

Monetary Policy Highlights 2079/80

- Bank rate raised to 8.5% from 7%.
- Intraday liquidity facility shall be made available for overnight at bank rate.
- Ceiling on SLF to be 1% of LCY deposit of preceding week.
- Lender of Last Resort Facility will be available to BFIs at Bank Rate plus 2%.
- CRR raised to 4% from 3% starting from Bhadra 01, 2079.
- SLR raised to 12% (to be achieved by Poush end 2079).
- Countercyclical buffer to be implemented from Shrawan 2080 onwards.
- BFIs should commence joint operation by Poush end 2079 to avail M&A benefits.
- BFIs will be allowed to include bonds as source for CD ratio till Ashad 2080.
- Policy to be drafted for issuance of Green Bonds.
- Existing policies to be reviewed to facilitate external FCY borrowings.
- Migrant workers need to have bank account to avail exchange facility and can avail other facilities / privileges on submission of proof of remittance through formal channel.
- Refinance facility to be continued for agriculture sector, productive sector and highly affected Covid sector.
- Arrangement to be made for settlement of domestic transactions in Nepal.



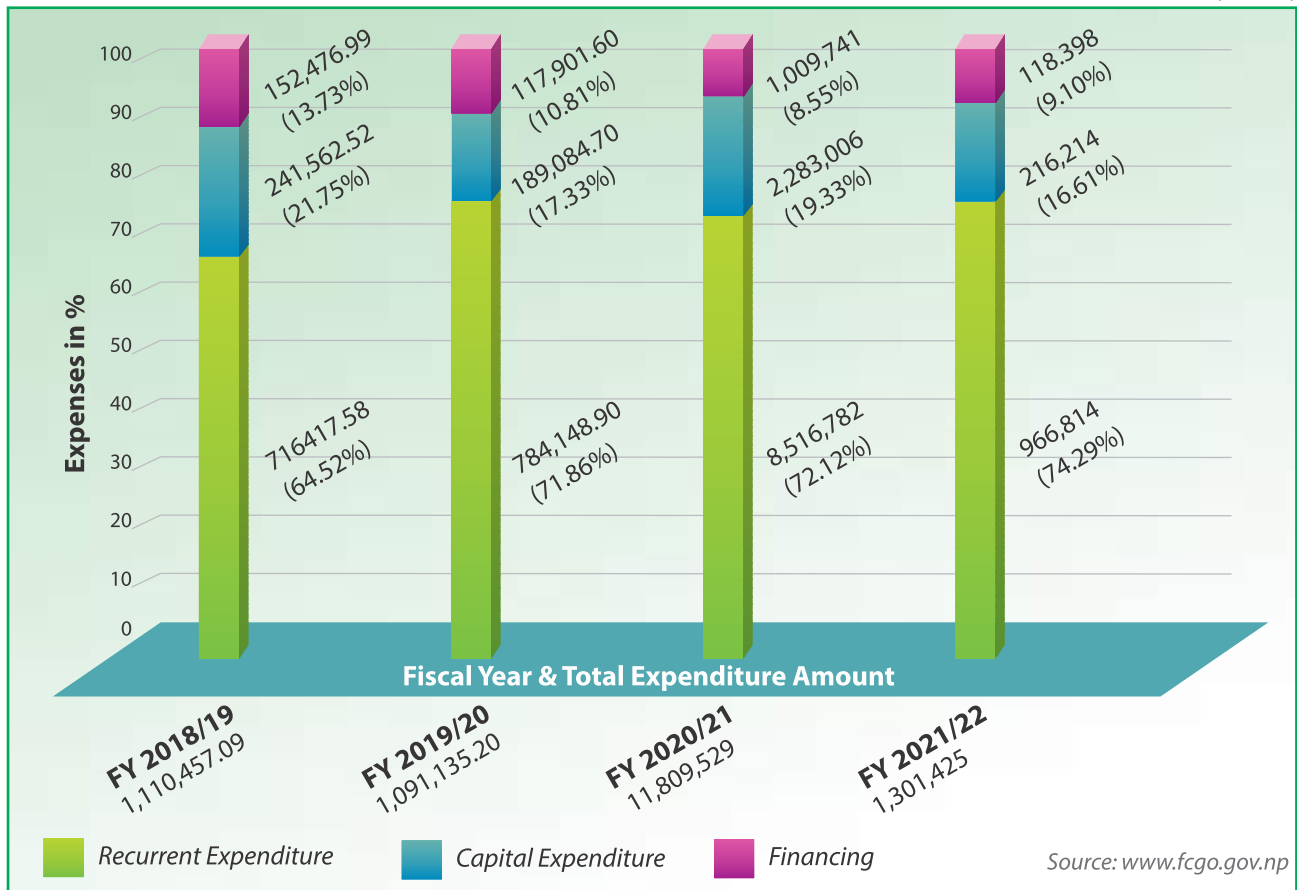
Budget Highlights 2079/80

- GDP growth has been set at 8%.
- Inflation rate is expected to be 7%.
- 151% increase in the budget allocated for job creation.
- 715 MW electricity to be added in national grid through completion of large hydropower projects
- Target set to reduce import of basic agriculture product by 30%
- Improve Nepal's Human Development Index to 0.650
- Rs. 900 million allocated for tourism infrastructure development program operated on a cost-sharing basis with the local level at 216 locations.
- Each branch of BFIs should provide at least 5 loans to agricultural processing units.
- An arrangement for Nepali residing in India to open a bank account in Nepal enabling them to send money through banking system.
- COVID Relief package has been provided in the form of reduced tax rates to the presumptive & turnover-based tax payer and hotel, travel trekking, media house, party palace etc.
- Initiate legal reform to attract FDI from NRN.
- Allow FDI in real estate, FDI will be allowed to acquire apartments.
- Any natural resources based industry with capital of Rs. 1 billion with annual turnover of Rs. 5 billion must issue shares to public and should be listed in stock market.
- Minimize the resources gap in start-up ecosystem through "Business Incubation Center" (Rs. 260 million allocated).



