



# Trade and Policy Shocks in Nepal amid COVID-19 Pandemic: Observations, Lessons and the Way Forward

SEPTEMBER 17, 2021 / EVENT REPORTS

[HOME](#) > [EVENT REPORTS](#) > [TRADE AND POLICY SHOCKS IN NEPAL AMID COVID-19 PANDEMIC: OBSERVATIONS, LESSONS AND THE WAY FORWARD](#)

*This event report is based on a webcast discussion on “Trade and Policy Shocks in Nepal amid COVID-19 Pandemic: Observations, Lessons, and the Way Forward” by Dr. Raghu Bir Bista, Associate Professor, Department of Economics, Tribhuvan University, Nepal. The event is organized by Center for South Asian Studies (CSAS) at IMPRI Impact and Policy Research Institute, New Delhi. The session was moderated by Dr. Arjun Kumar, Director of the Impact and Policy Research Institute (IMPRI), New Delhi, India.*

Upcoming Events



**#WebPolicyTalk**

Center for South Asian Studies (CSAS), Impact and Policy Research Institute (IMPRI),  
Counterview and Centre for Development Communication & Studies (CDECS)

Invite you to

**The State of Economic Development  
in South Asia**

**#EconDevDiscussion**  
with Prof Utpal K De

Topic  
**Trade and Policy  
Shocks in Nepal amid  
COVID-19 Pandemic:  
Observations, Lessons  
and the Way Forward**

Speaker  
**Dr Raghu Bir Bista**  
Associate Professor  
Department of Economics  
Tribhuvan University, Nepal

October 29, 2020, Thursday 16:00 PM IST (GMT+5:30)

**C** **CDECS** **IMPRI** IMPACT AND POLICY RESEARCH INSTITUTE  
www.imprindia.com www.counterview.net www.cdecs.org  
रमास चवं नीसि अनुसंधान संस्थान

zoom LIVE  
linkedin.com/company/imprindia/ facebook.com/imprindia/ twitter.com/imprindia youtube.com/c/ImpactandPolicyResearchInstituteIMPRI instagram.com/imprindia/

The session began with Dr. Bista’s opening remarks followed by a detailed informative presentation on ‘Trade and Policy Shocks in Nepal Amid of Covid-19 Pandemic: Observations, Lessons and the Way Forward’. Dr. Bista initiated the presentation by quoting the father of economics, Adam Smith stating, “Every man lives by exchanging and furthermore in general, if any branch of trade, or any division of labor, be advantages to the public the freer and more general competition, it will always be the more so”. Another quote by Nobel Laureate Dr. Paul Krugman of which two essential points were highlighted. One of which is comparative advantage and free trade issues, and it also establishes the quantified importance of trade in trade liberalism. Nepal has a couple challenges that it has been facing. One of which is of the ‘Poverty, Inequality & Unemployment’, whereas the other is of the ‘Poor share of Nepal in Regional – International GDP and Growth’.

**#WebPolicyLearning** **COHORT 3**

**DATA ANALYTICS  
FOR POLICY RESEARCH**

A One-Month Immersive Online Hands-On Certificate Training Course

APRIL 6-27, 2024 ZOOM 9:00 – 5:30 P.M. IST  
Four Consecutive Sundays

IMPRI IMPACT AND POLICY RESEARCH INSTITUTE

More Information: [www.imprindia.com/event/data-analytics-policy-research-cohort-3/](http://www.imprindia.com/event/data-analytics-policy-research-cohort-3/)

