

The Impact of COVID-19 Pandemic in Nepali Enterprises

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Abstract

The purpose of this study is to assess the scenario of Covid-19 outbreak in Nepali firms and suggest policy-related issues for the survival and growth of small medium enterprises in Nepal. To carry out this research, the firms were identified based on the list published by the business directory, and a total of 500 questionnaires were distributed to these businesses, 404 responses were received. Responses, analyzed under descriptive research design, show that the majority of the small medium enterprises are highly affected by the pandemic and they have faced several difficulties such as decrease in demand, loss of profit, financial problem, etc. The analysis also shows that the number of business activities have been limited, and small and medium-sized businesses, in particular, are at high risk. The paper recommends the government should announce a special plan for businesses in order for them to survive the pandemic and return to normalcy gradually. The evidence shows that in this difficult situation, a company's internal profits can be low and bankers may be reluctant to lend money. As such, the company should actively consider using cash from existing investors.

Keywords: Pandemic, Covid-19, greater challenge, death rate, reduce employees, special plan

Introduction

World Health Organization (WHO) declared a Corona Virus disease-19 a global pandemic on 11 March 2020. Given its easier internal access, it was expected to have devastating effect on the economy of most of the countries, especially affecting the low-income countries: business sectors in low-income faced uncertain shocks and lost their revenue tremendously. The outbreak has also had a significant effect on global financial markets, making the business environment more unpredictable and volatile. The alarming effect of the disease was no less striking for the countries like Nepal. the Ministry of Health and Population reported that the pandemic has infected 664,576 people and caused 9,506 deaths in Nepal as of July 19, 2021 (MOHP, 2021). In recent years, the higher degree of effect appears to have increased in Nepal as well.

Government, health institutions and academics have deployed their best efforts to realize its impacts, devise solutions. However, finding fund is one of the major issues at this pandemic situation. Majority of business planned to seek funding through Covid-19 relief aid (Bartik et al., 2020a). Nepal Rastra Bank (NRB) announced a Covid-19 relief fund and Nepali firms have expected financing resources to sustain their respective businesses. (NRB, 2021). On the basis of the Covid-19's level of influence, the NRB divided business sectors into three categories: harshly affected, semi affected, and least affected. Service sector, including hotel, travel, trekking, restaurants, airlines, homestays, has been listed as the harshly affected sector. To financially support Nepali business firms, NRB issued a directive and proposed to distribute fixed amount of financing through relief fund at 5 per cent interest with an expectation that mostly affected business unit could utilize it to operate regularly.

Apart from the pandemic as a public health emergency inviting catastrophic health consequences, the pandemic presented long-term debilitating effects on economies. As projected by International Monetary Fund, the global economic growth remained stagnant at 3 percent in 2020 due to the emergence of pandemic. And, as predicted by Bureau of Central

Statistics, Nepal's economic growth would remain at 2.70 per cent. Moreover, researches concluded that major victims of Covid-19 pandemic are the small and medium enterprises because these firms usually do not have adequate financial and managerial resources, and are not prepared for such financial crises that are likely to go longer (Bartik et al., 2020b; Shafi, Liu, & Ren, 2020). Moreover, these small-medium firms largely depend on their routine affairs and rely on a small number of customers (Williams & Schaefer, 2013). Due to the dire consequences of the pandemic, many of the enterprises are expected to have operated out of stock; some have operated with the under-resources while some are expected to stop operating soon.

In this light, this paper attempts to assess the several measures of economic uncertainty during Covid-19 pandemic. Specifically, this paper focuses on uncertainty measures available in modest delays or in near future. We surveyed small and medium enterprises in Kathmandu to learn more about the uncertainties and their issues on Nepalese business. The risk of uncertainty and global crises has substantially increased as a result of supply chain disruptions, changing demand in consumption and investment, largely diminished economic activity, and the destruction of market processes (Liu et al., 2014; M. Zhang & Kim, 2020; Zou, Huo, & Li, 2020). These factors have tested the resilience of several economies, the amount of corporate governance, and therefore the efficacy of global support and cooperation.

Maintaining social distancing, self-isolation and restriction on travel have led to reinforce safety and security. However, people are more open than ever, they are moving openly within the market, buying foods, energy, and medical equipment but are limited efforts employed to arrange for pandemic. The usual norms of our society used to be proficiency and economic advantage instead of safety and security. Government strictly announced to use mask but the crowd in market seems to not be prepared for the same. On a societal level, people to be completely unprepared for this outbreak. On the other hand, the reduction in large level of workforce across all economies caused many jobs to be lost and downturn the economy. Many companies including school, colleges, manufacturing, and trading enterprises have closed down, and need of commodities reduced greatly (Nicola et al., 2020). Enterprises in the city face

many short-term challenges, such as those associated to health and safety, the supply chain, the cash flow, consumer demand, sales turnover, and the marketing (Donthu & Gustafsson, 2020). These issues indicate a challenge in managing a safety and security in the business society in future and we still do not know when this Covid-19 outbreak will be over. The small medium entrepreneurs are known for their competences that revive their firms to be robust, having themselves directly experienced unfavorably functioned in undefined environment (Pal, Torstensson, & Mattila, 2014). It is quite clear that enterprises around the globe are facing the significant effect of Covid-19 pandemic on their business (Shafi et al., 2020), but to what extent the Covid-19 outbreak impacts in Nepalese small-medium enterprises has not explored yet.

