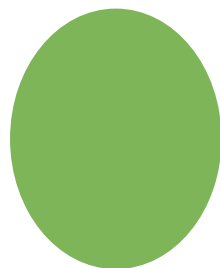


Half Yearly Review of Monetary Policy_2020/21

Highlights



- ❑ Current Scenario.....3
- ❑ Revision in Policy Provisions5

Current Scenario

Financial Objectives

Average Consumer Inflation Rate: 3.72% on taking average of 6 months of FY 2020/21 (*Last year-6.41%*)

Consumer Inflation Rate: 3.56% as on Poush end 2077 (*Last year:6.82%*)

Export & Import- *Export* Increased by 6.1 % and Import decreased by 4.8% resulting in improvement of business loss by 5.8%

Current Account Deficit: NPR 49.53 billion

Balance of Payment Status: Surplus by NPR 124.92 billion

Financial Sectors

Deposit: Increased by NPR 352.21 billion (*Last year increased by NPR 199.91 billion in the review period*)

Credit: Increased by NPR 366.33 billion (*Last year increased by NPR 247.36 billion in the review period*)

Capital of BFI's: NPR 380.24 billion

Number of branches of BFI's: 10,187

Average Base Rate of Commercial Bank: 7.18%

Weighted Average Interest Rate of Deposits of Commercial Bank: 5%.

Current Scenario

Financial Sectors (Contd.)

Weighted Average Interest Rate of Credit of Commercial Bank: 9.09%

Lending in Agricultural Sector: 11.02% of total credit lending

Lending in Energy Sector: 5.72% of total credit lending

Concessional credit: Provided to 60,879 borrowers (*Loan amounting to NPR 100.37 billion as on Poush end 2077*)

Refinancing: Loan amounting to NPR 87.87 billion approved till Magh end 2077

Monetary and Financial Tools

1. CRR, SLR and Bank rate remain unchanged.
2. For loans in pass category till Poush end 2076, if borrowers present written work plan till 2078 Asar end; BFIs' after analyzing the work plan, can restructure/reschedule the loan for onetime after recovering 5% of the accrued interest.
3. Required provision will be made so that small Hydroelectricity project below 10MW will have access to refinancing facilities.
4. Loan to Value ratio for various purpose as provisioned in monetary policy is unchanged. Provision to review Loan to Value ratio will be made after financial activities get normal.
5. Special monitoring will be done to ensure whether loan disbursed in specified sector/group is availed by targeted sector/group or not and incase such loans are mis utilized, effectiveness in penalizing the concerned will be made.
6. For encouraging the electronic transactions, review on transaction limit will be done.
7. Additional principal provision will be done for QR code and other electronic transactions.
8. Provision will be made for including specified expenses incurred for financial literacy for electronic transactions under corporate social responsibility.
9. The existing provision for providing exchange limit on providing foreign exchange for Documents Against Payment (DAP)/Documents Against Acceptance (DDA) will be reviewed as per necessity.

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