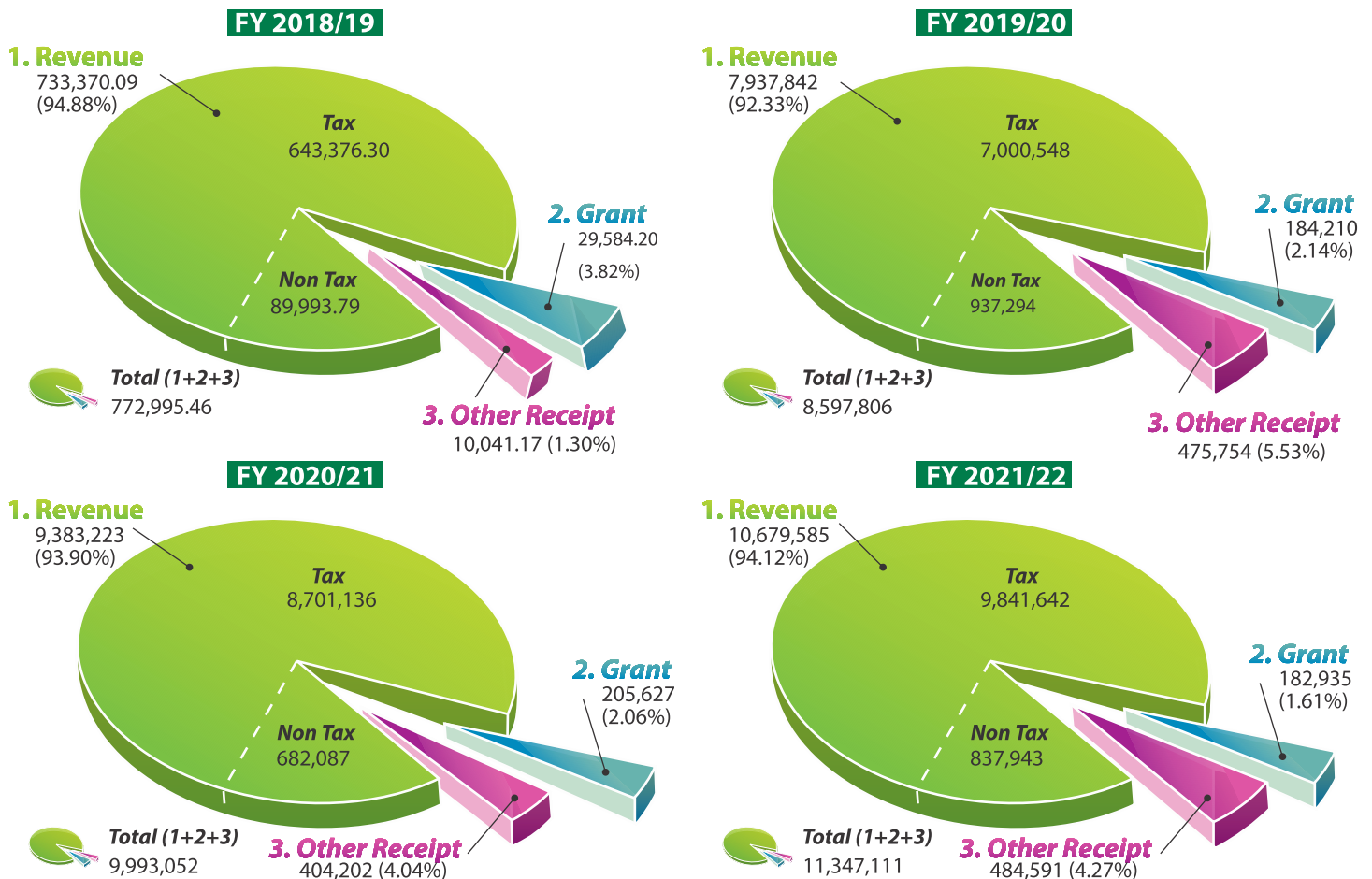
Government Expenditure

Amount in lakh (00000)



Government Revenue

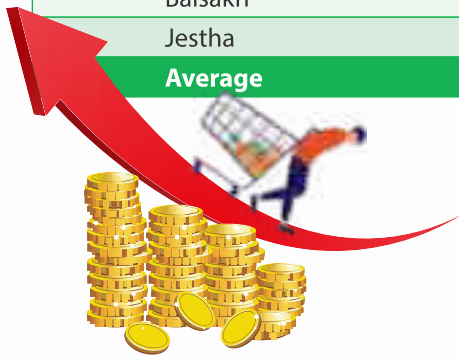
Amount in lakh (00000)