Moreover, many of the firms, due to their low investment and resources constraint do not get access to post-disaster stage (Samantha, 2018). It is happening due to the lack of sufficient of government support, most of small and medium enterprises face financial crisis and even turned to financial solvency. They are using their best effort to address such issues but due to limited capability and resources, they are unable to manage it effectively. Thus, the purpose of this study is to assess the scenario of Covid-19 outbreak in Nepalese firms and suggest policy related issues for the survival and growth of small medium enterprises in Nepal.

Literature Review

During the global financial crisis of 2008, Almeida and Campello (2010) polled 1050 chief financial officers in the United States, Europe, and Asia to determine whether their firms were credit limited. The finding shows that small-medium businesses were expected to cut in technology spending, employment, and capital spending. Their financial needs are supplied through the sale of fixed assets. They also demonstrate that businesses in financial distress are unable to borrow externally, causing many businesses to pass up lucrative investment possibilities. As a result of the crisis, businesses have had to reduce their workforces and even close their doors.

Pal et al. (2014) conducted an exploratory study in Swedish firms, which involved two phases: a questionnaire survey and a series of interviews. Secondary support for the study was drawn from annual reports of Textile

SMEs during the economic crises of 1990-1993 and 2007-2009. The result shows that economic crisis has created challenges for SMEs and contributed to disruptions requiring them to be resilient. During the crisis, SMEs face major threats for their survival and growth. Many of the Swedish firms that went bankrupt during the crisis of 2007-2009. The result provides insight on how the Swedish firms considered resourceful, viz. cash flow and investment finance, relational network, operational flexibility, are to be key enablers of resilience and financial performance, mostly through the use of cash flow, liquidity, sales turnover, and government support. Likewise, Shafi et al. (2020) aimed to assess the impact of Covid-19 outbreak on the business firms in Pakistan and result shows that most of the sample firms have been severely affected and are facing several issues such as financial, supply chain disruption, decrease in demand, decrease in sales, and increase in loss. Further, result also shows that 83 per cent of responding firms express their views that they neither prepared nor have any plan to manage such a pandemic situation. Moreover, two-third of the participating firms reported that they even could not survive if the current lockdown lasts more than two months.

Alonso et al. (2020) surveyed entrepreneurs' views on the impact of COVID-19 outbreak on their business. The study was based on exploratory analysis of 45 hospitality firms. The study reveals that business firms facing financial difficulty to run even their day-to-day operation. On the other, employees lose their vital income, suppliers become exposed given the impossibility of relocating supplies or receiving payments, and businesses that rely on employees and suppliers also become severely affected. The study further shows that small medium enterprises became inoperative, the focus shifted on compliance and future protocols, as well as reflecting upon the future of the business. The result also shows that expecting government support is a common phenomenon, failure to have contingency scheme that include quick recovery, especially in case of a resurgence in this or other health concerns, could have extremely painful consequences for the long-term recovery and growth of hospitality industry.

Zou et al. (2020) surveyed the 524 Chinese enterprises in order to examine the impact of the Covid-19 pandemic on their business. The questionnaire-based

survey with 94.8 per cent (524/553) response rate led some important findings. The major results of this study were that 48.7% of businesses remained stable, while 35.1 percent experienced a halt in operations or faced closure, that nearly 70-90 percent already use or are willing to use online business and digital operations, that 46 percent believe they will almost certainly lose money in 2020, and that 83.5 percent expect the city's GDP to fall. Similarly, Bartik et al. (2020a) surveyed more than 5800 small business firms in North America to explore the impact of coronavirus disease. The results shed light on both the financial brittleness of many small businesses, and the significant impact of Covid-19 had on these businesses in the weeks after the Covid-19 associated disruptions began. The result also shows that majority of the businesses planned to seek funding from corona virus relief fund. However, these firms face difficulties to access fund such as bureaucratic hassles and difficulty in establishing eligibility criteria quoted by relief fund. Furthermore, the result shows that the business closures are projected to create 32.7 million job losses if the crisis prolonged for 4 months and 35.1 million employees will lose their jobs if this crisis lasts for 6 months. However, this study explores the job losses due to business closures and do not account the employee reduction by firms that remain in operation. It seems that the pandemic has a greater impact on small medium enterprises.

