



Public Debt Bulletin

A Publication of the Public Debt Management Office
Fiscal Year 2081/82

Year 4 Volume 2

2081 Magh - 2082 Ashad

Jan 14, 2025 – July 16, 2025

Message from PDMO Chief

I am honored to publish the Semi-Annual Public Debt Bulletin from mid-Jan to mid-July 2025, reflecting our commitment to fiscal transparency and sound debt management practices.



According to annual report of PDMO, the public debt of Nepal has reached NPR 2,669.64 billion, which is 9.47% increase from the previous fiscal year, with external debt comprises 52.49 %, accounting to NPR 1,401.42 billion and domestic debt is 47.51%, accounting to NPR 1,268.22 billion. The debt-to-GDP ratio stands at 43.71%, reflecting a level that remains both manageable and sustainable till now. This growth reflects strategic financing for development priorities while maintaining prudent debt management.

PDMO has achieved significant milestones in this period. Notably, the ABP was successfully formulated and received formal approval from MOF. Significant progress has been made to formulate the guidelines for managing contingent liabilities, alongside the systematic maintenance of detailed records on state-owned enterprise liabilities. Furthermore, institutional capacity has been enhanced through the completion of O&M survey, resulting in the establishment of four specialized sections inside PDMO. These sections are now better equipped to address the complexities of debt management across policy analysis, domestic borrowings, external debt, and investment operations.

Transparency remains a cornerstone of our operations. The dematerialization process of Citizen Saving Bonds and Foreign Employment Bonds has been completed 98.79%, which is a remarkable achievement for the PDMO. On the other hand, our investment portfolio in state-owned enterprises stands at NPR 932.24 billion, spread across 45 entities, and has received NPR 109.16 billion in returns through principal repayments, interest, and dividends. Looking forward, we remain committed to preserving a strong debt repayment record, while advancing the national development agenda through collaboration with development partners and sustained enhancements to our systems and processes

Finally, I express gratitude to the Ministry of Finance, FCGO, Nepal Rastra Bank, and development partners for their coordination and support. I appreciate my colleagues for their hard work to bring this publication to fruition.

Thank you.

KEY HIGHLIGHTS

- ⊙ Approval of Annual Borrowing Plan (ABP) and Issuance Calendar
- ⊙ Approval of Medium-Term Debt Management Strategy
- ⊙ Preparation of Contingent Liabilities – State-Owned Enterprises (SOEs) guidelines
- ⊙ Upgradation of GSMS software for investment section
- ⊙ Organization and Management Survey (O&M Approval)
- ⊙ Interaction program with different stakeholders
- ⊙ On-going upgradation of DOMS

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Public Debt Bulletin

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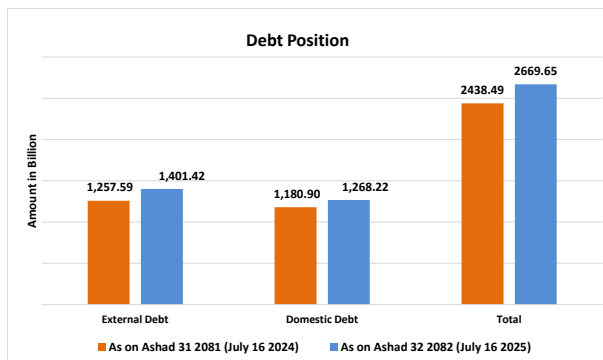
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Public Debt Position

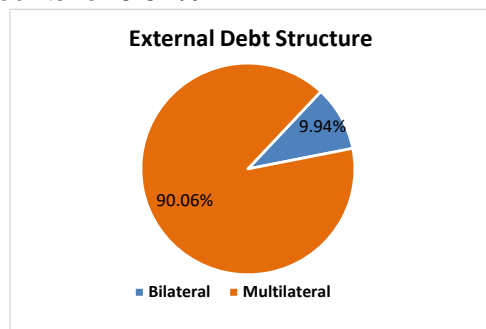
The total outstanding debt of Government of Nepal has reached NPR 2669.64 billion at the end of Ashad 2082. Total debt comprises external debt of NPR 1401.42 billion and domestic debt of NPR 1268.22 billion. Compared to the previous fiscal year, the total debt has been increased by 9.47%, with an addition of NPR 231.15 billion in FY 2081/82.



