



# Public Debt Bulletin

A Publication of the Public Debt Management Office

Fiscal Year 2081/82

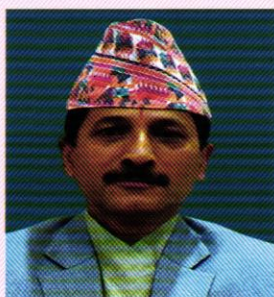
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## Journey of Digital Transformation of PDMO

Public Debt Management Office (PDMO) has been established as a dedicated institution for debt management. Within a half-decade of its establishment, it has been evolved as a highly efficient and professional institution in public debt management. The public debt management-related functions, previously carried out by Nepal Rastra Bank and Financial Comptroller General Office, have been successfully taken over by PDMO.



As the Government of Nepal is aspiring to transform into digital economy, public debt management functions have gradually been digitalized. The Debt Operation and Management Software (DOMS) is maintaining the record of transactions of both domestic and foreign debt in a single system. This system is very crucial as all the public debt management related functions is entirely digital and it keeps the record of all the public debt of the GoN, which is approximately 44% of GDP as of January 2025. Moreover, PDMO has dematerialized almost 94% of Citizen Saving Bonds (CSB) and Foreign Employment Saving Bond (FESB) which has enabled automatic timely payments of interest of these instruments.

Along with the digitalization of the service, the efficiency and effectiveness of the service delivery of this organization has significantly been enhanced. Physical mobility of the documents is very limited. Auction and settlements of Securities is done through DOMS and CSB and FESB through Investor Portal has further added trust of our valued customers. We are thankful to all our customers, more specifically Bank and Financial Institutions, investors and Nepali citizens for your continued support and cooperation.

We are firmly committed at improving our system for making our service more efficient, effective and credible.

Thank you.

PDMO Chief

## KEY HIGHLIGHTS

- Public Debt Position up to Poush 2081
- Share and Debt Investment details
- Annual Borrowing Plan
- Issuance of Internal Debt Procedure, 2081
- Issuance of Share and Loan Investment Policy
- Beginning of selling CSB and FESB
- Dematerialization of Bonds
- Interaction Programs with different stakeholders

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## **Public Debt Bulletin**

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## Public Debt Position

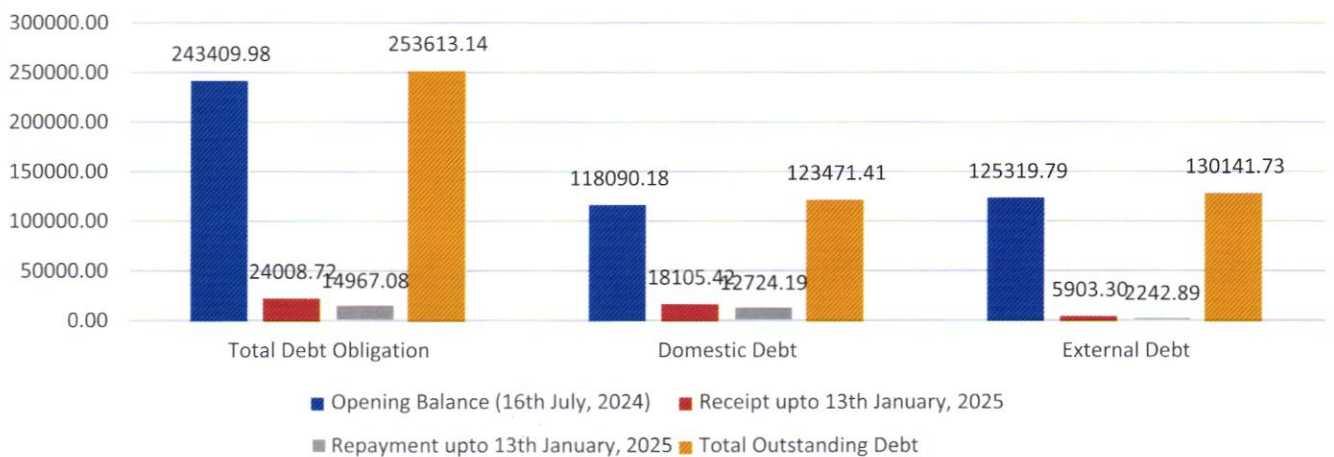
At the beginning of the current fiscal year, the total public debt was NPR 2434.9 billion which has been increased by NPR 102.3 billion, reaching NPR 2536.1 billion at the end of Poush, 2081 (mid-January, 2025). It represents 44.46 percent of the country's Gross Domestic

Product (GDP). Fluctuations in the exchange rate during this period have contributed to increment of NPR 11.61 in public debt. As of the end of Poush 2081, external debt consists of 51.32 percent of the total public debt, while domestic debt consists of 48.68 percent.

