

Nepalese Economy Post Gen Z Revolution

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Nepal stands at a critical juncture facing both political and economic tests that demands vision and discipline.



Administrative Functions



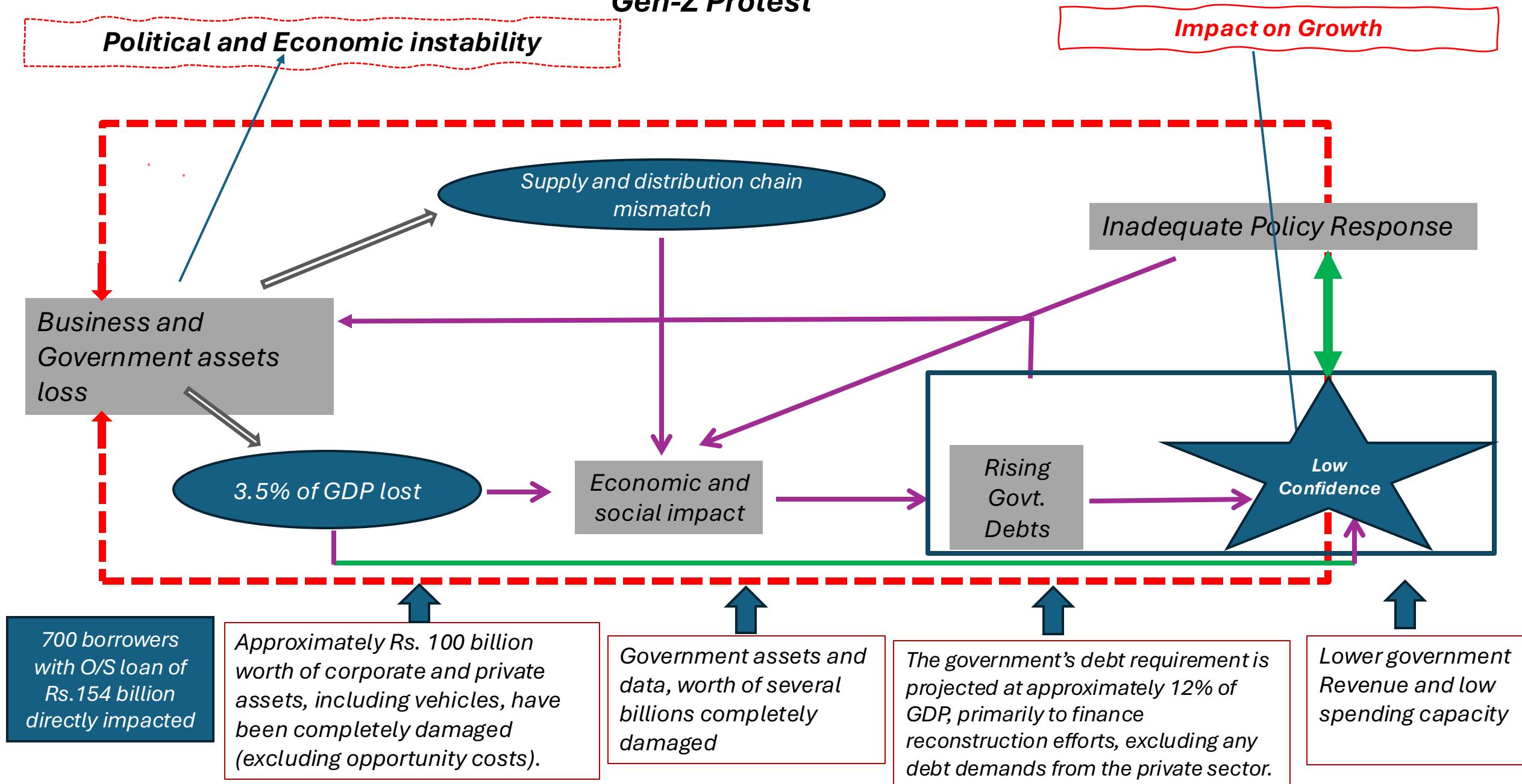
Judicial Functions



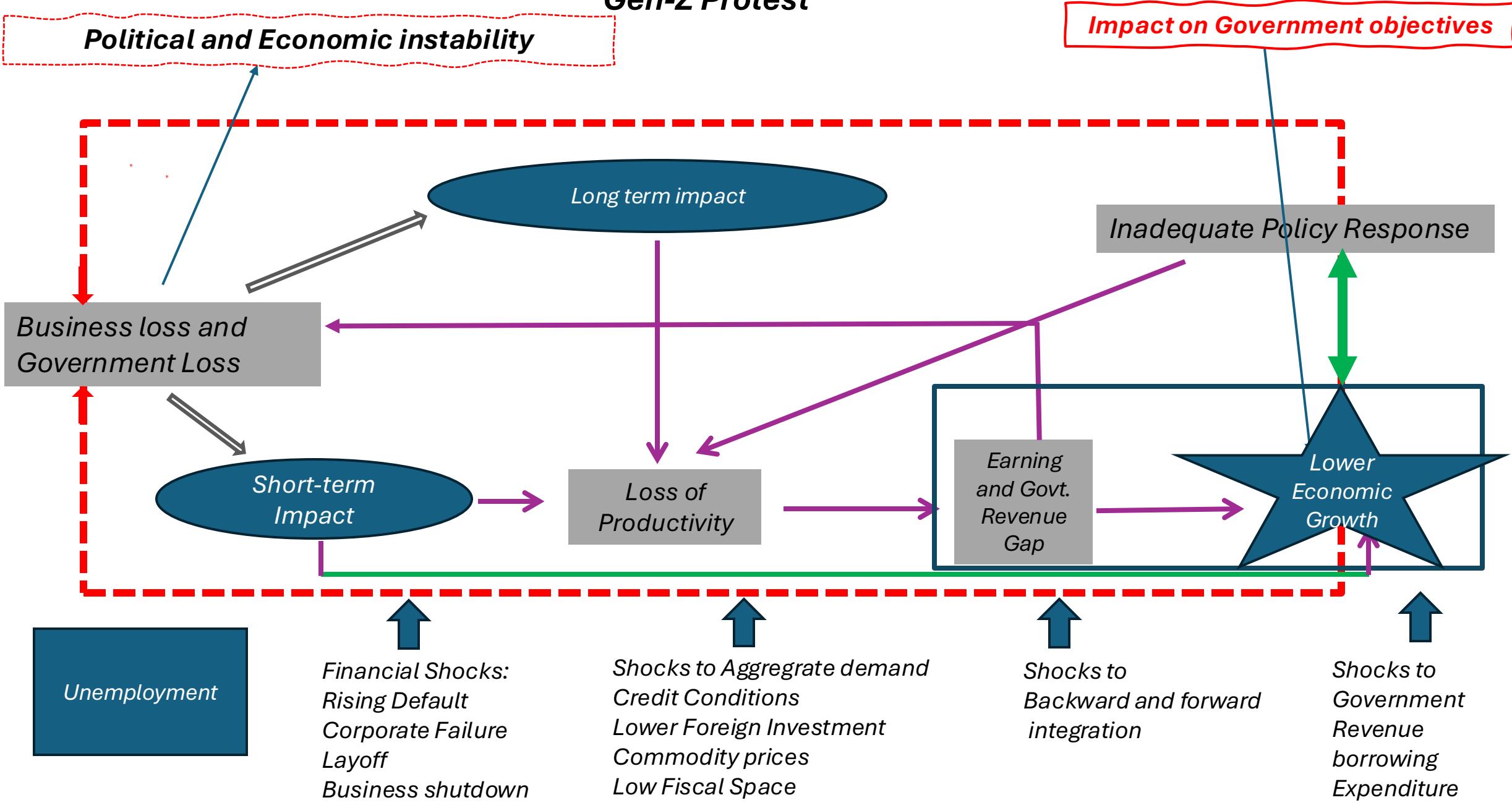
Trade and Finance Functions



Gen-Z Protest



Gen-Z Protest



Political Shocks Hitting Economy

Nepal's economy faces significant challenges:

Rising living costs, slow growth,

Surplus foreign exchange alongside underutilized local reserves,

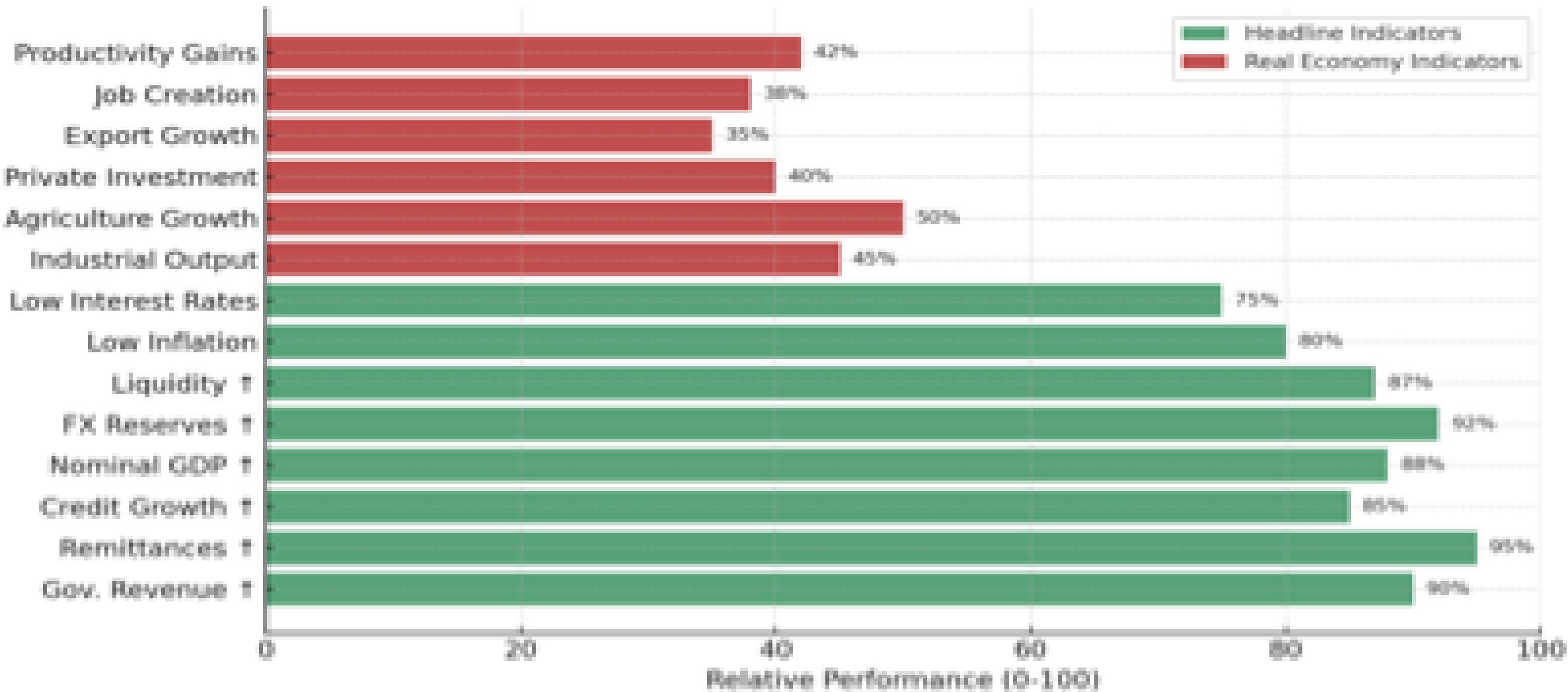
Low industrial productivity, loss of market confidence.

Increasing non-performing assets (NPAs),

Reduced consumer spending, and a weakening currency.

APG Grey List and human trafficking issue

Nepal: Headline Strength vs. Real Economy Weakness



Risks	Likelihood	Impact	Mitigation Measures
Political Instability	High	High	Strengthen governance frameworks and prioritize key projects.
Increasing debts burden	High	High	For every 0.7% decline in GDP, the debt level increases by approximately 3.5. Monetize Government Assets
Climate Disruptions	High	High	Invest in disaster management and climate-resilient infrastructure.
Weak Spending Execution and Revenue Mobilization	High	High	Streamline budgetary processes and enhance accountability in capital expenditure and revenue moralization.
Declining Private Sector Confidence	Medium	High	Implement tax incentives, regulatory reforms, and ease of doing business measures.
External Shocks (e.g., remittance or export decline)	High	Severe	Nepalese government revenue heavily relies on customs duties. However, the risk of reciprocal tariffs from trading partners and a potential reduction in grants from friendly nations could threaten fiscal stability. To mitigate these challenges, Nepal should focus on boosting local production, reducing government expenditures, downsizing the government structure, and increasing investment in research and development.
Rising Non-Performing Assets (NPAs)	Medium	High	Establish an Asset Management Company (AMC) to address banking sector vulnerabilities.