Status of External Debt

Institution-wise External Debt Liability:

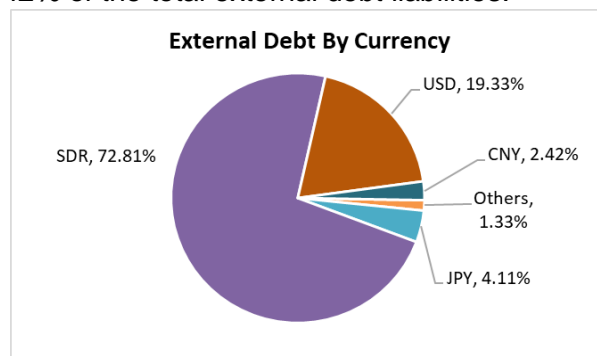
The total foreign debt liability has increased by 11.44% in fiscal year 2081/82 compared to the previous fiscal year 2080/81, reaching NPR 1401.42 billion. As of the end of Ashad 2082, the structure of foreign debt liability comprises NPR 1262.12 billion in multilateral debt and NPR 139.29 billion in bilateral debt. In the total foreign debt structure, multilateral debt accounts for 90.06%, and bilateral debt accounts for 9.94%.



Currency-wise External Debt Liability:

Nepal has outstanding external debt liabilities with 17 different entities in 10 different currencies. Among these, the highest share of debt lies in Special Drawing Rights (SDR),

accounting for 72.80%, followed by US Dollars (USD) at 19.32%. Similarly, Japanese Yen constitutes 4.11%, and Chinese Yuan accounts for 2.42% of the total external debt liabilities.