## Data Analytics for Policy Research –...

- 06/04/2024
- Online Event

#WebPolicyLearning

**#WebPolicyLearning** **COHORT 2**

**BEYOND BINARIES**

Theme:  
**LGBTQIA+ NARRATIVES  
#WEARE!**

A One month Immersive Online Certificate Training Course

June 2 - 30, 2024  
Consecutive Sundays

Zoom 4:00 – 6:30 P.M. IST

IMPRI IMPACT AND POLICY RESEARCH INSTITUTE

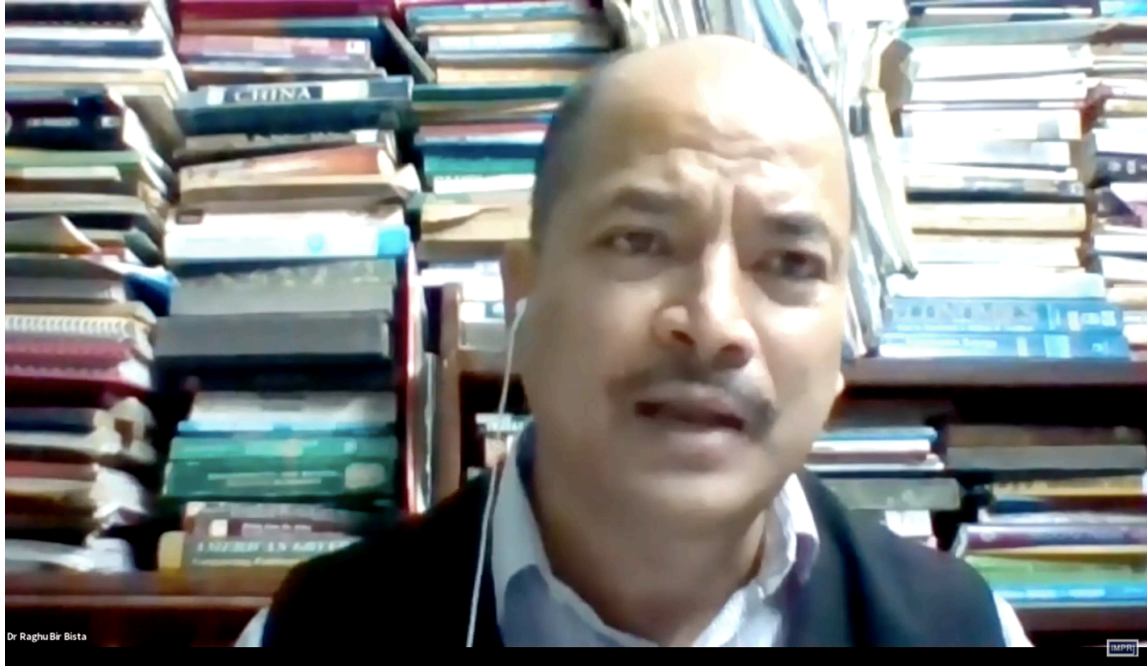
<https://www.imprindia.com/event/beyond-binaries-lgbtqia-narratives-weare/>

## Beyond Binaries – Cohort 2.0:...

- 02/06/2024
- Online Event

#WebPolicyLearning





*Dr. Raghu Bir Bista*

Dr. Bista described trade to be a powerful instrument that is utilized to attain higher economic growth and an improved share of regional and international GDP for responding to poverty, inequality, and unemployment. The increase in the focus of Trade Liberalism and Globalization for Nepal was discussed, and how regionalism in South Asia also plays a major part in the global volume of trade. Currently, Nepal remains a small contender in the regional and the world trade scenario.

*Nepal's GDP comparison to World Economy*

## **Nepalese Trade: Direction, Structure and Policy**

The Nepalese history of foreign trade and its practices changed over time. The traditional school of thought traces all the way from 900BC to the 1870's. Modern school of thought on Nepalese foreign trade has evolved greatly ever since the 1950's. Before the 1870's there existed a lot of barriers and inefficiencies in the

Theme: **Advancing Justice: Bridging Gaps in Public Policy Enforcement**

### LPPYF Law and Public Policy Youth Fellowship- Cohort 3.0

A One-Month Immersive Online Law and Public Policy Awareness Certificate Training Course and Internship Program

Chair: Prof Vibhuti Patel | Lead Advisor: Adv Dr Shalu Nigam

June 11 - July 16, 2024  
Consecutive Tuesdays

Zoom & Research Essay Writing  
6 - 8 PM

IMPRI IMPACT AND POLICY RESEARCH INSTITUTE

www.imprindia.com/event/lppyf-3-advancing-justice

## LPPYF Law and Public Policy Youth...

- 11/06/2024
- Online Event

#WebPolicyLearning

Cohort 2

IMPRI IMPACT AND POLICY RESEARCH INSTITUTE

## URBAN POLICY & CITY PLANNING

A One-Month Immersive Online Introductory Certificate Training Course

July 5-27, 2024  
Four Consecutive Fridays & Saturdays  
6:30 - 8:30 pm

www.imprindia.com/event/urban-policy-and-city-planning-cohort-2

## Urban Policy and City Planning-...

- 05/07/2024
- Online Event

#WebPolicyLearning



Trade which was later reformed during the trade liberalization process. A few major trade policies in Nepal include 'Trade Policy 1992', 'Trade Policy 2009', '15<sup>th</sup> Plan', 'Industrial Policy 2010' and 'FDI Policy 2015'. The collective approach of these policies was to develop an outward looking trade based on trade liberalism. The main objective of these efforts are to enhance the trade contributions of Nepal and head towards economic development and poverty alleviation.

## **Issues in Trade Performance**

'Structural Barrier' is one of the key challenges in Nepalese trade performance. It is assumed that an open border between Nepal and India compliments trade liberalization and its trade multiplier benefits both countries. The structural benefit assumption is an invisible and visible driver of informal and illegal cross border trade in different studies. Its volume and value are both substantial. Moreover, the illegal cross border trade has promoted security threats not only to Nepal but also to India. Its negative consequences are a huge fiscal leakage and a loss of formal cross border trade to both countries.

