

Nepal	
Policy responses	
Containment	<p>24 January, first case confirmed, a Nepali student of Wuhan University who returned home on 5 January. Patient was confined to a hospital on 13 January after showing mild symptoms and discharged on 17 January. Since Nepal didn't have any reagents to test, samples taken from the patient were sent to Hong Kong and the results came out positive.</p> <p>24 March, a nationwide lockdown was in put in place (until May 18).</p> <p>Nepal established health-desks at the international airport as well as on border checkpoints with India, starting in mid-January. Land borders with India as well as China were later completely sealed off, and all international flights suspended (until end-May). All academic examinations were cancelled, and schools and colleges were closed. The government has discontinued labour permits for Nepalis to go abroad for work.</p> <p>10 June, the government has decided to ease the lockdown, allowing shops to open and vehicles to operate under the odd-even rule.</p> <p>Private clinics, all kinds of agriculture and animal related businesses, stores that sell essential foodstuffs and transport goods, development projects, including infrastructure and hydropower, extraction, collection, transportation and distribution of materials from rivers and mines for construction works will be allowed to open immediately.</p> <p>Restaurants are still not allowed for dining in, only for take-aways. Hotels are only allowed to open as quarantine facilities. All educational institutions will remain closed. International flights and domestic flights too, except those receiving special permission. Public gatherings are still prohibited. Cinemas, entertainment places, spas, beauty parlors, museums, zoos, sports, shopping malls, religious and social places are still not opened.</p> <p>14 June, ease of restrictions in effect but will not be immediately applicable across the country but only in the areas where there is less risk.</p> <p>30 June, the Government extended the lockdown to 22 July in a format where limited business and activities are permitted to operate.</p> <p>Since at least 15 per cent of the new cases involve local people without any travel history hinting at the surge of local transmission in the district, health authorities are working hard to making people aware about the transmission of the disease, testing and keeping isolation ready. The local authorities at the municipality level had been working on contact tracing and community testing after detecting infection among the local people who did not have any travel history.</p> <p>Authorities extended the lockdown in Kathmandu Valley until 16 September.</p>

	<p>Nepal's border also remained closed for foreign nationals. Long-haul bus services and domestic flights were prohibited.</p> <p>17 October, international tourism gradually resumed after the country's borders were closed for almost eight months, but preventive measures are still in place and tourists were given such advisory.</p> <p>13 November, the government further relaxed restrictions by opening tourist sites.</p> <p>From 23 December until further notice, the Government of Nepal has restricted entry of passengers originating from or transiting through the United Kingdom due to concerns about the new strain of the corona virus. The restrictions on land border crossings, implemented at the onset of the pandemic, are gradually being eased.</p> <p>27 January 2021, the Government of Nepal launched the first phase of the COVID-19 vaccination drive starting with the health and other frontline workers in all seven provinces.</p>
Fiscal	<p>29 March, the Council of Ministers approved immediate measures aimed at easing the daily lives of labourers, working poor and protecting the industries and businesses severely affected by the current lockdown. These include:</p> <ul style="list-style-type: none"> - Refinance Fund of NPR 60 mobilisation to most affected areas; - increase of health spending, including the provision of additional insurance coverage to all medical personnel fighting the coronavirus, and setting up quarantine centers and temporary hospitals; - deadlines extension for Inland Revenue collection to adjust expenses; - any amount contributed from taxable income and expenses by individuals and organisations to COVID -19 Relief Fund established by federal or provincial government will be tax-free. <p>Social assistance provided to the most vulnerable groups in the forms of daily food ration, 25% discount on electricity, partial compensation of those in the formal sector for lost wages.</p> <p>26 April, additional measures were announced. Informal sector workers who have lost their jobs due to the ongoing crisis will be given the opportunity to participate in public-works projects for a subsistence wage or receive 25 percent of local daily wage should they choose not to participate.</p> <p>Special tax incentives for individuals/organisations importing and supplying essential medicines, materials used to treat, prevent, and control COVID-19 till 27 May 2020.</p>
Monetary/financial	<p>Nepal Rastra Bank (NRB) lowered its cash reserve ratio from 4 to 3 percent and reduced the interest rate on the standing liquidity facility rate from 6 to 5 percent. It no longer requires banks to build up the 2 percent countercyclical capital buffer that was due in July 2020. The NRB temporarily relaxed reporting norms and announced that bank and financial institutions will not</p>

	<p>be charged or penalized for their non-compliance with regulatory and supervisory requirements in April.</p> <p>The NRB has also directed banks and financial institutions to:</p> <ul style="list-style-type: none"> - extend deadline for affected borrowers to pay the interest & capital amount of loan to the banks and financial institutions (mid- April to mid-July 2020); - apply lower interest rates (up to 2 percentage points) when calculating the interest due for the period of mid-April to mid-July, applicable to borrowers from affected sectors - give 10% rebate(not less than base amount) to affected borrowers from the banks, financial institutions and cooperatives on monthly interest due by mid-April 2020; - to provide services through digital/electronic system free of charges until further notice; - to reduce the cost of borrowing, compulsory cash reserve and scientific liquidity ratio to ease liquidity in financial sector. <p>To reduce impact on foreign exchange reserves, quota for gold import reduced from 20 KG/ day to 10 KG/ day. Import of vehicles above US\$ 50,000 and import of agro-goods such as dates, betel nuts, garden peas, black pepper stopped.</p> <p>Measures announced May 28. In the budget speech for fiscal year 2020/21, Finance Minister Khatiwada announced additional measures in the areas of healthcare (the establishment of additional hospital facilities), business-support (a lending program for cottage, small and medium-sized enterprises and those in the tourism sector), and job-creation (labor-intensive in the construction sector, and training for work in manufacturing and services sectors).</p> <p>17 July, new measures were announced. The NRB lowered the policy rate from 3.5 percent to 3 percent and announced that additional liquidity support will be made available through longer-term repo facility as necessary. The limit on the loan to value ratio for personal residential home loans was raised to 60 percent and margin natured loans to 70 percent from 65 percent. The limit on banks' total loans was raised to 85 percent of the sum of core credit and deposits from 80 percent. The NRB requires banks to increase their loans to priority sectors, such as agriculture, energy, tourism, and micro, small and mid-size enterprises, to 40 percent from 25 percent by 2024.</p> <p>3 December 2020, the NRB announced the collateral auction process will be deferred for some time for borrowers impacted by the COVID-19 pandemic who have outstanding interest payment of less than six months. Further, that provisions will be made to allow repayment of foreign currency loans in local currency.</p>
Trade measures ¹	<p>Restrictive:</p> <ul style="list-style-type: none"> • Government has banned the export of the medicines, masks and sanitizers.