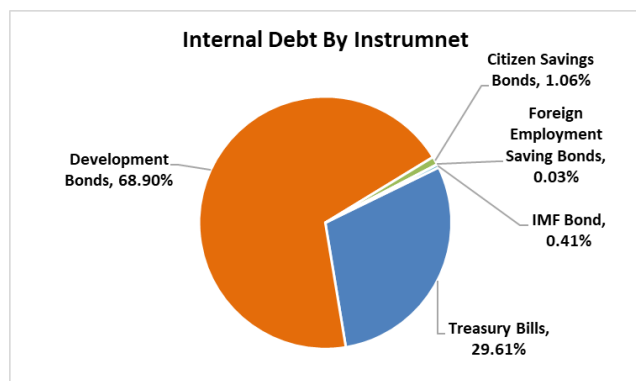


| (Amount in NPR Crore) | | | | | |
|---------------------------|-------------|----------|---|--------------------------|---------------|
| S.N. | Particulars | Currency | Outstanding Balance Upto Current Month(NPR) | In USD | Share (in %) |
| A. Bilateral | | | | | |
| 1 | BELGIUM | EUR | 473,316,369.06 | 3,439,799.19 | 0.03 |
| 2 | EBK | KRW | 4,798,941,695.48 | 34,876,029.76 | 0.34 |
| 3 | EBLCI | USD | 37,519,713,843.65 | 272,672,338.98 | 2.68 |
| 4 | EIBC | CNY | 33,979,323,430.06 | 246,942,757.49 | 2.42 |
| 5 | JICA | JPY | 57,633,325,147.59 | 418,846,839.74 | 4.11 |
| 6 | KUWAIT | KWD | 1,750,409,882.24 | 12,721,002.05 | 0.12 |
| 7 | NBF | EUR | 190,945,771.07 | 1,387,687.29 | 0.01 |
| 8 | SAUDI | SAR | 2,947,050,595.93 | 21,417,518.87 | 0.21 |
| Total Bilateral | | | 139,293,026,735.07 | 1,012,303,973.37 | 9.94 |
| B. Multilateral | | | | | |
| 1 | ADB | SDR | 259,109,257,041.24 | 1,883,061,461.06 | 18.49 |
| 2 | ADB | USD | 205,134,657,811.30 | 1,490,804,199.21 | 14.64 |
| 3 | AIIB | USD | 1,612,859,434.59 | 11,721,362.17 | 0.12 |
| 4 | NDF | EUR | 1,781,589,172.19 | 12,947,595.73 | 0.13 |
| 5 | OFID | USD | 6,360,208,997.54 | 46,222,449.11 | 0.45 |
| 6 | IDA | EUR | 55,410,450.00 | 402,692.22 | 0.00 |
| 7 | IDA | SDR | 685,827,887,753.98 | 4,984,214,300.54 | 48.94 |
| 8 | IDA | USD | 4,218,242,567.14 | 30,655,832.61 | 0.30 |
| 9 | IFAD | SDR | 9,900,631,992.20 | 71,952,267.39 | 0.71 |
| 10 | IFAD | USD | 1,039,948,016.80 | 7,557,761.75 | 0.07 |
| 11 | IMF | SDR | 65,472,851,290.50 | 475,820,140.19 | 4.67 |
| 12 | EEC | DKK | 4,317,092.98 | 31,374.22 | 0.00 |
| 13 | EEC | EUR | 112,237,905.82 | 815,682.46 | 0.01 |
| 14 | EEC | GBP | 19,766,648.75 | 143,652.97 | 0.00 |
| 15 | EIB | EUR | 6,501,226,471.68 | 47,247,285.40 | 0.46 |
| 16 | EIB | USD | 14,978,051,655.58 | 108,852,119.59 | 1.07 |
| Total Multilateral | | | 1,262,129,144,302.28 | 9,172,450,176.62 | 90.06 |
| Total | | | 1,401,422,171,037.35 | 10,184,754,149.98 | 100.00 |

Status of Domestic Debt

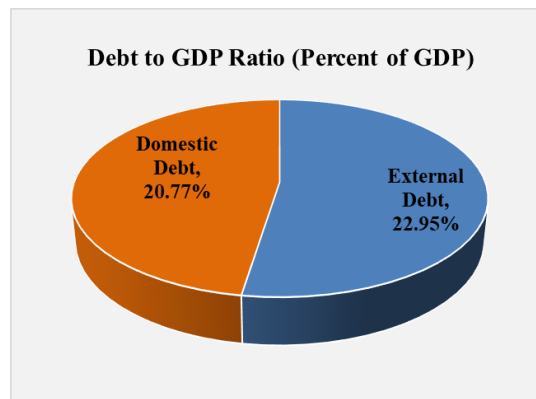
As of Ashad end 2082, internal debt liability has increased by 7.39% on the comparison of Previous fiscal year, reaching NPR 1268.22 billion. The composite of internal debt includes 68.90% in development bonds, 29.61% in Treasury Bills, 1.06% in Citizen Saving Bonds, 0.03% in Foreign

Employment Saving Bonds, and 0.41% in IMF bonds.



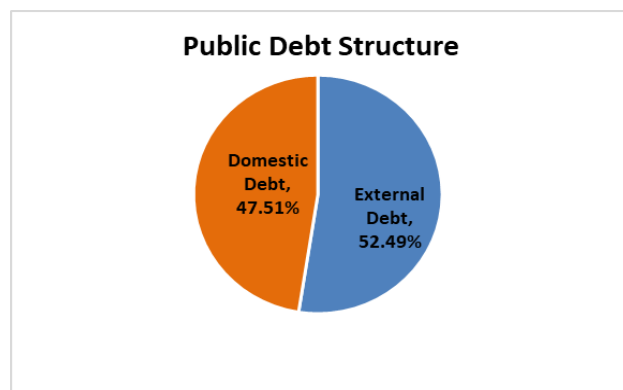
Public Debt to GDP

Public debt obligations reached 43.71% of the Gross Domestic Product (GDP) at the end of FY 2081/82. The external debt to GDP ratio is 22.95 percent and domestic debt to GDP ratio is 20.77 percent. Starting from 30.26% in FY 2075/76, the debt to GDP ratio has steadily increased to 42.67% in FY 2080/81 and has slightly increased to 43.72% by the end of FY 2081/82.