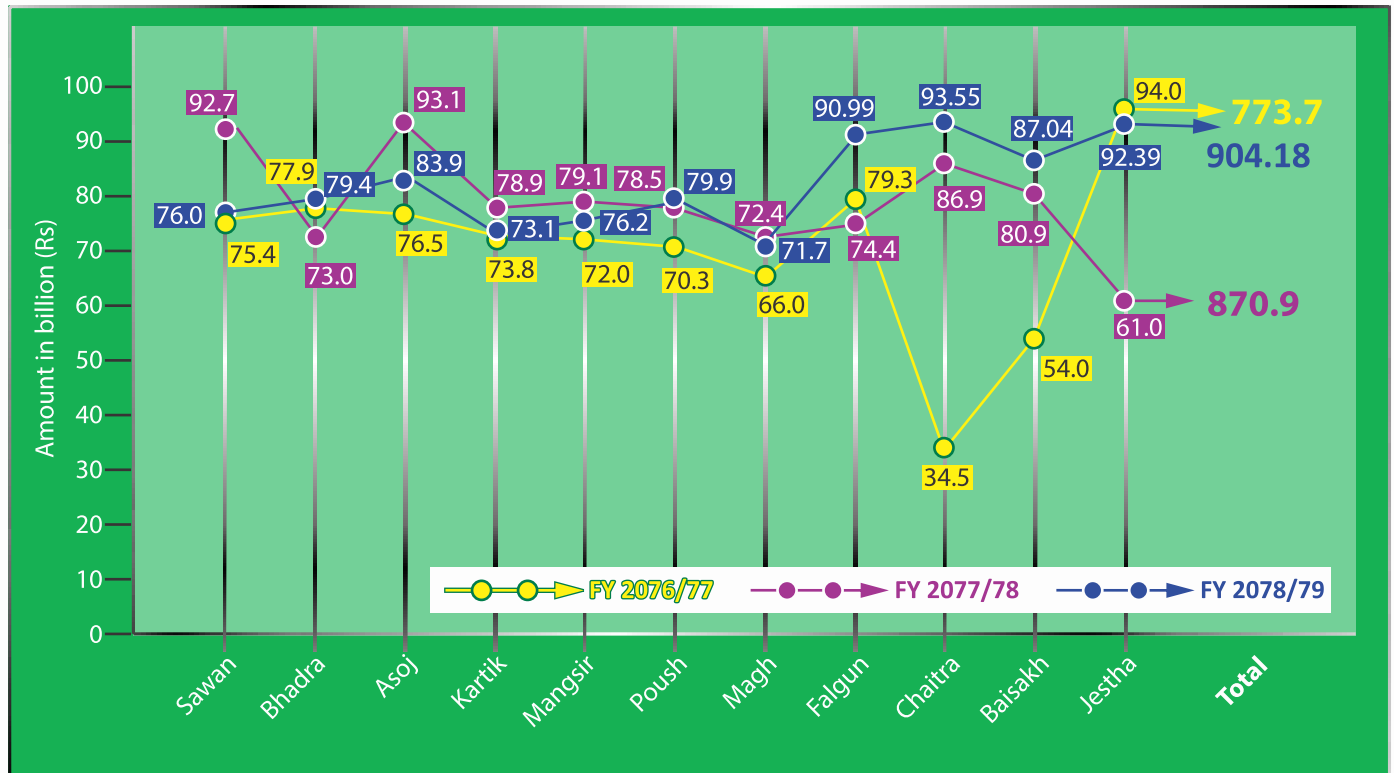
Inflation

Month	FY 2076/77 (%)	FY 2077/78 (%)	FY 2078/79 (%)
Sawan	6.95	3.49	4.35
Bhadra	6.16	4.52	3.49
Asoj	6.21	3.79	4.24
Kartik	5.76	4.05	5.32
Mangsir	6.55	2.93	7.11
Poush	6.82	3.56	5.65
Magh	6.87	2.70	5.97
Falgun	6.70	3.03	7.14
Chaitra	6.74	3.10	7.28
Baisakh	5.83	3.65	7.87
Jestha	4.54	4.19	8.56
Average	6.15	3.60	6.09

