

Flash Alert

24 February 2022



Amendments in Unified Directives, 2078

Amendments and Additions in Unified Directive, 2078 issued to “A”, “B” and “C” class BFIs

Nepal Rastra Bank (NRB) using power conferred to it by section 79 of Nepal Rastra Bank Act, 2058 has issued a notice dated 11th Falgun 2078 announcing additions and amendments in the Unified Directive, 2078 issued to “A”, “B” and “C” class Bank and Financial Institutions (BFIs).

| Directive Reference | Amendment/ Insertion | New Provision |
|--|----------------------|--|
| Capital Adequacy Framework 2015/ 2007 - 3 Point 3.3 (e) 1 | Amendment | <p>Product Criteria for claims to be qualified as regulatory retail portfolio and risk-weighted at 75% has been updated as follows:</p> <ul style="list-style-type: none"> • Business Overdraft for revolving credits and lines of credit replacing previous “Overdraft”, • Addition of words (except personal) for hire purchase and auto loans. |
| Capital Adequacy Framework 2015/ 2007 - 3 Point 3.3 (g) 1 | Amendment | <p>Claims secured by commercial real estate</p> <p>Mortgages on land acquisition and development have been removed from the list of claims secured by commercial real estate.</p> |
| Capital Adequacy Framework 2015/ 2007 - 3 Point 3.3 (l) | New Insertion | <p>Addition to High Risk Claims (Risk weight of 150%)</p> <p>The following additions have been made to the high risk claim category:</p> <ul style="list-style-type: none"> • Personal overdraft loans • Personal hire purchase/ personal auto loans • Real estate loans for land acquisition and development • Lending against shares |
| Capital Adequacy Framework 2015/ 2007 - 3 Point 3.3 J 1(h) | Amendment | Lending against securities (bonds and shares) attracting a risk weight of 100% has been replaced by trust receipt loans for trading firms that shall attract a risk weight of 120%. |
| Directive 7 point 2 | Amendment | <p>Loan Loss Provision</p> <p>In case instructions for additional loan loss provision have been obtained through an inspection report before the publication of the quarterly or annual financial statement, the financial statement will have to be published only after recognition of the loan loss provision as per the instructions.</p> |

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| Directive 10 point 14 | New Insertion | Provision regarding purchase/ sale of promoter shares of other BFIs In case shareholders holding 1% or more promoter shares of any BFI wishes to acquire/ sell any number of promoter shares of any other BFI will compulsorily require permission from NRB. | | | | | | | | | | | | | | | | | | | | | | | | | |
| Directive 20 point 10 (π) | New Insertion | Implementation of Financial Literacy Guidance, 2078 Licensed institutions shall implement Financial Literacy Guidance, 2078 issued by NRB and submit a report as per Annexure 3 of the guidelines. | | | | | | | | | | | | | | | | | | | | | | | | | |
| Directive 17 point 17 (1) | New Insertion | <p>Minimum Loan Disbursal</p> <p>The period for disbursing loans to specified sectors by licensed commercial banks has been extended to <i>Asadh 2082</i>.</p> <p>The <i>updated</i> proportion of loan (in % of total loan disbursed by the commercial bank) and the period over which the disbursement is to be made is indicated below:</p> <table border="1"> <thead> <tr> <th>Period for disbursement</th> <th>2079 Asadh</th> <th>2080 Asadh</th> <th>2081 Asadh</th> <th>2082 Asadh (Total)</th> </tr> </thead> <tbody> <tr> <td>Sectors for loan disbursement</td> <td></td> <td></td> <td></td> <td></td> </tr> <tr> <td>Agricultural Sector</td> <td>12%</td> <td>13%</td> <td>14%</td> <td>15%</td> </tr> <tr> <td>Energy Sector</td> <td>6%</td> <td>7%</td> <td>8%</td> <td>10%</td> </tr> <tr> <td>MSMEs and Cottage Industries*</td> <td>11%</td> <td>12%</td> <td>13%</td> <td>15%</td> </tr> </tbody> </table> <p>*Includes loans below < 10 million and those disbursed directly to the deprived sector</p> <p>If the commercial banks that have disbursed the minimum percentage of credit in the <i>agricultural sector</i> are not able to extend loans in the specified percentage in other sectors, the shortfall can be invested in the areas under their specialization in the specified areas. The same can be included in the computation of total percentage as per clauses (क), (ख), and (ग).</p> | Period for disbursement | 2079 Asadh | 2080 Asadh | 2081 Asadh | 2082 Asadh (Total) | Sectors for loan disbursement | | | | | Agricultural Sector | 12% | 13% | 14% | 15% | Energy Sector | 6% | 7% | 8% | 10% | MSMEs and Cottage Industries* | 11% | 12% | 13% | 15% |
| Period for disbursement | 2079 Asadh | 2080 Asadh | 2081 Asadh | 2082 Asadh (Total) | | | | | | | | | | | | | | | | | | | | | | | |
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| MSMEs and Cottage Industries* | 11% | 12% | 13% | 15% | | | | | | | | | | | | | | | | | | | | | | | |
| Directive 21 point 8 | Amendment | Interest on loans The interest rate on loans disbursed to BFIs by NRB has been increased from 5% to 7%. | | | | | | | | | | | | | | | | | | | | | | | | | |
| Directive 21 point 11 (ख) | Amendment | Change in limits of the Interest rate corridor The upper limit; liquidity facility rate is set at 7% from the previous 5%, lower limit; deposit collection rate at 4% from 2% and repo rate at 5.5% from 3.5%. | | | | | | | | | | | | | | | | | | | | | | | | | |

For the notice [click here](#)



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