Public Debt Structure

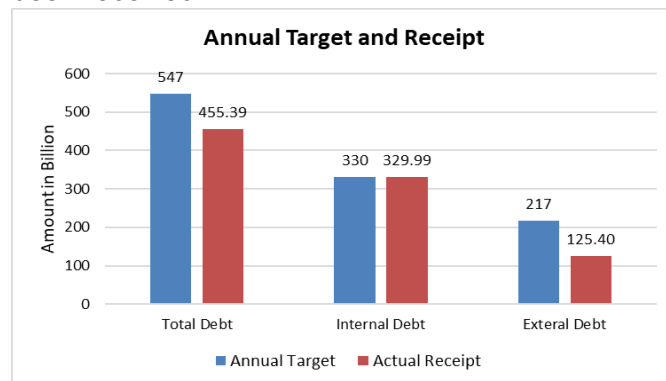
In the previous fiscal year 2080/81, the proportion of domestic and external debt was nearly equal. However, in the current fiscal year 2081/82, the proportion of external debt has increased slightly and reached up to 52.49 % and domestic debt has decreased to 47.51% of the total public debt.



Debt mobilization and Service Expenses in FY 2081/82

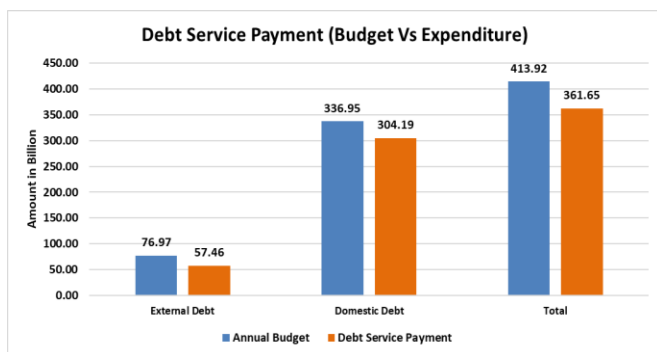
Debt mobilization:

In FY 2081/82, a total of NPR 360 billion is received, compared to a target of NPR 547 billion for public debt mobilization. Of this, the foreign debt target was NPR 217 billion, out of which NPR 125 billion has been received, and the internal debt target was NPR 330 billion, out of which NPR 329.99 billion has been received.



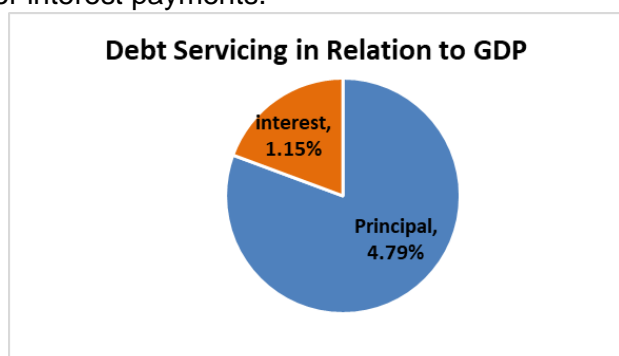
Debt Service Expenses:

In FY 2081/82, a total of NPR 361.64 billion has been paid for both principal and interest. Of this payment, NPR 291.19 billion is for principal repayments, and NPR 70.44 billion is for interest payments.



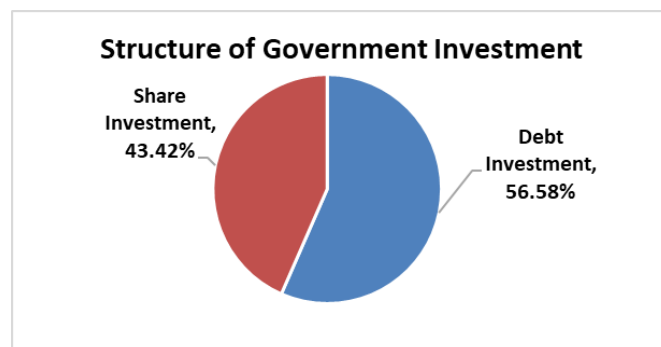
Debt Service Expenses as a Proportion of Gross Domestic Product (GDP):

In FY 2081/82, the share of total debt service expenses in relation to the total GDP is 5.94%. This includes 4.79% for principal payments and 1.15% for interest payments.