Source: www.nrb.org.np

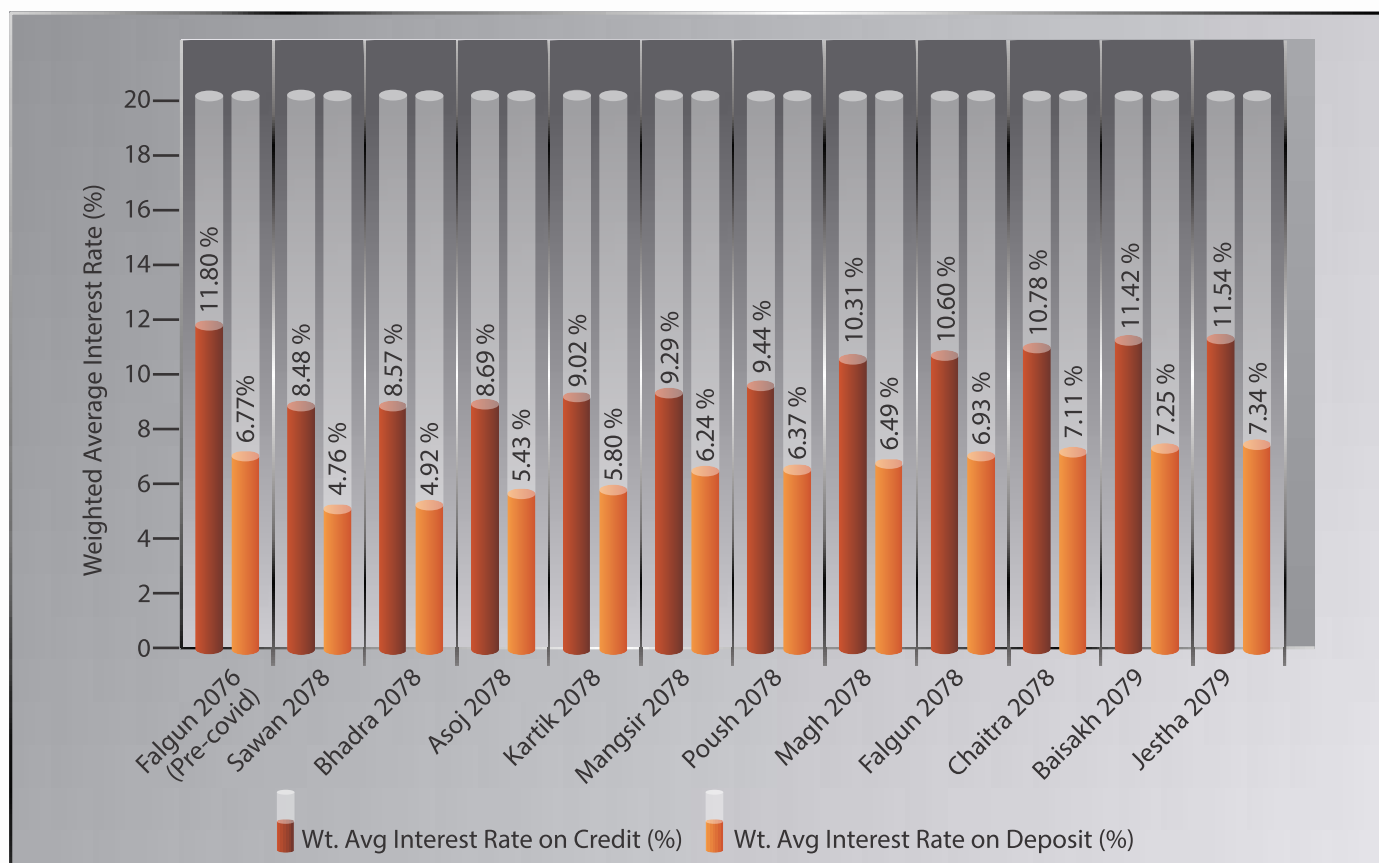


Inward Remittance



Source: www.nrb.gov.np

Commercial Bank's Weighted Credit and Deposit Rate



Source: www.nrb.gov.np

Commercial Bank's Sector Wise Lending

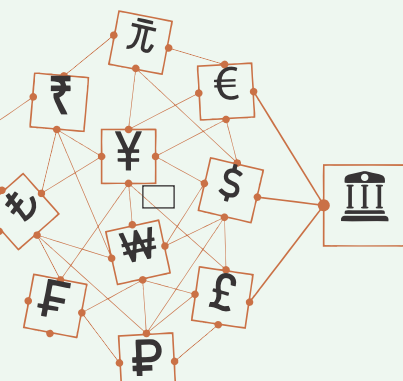
Sector Wise Lending	Asar FY 2077/78 (% of total lending)	Jestha FY 2078/79 (% of total lending)
Agricultural and Forest Related	6.52	7.06
Fishery Related	0.21	0.27
Mining Related	0.22	0.19
Agriculture, Forestry & Beverage Production Related	17.79	17.14
Construction	9.58	6.51
Electricity, Gas and Water	5.44	3.69
Metal Products, Machinery & Electronic Equipment & Assemblage	1.60	5.53
Transport, Communication and Public Utilities	2.12	1.75
Wholesaler & Retailer	20.55	1.98
Finance, Insurance and Real Estate	7.74	21.11
Hotel or Restaurant	4.44	7.41
Other Services	4.40	4.15
Consumption Loans	5.53	4.26
Local Government	0.04	18.92
Others	13.82	0.03
TOTAL	100.00	100.00

Source: www.nrb.gov.np

Gross Foreign Exchange Reserve

FY 2077/78	MONTH	FY 2078/79
12.02	Sawan	11.42
12.20	Bhadra	11.14
12.55	Asoj	10.98
12.65	Kartik	10.47
12.54	Mangsir	10.03
12.78	Poush	9.89
12.57	Magh	9.75
12.37	Falgun	9.58
11.96	Chaitra	9.61
11.87	Baisakh	9.28
11.71	Jestha	9.45

Amount in billion (USD)

