



Nepal Rastra Bank

Economic Research Department, Baluwatar, Kathmandu

Current Macroeconomic and Financial Situation of Nepal

(Based on Four Months Data Ending Mid-November, 2024/25)

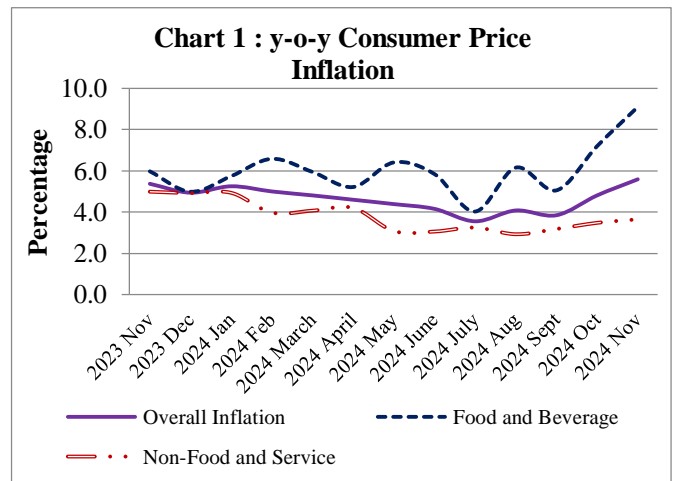
Major Highlights

- *CPI-based inflation remained 5.60 percent on y-o-y basis.*
- *Imports and exports increased 0.2 percent and 4.2 percent respectively.*
- *Remittances increased 9.1 percent in NPR terms.*
- *Balance of Payments remained at a surplus of Rs.205.83 billion.*
- *Gross foreign exchange reserves stood at 16.70 billion in USD terms.*
- *Nepal Government expenditure amounted to Rs.415.02 billion and revenue collection Rs.323.24 billion.*
- *Broad money (M2) increased 3.0 percent. On y-o-y basis, M2 expanded 12.1 percent.*
- *Deposits at BFIs increased 2.3 percent and private sector credit increased 2.5 percent. On y-o-y basis, deposits increased 12.6 percent and private sector credit increased 6.2 percent.*

Inflation

Consumer Price Inflation (CPI)

1. The y-o-y consumer price inflation stood at 5.60 percent in mid-November 2024 compared to 5.38 percent a year ago. Food and beverage inflation stood at 9.10 percent whereas non-food and service inflation stood at 3.65 percent in the review month. During the same period in the previous year, the price indices of these groups had increased 5.98 percent and 4.99 percent respectively.
2. Under the food and beverage category, y-o-y price index of vegetable sub-category increased 33.99 percent, pulses and legumes 10.78 percent, cereal grains & their products 10.15 percent and ghee & oil 9.29 percent. However, the y-o-y price index of spices sub-category decreased 1.41 percent, sugar & sugar products 1.28 percent and meat & fish 0.02 percent.
3. Under the non-food and services category, y-o-y price index of miscellaneous goods and services sub-category increased 10.41 percent, alcoholic drinks 6.35 percent, clothes and footwear 4.57 percent and tobacco products 4.24 percent.



4. During the review month, y-o-y price index in rural areas and in urban areas increased 6.19 percent and 5.39 percent respectively.

5. Based on provinces, in the review month, y-o-y consumer price inflation in Koshi is 7.19 percent, Madhesh 5.72 percent, Bagmati 5.35 percent, Gandaki 4.69 percent, Lumbini 5.10 percent, Karnali 3.21 percent, and Sudurpashchim 6.57 percent.

Table 1: y-o-y Consumer Price Inflation (Percent)			
Mid-Month			
Particulars	Oct/Nov 2023	Sep/Oct 2024	Oct/Nov 2024
Overall Inflation	5.38	4.82	5.60
Food and Beverage	5.98	7.20	9.10
Non-food and Service	4.99	3.49	3.65

6. In the review month, y-o-y consumer price inflation in the Kathmandu Valley, Terai, Hill and Mountain region surged to 5.42 percent, 5.72 percent, 5.15 percent and 6.78 percent respectively.

Wholesale Price Inflation (WPI)

7. The y-o-y wholesale price inflation stood at 5.16 percent in mid-November 2024 compared to 2.09 percent a year ago.

8. The y-o-y wholesale price of consumption goods, intermediate goods and capital goods increased 9.02 percent, 3.39 percent and 2.86 percent respectively. The y-o-y wholesale price of construction material decreased 4.62 percent in the review month.

