	22,062,665,446	-
Fixed deposit with Bank & Financial Institutions	10.14	3,711,072,000	3,332,199,000
Government Treasury Bills (GON)	3.91	18,431,422,742	25,600,825,674
Saving Certificates (GON)	3.68	46,799,852,672	48,427,193,215
Total Interest Sensitive Financial Assets		1,008,649,065,880	1,075,661,205,751
<u>Interest Sensitive Financial Liabilities</u>			
IMF Related Liabilities	1.05	20,789,695,685	21,674,958,091
Short Term Borrowings	-	-	44,550,000,000
Total Interest Sensitive Financial Liabilities		20,789,695,685	66,224,958,091
Net Interest Sensitive Financial Position		987,859,370,195	1,009,436,247,660

5.6.3.4 Other Market Prices Risk

Equity price risk arises from investment as fair value through Other Comprehensive Income as well as investment as fair value through profit or loss. The Bank monitors the mix of debt and equity securities in its investment portfolio based on market indices. Material investments within the portfolio are managed on individual basis. The objective for investment in equity instruments is to promote overall financial system of the country. These investments were made under the specific directives or policies of the Government of Nepal and other relevant statutes. At the end of reporting period, the Bank held equity instruments of the various 11 institutions. All the investments were measured at fair value.

5.6.4 Classification and Fair Value of financial assets

The fair value of financial assets and liabilities together with the carrying amounts as at the yearend were as follows:

Particulars	Fair Value through P/L	Fair Value through OCI	Amortised Cost	Cash & Cash Equivalents	Financial Liabilities	Total Carrying Amount	Fair Value
Cash & Cash Equivalents			755,847,715,109			755,847,715,109	755,847,715,109
Loans and Advances to Bank and Financial Institutions		22,894,754,410				22,894,754,410	22,894,754,410
Loans and Advances to Others		15,049,976,973				15,049,976,973	15,049,976,973
Gold and Silver	50,202,241,103					50,202,241,103	50,202,241,103
Investment Securities	4,264,234,218	218,863,558,942				223,127,793,161	223,127,793,161
Other Assets		2,304,387				2,304,387	2,304,387
Total Financial Assets	54,466,475,322	256,810,594,711	755,847,715,109			1,067,124,785,142	1,067,124,785,142
Bills Payable				221,828,105		221,828,105	221,828,105
Deposits from Bank and Financial Institutions				185,385,094,042		185,385,094,042	185,385,094,042
Deposit from Government of Nepal				95,605,371,467		95,605,371,467	95,605,371,467
Deposits from Others				21,252,588,039		21,252,588,039	21,252,588,039
Short Term Borrowings							
IMF Related Liabilities				20,789,695,685		20,789,695,685	20,789,695,685
Staff Liabilities				1,881,103,006		1,881,103,006	1,881,103,006
Other Liabilities				985,889,604		985,889,604	985,889,604
Total Financial Liabilities	-	-	-	326,121,569,948		326,121,569,948	326,121,569,948
Net Financial Position	54,466,475,322	256,810,594,711	755,847,715,109	-326,121,569,948		741,003,215,194	741,003,215,194

5.6.5 Fair Value Hierarchy

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

Level 1 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.