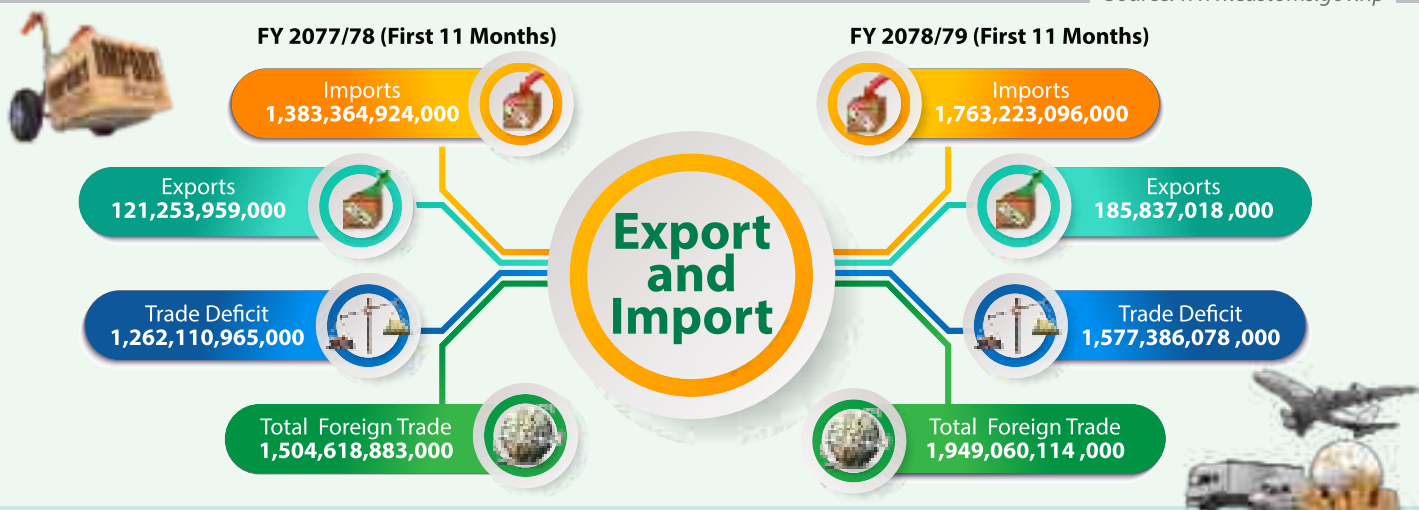


Source: www.nrb.gov.np

Export and Import

Trade Indicators	FY 2077/78 (First 11 Months)	FY 2078/79 (First 11 Months)	Change (%)
Imports (Rs.in `000)	1,383,364,924	1,763,223,096	27.5
Exports (Rs.in `000)	121,253,959	185,837,018	53.3
Trade Deficit (Rs.in `000)	1,262,110,965	1,577,386,078	25.0
Total Foreign Trade (Rs.in `000)	1,504,618,883	1,949,060,114	29.5
Imports/Exports Ratio	11.41	9.49	-16.8
Exports Share to Total Trade (%)	8.06	9.53	18.3
Imports Share to Total Trade (%)	91.94	90.47	-1.6

Source: www.customs.gov.np

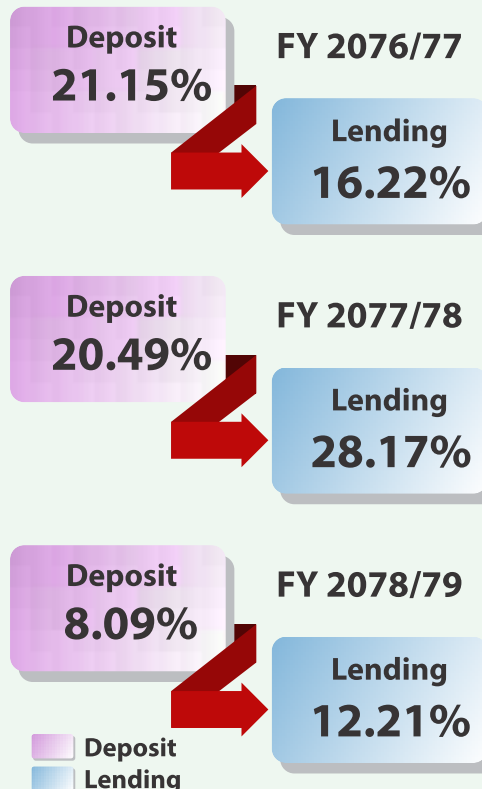


Balance of Payment

Month	Amount in billion (Rs)	
	FY 2077/78	FY 2078/79
Sawan	51.46	(38.75)
Bhadra	67.63	(83.41)
Aswin	101.09	(76.13)
Kartik	110.65	(150.38)
Mangsir	106.48	(195.01)
Paush	124.92	(241.23)
Magh	97.36	(247.03)
Falgun	68.00	(258.64)
Chaitra	42.54	(268.26)
Baisakh	7.75	(288.50)
Jestha	(11.15)	(269.81)

Source: www.nrb.gov.np

Deposit and Lending Growth of Commercial Banks



Source: NBA data

Labor Permits

Fiscal Years	New Entry			Re-Entry			Total		
	Male	Female	Total	Male	Female	Total	Male	Female	Total