Another study conducted by Shen, Fu, Pan, Yu, and Chen (2020) using the financial data of Chinese listed firms on the impact of Covid-19 on firm performance. The result shows that the pandemic has a negative impact on firm performance. The negative impact of pandemic on financial performance is more marked when firms' turnover is lower. The result further shows that there is a severe impact of Covid-19 on tourism and catering business comparing with other counterparts. The study also suggests that government should gradually support to the industries that are more likely to suffer from the pandemic by offering various subsidies and preferential policies to the firms in the worst-hit areas, so as to enable them to operate their business in this pandemic storm. In the same vein, Nicola et al. (2020) conducted an opinion based open writing questions to the socio-economic implications of the pandemic and its impact to the business firm. The result shows that Covid-19 has sparked fears of an impending economic crisis and recession. The

protection criteria such as social distancing, self-isolation, and restriction to travel have led to a large reduction in workforce across all economic sectors and caused many jobs to be lost. The educational institutions have closed down, and the need for commodities and manufactured product has decreased. Food sector is also facing larger demand due to uncertain panic-buying and stockpiling of food products and increase the demand for medical supplies. Such activities have led the economic effects of Covid-19 outbreak on individual basis of the world economy.

Zhang, Hu, and Ji (2020) conducted a study with a view to identify the general patterns of country specific risks and systematic risks in the financial markets of global arena. The findings of the study reveal that the rapid spread of coronavirus has dramatic effects on global financial markets. It has created an unparalleled level of risk, causing investors to bear substantial losses in a very short span of time. It also analyses the probable consequence of policy interventions, such as US government decision to implement a zero-percent interest rate and unlimited quantitative easing, and to what extent these policies may support further uncertainties into world financial markets.

Likewise, Koirala et al. (2020) conducted a poll in Kathmandu to explore and understand the overall management of situation based on the experience of South Korea, USA, China, and Italy after the outbreak of Covid-19. The main target of the study is to draw the clinical expertise, field experience to identify the needs and gaps and make suggestions for effective preparedness and response. The result shows that government established Corona hospitals in capital and other major provinces of the country, which helps to check viral effect in time. The study suggests that as the economic activities became negligible, the facilities and relief packages are necessary to support to all sectors of the industry to regain the business operation.

Similarly, a descriptive review of the macroeconomic and microeconomic impact of Covid-19 and of the consequent lockdown imposed by the government of Nepal was conducted by (Raut, 2020). The review reveals that almost all the macroeconomic indicators have either slow down or become negative suggesting adverse outcome of pandemic on Nepalese economy. The study identified the effects on health, education, food security

and employment. Costs and unemployment have increased at the company level, but productivity and profit have decreased. The study concluded that the government should create a strategy that can effectively manage the health and employment crises, as well as the livelihood crisis, while considering the long-term effects on the accumulation of financial, physical, and human resources.

The overview of the aforementioned surveys revealed that there are various studies on the impact of Covid-19 on business and research, mostly in China, North America, Europe, and a few in Pakistan, and there are very few surveys of business firms with inconclusive results on the impact of Covid-19 conducted in the context of Nepal. Thus, there is a need to conduct a survey of opinions of business firms on the various aspects of the Covid-19 crisis in Nepal.

Research Methodology

After a careful review of existing literature about impacts of corona virus-Covid-19 on business firms, a set of questionnaires was prepared and circulated to a certain group of business owner and employees for feedback. The questionnaire was revised by comprising their suggestions resulting in a few changes to original one. The adjustments made to the format of the question and overall survey design with the goal of minimizing biases induced by the questionnaire and maximizing the response rate. The final questionnaire included 15 questions in different categories. A total of 500 questionnaires were distributed to the small-medium enterprises in Kathmandu in order to seek the opinion regarding the crisis currently that they face. The firms were selected from the list of firms published by the respective enterprise's association, yellow pages and websites, considering the industrial characteristics of types of industry and size of the firm.

The survey approach provides the opportunity to directly ask business director and managers whether their businesses are affected by the current Covid-19 crisis. Minimum sample size was determined based on the formula as given below:

$$\text{Sample size} = \frac{z^2 \sigma^2}{e^2} = \frac{1.96^2 \times 0.50^2}{0.05^2} = 384$$

Where,

$Z = 1.96$ (confidence level), $e = 0.05$ (margin error), $\sigma = 0.50$

The predicted minimum sample size was 384 based on these parameters. However, the disseminated surveys yielded a total of 404 responses, suggesting an 81 percent response rate. It demonstrates that more than required collection support to increase the reliability of the data. Table 1 shows the sampling framework determined for survey of business enterprises on impact of Covid-19 and the responses obtained. The study has employed the descriptive research design to identify the impact of Covid-19 on business firms in the context of Nepal. In order to obtain the information on the crisis caused by Covid-19 in Nepalese business, it is important to ask the question to the people who directly involve in different types of business. As a result, a survey was conducted to corporate officials, including the chief financial officer, financial manager, director, and owner of the firm affected by the epidemic.