(NPR in 10 Million)

S.N.	Debt Details	Opening Balance (16th July, 2024)	Receipt upto 13th January, 2025 (2024/25)	Repayment upto 13th January, 2025 (2024/25)	Exchange Rate Gain/Loss	Total Outstanding Debt	Debt as % of GDP
	<b>Total Debt Obligation</b>	243,409.98	24,008.72	14,967.08	-1161.52	253,613.14	44.46
1	<b>Domestic Debt</b>	118,090.18	18,105.42	12,724.19	0.00	123,471.41	21.64
2	<b>External Debt</b>	125,319.79	5,903.30	2,242.89	-1161.52	130,141.73	22.81

Details of Public Debt



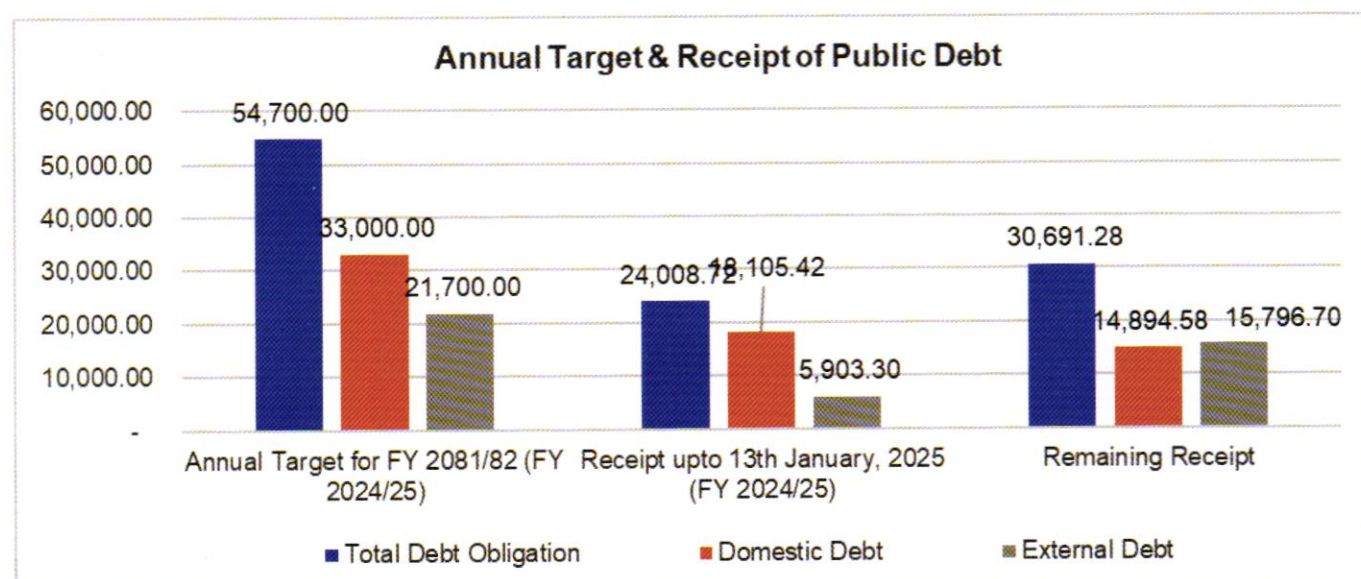
## Annual Target & Receipt of Public Debt

As of the end of Poush 2081 (mid-January 2025), NPR 240 billion in public debt has been received, accounting for 43.89% of the annual target of NPR 547 billion. Of the NPR 217 billion yearly target for external debt,

27.20% has been received, while domestic debt, with a target of NPR 330 billion, has reached 54.86%. Among the total debt received, domestic debt constitutes 75.41%, while external debt accounts for 24.59%.

(NPR in 10 Million)

S.N.	Debt Details	Annual Target for FY 2081/82 (FY 2024/25)	Receipt upto 13th January, 2025 (FY 2024/25)	Remaining Receipt	Receipt (%)
	Total Debt Obligation	54,700.00	24,008.72	30,691.28	43.89
1	Domestic Debt	33,000.00	18,105.42	14,894.58	54.86
2	External Debt	21,700.00	5,903.30	15,796.70	27.20



### Annual Budget and Actual Debt Service Expenses

In the fiscal year 2081/82 (2024/25), a total of NPR 402.85 billion was allocated for debt servicing. By the end of Poush 2081 (mid January, 2025), debt service expense of NPR 182.40 billion has been paid, accounting for 45.28% of the annual budget allocation. As of Poush end 2081, total debt servicing accounts for 3.20% of GDP.