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

As at July 16, 2019		Carrying Value	At Amortised Cost	Level 1	Level 2	Level 3
Financial Assets						
Financial assets carried at amortized cost						
Cash Equivalents		736,487,042,343				
Balance with Other Banks		80,626,538,764	80,626,538,764			
Treasury Bills		236,650,107,266	236,650,107,266			
Investments		354,810,632	354,810,632			
Time Deposit		418,855,585,681	418,855,585,681			
Loans & Advances to BFIs		22,894,754,410	22,894,754,410			
Loans & Advances to Others		15,049,976,973				
Receivables from Government & International Agencies		2,000,000,000	2,000,000,000			
Loans to Employees		3,438,899,076	3,438,899,076			
Interest Receivables		5,836,052,291	5,836,052,291			
Other Advances		3,775,025,606	3,775,025,606			
Gold & Silver at fair value		50,202,241,103	50,202,241,103			
Investment Securities		223,127,793,161				
Investment Securities at Amortized Cost		218,863,558,942	218,863,558,942			
At Fair Value through Other Comprehensive Income (OCI)		4,246,426,287			1,926,257,845	2,337,976,374
Other Assets		2,304,387				2,304,387
Total Financial Assets		1,047,764,112,376	993,295,332,668	50,202,241,103	1,926,257,845	2,340,280,760
Financial Liabilities						
Financial liabilities carried at amortized cost:						
Bills Payable		221,828,105	221,828,105			
Deposits from Bank and Financial Institutions		185,385,094,042	185,385,094,042			
Deposit from Government of Nepal		95,605,371,467	95,605,371,467			
Deposits from Others		21,252,588,039	21,252,588,039			
Short Term Borrowings		-	-			
IMF Related Liabilities		20,789,695,685	20,789,695,685			
Staff Liabilities		1,881,103,006				1,881,103,006
Other Liabilities		985,889,604	985,889,604			
Total Financial Liabilities		326,121,569,948	324,240,466,942	-	-	1,881,103,006
As at July 16, 2018		Carrying value		Level 1	Level 2	Level 3
Financial Assets						
Financial assets carried at amortized cost:						
Cash Equivalents		807,123,944,475				
Balance with Other Banks		98,550,291,204	98,550,291,204			-
Treasury Bills		251,858,241,300	251,858,241,300			-
Investments		2,338,533,167	2,338,533,167			-
Time Deposit		454,376,878,804	454,376,878,804			-
Loans & Advances to BFIs		12,220,303,401	12,220,303,401			-
Loans & Advances to Others		12,144,802,143				-
Receivables from Government & International Agencies		-	-			-
Loans to Employees		3,536,562,760	3,536,562,760			-
Interest Receivables		5,790,048,546	5,790,048,546			-
Other Advances		2,818,190,838	2,818,190,838			-
Gold & Silver at fair value		45,467,467,808		45,467,467,808		-
Investment Securities		232,984,574,153				
Investment Securities at Amortized Cost			229,454,754,044	229,454,754,044		
At Fair Value through Other Comprehensive Income (OCI)	3,529,820,109			1,448,320,962	2,081,499,147	
Other Assets		17,312,234				17,312,234
Total Financial Assets		1,09,958,404,214	1,060,943,804,063	45,467,467,808	1,448,320,962	2,098,811,380
Financial Liabilities						
Financial liabilities carried at amortized cost:						
Bills Payable		115,622,742	115,622,742			
Deposits from Bank and Financial Institutions		208,116,242,256	208,116,242,256			
Deposit from Government of Nepal		144,165,917,368	144,165,917,368			
Deposits from Others		25,479,607,975	25,479,607,975			
Short Term Borrowings		44,550,000,000	44,550,000,000			
IMF Related Liabilities		21,674,958,091	21,674,958,091			
Staff Liabilities		2,095,039,220				2,095,039,220
Other Liabilities		1,403,316,968	1,403,316,968			
Total Financial Liabilities		447,600,704,620	445,505,665,400	-	-	2,095,039,220

5.7 Employees Benefits - Defined Benefit Plans

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

The gratuity or pension plan and staff security plan are funded plan wherein the bank makes earmarked investment out of fund created for these plans. Leave encashment is not a funded plan.

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

The details of the net liabilities based on actuarial valuation of obligation for two 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 July 16, 2019		As on July 16, 2018	
	Pension or Gratuity Plan	Staff Security Plan	Pension or Gratuity Plan	Staff Security Plan
Present Value of Obligations	18,589,350,597	1,892,985,892	18,710,462,476	2,168,339,774
Fair Value of Plan Assets/Current Balance of Provision Account	(19,170,360,000)	(2,012,800,000)	(19,391,142,000)	(2,013,600,000)
Net Liability / (Asset)	(581,009,403)	(119,814,108)	(680,679,524)	154,739,774