The table displays the sampling framework for survey of directors/managers and responses obtained for the consequences of COVID-19 on their business. A total of 500 small medium enterprises were selected based on convenient sampling for survey after using their respective associations' database. The respondents include business director, chief financial officer, manager, accountant, and others.

Table 1

Respondents' Profile

Characteristics	Category	Respondents	%
Firm type	Retail/Wholesale	130	32.20
	Manufacturing	78	19.30
	Transportation	40	9.90
	Communication	40	9.90
	Banking/Finance	28	6.90
	Service	62	15.30
	Healthcare	24	5.90
	Other	2	0.50
	Total	404	100.00

Sales	Less than Rs 10m	124	30.70
	Rs 10 to 20m	64	15.80
	Rs 21 to 30m	48	11.90
	Rs 31 to 40m	68	16.80
	Rs 41 to 50m	100	24.80
	More than Rs 50m	404	100.00
Age of the firm	Less than 5 years	36	8.90
	5 to 10 years	134	33.20
	11 to 20 years	132	32.70
	More than 20 years	102	25.20
	Total	404	100.00
Respondent position	Chief financial officer	70	17.30
	Financial manager	138	34.20
	Director	146	36.10
	Owner	50	12.40
	Total	404	100.00
Number of employees	50 and below	160	39.60
	50 to 100	96	23.80
	101 to 200	54	13.40
	201 to 500	36	8.90
	More than 500	58	14.40
	Total	404	100.00

Source: *Data base of Hotel Association Nepal, Trekking Agents Association of Nepal, Nepal Association of Tour and Travel Agents, Federation of Nepalese Chamber of Commerce and Industry, Nepal stock Exchange, Security Board Nepal, Handicraft Association of Nepal, and websites of respective firms; and the questionnaire survey, 2020.*

As evident from Table 1 that the majority of retail/wholesale/manufacturing firms (51.5%) are included in this survey. The majority of the businesses in the same table are small, with sales of less than Rs 10 million. Firms with 5-20 years of experience (65.90 percent) are also found in this survey, implying that business firms have been in operation for a long period. Furthermore, the table demonstrates that the majority of respondents

(48.50 percent) are directors and owners who are unswervingly affected by the pandemic. It is also observed from this table that majority of the sample organizations in this study have fewer than 100 employees. All of this implies that small-business owners and directors involved since many years in their business have been dealing with financial hardship during this pandemic.

Analysis and Presentation

On May 14, 2020, the first fatality was reported, following a countrywide lockdown that began on March 24, 2020, and ended on July 21, 2020. Despite the lifting of the lockdown, fresh cases and deaths continued to emerge, leading to the government's establishment of a problematic zone on April 29, 2021. Through survey data analysis, our study provides support for the various challenges faced by Nepalese business firms, which led to their closure. Therefore, we present the following major findings from our research.

Impact on Firm Performance

The majority of the respondents (62%) opined that they would not get positive net income from their business during this pandemic. This study is similar to that of (Shen et al., 2020; Zou et al., 2020) who found that the majority of enterprises in Guangdong Province, China, are facing losses at the beginning of year 2020. In this connection 252 respondents expressed their opinion that they would get loss from their business as they did not have revenue over that period. Just few of the respondents (128) put their opinion that they would get profit even in this pandemic. Basically, the respondents involved in health sector, retail shops, and communication sectors expressed their views that they would get profit from their business and the result is presented in figure 1.