Share & Loan Investment

As of the end of Ashad 2082, the total government investment has reached NPR 932.24 billion in 145 different state-owned enterprises and public institutions. Of this, NPR 404.81 billion is in shares, and NPR 527.43 billion is in loan investments. The proportion of loan investment in total investment is approximately 56.58% and 43.42%. Similarly, the government has received NPR 2.62 billion as principal payments from 10 institutions, NPR 5.27 billion as interest payments from 14 institutions, and NPR 39.87 billion as cash dividends from 14 institutions, commitment fees of 0.6 billion from 1 institution, totaling NPR 47.84 billion in the fiscal year 2081/82.

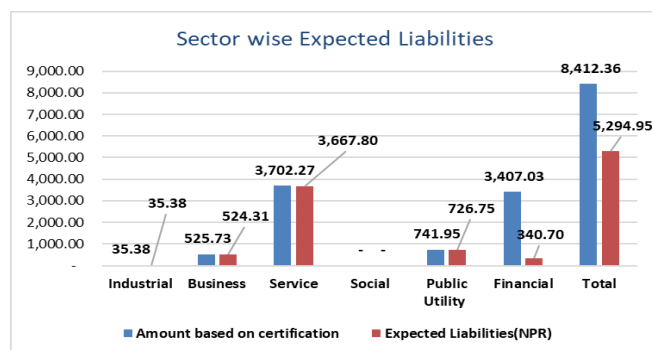


Contingent Liabilities – State-Owned Enterprises (SOEs)

As part of our commitment to fiscal transparency, this section presents the contingent liabilities of SOEs as on 31 Ashad 2081. Contingent liabilities are potential future obligations that may arise if certain events occur, such as the outcome of legal cases or the issuance of guarantees. As per the Annual Financial Status Review of State owned enterprises, 2082, only 21 SOEs have completed their audit status. Out of them, 19 SOEs responded to the data requested by PDMO on contingent liabilities, of which only 11 reported the presence of such liabilities. Based on their submissions to PDMO, total contingent liabilities amounted to NPR 8412.36 million, with an estimated crystallization-adjusted exposure of NPR 5294.95 million. The service sector accounts for the largest share (NPR 3702.27 million), followed by Finance (NPR 3407.03 million) and public utility (NPR 741.95 million). This represents the initial phase of SOE contingent liability reporting, which PDMO plans to expand in subsequent years.

Table 1: Sector-wise Expected Liabilities in million

| Sector | Amount of Contingent liability based on the Certification of Management (NPR) | Expected Liability (NPR) |
|----------------|---|--------------------------|
| Industrial | 35.38 | 35.38 |
| Business | 525.73 | 524.31 |
| Service | 3,702.27 | 3,667.80 |
| Social | - | - |
| Public Utility | 741.95 | 726.75 |
| Financial | 3,407.03 | 340.70 |
| Total | 8,412.36 | 5,294.95 |



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 the 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 2082/83 (2025/26), based on the national borrowing limit of NPR 363 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 2082/04/07 (2025/07/23).

II. Approval of Medium-Term Debt Management Strategy

The Medium-Term Debt Management Strategy (FY 2081/82-2083/84) has been approved by the Honorable Deputy Prime Minister and Minister of Finance on 21 Baisakh, 2082. This strategy outlines the objectives and criteria for managing the public debt. It evaluates the debt portfolio and cost-exchange risk rates, aiming to meet the financial resource needs of the government while maintaining minimum cost and reasonable risk exposure. The strategy prioritizes utilizing concessional financing sources and plans to fill financial gaps through internal debt. As a concessional financial resource, loans are mobilized from various multilateral and bilateral agencies, while domestic borrowing is carried out through the use of treasury bills and debt instruments maturing in the medium and long term. It is suggested that the issuance of short-term treasury bills be gradually reduced, and the number of medium and long-term development bonds be increased.

