

Highlights of First Quarter Review of Monetary Policy_2077-78

Current Macro Economic Status

Inflation and Balance of Payment Status

Average Consumer Inflation Rate: 3.93%- taking average of 3 months of FY 2020/21 (*Last year-6.44%*)

Consumer Inflation Rate: 3.79% as on Asoj end 2077 (*Last year:6.21%*)

Export- Increased by 14.3 % resulting in improvement of business loss by 15.3%

Current Account Surplus: NPR 34.36 billion

Balance of Payment Status: Surplus by NPR 101.09 billion

Impact of Covid-19 on economy: Average production/transactions post Covid-19 vis a vis Pre-Covid Scenario is 47.99

Growth of Financial Sector

Deposit: Increased by 4.9% (NPR 4,027.37 billion)

Credit: Increased by 4% (NPR 3,339.66 billion)

Capital of BFI's: NPR 352.70 billion

Number of Branches of BFI's: 9,903

Average Base Rate of Commercial Bank: 7.73%

Weighted Average Interest Rate of Deposits of Commercial Bank: 5.45%.

Weighted Average Interest Rate of Credit of Commercial Bank: 9.83%

Lending in Agricultural Sector: 9.5% of total credit lending

Lending in Energy Sector: 5.6% of total credit lending

Concessional credit: Provided to 41,618 borrowers (*outstanding NPR 72.47 billion as on Asoj end 2078*)

CCD Ratio of BFI's : 72.9% as on Asoj end 2078

Debenture Issued by BFI's: NPR 57.68 billion

Proposed Changes in Policy Provisions

1. CRR, SLR and Bank rate will be unchanged.
2. Provision will be made to restrict difference on interest rate provided on different deposit accounts by BFI's except call deposits to 5%.
3. Prepayment charge on term loans and swap charge will be made more organized.
4. For loans provided with fixed interest rate, necessary provision will be made for prepayment charge and fixing tenure to match with interest risk and resource mobilization.
5. Provision to be made to halt auction of collateral for loans in respect of business affected by Covid-19, interest of which are not outstanding for more than 6 months.
6. Considering the impact of Covid-19 on repayment of loans in FCY by borrowers availing loans in FCY, provision to be made to facilitate the repayment of such loan in local currency
7. Provision to be made to provide foreign exchange facility for import of goods and services up to defined limit through online.
8. Review on service charge to be obtained from customers will be made for electronic payment services provided by BFI's, payment service providers and operators of payment system.
9. Existing provision of personal overdraft, margin lending and real estate loan will be reviewed.
10. Further facilitation will be done on refinancing facility provided to tourism industry including hotel business (hardly hit sector by Covid-19) and animal husbandry business.
11. Study will be made for review of sectors impacted by Covid-19 that were classified as high impacted, medium impacted and less impacted by Covid-19 by NRB.