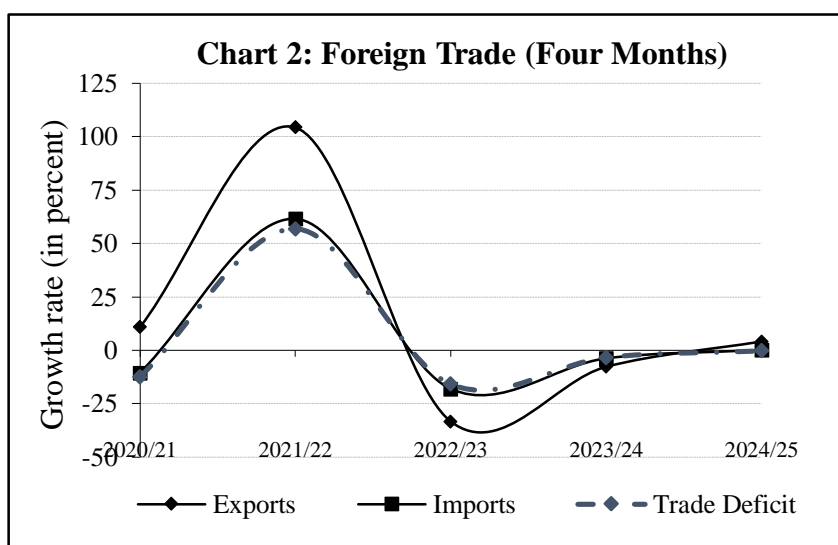
Consumer Price Inflation in Nepal and India

9. The y-o-y consumer price inflation in Nepal remained at 5.60 percent in mid-November 2024. Such inflation in India stood at 5.48 percent in November 2024.

External Sector

Merchandise Trade

10. During the four months of 2024/25, merchandise exports increased 4.2 percent to Rs.52.67 billion against a decrease of 7.7 percent in the same period of the previous year. Destination-wise, exports to India increased 8.4 percent, whereas export to China and other countries decreased 18.3 percent and 3.0 percent respectively. Exports of soyabean oil, tea, polyester



yarn and threads, particle board, oil cakes, among others increased whereas exports of palm oil, zinc sheet, readymade garments, juice, ginger among others decreased in the review period.

11. During the four months of 2024/25, merchandise imports increased 0.2 percent to Rs.513.39 billion against a decline of 3.8 percent a year ago. Destination-wise, imports from India and China increased 0.9 and 2.9 percent respectively, while import from other countries decreased 5.0 percent. Imports of transport equipment, vehicle and other vehicle spare parts, edible oil, sponge iron, garlic, telecommunication equipments and parts, among others increased. However, imports of petroleum products, gold, crude palm oil, aircraft spare parts, electrical equipment, among others decreased in the review period.
12. Based on customs points, exports from Bhairahawa, Biratnagar, Birgunj, Dry port, Kailali, Krishna Nagar, Mechi, Nepalgunj and Rasuwa Customs Offices increased whereas exports from all other major customs points decreased in the review period. On the import side, imports from Bhairahawa, Dry Port, Jaleswor, Kailali, Kanchanpur, Rasuwa and Tatopani Customs Offices increased whereas imports from all other major customs points decreased in the review period.
13. Total trade deficit decreased 0.3 percent to Rs.460.72 billion during four months of 2024/25. Such a deficit had decreased 3.3 percent in the corresponding period of the previous year. The export-import ratio increased to 10.3 percent in the review period from 9.9 percent in the corresponding period of the previous year.
14. During four months of 2024/25, merchandise imports from India paying convertible foreign currency amounted Rs.57.24 billion. Such import was Rs.53.84 billion in the same period of the previous year.

Composition of Foreign Trade

15. As per the Broad Economic Categories (BEC), the intermediate and final consumption goods accounted for 48.2 percent and 50.9 percent of the total exports respectively, whereas the ratio of capital goods in total exports remained at 1.0 percent in the review period. In the same period of the previous year, the ratio of intermediate, capital and final consumption goods remained 55.6 percent, 0.3 percent and 44.1 percent of total exports respectively.
16. On the imports side, the share of intermediate goods remained 48.7 percent, capital goods 8.7 percent and final consumption goods 42.5 percent in the review period. Such ratios were 49.2 percent, 8.8 percent and 42.1 percent respectively in the same period of the previous year.