2078/79 (11 mon)	2,80,317	28,944	3,09,261	2,44,183	14,395	2,58,578	5,24,500	43,339	5,67,839
2077/78	64,903	7,178	72,081	90,339	4,278	94,617	1,55,242	11,456	1,66,698
2076/77	1,72,247	18,206	1,90,453	1,67,753	10,227	1,77,980	3,40,000	28,433	3,68,433
2075/76	2,15,633	20,578	2,36,211	2,61,072	11,545	2,72,617	4,76,705	32,123	5,08,828
2074/75	3,31,665	22,417	3,54,082	2,48,056	10,547	2,58,603	5,79,721	32,964	6,12,685
2073/74	3,63,304	20,189	3,83,493	2,46,035	13,331	2,59,366	6,09,339	33,520	6,42,859

Source: www.dofe.gov.np



Interaction Program on Anti Money Laundering

July 11, 2022 - Office of the Prime Minister and the Council Ministers (OPMCM) organized a program on Anti-Money Laundering (AML) and Countering the Financing of Terrorism (CFT) Mutual Evaluation and Effectiveness Response Report.

Dr. Hari Nepal, Deputy Director of NRB highlighted the progress made on AML/CFT Effectiveness so far. The program was divided into two sessions: during the first session, few AML/CFT

Heads from the member banks along with participants from various reporting entities were invited. During the second session, all the CEOs were invited.

