

Responses from APRACA Members	Issues, challenges and responses by APRACA members to COVID-19 Pandemic			
	1. What is the impact of COVID-19 that you are expecting on the agricultural sector in your country (macro level)	2. How the supply of finance to agriculture and allied sectors are being impacted due to COVID-19 (both Macro and micro level)	3. What are the responses by your organization to reach out to your customers engaged in agriculture and allied business?	4. What are the policy measures taken by the national government and central banks to ease the impact of COVID-19 on agricultural finance?
NEPAL				
1. Agriculture Development Bank (ADBL), Nepal	<p>a) Agriculture production mainly paddy may decrease as transplanting & cropping system of early paddy crop and land preparation to seed bed preparation of main paddy crop is badly affected.</p> <p>b) Requirement of food crop may increase mainly due to returnees of immigrants (mainly youths from India and Gulf countries)</p> <p>c) All agricultural operations of wheat, pulses, oil crop, potato, vegetables, fruits are badly affected. Production of and marketing of milk, milk products and poultry business are badly affected due to lock down and movement restrictions.</p> <p>d) Nepal will be facing a food shortage as the food supply from India (major supplier) and China will be restricted due to the impact of COVID-19.</p>	<p>a) Short-term impact: significant decrease in remittances which will impact the income and profit of bank; Lower amount of recoveries from the borrowers (both principal & interest), rescheduling of loan installments & interest receivable amount; political pressure for highly subsidize agriculture loan and waiver of interest of agriculture loan.</p> <p>b) Medium- term impact: Assets and liability management (ALM) will be difficult due to lower rate of deposits (including low cost deposits), increased demand of agriculture term loan mainly for dairy, goat, aquaculture, vegetable farming, organic coffee & tea farming; It is also expected that the overseas returnees may demand more agricultural soft loan and bank may have to face challenge in managing the resources.</p>	<p>a) The Bank is continuously in contact with its agricultural customers, already reduced the interest rate of agriculture loan from 11% to 9% per annum that is even lower than base rate of ADBL.</p> <p>b) Bank is also providing the mobile app platform for linking the Agricultural producers with the value chain actors in agriculture (mainly the traders) so that the producers could continue the flow of finance.</p> <p>c) Rescheduled interest and installment repayment on merit basis following the extant guidelines.</p>	<p>a) ADBL management is increasing its portfolio significantly in agriculture and allied sector to increase the access of banking services in unbanked community for the smallholders.</p> <p>b) The bank is developing tailor made products for the overseas returnees to engage in agricultural activities.</p> <p>c) ADBL is supporting its branches across the country to scale up of ADBL community based agriculture assurance programme and provide confidence to this sector.</p> <p>d) The training centres across the country is providing agriculture production, management and marketing related technical trainings.</p> <p>e) Already requested the Nepal Rastra Bank (the central bank) for management of resources to meet the increasing demand of agricultural loan</p> <p>f) Supporting the National government to procure the agriculture commodities at the minimum support price (for example wheat minimum price fixed at US\$ 27 per quintal).</p> <p>g) ADBL is assuring technical backstopping through supporting local bodies in marketing, managing subsidized farm inputs, mechanization and contract farming.</p>

Responses from APRACA Members	Issues, challenges and responses by APRACA members to COVID-19 Pandemic			
	1. What is the impact of COVID-19 that you are expecting on the agricultural sector in your country (macro level)	2. How the supply of finance to agriculture and allied sectors are being impacted due to COVID-19 (both Macro and micro level)	3. What are the responses by your organization to reach out to your customers engaged in agriculture and allied business?	4. What are the policy measures taken by the national government and central banks to ease the impact of COVID-19 on agricultural finance?
NEPAL				
<p>2. National Co-operative Bank Ltd. (NCBL), Nepal</p>	<p>a) As Restrictions on movement of goods continues, farmers are likely to face a huge reduction in income due to high unsold stock of perishable agricultural goods with their low storage capacity. The restrictions in movements is leading to disruption of market chains and trade of agricultural products.</p> <p>b) Farmers being unable to find enough agricultural labours for tea/coffee/ginger plantation due to restrictions in movements of people to gather in a group.</p> <p>c) Nepal being dependent on neighbouring countries for agricultural goods, restrictions of travel and movement of goods might have adverse effect in future days.</p>	<p>a) Supply of finance seems to be adversely affected due to the pandemic in agricultural sector as well as various other sectors of economy.</p> <p>b) Liquidity crunch will arise as a crucial problem in near future due to high withdraw of money by public for livelihood, speculative motives and business crashes. This would result decline in loanable funds in banks, financial institutions and cooperative sector.</p>	<p>NCBL, being the apex bank of cooperatives have always promoted agricultural sector by various means including lending for agricultural purpose. Currently, such loans constitute about one third of the total lending of NCBL. In this scenario, following are the steps we have undertaken to reach out agricultural sector;</p> <p>a)'Corona Emergency Loan product' has been designed to ensure cooperatives functioning for production and promotion agricultural and other essential products to run smoothly despite current situation of crisis.</p> <p>b) Providing 10% discount in the instalments during this lockdown period</p> <p>c) Rebate of penalties to members not being able to pay the instalment amount in this period</p> <p>d) Extending the period of maturity of the loans which are on the way to maturity upon request of members.</p>	<p>a) Ensuring adequate supply of food during this COVID-19 pandemic is the primary issue of the national government and upgraded the storage facilities and the distribution</p> <p>b) Dealing with consequences of the pandemic on agricultural finance, concrete decisions haven't been made on Government level as Government is focusing on public health, measures to prevent spreading of Corona virus, assuring the public to help meet their basic requirements of food and shelter, etc.</p> <p>c) The Central Bank of Nepal issued Directives to all banks regarding penalty rebates, discounts in instalments, extension of maturity periods etc. and increase lending to agriculture within specific period and as and when demand arises.</p> <p>d) Since all the commercial banks need to provide 10% of total lending to agricultural sector, the Central bank issued instruction for compliance and for prompt action to enhance agricultural finance in the country.</p>