Changes in Fair Value of Defined Benefit Obligation

Particulars	For the FY Ended July 16, 2019		For the FY Ended July 16, 2018	
	Pension or Gratuity Plan	Staff Security Plan	Pension or Gratuity Plan	Staff Security Plan
Opening Obligation	18,710,462,476	2,168,339,774	18,451,547,560	2,673,590,776
Current Service Cost	304,152,427	108,557,408	454,812,717	149,789,143
Interest Cost	1,458,088,602	150,130,107	1,442,112,165	302,762,005
Actuarial Losses (Gains)	(918,851,859)	(66,367,669)	(787,718,964)	(285,841,981)
Losses (Gains) on Curtailments				
Benefits Paid	(964,501,049)	(467,673,728)	(850,291,002)	(671,960,169)
Closing Obligation	18,589,350,597	1,892,985,892	18,710,462,476	2,168,339,774

Changes in Fair Value of Plan Assets

Particulars	For the FY Ended July 16, 2019		For the FY Ended July 16, 2018	
	Pension or Gratuity Plan	Staff Security Plan	Pension or Gratuity Plan	Staff Security Plan
Opening Fair Value	19,391,142,000	2,013,600,000	15,975,407,000	1,923,466,000
Investment adjustment	(1,299,121,006)			
Expected Return	1,521,919,017	164,728,575	1,346,322,073	146,745,046
Actuarial Gains (Losses)	520,921,037	(164,728,575)	556,555,185	(146,745,046)
Contribution by Employer	-	466,873,728	2,363,148,744	646,341,019
Benefits Paid	(964,501,049)	(467,673,728)	(850,291,002)	(556,207,019)
Closing Fair Value	19,170,360,000	2,012,800,000	19,391,142,000	2,013,600,000

Amount Recognized in the Statement of Comprehensive Income

Particulars	For the FY Ended July 16, 2019		For the FY Ended July 16, 2018	
	Pension or Gratuity Plan	Staff Security Plan	Pension or Gratuity Plan	Staff Security Plan
Charged to Statement of Income	(240,322,012)	(93,958,940)	190,052,952	550,602,809
Actuarial Losses Recognized in OCI	1,439,772,896	(98,360,906)	(139,096,935)	(1,344,274,149)
Total Employee Benefit Expense	1,199,450,884	(192,319,846)	50,956,017	(793,671,340)

Major Categories of Plan Assets as a Percentage of Total Plans

Particulars	For the FY Ended July 16, 2019		For the FY Ended July 16, 2018	
	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 FY Ended July 16, 2019		For the FY Ended July 16, 2018	
	Pension or Gratuity Plan	Staff Security Plan	Pension or Gratuity Plan	Staff Security Plan
Discount Rate	8%	8%	8%	8%
Expected Return on Plan Asset	8%	8%	8%	8%
Future Salary Increase	10%	10%	10%	10%
Future Pension Increase	6.70%	6.70%	6.70%	6.70%
Withdrawal Rate	0.50%	0.50%	0.50%	0.50%

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

Particulars	Change	For the FY Ended July 16, 2019		For the FY Ended July 16, 2018	
		Pension or Gratuity	Staff Security	Pension or Gratuity	Staff Security
Discount Rate	-1%	13.21%	12.15%	13.94%	9.63%
	+1%	-10.80%	-10.22%	-11.44%	-8.24%
Salary & Pension Increment Rate	-1%	-8.03%	-9.32%	-8.53%	-7.38%
	+1%	9.22%	10.80%	9.77%	8.42%
Mortality Rate	1 year setback	3.38%	0.11%	3.05%	0.10%
	1 year setforward	-3.35%	-0.12%	-3.45%	-0.12%

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

5.8 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 Equalisation 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. 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:

5.8.1 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. 1,788,500,665 (P.Y. NRs. 1,512,606,009) 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. 1,788,500,665 (P.Y. NRs. 1,512,606,009) was appropriated to this fund.

c) General Reserve

This reserve is maintained as per section 41 (1) (kha) of the NRB Act and as per the provision of the section, an amount prescribed by the Board not less than ten percent of the net income available for appropriation of the Bank shall be allocated in the general reserve fund established by the Bank. While allocating an amount in the general reserve, an additional amount shall be appropriated to cover the capital expenditure referred to in the annual budget of the Bank. Accordingly, NRs. 7,371,159,330 (P.Y. NRs. 6,794,952,019) 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. 4,572,616 (P.Y. NRs. 97,610,812) 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. 2,193,530,153 (P.Y. revaluation gain of NRs. 38,272,111,979) which is equivalent to net exchange loss was appropriated from/to net income to/from 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. 76,037,528 (P.Y. revaluation gain of NRs. 3,618,022,578) which is equivalent to net revaluation loss on revaluation of gold and silver was appropriated to this fund.