Export-Import Price Index

17. The y-o-y unit value export price index, based on customs data, increased 0.2 percent and the import price index decreased 3.1 percent in the four months of 2024/25. The terms of trade (ToT) index increased 3.5 percent in the review period.

Services

18. Net services income remained at a deficit of Rs.22.95 billion in the review period compared to a deficit of Rs.27.89 billion in the same period of the previous year.

19. Under the service account, travel income increased 3.8 percent to Rs.26.84 billion in the review period. Such income was Rs.25.87 billion in the same period of the previous year.

Table 2: BOP related Indicators during the review period

Particulars	Values (in Billion)		Percentage Change	
	2023/2024 ^R	2024/2025 ^P	2023/2024 ^R	2024/2025 ^P
Travel income	25.87	26.84	44.8	3.8
Travel payment	61.92	68.31	64.7	10.3
Remittance inflows	478.00	521.63	22.5	9.1
Direct Investment Inflows (Equity only)	3.65	5.76	57.7	57.9
<i>R=Revised P=Provisional</i>				

20. Under the service account, travel payments increased 10.3 percent to Rs.68.31 billion, including Rs.37.72 billion for education. Such payments were Rs.61.92 billion and Rs.38.44 billion respectively in the same period of the previous year.

Remittances

21. Remittance inflows increased 9.1 percent to Rs.521.63 billion in the review period compared to an increase of 22.5 percent in the same period of the previous year. In the US Dollar terms, remittance inflows reached 3.87 billion in the review period which was 3.60 billion in the same period of the previous year.

22. Net secondary income (net transfer) reached Rs.568.26 billion in the review period compared to Rs.521.43 billion in the same period of the previous year.

23. The number of Nepali workers, both institutional and individual, taking first-time approval for foreign employment stands at 147,478 and taking approval for renew entry stands at 94,105. In the previous year, such numbers were 137,475 and 68,841 respectively.

Current Account and Balance of Payments

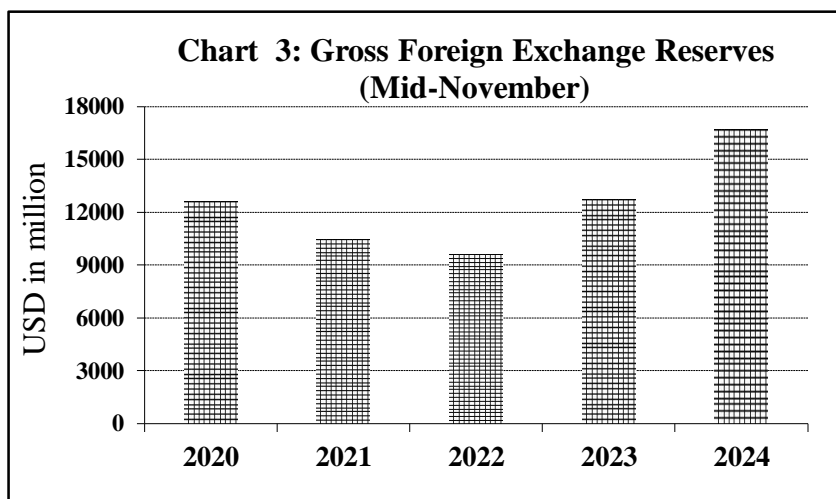
24. The current account remained at a surplus of Rs.143.42 billion in the review period compared to a surplus of Rs.97.10 billion in the same period of the previous year. In the US Dollar terms, the current account registered a surplus of 1.06 billion in the review period against a surplus of 730.58 million in the same period last year.

25. In the review period, net capital transfer amounted to Rs.2.47 billion. In the same period of the previous year, such transfer amounted to Rs.1.59 billion. Similarly, in the review period, Rs.5.76 billion foreign direct (Equity only) investment was received. In the same period of the previous year, such foreign direct (Equity only) investment inflows amounted to Rs.3.65 billion.

