

The Role and Functions of Nepal Rastra Bank

Category: Banking

written by International Khabar | February 22, 2024



[The Nepal Rastra Bank \(NRB\)](#) plays a crucial role in guiding the development of the financial sector in Nepal. Established on April 26, 1956 A.D. (Nepali Date: Baisakh 14, 2013 B.S.) under the Nepal Rastra Bank Act, 1955, the NRB has been instrumental in formulating monetary and foreign exchange policies to maintain stability in market prices and ensure the smooth functioning of the economy.

Under the new Nepal Rastra Bank Act, 2002, the NRB has been entrusted with various responsibilities. One of its primary functions is to issue currency notes, ensuring a steady supply of money in the economy. Additionally, the NRB acts as a regulatory and supervisory body for the banking and financial sector, overseeing the operations of commercial banks, development banks, finance companies, and microfinance institutions.

As the central bank of Nepal, the NRB serves as an economic

advisor to the government. It provides valuable insights and recommendations on monetary and financial matters, contributing to the overall economic development of the country. The NRB's central office is located in Baluwatar, Kathmandu, and it has eight provincial offices strategically located across Nepal.

One of the key responsibilities of the NRB is to formulate and implement monetary policy. By controlling the money supply and interest rates, the NRB aims to maintain price stability and promote economic growth. Through its monetary policy decisions, the NRB influences borrowing costs, investment levels, and overall economic activity in the country.



Nepal Rastra Bank

In addition to monetary policy, the NRB also oversees foreign exchange rates and manages the country's foreign exchange reserves. By monitoring and managing exchange rates, the NRB ensures a stable and predictable environment for international trade and investment. It plays a vital role in maintaining the balance of payments and safeguarding the value of the Nepalese currency.

Furthermore, the NRB holds a significant stake in the Nepal Stock Exchange, making it one of the principal owners. This ownership allows the NRB to regulate and supervise the stock

market, ensuring transparency, fairness, and investor protection. By promoting a well-functioning stock market, the NRB contributes to the overall development of the capital market in Nepal.

As a member of the Asian Clearing Union, the NRB actively participates in regional financial cooperation. It collaborates with other central banks in the region to facilitate trade and payment settlements, promoting economic integration and stability.

The current governor of Nepal Rastra Bank is CA Maha Prasad Adhikari, who leads the institution in fulfilling its responsibilities. Dr. Gunakar Bhatta serves as the spokesperson, representing the NRB and communicating important updates and information to the public.

In conclusion, the [Nepal Rastra Bank](#) plays a vital role in shaping the financial landscape of Nepal. Through its functions as a central bank, it formulates monetary and foreign exchange policies, regulates the banking sector, and provides economic advice to the government. The NRB's efforts contribute to maintaining stability, promoting economic growth, and ensuring a robust financial system in Nepal.