(NPR in 10 Million)

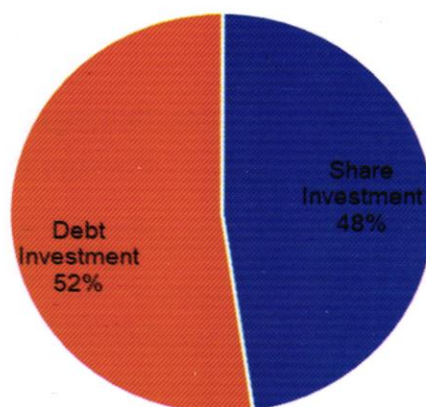
S.N.	Debt Details	Annual Budget	Expenditure upto Poush End, 2081 (13th January, 2025)	Remaining Budget	Expenditure (%)	Debt Servicing as % of GDP
1	Total Public Debt Servicing	40285.26	18240.19	22045.07	45.28	3.20
2	Domestic Debt Repayment	33695.44	15519.49	18175.95	46.06	2.72
	Principal Repayment	24578.00	12724.19	11853.81	51.77	2.23
	Interest Payment	9117.44	2795.29	6322.15	30.66	0.49
3	External Debt Repayment	6589.82	2720.71	3869.11	41.29	0.48
	Principal Repayment	5394.66	2242.89	3151.77	41.58	0.39
	Interest Payment	1195.16	477.82	717.34	39.98	0.08
4	Total Principal Payment	29972.66	14967.08	15005.58	49.94	2.62
5	Total Interest Payment	10312.60	3273.11	7039.49	31.74	0.57

## Share & Debt Investment

In the fiscal year 2081/82 (2024/25), a total of NPR 402.85 billion was allocated for debt servicing. By the end of Poush 2081 (mid January, 2025), debt service expense of NPR

182.40 billion has been paid, accounting for 45.28% of the annual budget allocation. As of Poush end 2081, total debt servicing accounts for 3.20% of GDP.

Structure of Government Investment



- As of Poush end of FY 2081/82, the Government of Nepal has made share & loan investment of NPR 835.12 billion in 150 public institutions and entities. Out of total amount, share investments amount to NPR 397.60 billion, while loan investments amount to NPR 437.51 billion. The share of loan investments consists of 52.39%, and share investments consists of 47.61% of the total investment.
- By Poush end of FY 2081/82, the Government of Nepal has received NPR 967.21 million as principal repayments, NPR 19.28 billion as cash dividends, and NPR 798.36 million as interest recovery.
- During this period, share investment of NPR 2.41 billion and loan investment of NPR 6.15 billion have been made.

## Other Major Activities

### I. Approval of Nepal Government's Annual Debt Plan (Annual Debt Issuance and Auction Schedule)

With the implementation of the Public Debt Management Regulation, 2080 (2024), the responsibilities related to internal debt operations and management, previously managed by Nepal Rastra Bank, have

been fully transferred to the Public Debt Management Office (PDMO) effective from Chaitra 1, 2080 (March 14, 2024). As per Section 4 of the Public Debt Management Act, 2079 (2022), the PDMO, in coordination with Nepal Rastra Bank, is responsible for the implementation of debt issuance & auction schedule after getting approval

from the Ministry of Finance. Furthermore, as per provision on chapter 3, Rule 8(1) of the Public Debt Management Regulation, 2080 (2024), the PDMO is authorized to mobilize internal debt within the approved borrowing limit using financial instruments. For the fiscal year 2081/82 (2024/25), on the basis of the national borrowing limit of NPR 330 billion (set by the National Debt Act, 2081(2024), annual debt issuance and auction schedule was prepared by PDMO and was recommended by the Debt Issuance and Operation Committee has been approved by the Honorable Deputy Prime Minister and Minister of Finance on dated 2081/04/13 (2024/07/28).