26. Balance of Payments (BOP) remained at a surplus of Rs. 205.83 billion in the review period compared to a surplus of Rs. 150.24 billion in the same period of the previous year. In the US Dollar terms, the BOP remained at a surplus of 1.53 billion in the review period compared to a surplus of 1.13 billion in the same period of the previous year.

Foreign Exchange Reserves

27. Gross foreign exchange reserves increased 10.5 percent to Rs.2255.35 billion in mid-November 2024 from Rs.2041.10 billion in mid-July 2024. In the US dollar terms, the gross foreign exchange reserves increased 9.4 percent to 16.70 billion in mid-November 2024 from 15.27 billion in mid-July 2024.



28. Of the total foreign exchange reserves, reserves held by NRB increased 8.6 percent to Rs.2008.15 billion in mid-November 2024 from Rs.1848.55 billion in mid-July 2024. Reserves held by banks and

financial institutions (except NRB) increased 28.4 percent to Rs.247.20 billion in mid-November 2024 from Rs.192.55 billion in mid-July 2024. The share of Indian currency in total reserves stood at 22 percent in mid-November 2024.

Foreign Exchange Adequacy Indicators

29. Based on the imports of four months of 2024/25, the foreign exchange reserves of the banking sector is sufficient to cover the prospective merchandise imports of 18 months, and merchandise and services imports of 15.1 months. The ratio of reserves-to-GDP, reserves-to-imports and reserves-to-M2 stood at 39.5 percent, 126 percent and 31.4 percent respectively in mid-November 2024. Such ratios were 35.8 percent, 108.6 percent and 29.3 percent respectively in mid-July 2024.

Price of Oil and Gold

30. The price of oil (Crude Oil Brent) in the international market decreased 5.5 percent to US dollar 73.45 per barrel in mid-November 2024 from US dollar 77.73 per barrel a year ago. The price of gold increased 29.9 percent to US dollar 2571.80 per ounce in mid-November 2024 from US dollar 1980.10 per ounce a year ago.

Exchange Rate

31. Nepali currency vis-à-vis the US dollar depreciated 1.02 percent in mid-November 2024 from mid-July 2024. It had depreciated 1.18 percent in the same period of the previous year. The buying exchange rate per US dollar stood at Rs.134.74 in mid-November 2024 compared to Rs.133.36 in mid-July 2024.

Fiscal Situation

Government of Nepal

Expenditure and Revenue

32. According to the Ministry of Finance, Financial Comptroller General Office (FCGO), the total expenditure of the Government of Nepal stood at Rs.415.02 billion during four months of FY 2024/25. The recurrent expenditure, capital expenditure and financial expenditure amounted to Rs.292.53 billion, Rs.34.53 billion and Rs.87.96 billion respectively in the review period.

Particulars	Amount (Rs. in Billion)			Percentage Change	
	2022/23	2023/24	2024/25	2023/24	2024/25
Total Expenditure	350.99	355.63	415.02	1.3	16.7
<i>Recurrent Expenditure</i>	281.39	271.17	292.53	-3.6	7.9
<i>Capital Expenditure</i>	26.30	29.99	34.53	14.0	15.1
<i>Financial Management</i>	43.31	54.47	87.96	25.8	61.5
Total Revenue	268.07	276.64	323.24	3.2	16.8
<i>Tax Revenue</i>	245.79	254.30	289.90	3.5	14.0
<i>Non-Tax Revenue</i>	22.28	22.34	33.34	0.2	49.3

Source: Financial Comptroller General Office

33. In the review period, total revenue mobilization of the Government of Nepal (including the amount to be transferred to provincial and local governments) stood at Rs.323.24 billion. The tax revenue amounted Rs.289.90 billion and non tax revenue Rs.33.34 billion in the review period (Table 3).

Cash Balance of the Government

34. Cash Balance at various accounts of the GoN maintained with NRB remained Rs.214.14 billion (including Provincial Governments and Local Government Account) in mid-November 2024. Such balance was Rs.91.78 billion in mid-July 2024.