¹ <https://www.macmap.org/covid19>

	<p>Liberalizing:</p> <ul style="list-style-type: none"> • Customs Duty has exempted in relief and medical items and provision of wavier some of the required documents of customs clearance for the relief, other essential medical items and essential items.
SME measures ² (last update 22 January 2021)	<p>Deferral of loan repayment:</p> <ul style="list-style-type: none"> • On April 29, the Nepali Central Bank, Nepal Rastra Bank (NRB), and other financial institutions, announced that loans repayable by individuals and businesses in mid-April can be postponed to mid-July and repaid in monthly or quarterly instalments. Borrowers do not need to pay interest during this period, and deferred repayments will not be classified as non-performing loans. For working capital loans, banks will extend the repayment schedule of the amount due during the lockdown up to 60 days. • On July 17, Nepal Rastra Bank has put various sectors into three categories on the basis of the level of impact caused by the COVID-19 — highly-affected, semi-affected and least-affected. Different relief packages announced by the government and the central bank will be provided to sectors based on the level of COVID impact. While sectors most affected by the contagion will get loan payment (including instalment and interest payment) period extended by one year, sectors moderately and least affected by COVID-19 will get loan payment period extended by nine months and six months, respectively.³ <p>Loan support:</p> <ul style="list-style-type: none"> • On April 29, the Nepal Rastra Bank (NRB) directed banks to apply lower interest rates (up to 2 percentage points) when calculating the interest due for the period of mid-April to mid-July, applicable to borrowers from affected sectors. On another note, businesses in affected sectors can qualify for additional working capital loans of up to 10 per cent if they can show the needs. • Finance Minister Khatriwada introduced a lending program for cottage, small and medium-sized enterprises and those in the tourism sector in his budget speech on May 28. • On July 17, the NRB required banks to increase their loans to priority sectors, such as agriculture, energy, tourism, and micro, small and mid-size enterprises, to 40 per cent from 25 per cent by 2024.⁴ • On July 17, the NRB has permitted banks and financial institutions to extend further loans to industries and businesses affected badly by the pandemic by 20 per cent of the working capital maintained at mid-April.⁵ • On July 17, an NPR 50 billion-worth fund has been established to allow badly affected sectors, like tourism and MSMEs, to get loans at a 5 per cent interest rate for reviving the enterprises and paying staff salary.⁶

² <https://myrepublica.nagariknetwork.com/news/nrb-cuts-policy-rates-defers-all-loan-repayments-until-mid-july/>

³ <https://thehimalayantimes.com/business/nepal-rastra-bank-pins-relief-to-covid-impact/>

⁴ <http://www.businessworld.in/article/Nepal-s-Central-Bank-unveils-monetary-policy-for-FY-2020-21-to-mitigate-economic-effects-of-Covid-19/18-07-2020-298852/>

⁵ Ibid.

⁶ Ibid.

	<p>Other financial support:</p> <ul style="list-style-type: none"> • The government encouraged banks and customers to adopt electronic transactions. • On July 17, the Nepal Rastra Bank (NRB) has decided to provide refinance funds up to five times in order to revive the businesses severely hit by COVID-19.⁷ <p>Employment support:</p> <ul style="list-style-type: none"> • On March 30, the government set up social assistance measures to partially compensate those in the formal sector for lost wages in the event of job loss. • On April 26, the government announced that informal sector workers who have lost their jobs due to the ongoing crisis will be given the opportunity to participate in public-works projects for a subsistence wage or receive 25 per cent of local daily wage. • On April 29, the NRB announced that businesses in affected sectors, if they can show the needs, can qualify for additional working capital loans of up to 10 per cent of the approved amount of their existing working capital loans, to be repaid within a year at most. • On July 17, an NPR 50 billion-worth fund has been established to allow badly affected sectors, like tourism and MSMEs, to get loans at a 5 per cent interest rate for reviving the enterprises and paying staff salary.⁸
Other policy measures	<p>7 April, WB fast-tracked approval of US\$ 29 M grant to Nepal's COVID-19 Emergency Response and Health Systems Preparedness Project. IMF's rapid credit facility also provided US\$ 78.5 M. Another US\$ 60 M under ADB's policy-based lending.</p> <p>31 August, the government planned to sign air transport agreements with 3 countries – Indonesia, Finland, and Russia; including airline companies to not charge high travel fare. The committee led by the country's Ministry of Culture, Tourism and Civil Aviation, among others, will prioritize the grievances related to the repatriation of Nepalis.</p>

Source: Local news and information compiled from IMF and ILO.

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⁷ Ibid.

⁸ Ibid.