Figure 1

Income in year 2020

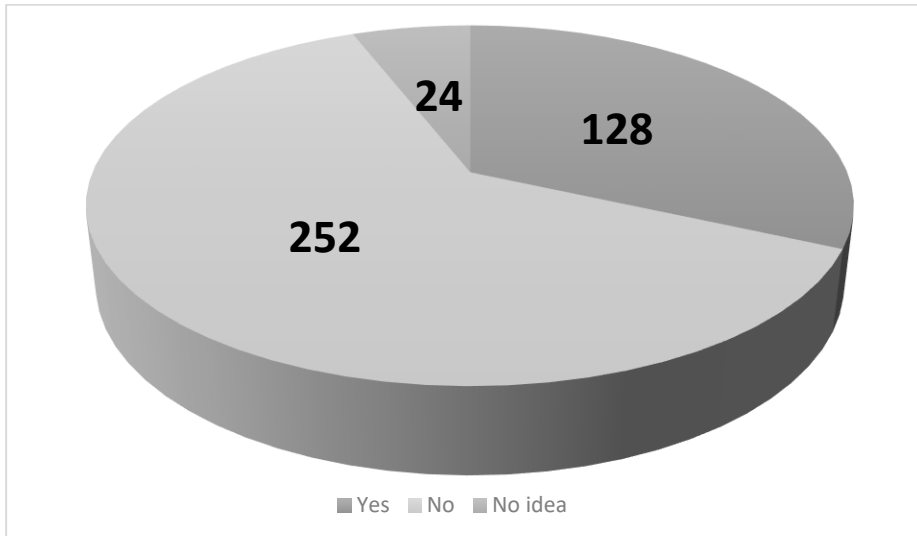
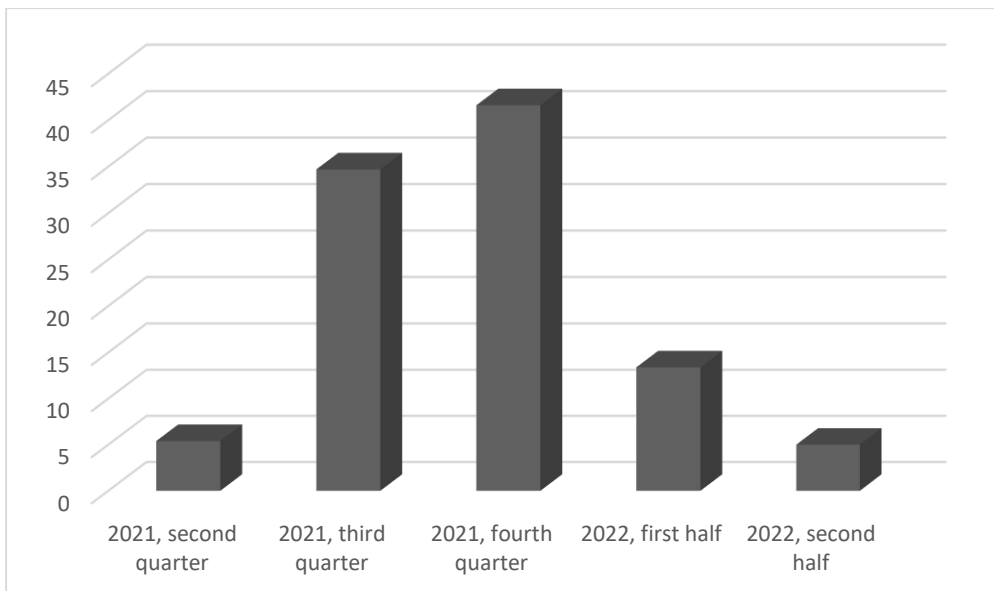


Figure 2

Expectation of Nepali Economy to Begin Recovery



Economy to Begin Recovery

Another question: when do you expect the Nepalese economy to begin recovery? was asked to the respondents and they stated their answers that they would get their economy recovery in fourth quarter of 2021 and first quarter of 2022. Figure 2 shows that 35% and 42% respondents expressed their views that economy will be recovered at the end of third and fourth quarter of year 2021 and 13% of respondent expressed that economy will be recovered only in the first quarter of 2022. The prediction may turn into real life as new phase of pandemic arise into the country and government announced second stage lockdown starting from 16th Baisakh 2078 (second quarter of year 2021). It all indicates that the Nepalese economy may downturn in the year 2021. These responses are in line with the findings of the most recent (Buffington, Dennis, Dinlersoz, Foster, & Klimek, 2020) study, which showed that small businesses will recover by the end of 2021 or the first quarter of 2022.

Concerned to Financial Health of Financial Institution

The respondents were asked “How concerned are you about the financial health of the financial institutions your firm deals with?” and the result is presented in table 2. The result indicates that 84 per cent of the respondents show their concern to the health of financial institutions implying that if health of the financial institution seems to be good then firm can be able to have required financing easily.

Table 2

Concerned to Financial Health of Financial Institution

	Frequency	Percent	Cumulative Percent
I have no concern	66	16.3	16.3
I have moderate concern	238	58.9	75.2
I have significant concern	100	24.8	100
Total	404	100	

Table 2 demonstrates that 16.3% of respondents have no concerns about financial institutions' financial stability. However, the majority of respondents stated that they are extremely sensitive and concerned about the financial institutions with whom they engage in their financing requirements.

Table 3

A survey question was asked to the respondents” Has the COVID-19 pandemic had a meaningful impact on your business?” The responses obtained from 404 respondents are presented in table 4.