5.8.2 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. 11,825,000,000 (P.Y. NRs. 11,000,000,000) has been allocated to this fund during the year.

b) Banking Development Fund

This fund was created to meet the expenses relating to banking promotion research and development work. The Board of Directors of the Bank annually appropriates a part of net income to this fund. Accordingly, an amount of NRs. 150,000,000 (P.Y. NRs. 110,000,000) has been allocated to this fund during the year. Earmarked investment of this fund has been made.

c) Development Finance Project Mobilization Fund

This fund was created as a cushion to meet the probable loss on project loan. An amount equivalent to the projects' profits are appropriated and transferred to this fund. An amount equals to net income of the projects is allocated to this fund annually. Accordingly, an amount of NRs. 1,504,219 (P.Y. NRs. 18,958,350) has been allocated to this fund during the year. Earmarked investment of this fund has been made.

d) Mechanization Fund

This fund was created to meet the amount required to develop and install modern software, hardware and allied mechanization system. An amount as required for mechanization is allocated by Board of Directors to this fund annually. Accordingly, an amount of NRs. 200,000,000 (P.Y. NRs. 150,000,000) has been allocated to this fund during the year. Earmarked investment of this fund has been made.

e) Scholarship Fund

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

f) Mint Development Fund

This fund was created to meet the heavy capital expenditure required from time to time for construction of factory building and installation of machinery for minting activities. Accordingly, an amount of NRs. 100,000,000 (P.Y. NRs. 0) 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. 520,775,808 (P.Y. NRs. 55,386,987) 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. Earmarked investment of this fund has been made.

5.9 Prior Period Errors

The prior period errors of NRs. 699,061 discovered during the year relating to a reporting period that is before the earliest prior period presented were adjusted by restating the opening balance of the earliest prior period presented. In addition, additional expenses of NRs. 3,486,071 has been discovered

during the year because of the prior period errors and has been adjusted with current year surplus available for appropriation.

Particulars	FY 2018/19	FY 2017/18	As on July 16, 2017
Restatement of Earliest Prior Period Presented:			(699,061)
<i>Increase /(Decrease) in Property, Plant and Equipment</i>			(699,061)
Restatement of Net cumulative Surplus Fund			(699,061)
Surplus/(Deficit) Due to Prior Period Errors	(3,486,071)		
Total Effect on Equity at 31.03.2076	(4,185,132)		

5.10 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	668.03	721.33
Non-Convertible Foreign Currency	234.54	251.77
Gold Reserve	34.25	30.55
Special Drawing Rights	0.35	0.16
Sub Total	937.17	1003.81
(b) Held by Banks and Financial Institutions		
Convertible Foreign Currency	125.51	102.00
Non-Convertible Foreign Currency	10.96	11.19
Sub Total	136.47	113.19
Total Foreign Exchange Reserve of Banking System	1,073.64	1,117.00

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

Particulars	Current Year (in %)	Previous Year (in %)
Foreign Exchange Reserve:		
US Treasury Bills	1.52	1.44
Indian Treasury Bills	20.66	19.73
BIS FIXBIS	-	0.19
Bonds/Notes	11.61	11.09
Mid Term Instrument	0.25	0.74
Call Deposits	2.06	4.64
Time Deposit	46.52	40.09
Gold Deposit	3.19	2.48
Special Drawing Rights	0.03	1.58
Balance with NRB and BFIs	14.16	18.01
Total	100.00	100.00

5.11 Projects' Asset and Liability

The assets, liabilities, equity, income and expense of four projects, namely, Poverty Alleviation Project in Western Terai (PAPWT), Micro-Credit Project for Women (MCPW), Third Livestock Development Project (TLDP) and Raising Income of Small and Medium Farmers Project (RISMFP) 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. Out of these four projects, Micro-Credit Project for Women (MCPW) and Raising Income of Small and Medium Farmers Project (RISMFP) have already been closed. The Financial Position and Income statements of these projects are as below:

For the Year ended July 16, 2019

Statement of Financial Position

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

Statement of Comprehensive Income

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

For the Year ended July 16, 2018

Statement of Financial Position

Particulars	PAPWT	MCPW	TLDP	PCRW	RISMFP	Total
Equity & Liabilities						
Reserve & Surplus	11,542,707	5,414,180	29,567,758	-	10,160,668	56,685,313
Loans	36,500,000	6,100,286	90,400,000	-	-	133,000,286
Accounts Payable	-	30,501	-	-	-	30,501
Total Equity & Liabilities	48,042,707	11,544,967	119,967,758	-	10,160,668	189,716,100
Assets						
Loan to PFIs	-	-	-	-	-	-
Investment	45,541,000	-	100,000,000	-	-	145,541,000
Other Receivables	792,975	-	1,374,657	-	6,661,172	8,828,805
Cash and Bank Balance	1,708,732	11,544,967	18,593,101	-	3,499,496	35,346,295
Total Assets	48,042,707	11,544,967	119,967,758	-	10,160,668	189,716,100

Statement of Comprehensive Income

Particulars	PAPWT	MCPW	TLDP	PCRW	RISMFP	Total
A. Income						
Interest Income	5,806,660	1,550,891	13,636,000	1,467,436	-	22,460,987
From Loan to PFIs				16,683		16,683
On Investment	5,806,660	1,550,891	13,636,000	1,450,753		22,444,304
Foreign Exchange Gain					1,892,431	1,892,431
Loan Loss Prov. Written back				11,122		11,122
Other Income			476	93,250		93,726
Total Income	5,806,660	1,550,891	13,636,476	1,571,809	1,892,431	24,458,267
B. Expenditure						
Administrative Expenses						
Interest Expenses	1,259,250	396,519	3,785,500	58,648		5,499,917
Depreciation						-
Total Expenses	1,259,250	396,519	3,785,500	58,648		5,499,917
Surplus (Deficit) (A-B)	4,547,410	1,154,372	9,850,976	1,513,160	1,892,431	18,958,350

The three projects namely; Community Ground water Irrigation Sector Project (CGISP), Rural Self Reliance Fund (RSRF) 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 July 16, 2019			As on July 16, 2018		
	CGISP	RSRF**	KFW	CGISP	RSRF	KFW
Equity						
Capital Contribution	17,548,370	793,400,000		17,548,370	793,400,000	
Surplus	202,675,719	173,239,439	52,577,569	169,843,182	123,044,553	17,369,322
Financial Risk Fund	5,200,000			5,200,000		
Long- term Liabilities						
Loan from ADB - Non-Current Portion	117,085,687			123,776,297		
Current Liabilities and Provision						
Loan from ADB - Current Portion	83,632,633			76,942,023		
Service Charge due on Loan from ADB	24,987,342			22,980,161		
Loan From GON			906,240,347			389,249,226
Loan Loss Provision	186,190	111,038,461		320,958	106,054,784	
Accounts Payable	328,176	30,930,143		326,141	43,278,500	
Total Equity & Liabilities	451,644,118	1,108,608,043	958,817,917	416,937,132	1,065,777,837	406,618,547
Assets						
Non-Current Assets						
Fixed Assets	4	383,223		4	518,872	
Loan to PFI- Non Current Portion	8,193,215.00	5,762,500		18,619,035	18,162,500	
Investment	369,668,000	-		300,000,000	370,000,000	
Current Assets						
Interest Receivables	3,825,208.36	-	14,231,206	3,711,575	11,386,876.72	8,082,906
Loan to PFI-current portion	10,425,820.00	330,862,095	906,240,347	13,476,752	448,562,248	389,249,226
Cash and cash equivalents	59,531,870.25	771,600,225	38,346,364	81,129,766	217,110,340	9,286,416
Sundry Debtors					37,000	
Total Assets	451,644,118	1,108,608,043	958,817,917	416,937,132	1,065,777,837	406,618,547

** The RSRF project, which was run by the bank on behalf of the GON during the reporting period, has been handed over to Sana Kishan Laghubitta Sanstha after the reporting period. Capital Contribution in case of this project includes, contribution of the Bank amounting to Rs. 253,400,000 which was shown by way of 'investment at fair value through other comprehensive income' under note 4.5 of the financial statements.