Mr. Dharmaraj Gyawali, Secretary, OPMCM, Mr. Udaya Raj Sapkota, Secretary, Ministry of Law, Justice, and Parliamentary Affairs, Mr. Bambahadur Mishra, Deputy Governor NRB, CEOs of all commercial banks, attended the program.

Mr. Anil Kumar Upadhyay, President NBA, assured that banks are doing their level best on the matter and if there are any gaps or weaknesses, banks are ready to do the needful from their end. Mr. Dharmaraj Gyawali, Secretary, OPMCM, thanked all the participants for their valuable presence and requested for support and collaboration from all the concerned stakeholders to work closely with a special focus on upcoming Mutual Evaluation.



Meeting to Discuss on NFRS 3 and NFRS 9 Implementation

July 8, 2022 - Nepal Bankers' Association (NBA) organized a meeting to discuss on implementation of NFRS 3 and NFRS 9. The meeting was hosted to gain better insight into the implementation and understand the current position of banks with regards to NFRS 9, and the easing out the bargain purchase gain matter related to NFRS 3. Officials from Nepal Rastra Bank, Accounting Standard Board (ASB), Institute of Chartered Accountants Nepal (ICAN) and member CEOs participated in the program.



Mr. Manish Raj Upreti, FCA, Board Member, ASB made a presentation on NFRS 9 and detailed tasks/preparation required to implement NFRS 9 including the roles and responsibility of various stakeholders. Mr. Arun Raut, FCA, Board Member, ASB presented on NFRS 3 and way forward to ensure the level of understanding on the subject matter is same across all level.

Mr. Anil Kumar Upadhaya, President, appreciated the eagerness and supportiveness shown by NRB, ASB and ICAN on the subject matter and added that banking sector is keen to proceed with NFRS 9 implementation but due to several factors, additional time would be required for it. Likewise, on NFRS 3 he requested all the stakeholders to provide a clear guidance so that there is no further dispute or confusion on it.

Interaction and Networking Evening with NBI

July 6, 2022 - National Banking Institute (NBI) and Nepal Bankers' Association (NBA) collaborated to host an interaction session inviting the CEOs of all member banks.

Mr. Kumar Lamsal, Chief Executive Officer, NBI delivered a presentation highlighting the objectives, goals and future plans of NBI. He also talked about the range of activities conducted by NBI including their vision to make a talent hub to enhance the skills and knowledge level of employees in the banks.

NBA President Mr. Anil Kumar Upadhyay reinforced that NBA is ready to support NBI to meet their objective and appreciated the great efforts made by NBI in delivering valuable trainings, seminars and conferences.



Interaction on CBDC and Upcoming Monetary Policy

July 1, 2022 - Nepal Bankers' Association (NBA) in coordination with Nepal Rastra Bank (NRB) organised an interaction program on Central Bank Digital Currency (CBDC) and Upcoming Monetary Policy at Pokhara on 1st July 2022. The objective of the program was to get input and suggestions from the CEOs of commercial banks by having a discussion on CBDC and the upcoming monetary policy.

The program started with welcome remarks from the NBA President Mr. Anil Kumar Upadhyay and NRB Director (Pokhara Office) Dr. Ram Saran Kharel where they highlighted the challenges

and opportunities in the banking industry.

Mr. Sunil K. Pokharel, CEO, Civil Bank Ltd presented a paper on "The Future of CBDC and Its Impact on Banking Sector", which focused on the background, history and advantages of CBDC and the opportunities for the Central Bank and the entire banking sector on implementation of digital currency. Chief Guest of the program Honorable Governor Mr. Maha Prasad Adhikari welcomed the initiation taken by NBA and creating awareness on digital currency.

Following the presentation, there was interaction on the upcoming Monetary Policy where the CEOs and Province Heads made some suggestions. Honorable Governor assured that the upcoming Monetary Policy shall focus on dealing with current financial difficulties and support the Fiscal Policy.

The program was hosted in the presence of NRB officials, CEOs and Gandaki Province Heads from member banks.



CEOs Meeting with Mayor of Pokhara

July 1, 2022 - In the initiative of Nepal Bankers' Association (NBA), the Mayor of Pokhara Metropolitan City, Mr. Dhan Raj Acharya and all the CEOs of commercial banks met in Pokhara. The President of NBA Mr. Anil Kumar Upadhyay welcomed everyone to the session and admired the Mayor for attending the meeting despite the busy schedule.