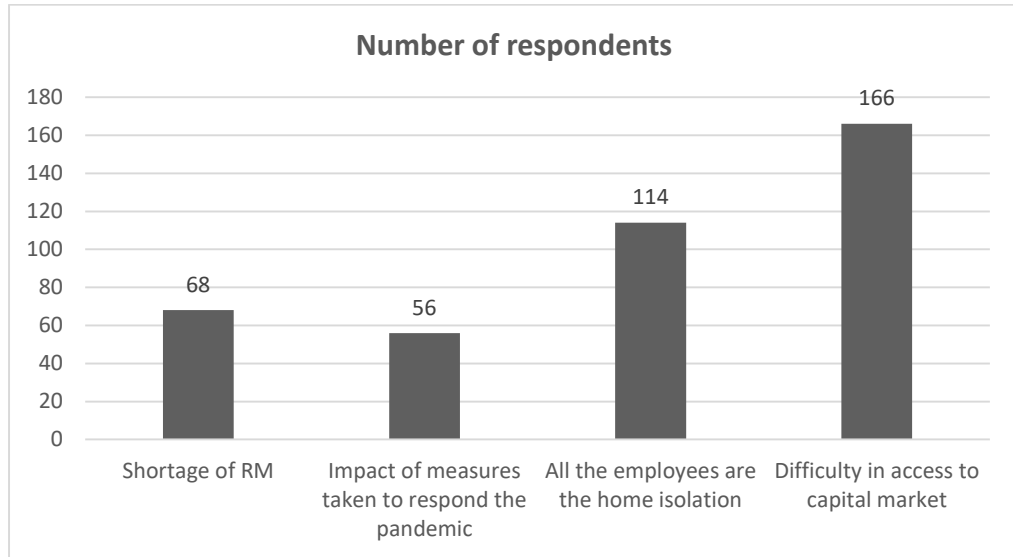
Impact on Business

	Frequency	Percent	Cumulative Percent
No impact	6	1.50	1.50
Small impact	84	20.80	22.30
Moderate impact	176	43.60	65.80
Large impact	138	34.20	100
Total	404	100	

The question asked about the impact on the business and the responses obtained are shown in Table 3. The majority of respondents (44%) stated that the epidemic has had a moderate impact on their business, while 34% stated that the pandemic has had a significant impact on their business, implying that large corporations are suffering considerably as a result of pandemic-19.

Causes of the Production and Operation Halt

More of the firms are operating in town with the production of goods and services. Some of the firms are production base and some are service base. One of the questionnaires was asked to the respondent whether they suffer from raw materials, capital and or employees. Figure 3 shows that majority of the respondents express their opinion that they would get difficulty in access to capital market whereas 114 respondents opined that they would get employees issue in their production as many of their employees are in home isolation.

Figure 3*Halt of Production and Operation*

The figure also shows that 68 of the respondents expressed their opinion that Nepalese firms are experiencing a shortage of raw materials, leading to production halts in their businesses. It is not surprising that 28% of the respondents reported disruptions in their productivity while their employees were in home isolation.

Operating Pressure

Firms speckled difficulties and increased their efforts to address them in order to keep the business running smoothly. Despite their best effort, firms could not operate the business as they expect, thus many pressures arise into the firm. The respondents were asked “what are the main operating pressures that your firm is currently facing?” The result is presented in Table 4.

Table 4*Causes to Operating Pressure*

Causes to pressure	Frequency	Percent
Employee salary	136	33.70
Employee salary and Banking pressure to pay loan	70	17.30
Rental charge	80	19.80
Rental charge and banking pressure to pay loan	6	1.50
Banking pressure to pay loan	74	18.30
Short term payable	38	9.40
Total	404	100

The result shown in Table 4 indicates that 34 per cent of respondents opined that they would get most pressure in paying employee salary followed by rental charge (20%), payment of loan to bank (18%), employee salary and banking pressure to pay loan (17%), and so on. The data in this table shows that Nepalese businesses are under pressure in terms of staff salaries, rental charges, and bank loans.

Effects of Pandemic in Employee Reduction

Estimates from the survey (Table 5) shows that 20% of business are in a position to reduce the employees from 20 to 50 per cent, 44 per cent of businesses are planning to reduce the employees from 10 to 20 per cent, and 1 per cent of the business firms are in a position to increase the employees greatly to 20-50 per cent to cope with the epidemic.

Table 5*Effects of Pandemic in Employee Reduction*

Employee reduction	Frequency	Percent
Yes, greatly 20 to 50 percent	80	19.80
Yes, slightly 10 to 20 percent	176	43.60
Remain basically the same	106	26.20
No, increase slightly 10-20 percent	38	9.40
No, increase greatly 20-50 percent	4	1.00
Total	404	100

As our study shows, the health, groceries and communication sectors are in good shape and running their businesses successfully, so they are in a position to hire more people.