Total Deposit	Rs. 7,514 bn
Total Lending	Rs. 5,673 bn
NPA	4.62%
CD Ratio	74.63%
Average Lending Rates	7.66%
Average Deposit Rates	3.96%
Government Revenue	Rs. 2,592 bn 16.9% of the target
Government Expenditure	Rs. 3,906 bn 19.89% of the target

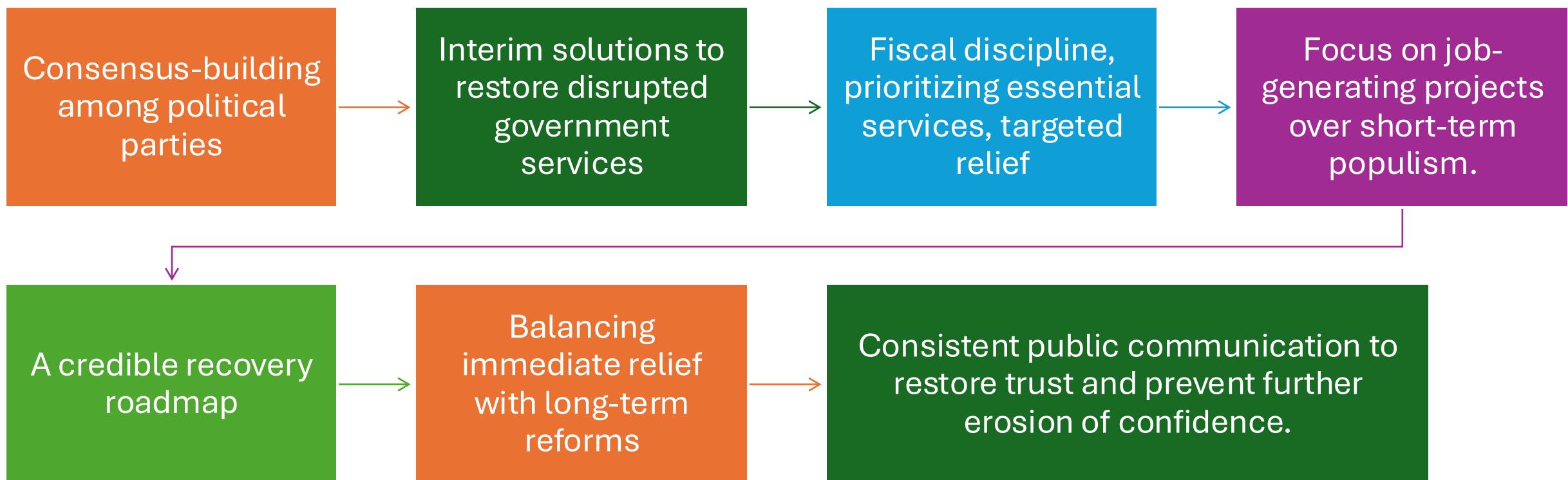
Foreign Trade Balance of Nepal billion	\$ in	Total Imports	Total Exports	Trade Deficit	Total Trade	Export: Import Ratio	Revenue	Exchang e factor
F.Y. 2023/24 (Mid-Oct)		3.14	0.31	2.83	3.45	1.00	10.13	0.84
Share % in Total Trade		91.01	8.99					
Trade deficit % GDP			6.99%					
F.Y. 2024/25 (Mid-Oct.)		3.01	0.30	2.71	3.31	1.00	10.03	0.90
Share % in Total Trade		90.94	9.06					Up
Trade deficit % GDP			5.87%					
F.Y.2025/26 (Mid- Oct)		3.60	0.56	3.04	4.16	1.00	6.43	1.81
Share % in Total Trade		86.54	13.46					Up
Trade deficit % GDP			6.58%					
Percentage Change in F.Y. 2023/24 compared to same period of the previous year		-4.14%	-3.23%	-4.24%	-4.06%			7.14%
Percentage Change in F.Y. 2024/25 compared to same period of the previous year		19.60%	86.67%	12.18%	25.68%			101.11%

