

# **FINANCIAL SECTOR REFORM AND ITS IMPACT ON ECONOMIC DEVELOPMENT IN NEPAL**

**A Thesis Submitted to**

Central Department of Economics,

Tribhuvan University, Kirtipur, Kathmandu, Nepal

in Partial Fulfillment of the Requirement for the Degree of

**MASTER OF ARTS**

in

**ECONOMICS**

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April, 2018

## LETTER OF RECOMMENDATION

This thesis entitled **Financial Sector Reform and Its Impact on Economic Development in Nepal** has been prepared by Mr. Om Krishna Maharjan under my supervision. I hereby recommend this thesis for examination by the thesis committee as a partial fulfillment of the requirements for the Degree of Master of Arts in Economics.

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## **APPROVAL SHEET**

We certify that thesis entitled **Financial Sector Reform and Its Impact on Economic Development in Nepal** submitted by Mr. Om Krishna Maharjan to the Central Department of Economics, Faculty of Humanities and Social Sciences, Tribhuvan University, in partial fulfillment of the requirement for the Degree of MASTER OF ARTS in ECONOMICS has been found satisfactory in scope and quality. Therefore, we accept this thesis as a part of the said degree.

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## **ACKNOWLEDGEMENT**

This study report entitled **Financial Sector Reform and Its Impact on Economic Development in Nepal** has been prepared as for partial fulfillment of the requirements for the Master's Degree course in Economics. It analyzes the development of financial sector development after different financial reform programs in Nepal.

First of all, I would like to express my sincere gratitude to Mr. Babu Ram Karki ,Thesis Supervisor, Central Department of Economics, Tribhuvan University, Kirtipur for his scholarly guidance, valuable suggestions and encouragement without which this study would not exist in this form. I am deeply indebted to him.

I would like to thank to all Head, teacher and respected senior brother/sisters of the Central Department of Economics Tribhuvan University, Kirtipur for providing me all possible requirement of thesis. Similarly, I would like to express my sincere gratitude to all member of Central Department of Economics, Kirtipur Family.

Finally, I would like to thank for A-One Photocopy and Computer Service Center for helping in computer printing of this thesis. I am also thankful to Mr. Umesh Karki for helping me in the use of essential software program of SPSS and Ms-Excel. Also, I would like to thanks to all my colleagues and other senior teacher and brother who had helped me in the preparation of this thesis.

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## **ABBREVIATIONS/ACRONYMS**

ADB	-	Asian Development Bank
ADB/N	-	Agriculture Development Bank/ Nepal
BFIS	-	Bank and Financial Institutions
CAR	-	Capital Adequacy Ratio
CARR	-	Cash Reserve Ratio
CBOs	-	Community Based Organizations
CBs	-	Commercial Banks
CPBASS	-	Commercial Banking Problem Analysis and Strategy Study
DBs	-	Development Banks
DFID	-	Department for International Development
ESAP	-	Enhance Structural Adjustment Program
F/Y	-	Fiscal Year
FCs	-	Finance Companies
FSDS	-	Financial Sector Development Strategy
FSR	-	Financial Sector Reform
GDP	-	Gross Domestic Product
GoN	-	Government of Nepal
HMG/N	-	His Majesty's Government of Nepal
IIDS	-	Institute for Integrated Development Studies
IMF	-	International Monetary Fund
NBL	-	Nepal Bank Limited
NDF	-	Nepal Development Forum
NEPSE	-	Nepal Stock Exchange
NGOs	-	Non- Government Organization
NIDC	-	Nepal Industrial Development Corporation

NPA	-	Non Performing Assets
NRB	-	Nepal Rastra Bank
PRSP	-	Poverty Reduction Strategy Paper
PSC	-	Priority Sector Credit
RBB	-	Rastriya Banijaya Bank
SAP	-	Structural Adjustment Program
SEC	-	Security Exchange Centre
SME	-	Small and Medium Enterprises
SLR	-	Statutory Liquidity Ratio
SMC	-	Security Marketing Centre
UK	-	United Kingdom
UNDP	-	United Nation Development Program
USA	-	United States of America
VRS	-	Voluntary Retirement Scheme
WB	-	World Bank
WTO	-	World Trade Organization