III. Policy Guidelines on the Assessment of the Contingent Liabilities of State Owned Enterprises

As per the provisions of Nepal Accounting Standard on Provisions, Contingent Liabilities and Contingent Assets (NAS-37), PDMO has collected the data related to contingent liabilities of SOEs for compilation purposes. Contingent liabilities are a significant source of fiscal risk because they are unexpectedly converted into actual government obligations, putting sudden pressure on public finances. These liabilities stem from events that are uncertain in timing or likelihood, such as guarantees on loans taken by state-owned enterprises, public-private partnership commitments, or legal disputes against the government. If these risks materialize, they may require large, unplanned expenditures

that can disrupt regular budget programs, increase borrowing needs, and weaken fiscal stability. Managing contingent liabilities is critical to maintaining fiscal stability and protecting public resources. If not properly monitored, these commitments can suddenly become actual expenditures, forcing the government to divert funds from priority development projects or increase borrowing. Given limited fiscal space and dependency on external financing of the GoN, such unplanned financial shocks can strain the national budget, increase debt service burdens, and hinder economic growth. Compilation of contingent liabilities of SOEs helps to minimize fiscal risk and maximize predictability. For that, PDMO has prepared the Policy Guidelines on the Assessment of the Contingent Liabilities of State Owned Enterprises and has sent to Ministry of Finance for approval.

IV. Regarding Dematerialization of Citizen Savings Bonds and Foreign Employment Bonds

Out of NPR 11.33 billion worth of Citizen Savings Bonds and Foreign Employment Bonds to be dematerialized, NPR 11.15 billion (98.79%) by the end of Ashar. The half-yearly interest accrued to clients whose bonds have been dematerialized in the system is automatically sent to their bank accounts. Clients can view the amount, quantity, and other details of their saving bonds in the system. Additionally, the half-yearly interest accrued to clients whose bonds have been dematerialized in the system is automatically sent to the beneficiary bank accounts.

V. Issuance of Citizen Saving Bonds and Foreign Employment Saving Bonds

As per the approved annual schedule for the FY 2081/82, a second notice was published on 2081/12/18 for the issuance of Citizen Savings Bonds with a 7 percent interest rate

worth NPR 3 billion and Foreign Employment Saving bonds with an 8.5 percent interest rate worth NPR 500 million on 2081/12/18. As per the published notice, individuals wishing to invest in these savings bonds could log in to investor.doms.gov.np, create their Login ID for the first time, and purchase the bonds for the desired amount through electronic means. In the case of Citizen Saving Bonds, 63.47% worth of the bonds were sold. Despite the publication of notices offering higher interest rates than the prevailing rates, due to a lack of sufficient information and publicity, and the inability to improve the saving habits of individuals going for foreign employment, it has not been possible to sell the entire amount issued.

VI. Organization and Management Survey (O&M Approval)

The Organization and management survey (O&M) of this office has been approved as per the decision of the Government of Nepal dated 2082-01-31. As per approved positions, 1 Section Officer (Revenue), 1 Statistics Officer and 1 Computer Engineer (Miscellaneous), 1 Economist (Gazetted Third Class) will be there by maintaining a total position of 36, and the position of 1 Senior Economist (Gazetted Second Class) will be abolished.

There has been a change in the existing organizational structure of the office. Previously, there were 3 Sections: Debt Management and Issuance Section, Secondary Market Transaction and Account Adjustment Section, and Investment and Debt Policy Analysis Section. According to the revised structure, there are now a total of 4 Sections: Policy Analysis and Management Section, Domestic Debt Section, Foreign Debt Section, and Investment and Collateral Section. In this Sections Under Secretaries are designated as the Section head and while there were previously 33 approved position,

after an increase of 4 and a decrease of 1, a total of 36 positions have been maintained.

