



## Amendment in Unified Directive - Directed Sector Lending Requirement

Nepal Rastra Bank (NRB) has released a Circular dated 3 Chaitra 2082 (17 March 2026), amending the Unified Directive 2082 applicable to Class "A", "B", and "C" licensed Banks and Financial Institutions (BFIs). The circular updates requirements for directed sector lending, including revised minimum lending thresholds for the Agriculture, Energy, Tourism, and Micro/Small/Medium Enterprise (MSME) sectors, introduces credit sale and purchase reporting options, and specifies penalties for noncompliance. The major highlights are as follows:

### 1. Revised Directed Sector Lending Requirement

- (a) Class "A" commercial banks should lend at least 10% of outstanding loans and advances to Agriculture Sector by the end of Poush 2083 (*earlier it was 15%*).
- (b) Class "A" commercial banks should lend at least 20% of outstanding loans and advances by the end of Poush 2083 to following sectors:
  - Tourism
  - Micro, Cottage, Small, and Medium Enterprises/Business (up to NPR 3 crore; or up to NPR 5 crore for production industries)
  - Energy
  - Information Technology and Communications-based industries
  - Export industries based on domestic raw materials  
(*earlier the limit was 10% for energy sector and 15% for Micro Cottage and SME Sector*)

**Note: This amendment has brought down the total directed or priority sector lending from 40% of total outstanding loans and advances to 30%.**

- (c) If a **Class "A"** bank exceeds the 10% minimum lending in the agriculture sector, the excess can be counted towards fulfilling the 20% lending requirement for the other specified sectors.

- (d) Class "B" and Class "C" BFIs should lend at least 20% and 15% of their outstanding loans and advances, respectively, to designated sectors by the end of Poush 2083. These sectors include Agriculture, Tourism, MSMEs (up to NPR 3 crore, or up to NPR 5 crore for production-based industries), Energy, IT/Communications, and export-oriented industries based on domestic raw materials.
- (d) Investments in Agriculture Bonds and Energy Bonds may be counted towards the respective sector's credit requirement.

### 2. Credit Sales and Purchase between the BFIs for reporting purpose

BFIs that fall short of the required lending in designated sectors may, by mutual agreement and for a fee, purchase eligible loans from institutions that have exceeded their targets.

- This mechanism is allowed strictly for meeting the prescribed sectoral lending (reporting) requirements.
- The purchased loans are treated as an addition by the buyer and a deduction by the seller only for reporting purposes. However, such purchases are limited to one-third of the total required sectoral lending target.
- These transactions are temporary in nature, allowed for a maximum period of six months or until the end of the relevant fiscal year (Ashad end), whichever comes earlier. Importantly, the underlying credit risk, return, control, and

accounting treatment remain with the selling institution.

- Additionally, loans once sold under this arrangement cannot be resold to another bank or financial institution within the same reporting period.

### 3. **Monitoring and Penalty:**

- (a) If a BFI fails to meet the required lending to designated sectors within the prescribed timeframe, the shortfall amount shall be subject to a penalty calculated on a quarterly basis, using the maximum interest rate applicable to loans and advances as per the latest published interest rates.

- (b) For commercial banks, the penalty computation shall be as follows:

- If the required percentage in Agriculture sector is not met penalty on the shortfall amount
- If the required percentage in other sectors (20% aggregate) is not met: penalty on the shortfall amount

- (c) For Class "B" and "C" financial institutions penalty on shortfall in the designated sector percentage.

- (d) Sector lending calculations will be based on the total outstanding loans from six months prior. This will start at the end of Poush 2083 and be calculated quarterly after that.

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**PKF Nepal Comments:** NRB has updated priority sector lending targets to be met by Poush 2083 and expanded eligible sectors like tourism, IT, and exports. It introduced a "Reporting Rights" system allowing banks to buy compliance from others. At the same time, penalties have become stricter, calculated quarterly based on past data. Banks must therefore reassess their loan classifications to ensure timely compliance.

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