Provincial Government

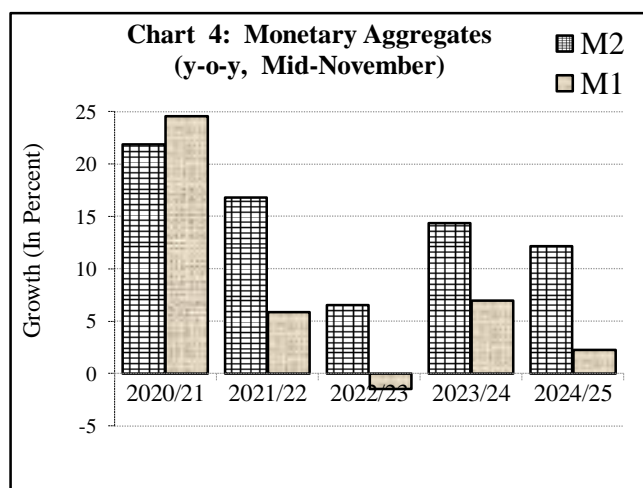
Expenditure and Revenue

35. In the review period, total expenditure of provincial governments stood Rs.25.46 billion and resource mobilization stood Rs.55.35 billion. The total resource mobilization of provincial governments includes the grants and revenue transferred from the Government of Nepal amounting Rs.44.72 billion and revenue and other receipts of the provincial governments amounting Rs.10.63 billion in the review period.

Monetary Situation

Money Supply

36. Broad money (M2) increased 3.0 percent in the review period compared to an increase of 3.7 percent in the corresponding period of the previous year. On y-o-y basis, M2 expanded 12.1 percent in mid-November 2024.
37. The net foreign assets (NFA, after adjusting foreign exchange valuation gain/loss) increased Rs.205.83 billion (10.3 percent) in the review period compared to an increase of Rs.150.24 billion (10.3 percent) in the corresponding period of the previous year.



38. Reserve money increased 2.7 percent in the review period compared to an increase of 6.6 percent in the corresponding period of the previous year. On y-o-y basis, reserve money increased 3.8 percent in mid-November 2024.

Domestic Credit

39. Domestic credit increased 1.3 percent in the review period compared to an increase of 2.2 percent in the corresponding period of the previous year. On y-o-y basis, domestic credit increased 5.1 percent in mid-November 2024.
40. Monetary Sector's net claims on government decreased 6.6 percent in the review period compared to a decrease of 1.7 percent in the corresponding period of the previous year. On y-o-y basis, such claims decreased 1.2 percent in mid-November 2024.

41. Monetary Sector's claims on the private sector increased 3.1 percent in the review period compared to an increase of 3.0 percent in the corresponding period of the previous year. On y-o-y basis, such claims increased 6.2 percent in mid-November 2024.

Deposit Mobilization

42. Deposits at Banks and Financial Institutions (BFIs) increased Rs.149.84 billion (2.3 percent) in the review period compared to an increase of Rs.154.61 billion (2.7 percent) in the corresponding period of the previous year. On y-o-y basis, deposits at BFIs expanded 12.6 percent in mid-November 2024.

Deposits	Mid-July		Mid-November	
	2023	2024	2023	2024
Demand	7.7	5.8	6.1	5.3
Saving	26.6	30.3	27.3	32.8
Fixed	58.8	56.4	60.2	54.5
Other	6.8	7.5	6.4	7.4

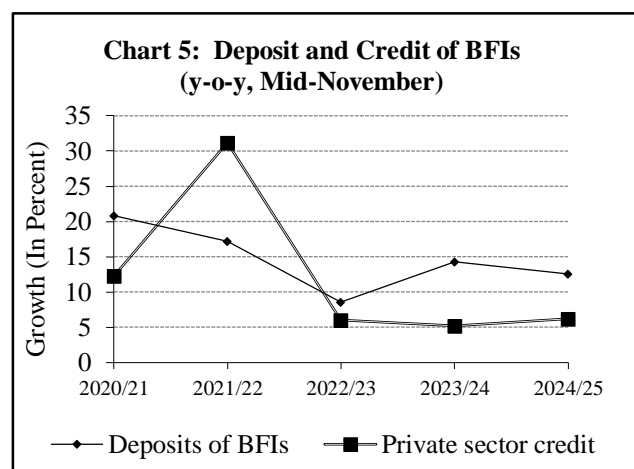
43. The share of demand, saving and fixed deposits in total deposits stood at 5.3 percent, 32.8 percent and 54.5 percent respectively in mid-November 2024. Such shares were 6.1 percent, 27.3 percent and 60.2 percent respectively a year ago (Table 4).

44. The share of institutional deposits in total deposit of BFIs stood at 35.8 percent in mid-November 2024. Such a share was 36.0 percent a year ago.

