

## Birds-Eye View of Economic Outlook of Nepal

Dimension	World Bank	Asian Development Bank	International Monetary Fund	Fitch Ratings	Kala Legal	Nepal Rastra Bank (NRB)	Government of Nepal (GoN)
<b>GDP Growth Outlook</b>	~2% FY26 (4–5% medium term; short-term volatility possible)	~3% FY26 (4–5% medium term; supported by domestic demand, tourism & infrastructure)	~3% FY 26 (~4% medium term; with macro-stability emphasis)	Sensitive to political shocks	~2.5% FY26 (Mid-term potential >6–7% with deep reform)	~4–5% projection in monetary reports	Budget target often ~6%+ (ambitious relative to actual)
<b>Inflation (CPI)</b>	~5–6% Moderating, stable	~5% Manageable inflation	~4–5% Anchored; low-to-moderate	Secondary	Not primary concern	Target ~6% ceiling; inflation recently ~2% range	Aims for price stability within NRB framework
<b>Fiscal Deficit</b>	~4–5% of GDP capital under-execution	Improve capital efficiency	Fiscal consolidation priority	Debt trajectory key	Calls for fiscal restructuring	Coordinates liquidity to support fiscal stance	Budget deficit ~4–5% of GDP; revenue under pressure
<b>Public Debt</b>	~42–45% GDP manageable	~42–45% GDP manageable	Sustainable with discipline	Central rating factor	Risk without structural growth	Monitors domestic debt & liquidity impact	~43–45% GDP; mix of domestic & concessional external
<b>Foreign Exchange Reserves</b>	~\$11–12B; 10–11 months import cover	Stable buffer	Strong external position	Supports rating	Stable but not transformative	~\$22B; comfortable reserve coverage	Relies on remittance & import management
<b>Remittances</b>	~\$9–10B (~23–25% GDP)	Core demand driver	BOP anchor	Supports rating	Overdependence vulnerability	Key external stability driver	Major consumption & FX source
<b>Exports – Merchandise</b>	~\$2.0–2.2B (<7% GDP)	Trade recovery supportive	Diversification needed	Limited rating driver	Must scale aggressively/linked to tariff regime	Export growth improving but small base	Policy focus on trade diversification
<b>Exports – IT/Services</b>	~\$0.8–1.0B emerging	Growing contributor	Structural opportunity	Positive but small	High-priority scaling sector	Encourages digital payments & fintech	Promotes IT export policy incentives
<b>Trade Deficit</b>	~\$12–14B	Structural imbalance persists	Manageable via remittance inflow	Monitored	Structural export weakness	Import compression policies when needed	Persistent structural trade gap
<b>Banking Sector / NPLs</b>	NPLs ~4–5%; credit slow	Credit easing to support growth	Financial reform under ECF	Asset quality risk	Banking & capital constraints limiting corporate expansion	NPL ~4–5%; liquidity easing, rate cuts	Works with NRB on financial stability
<b>Capital Market Development</b>	Improve investment climate	Infrastructure financing	Institutional reform	Governance impact	Deep capital market reform essential	Regulatory oversight role	SEBON reforms, IPO pipeline focus
<b>Election Impact – Short Term</b>	Investment delay risk	Limited focus	Reform continuity critical	Political instability risk	Reform momentum may stall	Monetary stability focus during transition	Pre-election spending pressure possible
<b>Election Impact – Opportunity</b>	Stable govt boosts predictability	Infrastructure commitments may rise	Post-election credibility vital	Governance continuity improves rating	Elections must deliver structural reform mandate	Maintain financial stability	Policy reset & reform legitimacy
<b>Structural Reform Emphasis</b>	Private investment & governance	Productivity & infrastructure	Fiscal & institutional reform	Governance & prudence	50 firms ≥\$5B; 500 firms ≥\$500M; \$100B+ GDP vision	Financial sector stability & monetary discipline	Industrial policy, hydropower, export promotion