## **II. Internal Debt (Issuance and Management) Procedure, 2081 (2024)**

As per provision in section 28 of Public Debt Management Act, 2079, the internal debt (Issuance and Management) Procedure, 2081 has been approved on Asoj 7, 2081 (September 23, 2024) by Ministry of Finance. This procedure guide PDMO to prepare Annual borrowing plan, Medium Terms Debt Strategy, Debt Sustainability Analysis etc. and also to publish auction notice, auction of securities (TB, DB, CSB, FESB), settlement of the Bonds, dematerialize of securities, pledge and release of securities, payment of interest and secondary market transactions etc.

## **III. Share and Loan Investment Policy, 2081**

The budget statement of FY 2080/081 point number 430 has mentioned the formulation and implementation of an

investment policy to systematize and make government investments in institutions more productive. Accordingly, to regulate government shareholding and loan investments in various institutions and enterprises, ensure returns, and mitigate risks associated with loan investments, this policy has been approved by Council of Ministers on dated 2081/06/21 (October 7, 2024) and is implemented.

## **IV. Issuance of Citizen Savings Bonds and Foreign Employment Savings Bonds**

As per the approved annual issuance schedule for the fiscal year 2081/82 (2024/25), notices were published for the issuance of Citizen Savings Bonds of NPR 2 billion worth at a 7.5% interest rate on 2081/08/12 (2024/11/27) and Foreign Employment Savings Bonds of NPR 500 million at an 8.5% interest rate on the same date. According to the published notice, investors were notified to create their login ID (using investor.doms.gov.np) and purchase the concerned bonds electronically as desired. For the first time in history, the entire NPR 2 billion worth of Citizen Savings Bonds was sold out before the specified deadline, indicating increased public savings habits and trust in the government. However, only Foreign Employment Savings Bonds worthing NPR 54.2 million were sold. Despite offering higher interest rates than prevailing rates, the low sales were attributed to a lack of sufficient information and awareness campaigns, as well as limited saving habits among foreign employed citizens.

## **V. Foreign Debt Mobilization**

Public Debt Management Office's representative continuously taking part in negotiations meeting with development partners for foreign loans. PDMO also managing foreign debt and principal and interest payments for foreign loan-funded projects are being paid on time. Additionally, project accounts for foreign debt-funded projects are being reconciled timely.

## **VI. Interaction Program Organized by PDMO and SEJON**

An Orientation Program on Debt Management in Nepal has been jointly organized by the Public Debt Management Office (PDMO) and the Society of Economic Journalists Nepal (SEJON) on 2081/08/19 (2024/12/04) inclusive of participation of economic journalists from various publications. Discussions have covered the implementation of the Public Debt Management Act, 2079 (2022) and Public Debt Management Regulation, 2080(2024), the transfer of internal debt operations from Nepal Rastra Bank to PDMO and other topics such as economic indicators, foreign debt records and payments, and front-office, middle-office, and back-office functions of PDMO in debt management. Further, journalists were informed regarding the Citizen Savings Bonds of worth NPR 2 billion at the rate 7.5% interest rate and Foreign Employment Savings Bonds of worth NPR 500 million at the rate 8.5% interest rate and requested to publish in their respective journals. There were also briefed on the

application process (bidding and sign up), interest rates, and features of these bonds via the DOMS system and Investor Portal. The journalists are enthusiastically participated in the program and most of them has published about CSB and FESB on their respective electronic and paper journals.

## **VII. Dematerialization of Citizen and Foreign Employment Savings Bonds**

PDMO was issued a public notice regarding dematerialization of Citizen Savings Bonds and Foreign Employment Savings Bonds on dated 2081/05/16 (2024/09/01). Investors holding these bonds were notified to create an account (Sign Up) on the Investor Portal and come to PDMO with their physical certificates. In this regard, total NPR 11.33 billion of CSB and FESB data has been transferred to PDMO from Nepal Rastra Bank and NPR 10.55 billion has been dematerialized which is 94% of transferred amount up to end of Poush 2081 (mid-January, 2025). After dematerialized of bonds PDMO will deposit interest amount directly on client's bank account on half year basis on their respective interest payment dates. PDMO has started selling of CSB and FESB through digital platform (Investor Portal) from the beginning of auctioning journey and settlement of these bonds have been done in the DOMS system. The awarded bonds details with interest payment dates can see from investor portal and also these bonds can be bought and sold from the same system.

## PHOTO GALLERY



Figure 1 Interaction Program with SEJON



Figure 2 Interaction Program with SEJON



Figure 3 Orientation Program on Internal Debt Procedure



Figure 4 Orientation Program on Internal Debt Procedure



Figure 5 Technical Presentation of DOMS



Figure 6 Technical Presentation of DOMS