Expectation from Government

The respondents were asked, what policies should the government formulate so that business firms can overcome the difficulties arise due to COVID-19. Many firms have faced higher labor costs, rental charge, and interest payment to bank, which have forced them to reduce the number of staffs, cutting down the remunerations, leave the office or factory building and even sale the property to repay the loan. In this connection, respondents are expected to have business friendly policies from government. The obtained responses are shown in Table 6.

Table 6

Expectation from Government

Policies	Frequency	Percent
Exempt or postpone the corporate tax	220	54.5
Stimulate consumption	128	31.7
Provide subsidy for house rent and utilities	56	13.9
Total	404	100

Table 6 shows the policies to be supported by local government. Several issues may impact the business firm. 55 per cent of respondents expressed their views that government exempt or postpone the corporate tax while 32 per cent opined the government to encourage people to consume the goods and services produced by them. Similarly, 14 per cent of the respondents thought that government should provide subsidy for the house rent.

Crisis and Firm Status

Table 7, 8 and 9 provide the firm growth, impact on GDP and firm's planning to coup the shortage of fund. From the result, it is observed that 63.9 per cent of the respondents opined that they are suffering from losses or serious losses during this pandemic period. It is also observed that 56.9 per cent of the respondents express their views that due to COVID-19 cases, the country's GDP will fall and only few of them are expected to increase it to some extent.

The growth pattern, expected GDP of the country, sources of fund used by business firms are shown in Table 7, 8 and 9 respectively.

Table 7

Growth of Firm

Pandemic and firm development	Frequency	Percent
Profit	118	29.20
Losses	128	31.70
Serious losses	134	33.20
Solvency	24	5.90
Total	404	100

Table 8

Economic Growth (GDP)

	Frequency	Percent
Reduced harshly	68	16.80
Reduced slightly	162	40.10
Remain unchanged	42	10.40
Increased slightly	16	4.00
Increased significantly	116	28.70
Total	404	100

Table 9

Sources of Fund

	Frequency	Percent
Using cash flow	118	29.20
Loans	158	39.10
Raising from existing shareholders	82	20.30
Raising from spontaneous liabilities	14	3.50
Cutting production and jobs	32	7.90
Total	404	100

It is observed from this table that majority firms (39.10%) are used loans, followed by cash flow (29.10%), raising from existing shareholders (20.30%),

and spontaneous liabilities (3.50%). The result is more or less consistent with the study of (Silwal, 2018; Zou et al., 2020). In his study of constrained firms in Nepal, Silwal (2018) found that firms employed cash flows to alleviate their financing demands. It is also observed that 10 per cent of the respondents express their opinion that they would tend to cut down the production and jobs. Due to the current crisis, it is plausible that these enterprises are unable to produce and sell goods and services on the open market. The table also shows that the majority of respondents (33.20 percent) believe they would incur significant losses and that the business environment will be unfavorable, resulting in a drop in the country's GDP.

Awareness of Relief Fund

Respondents were asked “Are you aware with the current COVID-19 relief fund announced by Nepal Rastra Bank?” and the responses obtained are shown in Table 10.

Table 10

Awareness of Relief Fund

	Frequency	Percent
Yes	294	72.8
No	110	27.2
Total	404	100

The majority (73%) of the respondents express their views that they are well aware about the relief fund announced by central bank on behalf of government, implying that business firms if they are suffering from financial issues would have an opportunity to go with the process in receiving the fund. However, very less of the respondents (Table 11, 60/404=15%) expressed the opinion that they received the fund to fulfill their financial shortage.

Table 11*Received Relief Fund*

	Yes, I received	No, I do not get access	No, lots of obstacles emerged	No, I do not need such funds
Yes	60	98	98	38
No	0	0	0	0

The majority of respondents stated that there are numerous difficulties and challenges that they are unable to overcome and hence are impotent to receive the funds. Some of them have also declared that they do not require such funds, while others have stated that they are ineligible to receive such funds.

Table 12*Overall Mean and Mean Difference between with and without Relief of Fund*

	Aware of COVID-19 relief fund		N	Mean	Std. Error Mean	Overall mean
	Yes	No				
If yes, received the relief fund	Yes		294	2.388	0.0555	2.66
	No		110	2.964	0.0816	

The overall mean on the statements mentioned in the questionnaire shown in Table 12 observed to be 2.66 indicates that respondents have moderate awareness with the COVID-19 relief fund established by Nepal Rastra Bank to support their current business affairs. However, mean rating of the respondents who do not know about relief fund is greater than that of knowing respondents implying that less people have the information of relief fund and received it for their affairs. To examine the significance of the awareness of relief fund, independent sample t-test was conducted and exhibited in Table 13.

