

Adhikari Appointed as New Governor



Mr. Maha Prasad Adhikari has been appointed as the Governor of Nepal Rastra Bank (NRB). The Government of Nepal (Council of Ministers) has appointed him on April 6, 2020 as the 17th Governor of NRB.

The newly appointed Governor Adhikari assumed office on April 7. Before assuming the office, he took the oath of office and secrecy from Chief Justice Cholendra Shamsher Jabara on the same day. This is as per the provision of Nepal

Rastra Bank Act, 2002, Section 108, where it states that the Governor shall take oath from the Chief Justice or from a judge appointed by him.

A brief program was organized on April, 7 at the NRB premises to welcome him. On that occasion, Governor Adhikari stated that Nepal's economy has been affected due to the global transmission of coronavirus (COVID-19), he expressed his commitment to make efforts to move the country's financial system in a positive

direction. Stating that NRB has made a special identity as a central bank, expressed his commitment to maintain the image, autonomy and integrity of the NRB.

Governor Adhikari expressed that the NRB is ready to address the business environment affected by the coronavirus infection. Mentioning that NRB possesses experienced and capable human resources, Governor Adhikari urged the employees to work together for the achievement of the goals and objectives of



the NRB.

On the occasion, Deputy Governor Mr. Chinta Mani Siwakoti said that NRB has gotten a competent leader who can play a leading role in the banking system and wished him a successful tenure as its Governor. Another Deputy Governor, Mr. Shibaraj Shrestha said that the government has appointed a person who is capable, honest and a financial system expert.

During the program, Mr. Rudra Prasad Timsina, Acting President of Nepal

Rastra Bank Employees Union, Mr. Reshamraj Regmi, President of Nepal Financial Institution Employees Union of NRB and Mr. Resham Bahadur Balchhaudi, President of Nepal National Employee Organization, NRB Committee wished to newly appointed Governor Adhikari for his successful tenure.

Governor Adhikari was born in Khotang, eastern hilly district of Nepal. He entered in NRB service in 2042 BS. He completed

his study of Chartered Accountancy from The Institute of Chartered Accountants of India, Madras in 1993. After that, he subsequently became the Deputy Director, Director and finally Executive Director of the Bank. He also was in responsibility of the Deputy Governor of NRB from December 2010 to December 2015. Prior to his appointment as Governor, he was the Chief Executive Officer of the Investment Board of Nepal (IBN). ■

Economic Impact of COVID-19 Pandemic Study Task Force at NRB

Nepal Rastra Bank has been formed a task force committee at NRB to study the impact on the economy and financial system of Nepal along with the global pandemic of COVID-19 and to make suggestions on the required policy measures to address it.

As per the decision

of Governor Maha Prasad Adhikari, seven-member task force has been formed under the coordination of Dr. Gunakar Bhatta, the Spokesperson of the Bank and the Executive Director of Research Department. The task force consists of directors from Banks and Financial Institutions Regulation

Department, Bank Supervision Department, Payment Systems Department, Foreign Exchange Management Department and President of Nepal Bankers Association as the members and Director of Research Department looking the Monetary and Capital Market Section, as the member secretary. ■

Postponement of Anniversary Programs

In view of the COVID-19 pandemic situation, Nepal Rastra Bank had postponed its extra activity programs other than blood donation, for its 65th anniversary.

General Service Department (GSD) has issued a notice on March 20, 2020 stating that all the extracurricular activities

except blood donation and health check-up which are to be organized in the department and offices outside the Kathmandu Valley, have been postponed until further notice.

According to GSD, the programs of the anniversary have been postponed due to the necessary vigilance of Covid-19, reduction of

possible risks and safety. On the occasion of the anniversary, NRB had been organizing various programs including football, badminton, financial awareness cycle rally, quiz contest, blood donation, children's painting competition along with formal ceremonies in the previous years. ■

Farewell to the Outgoing Governor Dr. Nepal



A farewell program for the outgoing Governor Dr. Chiranjibi Nepal, was concluded in Kathmandu on March 17, 2020. The program was organized by General Service Department (GSD). On this occasion, Deputy Governors Mr. Chinta Mani Siwakoti and Mr. Shibaraj Shrestha provided the 'Token of Love' to outgoing Governor Dr. Nepal.