Statement of Comprehensive Income

Particulars	As on July 16, 2019			As on July 16, 2018		
	CGISP	RSRF	KFW	CGISP	RSRF	KFW
A. Income						
Interest Income	34,736,009	57,432,802	44,494,663	41,573,276	53,596,606	8,082,906
From Loan to PFIs	1,428,448	21,954,160	44,494,663	2,157,568	32,762,771	8,082,906
On deposit with banks	33,307,561	35,102,080		39,415,708	20,147,272	
On Investment		376,563			686,563	
Other Income	-	329,272		10,327	537,142	
Loan Loss Provision Written back	134,768	3046568		148,530	5,071,475	
Total Incomes	34,870,776	60,808,642	44,494,663	41,732,133	59,205,223	8,082,906
B. Expenditure						
Administrative Expenses	41,385	2,447,862	-	43,963	26,424,304	-
Provision for Service Charge	2,007,183			2,007,183		
Loan Loss Provision	-	8,030,245	-	-	23,815,953	-
Depreciation		135,649			128,996	
Total Expenses	2,048,569	10,613,756	-	2,051,146	50,369,253	-
Surplus (Deficit) (A-B)	32,822,208	50,194,886	44,494,663	39,680,987	8,835,970	8,082,906

5.12 Interest in other entities

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

5.12.1 Investment in quoted securities

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

Particulars	% of holding	Investment at cost		Investment at Fair value	
		July 16, 2019	July 16, 2018	July 16, 2019	July 16, 2018
RMDC Laghubitta Bittiya Sanstha Ltd.	4.05	21,045,000	21,045,000	105,792,675	95,881,291
Citizen Investment Trust	13.34	13,350,000	13,350,000	1,767,041,375	1,298,216,945
Grameen Bikas Laghubitta Bittiya Sanstha Ltd.	3.05	19,998,800	19,998,800	53,423,794	54,222,726
Total		54,393,800	54,393,800	1,926,257,845	1,448,320,962

The fair value of shares in RMDC Laghubitta Bittiya Sanstha Ltd. has been considered on the basis of latest trading price of promoter share of the company in stock market. In absence of trading of promoter share of Citizen Investment Trust & Grameen Bikas Laghubitta Bittiya Sanstha Ltd, we have considered ratio of share price of promoter share & general share of RMDC to get fair values of other entities.

5.12.2 Investment in unquoted securities

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

Particulars	% of holding	Investment at cost		Investment at Fair value	
		July 16, 2019	July 16, 2018	July 16, 2019	July 16, 2018
Agricultural Project Services Centre	62.50	5,000,000	5,000,000	-	-
Rastriya Beema Sansthan - Life Ins.	55.56	1,000,000	1,000,000	1,000,000	1,000,000
Nepal Stock Exchange Ltd.	34.60	12,080,500	12,080,500	999,382,248	1,046,014,465
National Productivity and Eco. Dev.	31.52	2,500,000	2,500,000	-	-
Deposit & Credit Guarantee Fund	10.00	407,594,000	407,594,000	1,143,088,259	884,055,389
Nepal Clearing House	10.00	15,000,000	15,000,000	61,001,402	47,178,000
Credit Information Bureau	10.03	35,00,000	35,00,000	107,189,098	82,899,198
National Banking Institute	15.29	5,000,000	5,000,000	26,315,367	20,352,096
Total		443,174,500	443,174,500	2,337,976,374	2,081,499,148