VII. Government Stake Management System

The Government of Nepal has made investments in different State Own Enterprises in terms of loans and Shares. To record these investments, there must be a robust system. Recently, PDMO has developed a Government Stake Management System-GSMS. GSMS consolidates financial data, automates calculations, and provides real-time performance tracking, making it easier to evaluate returns, risks, and market trends. This allows for more informed investment strategies, quicker responses to changing market conditions, and better alignment with long-term financial goals. From a risk management perspective, GSMS enables accurate forecasting, compliance monitoring, and scenario analysis, which are crucial for protecting capital and meeting regulatory requirements. GSMS is ensuring transparency, accountability, and efficient reporting to stakeholders. Ultimately, it streamlines operations, enhances accuracy, and supports strategic financial planning, leading to better resource utilization and improved outcomes.

VIII. Capacity Building Training Program on Contingent Liabilities

A two-day workshop on “Guidance on contingent liabilities and Government Guarantees” was organized by the office in collaboration with the Asian Development Bank under the “Supporting Strengthening PFM and Developed Service Program”. Participants included staff from the Ministry of Finance, Financial Comptroller General Office, Nepal Electricity Authority, and Civil Aviation Authority of Nepal (the representative from SOEs), as well as staff from this office. The “Guidance on contingent liabilities and Government Guarantees” program,

conducted with technical assistance from the Asian Development Bank’s “Supporting Strengthening PFM and Developed Service Program” was held on 14th and 15th Jestha, 2082. This workshop has helped to develop the guidance notes on contingent liabilities of State-Owned Enterprises.

IX. Training on Annual Borrowing Plan (ABP) and Issuance Calendar

ABP training program was conducted in collaboration with the Asian Development Bank (ADB). The training was implemented in two phases: the first phase comprised an online training session held from March to April 2025, while the second phase involved an in-person training conducted in Kathmandu from 2082/01/25 to 2082/01/30. This initiative has contributed to enhancing the capacity of participating staff by equipping them with knowledge on the application of ADB’s Technical Tool, as well as insights into international practices related to the preparation of the Annual Borrowing Plan.

X. Interaction and coordination with Development Partners

The Public Debt Management Office (PDMO) has established strong collaborative partnerships with various development partners and international organizations that are actively engaged in the public debt management sector. These strategic partnerships have proven to be highly valuable, as the comprehensive support provided by these partners in areas such as institutional capacity development and operational enhancement has been instrumental in enabling PDMO to effectively undertake and execute its key mandated functions. Through this collaborative approach, PDMO has been able to strengthen its organizational capabilities, implement modern debt management systems, and

improve its overall operational efficiency in managing the country's public debt portfolio.

XI. Foreign Loan Negotiation

In relation to obtaining foreign loans, representatives from the Public Debt Management Office has also been a part of various negotiation teams with donor agencies. PDMO has been involved in giving opinions for repayment dates based on the debt portfolio and the existing repayment cash flow status of the timeframe.

XII. Investment-Related Interaction Program

In the fiscal year 2081/82, our organization conducted 26 meetings with 12 different institutions for the purpose of reconciling their investment-related statement and documents. These reconciliation meetings were conducted with the objective of reviewing, verifying, and aligning the information maintained by this organization with the existing records held by the respective institutions. Through this process, discrepancies were identified and necessary updates were made to ensure the accuracy, consistency, and reliability of the records across all parties involved. Furthermore, an additional 12 meetings were held with 12 major organizations that had accumulated a significant share of arrears over the years. During these meetings, PDMO assessed their current financial situations and challenges in detail. Based on the insights gathered, the respective organizations were instructed to prepare and submit a payment action plan for the current fiscal year in order to address and settle their outstanding dues.

Photo Gallery



Training on Annual Borrowing Plan (ABP)



Training on Annual Borrowing Plan (ABP)



Interaction program on Contingent liabilities



Interaction program on Contingent liabilities



Farewell program for the NRB team