Credit Disbursement

45. Private sector credit from BFIs increased Rs.128.47 billion (2.5 percent) in the review period compared to an increase of Rs.99.40 billion (2.1 percent) in the corresponding period of previous year. On y-o-y basis, credit to the private sector from BFIs increased 6.2 percent in mid-November 2024.

46. The shares of private sector credit from BFIs to non-financial corporation and household stand at 64.1 percent and 35.9 percent respectively in mid-November 2024. Such shares were 63.1 percent and 36.9 percent a year ago.



47. In the review period, private sector credit from commercial banks, development banks and finance companies increased by 2.6 percent, 2.0 percent and 3.9 percent respectively.

48. Out of the total outstanding credit of the BFIs as of mid-November 2024, 13.5 percent is against the collateral of current assets (such as agricultural and non-agricultural products) and 66.0 percent against land and building. Such ratios were 12.1 percent and 67.3 percent respectively a year ago.

49. In the review period, outstanding loan of BFIs to the industrial production sector increased 3.1 percent, construction sector 1.8 percent, wholesale and retail sector 2.1 percent, transportation, communication and public sector 4.6 percent, service industry sector 2.9 percent and consumable sector increased 2.5 percent. However, agriculture sector credit decreased 0.9 percent.

50. In the review period, term loan extended by BFIs increased 2.7 percent, margin nature loan 19.6, trust receipt (import) loan 22.1 percent, hire purchase loan 2.1 percent, cash credit loan 0.6 percent and real estate loan (including residential personal home loan) increased 1.7 percent. However, the overdraft loan decreased 6.6 percent.

Liquidity Management

51. In the review period, NRB absorbed, on transaction basis, a total liquidity of Rs.10775.95 billion, including Rs.807.30 billion through deposit collection auction and Rs.9968.65 billion through Standing Deposit Facility (SDF). In the corresponding period of the previous year, Rs.514.11 billion net amount of liquidity was injected through various instruments of open market operations including Standing Liquidity facility (SLF) and Overnight Liquidity Facility (OLF).

52. In the review period, NRB injected liquidity of Rs.257.15 billion through the net purchase of USD 1.92 billion from foreign exchange market. Liquidity of Rs.232.77 billion was injected through the net purchase of USD 1.75 billion in the corresponding period of the previous year.

53. The NRB purchased Indian currency (INR) equivalent to Rs.161.48 billion through the sale of USD 1.20 billion in the review period. INR equivalent to Rs.135.51 billion was purchased through the sale of USD 1.02 billion in the corresponding period of previous year.

Inter-bank Transaction

54. In the review period, BFIs inter-bank transactions amounted Rs.532.10 billion on a turnover basis, including Rs.470.30 billion inter-bank transactions among commercial banks, and Rs.61.80 billion among other financial institutions (excluding transactions among commercial banks). In the corresponding period of the previous year, such transaction was Rs.1958.87 billion, including Rs. 1743.94 billion among commercial banks and Rs.214.93 billion among other financial institutions (excluding transactions among commercial banks).

Interest Rate

55. The weighted average 91-days treasury bills rate remained at 2.77 percent in the fourth month of 2024/25. Such rate was 4.39 percent in the corresponding month a year ago. The weighted average inter-bank rate among BFIs, which was 3.47 percent a year ago, decreased to 2.91 percent in the review month (Table 5).

56. The average base rates of commercial banks, development banks and finance companies stood 7.02 percent, 8.96 percent and 10.03 percent respectively in the fourth month of 2024/25. The average base rate of commercial banks, development banks and finance

Types	Mid-November 2023	Mid-November 2024
91-days treasury bills rate	4.39	2.77
Inter-bank rate of BFIs	3.47	2.91
Base rate		
Commercial banks	9.74	7.02
Development banks	12.00	8.96
Finance companies	13.33	10.03
Deposit rate		
Commercial banks	7.76	5.01
Development banks	9.11	5.83
Finance companies	10.02	7.18
Lending Rate		
Commercial banks	11.96	9.07
Development banks	13.70	10.43
Finance companies	14.48	11.70

companies were 9.74 percent, 12.00 percent and 13.33 percent respectively in the corresponding month a year ago.