The Mayor welcomed all the CEOs in the touristic city of Pokhara and thanked NBA for inviting him to the meeting. He highlighted the huge potential which Pokhara city has from tourism perspective and the necessity for investment in the city. He also shared his vision to develop Pokhara as the tourist capital. He discoursed the need for considerable investment in Pokhara's service sector, including hotels and schools, and advised CEOs to take an initiation on those projects because they carry less risk and high returns. Additionally, he expressed his willingness to remove any legislative barriers that are preventing the investment in Pokhara. The CEOs also participated in the discussion and shared their views.



Disaster Risk Reduction and Management

July 3, 2022 – Nepal Banker's Association (NBA) presented a paper on "Preparedness and Response Plan of the Commercial Banks on Disaster Risk Reduction and Management" at the Disaster Study Risk Reduction and Compensation Division, Ministry of Home Affairs. The objective of the program was to learn the practices of essential service providers on preparedness and responses to disasters risk reduction and management. Participants were from a different area, and the majority of them delivered paper sharing their experience and practices on disaster preparedness and response. NBA shared the experience on how the commercial banks managed to deliver services on disasters like pandemic and earthquake.

The presentation mainly covered three areas - how banks dealt with the crisis; what was the learning; and the banks' preparedness with such disasters in future.

Meeting with Proparco

June 10, 2022 - A meeting between officials of Proparco and Nepal Banker's Association (NBA) held. On behalf of Proparco Ms. Diane Jegam, Regional Director South Asia and Mr. Lucas Pizzini, Investment Officer In-charge of Nepal, and on behalf of NBA Mr. Anil Kumar Upadhaya, President and Mr. Anil Sharma, Executive Director attended the meeting.

The meeting focused on the issues of inclusive, green, and solidary growth in South Asia and how Nepal may seize the chance since is considered as a vibrant and full of opportunity market. The discussion also focused on the ways in which Proparco could assist the private sector financially and technically in fostering equitable and sustainable growth, with a particular focus on financial institutions through creative and alluring financing.



APRACA Membership

June 10, 2022- The Executive Committee Meeting # 486 approved the proposal of Nepal Bankers' Association to become a member of Asia-Pacific Rural and Agricultural Credit Association (APRACA).

APRACA is a Regional Association that promotes cooperation and facilitates mutual exchange of information and expertise in the field of rural finance. A total of 87 institutions from 24 countries in the Asia-Pacific Region are affiliated with the APRACA as its members. It is being believed that NBA's association with APRACA will help advancing agriculture and rural financial services in Nepal.

ABA Membership

June 10, 2022- The Executive Committee Meeting # 486 approved the proposal for Nepal Bankers' Association (NBA) to become a member of Asian Bankers Association (ABA) as it would be of great value addition to the industry.

ABA is common forum for bank associations, banks and relevant stakeholders in the region. It aims to provide a forum for advancing the cause of the banking and finance industry in the region and promoting regional economic cooperation.

Program on Warehouse Receipt Financing of Agricultural Commodities

June 3, 2022 - Nepal Bankers' Association (NBA) President Mr. Anil Kumar Upadhyay participated in a high level Stakeholders' Meeting on Warehouse Receipt Financing of Agricultural Commodities. The objective of the program was to generate ideas for - key issues/content for policy framing; choice and feasibility of policy instrument type for the current context; where there are no clear policies formulated to facilitate, monitor, and regulate the warehouse receipt financing of agricultural commodities. Diverse organizations' members had participated in the lively conversation.

MOU Signed with Fintelekt Advisory Services

May 25, 2022 - Nepal Bankers' Association (NBA), signed a Memorandum of Understanding (MOU) with Fintelekt Advisory Services, a global specialist in Anti-Money Laundering (AML), Countering the Financing of Terrorism (CFT) and Financial Crime Compliance (FCC).

The MOU signing took place on May 25th at NBA's office in Kathmandu between Mr. Anil Kumar Upadhyay, President, Nepal Bankers' Association and Mr. Shirish Pathak, Managing Director, Fintelekt and formalized a collaboration that will facilitate AML/CFT webinars, workshops and executive briefing sessions for NBA member banks. The two organizations will also conduct research studies to aid policy decisions within banks and to provide feedback to regulators on various aspects within AML/CFT. Fintelekt will also provide its strategic



advisory services to enable banks to enhance their AML/CFT governance frameworks. Speaking about the partnership with Fintelekt NBA president Mr. Anil Kumar Upadhyay said that the engagement with Fintelekt is very much in line with NBA's aims of improving the knowledge, skill, efficiency, and productivity of employees in the banking sector, particularly in this crucial area of AML and CFT. It is being strongly believed that in the case where money laundering and financial crimes have grown significantly after Covid 19, the collaboration will improve banking industries' ability to cope with AML/CFT.



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