The other challenge faced is the land locked position of Nepal. To explore new markets and accelerate the growth of exportable items, Nepal depends unilaterally on India for free trade and transit as the international right of land locked country. Furthermore, Nepal also faces the hardships of having 'Poor Connectivity and Higher Transaction Cost'. Most of the time the duration of trade with Nepal exceeds over 10 days.

## **Data Gathering Process and Applied Methodologies**

The two major objectives of the presentation were to assess the impact of Covid pandemic shock and anti-Covid policy measures on Nepalese economy,



particularly on trade. Besides, to also examine the compensatory policy tools to survive, stabilize and stimulate the slow-down of the Nepalese economy.

For the purposes of this study Dr. Bista collected secondary datasets of global Covid-19 cases data from reliable sources such as FNCCI, CNI and NRB websites. The datasets were formatted in excel spreadsheets, upon which records of Labor and Real GDP for exporting were analyzed using the SPSS Statistics platform for Statistical Analysis. The quantitative research design was analytical and empirical in nature.

## **Devastating Impact of Covid-19 Pandemic**

*Covid-19 in SAARC Nations*

*Nepal's Covid-19 Cases*

Dr. Bista also shared the covid pandemic scenario in Nepal and illustrated Nepal's situation in comparison to other nations. He also shares a time series graph depicting the rise in the number of cases from March 2020 to September 2020. Here a steep rise in the number of Covid-19 cases was noticed right from July 2020 till September 2020.

## **Cost-Benefit Analysis, Impact of Covid-19 and Findings**

Upon conducting a highly in-depth analysis of the existing data, it was found that except agriculture, all the other economic sectors in Nepal have slowed down. This has resulted in a loss of income of many along with a massive scale of hunger and poverty. All the indicators of the study show that the Nepalese economic recession is headed towards depression. That being said, the closure of



transportation and communication as a result of the lockdown's effect is more than the Covid-19 in terms of GDP.

## **Recommendations**

The government of Nepal should be active, accountable, transparent, sensitive and responsible to build and mobilize an emergency health care system, plan and program to minimize the vulnerability of Covid-19 pandemic through testing, tracking, tracing and providing care. The Nepalese government should play a leading role to strengthen production and market, along with the health care system. Nepal should also adopt emergency compensatory policy shocks not only on the supply side. Nepal and India together should develop a planned infrastructure to improve authorized trade.

## **Final Thoughts**

*Dr. Arjun Kumar*

In this final segment Dr. Bista answered the questions and points raised by the participants and the audience. The range of questions addressed includes topics such as whether or not there was a perceivable inflation that was noticed during the lockdowns in Nepal? How can Nepal and the neighboring states collectively work to tackle the impact of pandemic? And whether or not a proportion of the increasing capital investment in Nepal is funded by international players? After answering these questions, the author and Dr. Arjun Kumar put forth their closing remarks, upon which the webinar was concluded.

**YouTube Link: [#EconDevDiscussion](#) | E3 |  
Dr Raghu Bir Bista | Trade and Policy**



# Shocks in Nepal amid COVID-19



*Acknowledgement: Dhimaan Sarkaar, (MS. Business Analytics – Loyola Marymount University, Los Angeles, CA) is a Research Intern at IMPRI.*



**PREVIOUS POST**

**India Needs to Focus on Capability-Employability-Employment Linkage-**  
**Dr. Sandhya S. Iyer**

**NEXT POST**

**20 years after 9/11:  
Struggle for ever-expanding democracy  
continues**



Related Posts







## Unveiling Empowerment: Inspiring Women Voice

April 4, 2024

IMPRI Impact and Policy Research Institute, New Delhi, a startup research think tank, is a platform for pro-active, independent, non-partisan and policy-based research. It contributes to debates and deliberations for action-based solutions to a host of strategic issues. IMPRI is committed to democracy, mobilization and community building



## Women Empowerment: A Holistic Perspective

April 4, 2024

### Quick Links

[Who We Are](#)  
[Get In Touch](#)  
[Payment Details](#)  
[Careers & Internships](#)

[Subscribe to Our Weekly Newsletter](#)



## Case Studies of Effective Gender-based Violence Interventions

April 4, 2024

### Contact Us

IMPRI Impact and Policy Research Institute  
92 LGF, J Block, Saket, New Delhi  
110017

Email: [impriindia@gmail.com](mailto:impriindia@gmail.com) Phone:  
+919911195184

All content on this website is licensed under a Creative Commons Attribution-NonCommercial-ShareAlike 4.0 International License. Copyright ©IMPACT AND POLICY RESEARCH INSTITUTE OPC PRIVATE LIMITED. All rights reserved.