57. Weighted average deposit rates of commercial banks, development banks and finance companies stood 5.01 percent, 5.83 percent and 7.18 percent respectively in the review month. Weighted average deposit rate of commercial banks, development banks and finance companies were 7.76 percent, 9.11 percent and 10.02 percent respectively in the corresponding month a year ago. Likewise, the weighted average lending rate of commercial banks, development banks and finance companies stood 9.07 percent, 10.43 percent and 11.70 percent respectively in the review month. Such rate of commercial banks, development banks and finance companies were 11.96 percent, 13.70 percent and 14.48 percent respectively in the corresponding month a year ago.

Financial Access

58. The total number of BFIs licensed by NRB remained 107 in mid-November 2024 (Table 6). As of mid-November 2024, 20 commercial banks, 17 development banks, 17 finance companies, 52 microfinance financial institutions and 1 infrastructure development bank are in operation. The number of BFIs branches remained 11,542 in mid-November 2024 compared to 11,530 in mid-July 2024.

Bank and Financial Institutions	Number of BFIs			Branches of BFIs		
	mid-July 2023	mid-July 2024	mid-November 2024	mid-July 2023	mid-July 2024	mid-November 2024
Commercial Banks	20	20	20	5049	5056	5065
Development Banks	17	17	17	1128	1135	1137
Finance Companies	17	17	17	284	288	289
Microfinance Financial Institutions	57	52	52	5128	5051	5051
Infrastructure Development Bank	1	1	1	-	-	-
Total	112	107	107	11589	11530	11542

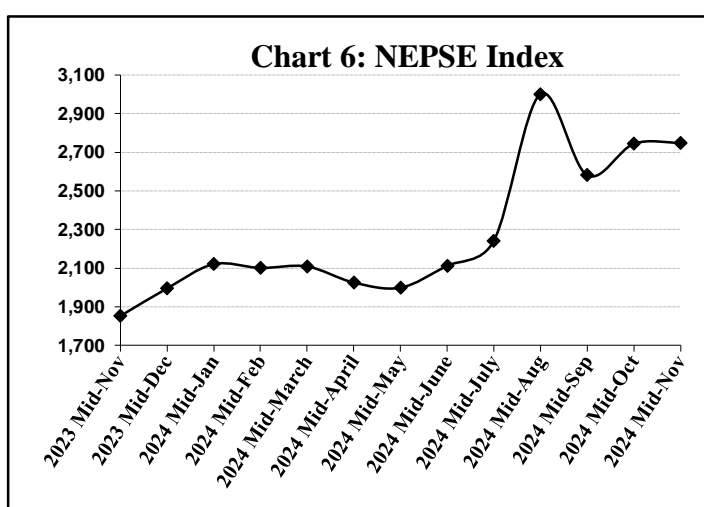
*Updated information is available at <http://emap.nrb.org.np/>

Capital Market

59. NEPSE index stood 2748.79 in mid-November 2024 compared to 1852.09 in mid-November 2023.

60. Stock market capitalization in mid-November 2024 stood Rs.4376.90 billion compared to Rs.2853.01 billion in mid-November 2023.

61. Number of companies listed at NEPSE reached 267 in mid-November 2024. Out of the total listing, 129 are Bank and Financial Institutions (BFIs) and insurance companies, 91 hydropower



companies, 22 manufacturing and processing industries, 7 hotels, 7 investment companies, 4

trading companies and 7 others. The number of companies listed at NEPSE were 264 in mid-November 2023.

62. Share of BFIs and insurance companies in stock market capitalization is 58.5 percent in mid-November 2024. Such a share for hydropower companies is 15.8 percent, investment companies 7.7 percent, manufacturing and processing industries 5.4 percent, hotels 2.9 percent, trading companies 0.5 percent and the share of other companies is 9.2 percent.
63. The paid-up value of 8.46 billion shares listed at NEPSE stood Rs.834.74 billion in mid-November 2024.
64. Securities worth Rs.7.58 billion were listed at NEPSE during the four months of FY 2024/25. Such securities comprise right shares worth Rs.3.91 billion, bonus shares worth Rs.3.67 billion, and FPO worth Rs.4.67 million.
65. Securities Board of Nepal approved the total public issuance of securities worth Rs.7.79 billion in the review period which includes right share worth Rs.5.89 billion and mutual fund worth Rs.1.90 billion.