

Relief Announced by Nepal Rastra Bank in the backdrop of COVID-19 Pandemic

29 March 2020

Regulatory Limits/Rates

- For A, B and C licensed institutions, CRR reduced to 3 % of total deposit liability from 4%.
- Bank Rate has been reduced to fixed at 5% from 6%.
- Repo rate, upper and lower limit under Interest Rate Corridor reduced by 1% each.
- In consideration of the overall impact resulted in the financial sector; for non-maintenance of the regulatory/supervisory ratios to be maintained in the month of Chaitra 2076, no penalty to be imposed.
- Countercyclical Buffer as provisioned in Capital Adequacy Framework 2015 is deferred for now.

Deferral of Payment of loan/capitalization of interest

- For monthly/quarterly installments (including credit card) to be recovered by Chaitra end 2076, time has been extended up to Ashadh end 2077. No penal charges, penal interest etc. to be levied in respect of such delay and such loan should not be categorized in lower category on account of delay in recovery of installment
- If installments as mentioned above is paid within Chaitra end 2076, 10% rebate to be provide in applicable monthly/ quarterly interest. However, on providing rebate, it should be ensured that interest rate is not below the base rate.
- Loan should not be categorized under watchlist category because of non-renewal of loan within Chaitra end 2076.
- For short term working capital loan to be paid in Chaitra 2076, repayment date can be extended up to 60 days
- For interest capitalized of borrowers after obtaining approval of NRB till Poush or Chaitra end 2076, interest up to Ashadh end 2077 can be capitalized.

Quick Financing to defined sectors

- Short term loans should be disbursed to borrowers of Tourism and Transportation sectors, whose interest and principal are regular till poush end 2076, within 5 days by following minimal procedure even if interest and principal of existing loan is due. While approving such limit fee not exceeding 0.25% can be levied.
- If loan is requested for import and sales/distribution of materials/equipment's listed and recommended by Health Service Department, medicine, food materials to be used for prevention, control and treatment of Covid-19; loan should be provided within 5 days after following minimal procedure.

- If any individual who have completed the process for foreign employment but were not able to go due to Covid-19 requests for privileged loan for business after end of risk of epidemic, loan should be provided within 7 days of application.

About Refinancing facility

- Small and Medium Entrepreneurs affected from Covid-19 will be given priority for the refinancing facility to be provided by NRB. This refinancing facility will be provided for working facilities as well.
- Refinance fund limit to be maintained by NRB increased to NPR 60 billion from NPR 50 billion.

About electronic transactions

- For effective management of electronic transaction and to increase outreach to maximum customers; request obtained from telephone and e-mail for activities necessary for conducting online transactions like service enable, password reset, pin reset, authentication, verification, card renewal should be accepted after making necessary risk management arrangement and electronic transaction should be encouraged. Also, no service charge should be levied for such services till Ashadh end 2077.

Others

- Institution issuing bank guarantee can make payment within 7 days after expiry of period specified in notice of Nepal Government based on transmissible disease Act, 2020. Also, if customer requests for renewal of bank guarantee in such period, bank should renew without levying any charges.
- BFIs' contributing in fund for prevention, control and treatment of corona can be included in contribution to CSR fund.
- Loans provided to private health service provider that intends to expand/enhance service for treatment of Covid-19 can be categorized as priority sector loan.