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

5.12.3 Significant Interest in entities

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

Name of Entity	Paid up capital	Investment at Face Value	%age of share	Principal Activity	Principal Place of Business
Agricultural Project Services Centre Pvt. Ltd.	8,000,000	5,000,000	62.50	Provides services related to agricultural activity	Singhadurbar, Kathmandu
Rastriya Beema Sansthan - Life Insurance	181,000,000	100,566,700	55.56	Life insurance service	Ramshahpath, Kathmandu
Nepal Stock Exchange Ltd.	500,000,000	172,998,950	34.60	Impart free marketability and liquidity to the government and corporate securities by facilitating transactions in its trading floor through member, market intermediaries, such as broker, market makers etc.	Singhadurbar plaza, Kathmandu
National Productivity and Eco. Dev Ltd.	7,931,472	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)	
	July 16, 2019	July 16, 2018	July 16, 2019	July 16, 2018
Agricultural Project Services Centre	5,000,000	5,000,000	-	-
Rastriya Beema Sansthan - Life Insurance	1,000,000	1,000,000	1,000,000	1,000,000
Nepal Stock Exchange Ltd.	12,080,500	12,080,500	999,382,248	1,046,014,465
National Productivity and Eco. Dev.	2,500,000	2,500,000	-	-
Total	20,580,500	20,580,500	1,000,382,248	1,047,014,465

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

The carrying amount of NRs. 2,345,476,374 (PY NRs. 2,081,499,147) as shown in above table has been included under Investment securities in the Statement of Financial Position. Being all the above entities as limited liability company, this is the maximum exposure to loss from its significant interest in such entities.

5.12.4 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 2018/19	FY 2017/18	Remarks
Rastriya BeemaSansthan - Life Insurance	Insurance Premium paid by the bank	156,517,243	97,153,904	
Nepal Stock Exchange Ltd.	Dividend Income received by the bank	-	51,899,685	

5.13 Transaction with the International Monetary Fund (IMF)

The Bank transacts with IMF as an agent of the Government in respect of quota where in case of Special Drawing Rights (SDRs), Loans etc. from them it transacts in its own right. The IMF revalues quota at the end of April every year and gains or losses arising from such revaluation relating to quota are borne by Government. In case of other transactions such gain/losses are borne by NRB. The Basic policies followed by the NRB on such accounts are as follows:

- Country's quota with the IMF is recorded by the Bank as depository of the Government and exchange gain/loss arising on quota are borne by Government.
- Exchange gains or losses in respect of borrowings under ECF and other facilities of the IMF, allocation of SDRs and holding of SDRs are recognized in the Income Statement.

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

Financial Position in the Fund

Particulars	As on July 16, 2019		As on July 16, 2018	
	Local Currency (NRs.)	SDR Equivalents	Local Currency (NRs.)	SDR Equivalents
SPECIAL DRAWING RIGHT				
Net cumulative allocation	10,468,255,853	68,099,599	10,475,488,916	68,099,599
Holdings	354,810,632	2,308,165	164,054,814	1,066,496
OUTSTANDING PURCHASES & LOANS				
RCF Loans	876,817,665	5,704,000	1,754,847,008	11,408,000
ECF Arrangements	-	-	-	-
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	15,981,999

The SDR is converted into Nepalese rupees at conversion rate of NRs. 153.719 (P.Y. NRs. 153.826) per SDR.

5.14 Contingent Liabilities and Capital Commitments

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

PARTICULARS	As on July 16, 2019		As on July 16, 2018	
	NRs.	NRs.	NRs.	NRs.
Letters of Credit	46,108,572,129		43,381,423,248	
Unclaimed Account Transfer to P/L Account		103,130,144		103,130,144
Capital Commitments		2,745,630,138		-
Total	48,957,332,411		43,484,553,392	

Contingent liabilities in respect of Letter of Credit (LC) are determined on the basis of LCs remaining unexpired at the end of the reporting period. The capital commitments include cost for the construction of the bank's Central Office Building and Banking Office Building as per the contract agreements less payments made till the end of the reporting period; which are expected to be settled over the period of the buildings' construction.

5.15 Non-cancellable Operating Leases

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

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

PARTICULARS	As on July 16, 2019	As on July 16, 2018
	NRs.	NRs.
Within one year	39,622,933.44	1,173,480.00
Later than one year but not later than five years	24,637,875.57	1,173,480.00
Later than five years	-	-
Total	64,260,809.01	2,346,960.00

5.16 Claims against the bank

There are 82 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.

5.17 Number of Employees

The number of employees holding office at the year-end was 1,024 (PY 954).

5.18 Events after the Reporting Period

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