In this program, Dr. Nepal discussed the major achievements during his tenure and expressed, "During my tenure, Banks and Financial Institutions (BFIs) have increased paid-up capital, expanded financial services and access, implementation of

Real Time Gross Settlement (RTGS), introduction of GoAML system, Basel-III, risk-based supervision and adoption of Nepal Financial Reporting Standards System (NFRSs)." Dr. Nepal further expressed his gratitude to the Board of Directors, top management and staffs for their support in achieving the objectives of the NRB during his tenure. He also thanked the Government of Nepal, Ministry of Finance and other agencies, BFIs, donor agencies and the media for their support in the performance of the central bank.

On the occasion, Deputy Governor Chintamani Shiwakoti discussed important

achievements in the areas of capital increment and modernization of the financial system during the tenure of the outgoing Governor Dr. Nepal. Member of the NRB's Board of Directors, Finance Secretary Mr. Shishir Kumar Dhungana, Board Members Prof. Dr. Shreeram Paudel, Mr. Ramjee Regmi, Dr. Suvod Kumar Karn and Executive Directors and Directors of NRB attended the farewell program.

Executive Director of the General Service Department Mr. Suman Kumar Adhikari delivered a welcome remarks while Director Mr. Devendra Gautam conducted the program. ■



NRB Policy to address Economy affected by COVID-19 Pandemic

Nepal Rastra Bank (NRB) has made various policy changes for Banks and Financial Institutions (BFIs) in view of the impact of the Covid-19 pandemic on the country's tourism, industry, trade, business and financial sector.

As per a notice issued by Banks and Financial Institutions Regulation Department on March 29, 2020, the Cash Reserve Ratio (CRR) to be maintained by 'A', 'B' and 'C' class BFIs has been reduced at 3.0 percent of the total deposit liability. Earlier, the CRR was 4.0 percent.

Similarly, the interest rate (bank rate) of loans provided to BFIs has been reduced to 5.0 percent from 6.0 percent. The standing liquidity facility rate as upper limit of the interest rate corridor has been fixed at 5.0 percent, the deposit rate as the lower limit at 2.0 percent and the repo rate as the policy rate at 3.5 percent. The department has also stated that the limit of refinancing fund established by the central bank will be Rs. 60 billion.

The department has clarified that the payment of monthly/quarterly

installment (including credit card) shall be deferred by three months without imposing any additional penal charges. Loans shall not be classified as lower class due to pending of installments. If such installment will be paid by mid-April 2020, it is stated that 10 percent discount shall be provided on the monthly/quarterly interest amount to be paid in that month. While providing this discount, the interest rate should not be reduced lower than the base rate.

It will not be mandatory to classify the loans in watchlist category that need to be renewed in the mid-April, 2020, on the basis of non-renewal in specified time. The department has informed that the repayment schedule fixed at mid-April can be extended up to 60 days for all working capital natured short-term loans.

The department has also directed to provide loan within five days after carrying out a quick process, if there is a demand for loan, for the purpose of facilitating the import and sales of essential goods including equipments and supplies, medicines and food items required for the prevention, control and

treatment of COVID-19. It has also mentioned in the notice that online service such as; password reset, pin reset, authentication, verification, card renewal shall be provided on request even through telephone or email from the customers so as to encourage and widen the scope of the transactions through electronic means. Fees shall not be charged for such services till mid-July 2020.

The notice states that refinance facility will be prioritized to small and medium entrepreneurs affected by COVID-19 and that it will also be provided for working capital loans. Maintaining counter cyclical buffer as per the provisions mentioned in the Capital Adequacy Framework, 2015 has been postponed.

The department has also stated that if any person who is allowed for foreign employment but unable to go abroad, and wants to run a business after the pandemic, the concessional loan will be provided within seven days of submission of application. ■

Publisher

Nepal Rastra Bank
Office of the Governor
Baluwatar, Kathmandu

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