

Update on Relief Package Announced by NRB in the backdrop of Covid-19

(NRB Notice Number 21 dated 28 April 2020)

1. To minimize the effect on borrowers from COVID-19, BFIs to levy interest rate for the 4th quarter of FY 2076/77 at the rate which is 2% lesser than the interest rate applicable existing at Chaitra end of FY 2076/77.
 - a. The above mentioned provision, however, is not to be applicable to business relating to food processing and trading, business relating to gas production and trading, soap and chemicals, business relating to medicines trading, internet service providers, telecommunication services, television service providers, industries relating to tobacco and liquors and hydro power projects in operation.
 - b. While calculating the interest rate, it is not compulsory to lower the rate below the base rate.
 - c. D class licensed institutions involved in retail lending business to levy interest rate for the 4th quarter of FY 2076/77 at the rate which is 3% lesser and that involved in wholesale lending business at the rate 2% lower than the interest rate of borrowers existing at Chaitra end of FY 2076/77.
 - d. After Ashadh end of 2077, interest rate can be determined based on prevailing provision of base rate.
2. A, B and C class licensed BFIs after analyzing the effects of COVID 19 in business and after being assured of need of the business of borrowers (whose loan is in performing category) involved in business or projects relating to hotel, restaurant, resort, travel, trekking and other businesses related to tourism sector & airlines, other transport services, small & medium industries, export industries, entertainment industries, hospitals, poultry, etc, can provide *additional Working capital loan up to 10% of existing approved limit*.
 - a. While providing above mentioned limit, provision relating to Debt equity will not be compulsory.
 - b. The limit provided under the above provision cannot be renewed and the repayment period shall not be more than a year.

Earlier Point no 9 of notice issued by NRB on 2076.12.16 has been deleted which required Banks and FIs to provide short term loans up to certain limit within 5 days by following minimal procedure to borrowers of tourism and transportation sectors, whose interest and principal are regular till Poush end 2076, by charging fee not exceeding 0.25%
3. A, B, C and D Class licensed bank and financial institutions to make necessary arrangement for extending the due date of equal monthly/quarterly installment payment *recoverable in the month of Baisakh and Jestha, 2077 to Ashadh end, 2077*. The BFIs shall not charge any type of penal charges, penal interests, etc. on such installments and such loan need not be downgraded due to non-recovery of the installment.
4. A, B and C class licensed Bank and Financial Institutions can extend up to *60 days' time period* for payment of principal and interest on all the *short-term loans of working capital nature* with due date falling within the lock down period.