1 USD= 125NPR

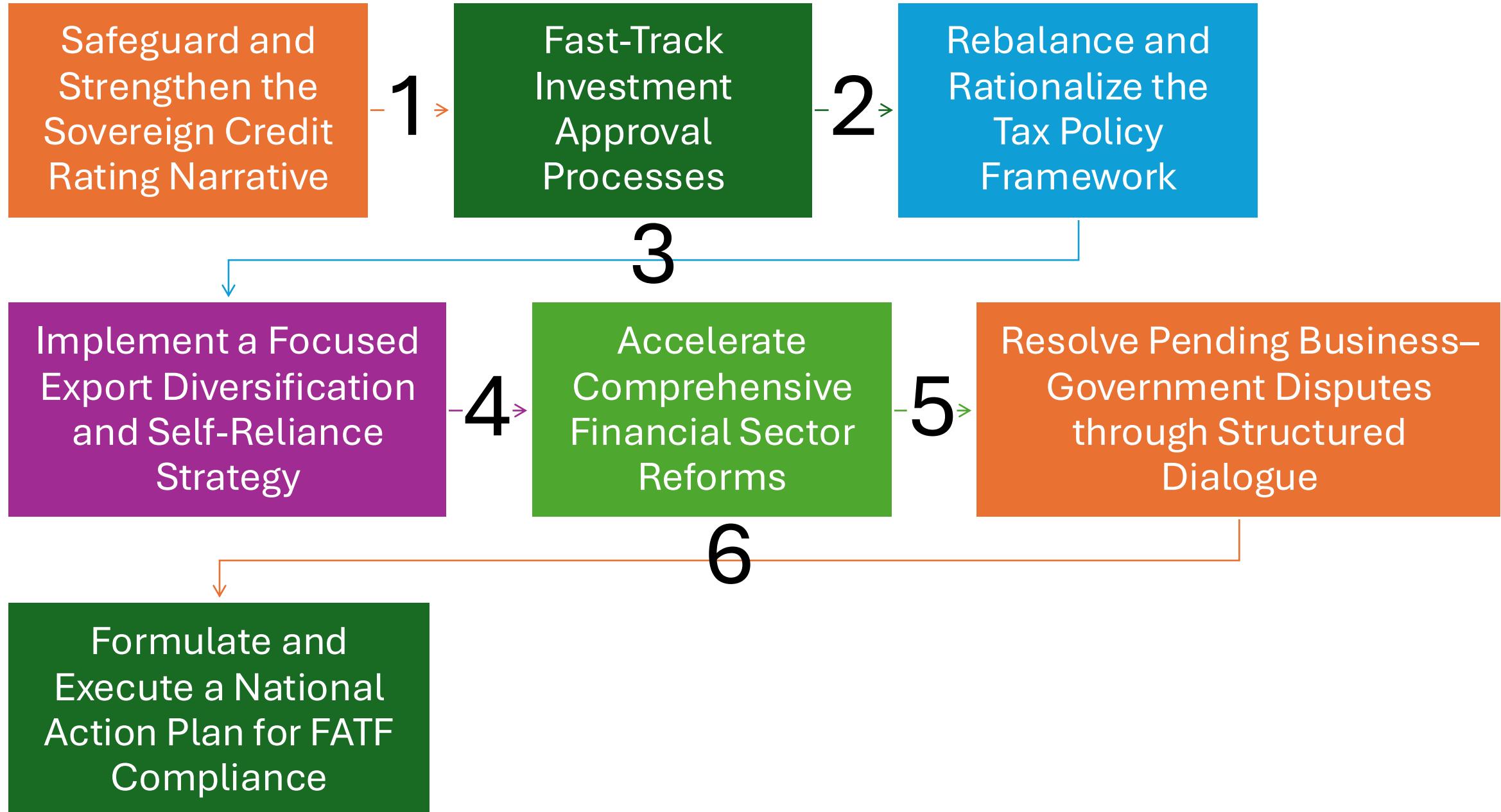
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What is needed now?



Action Plan



Questions?