Table 13*Testing awareness differences in receiving relief fund*

		Levene's Test for Equality of Variances		t-test for Equality of Means		P-
		F	P-value	t	df	value
If yes, received the relief fund	Equal variances assumed	2.968	0.086	-5.557	402	0.00
	Equal variances not assumed			-5.833	216.135	0.00

From Table 13, it is noticed that the p- value $0.086 > 0.05$ of relief fund awareness providing the path equal variance not assumed. P-value of t-test for equality of means $0.00 < 0.05$ indicates that the mean of relief fund of awareness respondents is more positive in comparison to the unaware respondents. It is apparently true that during times of disaster, individuals seek aid from the government and other stakeholders, and they are more likely to participate actively in relief fund assistance.

Another question “Are you most or least optimistic about the current Nepalese Economy compared to last year?” was asked to the respondents to rank on a scale of 1=least optimistic and 5= most optimistic and the responses obtained are shown in Table 14.

Table 14*Optimistic and Less Optimistic of Current Nepalese Economy*

	Frequency	Percent
Least optimistic	2	0.50
Optimistic	8	2.00
Neutral	58	14.40
More optimistic	228	56.40
Most optimistic	108	26.70
Total	404	100

As this table reveals that Nepalese business firms are more optimistic during 2021 as compared to last year. Majority, 83.10 per cent of the respondents stated that they will have better production and sales in year 2021/22 as compared to 2020. The reason for this could be that the government introduced Covid vaccines this year and began to immunize the people. To yet, 26,11,807 individuals have been vaccinated first dose, 9,64,508 have been vaccinated both dose and the government expects to receive 4 million from China and 1.5 million doses from USA by the middle of July (MOHP, 2021). The government is also negotiating with other countries to supply vaccines for the rest of Nepalese people.

Comments from Respondents

In response to the last question, "Any further suggestions and remarks for the government to design policies so that business firms can sustain in this Covid-19," respondents provided a variety of suggestions and comments. The major suggestions and comments given by them are tax subsidy, support for rental charge, grant for the payment of employee salaries. They further insist that government not only regulate the business firms but also provide friendly business atmosphere. The result is in line with (Bartik et al., 2020b) as they insist that government should manage some support to the business units. They also discovered that obtaining such assistance from the government comes with a slew of bureaucratic hassles and roadblocks.

The major issue for manufacturing companies is that they are having difficulty obtaining essential raw materials for their production processes. Further, business activities have been limited, and small and medium-sized businesses, in particular, are at high risk. The government should announce a special plan for businesses so that they can survive the pandemic and gradually return to normalcy.

Conclusion and Recommendations

The results show that financial difficulties have had a negative impact on enterprises, forcing them to adopt actions like laying off employees, cutting salaries, relinquishing office or industrial space, and selling assets to pay off debts. Over 50% of the respondents anticipate experiencing losses due to the

pandemic, and a slowdown in the country's GDP growth is also expected. This aligns with Zou et al. (2020) study, which suggests that businesses are likely to face losses in the years 2021 and 2022, and the city's GDP is expected to decline. The result further shows that cash flows, bank loan, and share capital are the major source of fund during this shortage. As a result, it is recommended that businesses use internal cash flow to cover their financing deficit or take out a loan and issue stock to uncover their capital shortfall. The evidence reveals that in this challenging situation, a company's internal profit may be low, and bankers may be hesitant to lend money, so it is strongly advised that the company employ funds from existing investors.

This study focused on identifying the opinions of business sectors. It is surveyed in Kathmandu valley only, thus the result comes from one city with small sample size may create barriers to generalize the findings to another context. Therefore, it is recommended future researchers to conduct similar type of survey after comprising the samples from other cities suffering from Covid-19 cases. The study further can be conducted after using sophisticated statistical tools such as regression analysis, unit root and parallel trend test, and so on to draw out the causes and effects on Nepalese business firm.

Policy Implications

The pandemic problem causes a temporary shock, which can be mitigated by providing funding to businesses and individuals. The bank financing system is an efficient way to mobilize capital for business sectors. On behalf of the government, the central bank should focus its eyes keeping up a plan to address the difficulties that have arisen in the business sector. The government has already instructed that the central bank provide a relief package for the victims. This pandemic is wreaking havoc on small and medium businesses, particularly in the service (tourism, transportation), and industrial sectors. To keep these industries alive, special consideration is essential. The government should not only provide tax subsidy, but also some regulatory provisions to help tenants manage their rental charges from their landlords. The central bank has already established a relief fund for the worst-affected sectors, but the provisions that must be fulfilled appear to be fairly complicated. Furthermore, respondents expect the government to provide a credit guarantee, resulting in

receiving the necessary loan easily from BFIs. This will make it easier for businesses to smooth their operations and reduce liquidity constraints. In addition, the central bank in its monetary policy should focus on economic growth and keep inflation intact at a certain level.

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