

COMMODITY TRADING: WHAT THE  
FUTURE HOLDS?

CREATING TALENT NURSERIES - I

WHY THE COMING DEATH OF CABLE TV IS ONE  
OF THE GREATEST STORIES OF OUR TIME

VOL 11 • ISSUE 9 • JULY 2023 • RS 100

# BUSINESS 360°

FOOD  
INSECURITY  
ON THE  
RISE **WAKE  
UP CALL  
FOR NEPAL**

IGNORED  
POTENTIAL  
**UNLEASHING  
THE IT SECTOR  
FOR NEPAL'S  
ECONOMIC  
PROSPERITY**

INFLATION  
BLEEDS  
SMES  
WHITE

**MONEY  
GAMES**

**AJAY SHRESTHA**  
CMD, iCapital









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The Covid 19 pandemic was a global crisis that came out of nowhere. We were all in it together. It did not matter which country we lived in or what our backgrounds were. It was a common fight. But the post pandemic is economically volatile and uncertain.

Countries struggle with unsustainable debt burdens, rising food costs and liquidity crisis. It is estimated by the UN that 7% of the world's population will still be living in poverty by 2030. For entrepreneurs, the ecosystem has changed significantly. Inflation persists and markets continue to shrink. Doing business has become costlier and more complex and negotiating the scale of challenges more difficult.

Every day, the common man faces pressures of higher prices, declining savings, more borrowing and employment loss. Job cuts, unpaid salaries, cutdown on expenditure, difficulty paying EMIs and lowered appetite for risk and loans play on the vulnerabilities of the citizen.

The relentless outflow of Nepali youth to enter the international labour market at any cost shows that young people see no future to build their lives in the country. When you cannot hold back your young workforce, it will hurt the productivity, the innovation capacity, and the pride of the nation. The central bank macroeconomic report shows that in the first ten months of the current fiscal year, the government has issued permits for over 660,000 Nepalis to work abroad. This number excludes Nepalis going to India for work and the migration of students.

What is the lifeblood that will enable us to navigate what is now a sustained crisis? I believe that sustained crisis can only be overcome by sustained action. However, action must come from deeper values of integrity, innovation and compassion in uncertain times. It will require leaders in government and business to give equal impetus to economic growth and social progress. It will also demand that we as citizens become more aware about our choices and actions. This time is both a responsibility and an opportunity to collectively endure and restore.

A handwritten signature in black ink, appearing to read 'Charu Chadha'.

Charu Chadha  
editor



## BIZ INDICATORS

FOREX MARKET	10-Jul-23	13-Jun-23	Year ago
USD	132.10	131.79	127.10
GBP	168.89	165.63	151.11
Chinese Renminbi (Yuan)	18.92	18.43	18.25
Indian Rupee (INR 100)	160.00	160.00	160.00
Euro	144.75	142.25	127.60
Australian Dollar	-	-	-
GOVERNMENT SECURITIES	Lowest	Highest	Weighted Avg.
Discount rate of T-bill (Subject to latest issuance )			
Treasury bills (28 days)	3.30	2.49	3.02
Treasury bills (91 days)	5.70	4.98	5.26
Treasury bills (182 days)	6.10	5.10	5.62
Treasury bills (364 days)	6.78	5.50	6.35
PRICE INDICES	9-Jun-23	13-May-23	13-Jun-22
National Consumer Price Index (base year 2014/15 = 100)	161.36	160.51	151.04

Source: Refinitiv Eikon, Nrb

P = Provisional, R = Revised

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# BUSINESS 360°

**publisher**  
media9

**directors**  
hemant golchha  
saurabh jyoti  
sanket lamichhane

**editor**  
charu chadha

**editorial**  
**assistant editor**  
anurag verma  
**writer**  
sadiksha chitrakar  
prajwal nepali

**digital**  
**content manager**  
suresh kumar chaudhary  
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sudeep shakya  
**manager**  
dewaki makaju shrestha

**office support**  
bella rana magar  
ram kumar tharu

All editorial enquiries should be sent to  
charu@media9.com.np

All advertising enquiries should be sent to  
marketing@media9.com.np

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**DR GHANA SHYAM GURUNG**  
Country Representative, Wwf Nepal

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## IN THE LEAD

### MONEY GAMES

**AJAY SHRESTHA**

CMD, iCapital

INTEREST ON LOANS IS HIGH BUT GIVING UP YOUR EQUITY IS EVEN COSTLIER. YOU ARE GIVING UP SHARES IN YOUR COMPANY AND SHARES IN THE COMPANY ARE THE MOST EXPENSIVE THING YOU CAN GIVE UP.



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NO ONE ELSE CAN, AND WHEN YOU CAN DO  
THAT, YOU WILL BE ABLE TO DEAL WITH ANY  
KIND OF UNCERTAINTIES"

**Hem Raj Dhakal**  
Vice President and Chairperson of  
Commodity Council, Federation of  
Nepalese Chambers of Commerce  
and Industry

LEADERSHIP

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SANJAY MAHARJAN  
COVER DESIGN  
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**NILESH MAN SINGH PRADHAN**  
CEO, NEPAL CLEARING HOUSE LTD



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# MONEY GAMES

**AJAY SHRESTHA**

CMD, iCapital

Deeply influenced by the accomplishments of Warren Buffett, Ajay Shrestha wanted to build an investment company that is run on the principles and ethics of Berkshire Hathaway. He established iCapital, an asset management and advisory company in 2013. A Kathmandu University topper, Shrestha specialises in Finance and has been engaged with national and international financial markets for nearly two decades with expertise in stock investment.

His journey to building iCapital came with a series of entrepreneurial explorations, enormous research, developing and building processes, and an unwavering focus on success. In this edition of **Business 360**, we spoke to him about his business, the economic landscape, and what drives his investment decisions.

Excerpts:







### What is asset management and what is its importance for Nepal?

Asset management is very new to Nepal, in fact, it is at a nascent stage at the moment. Usually, when we speak about assets, people think of only land and shares but it could mean a whole lot of things. The commodities that we have like gold and silver, our shares in a business, or even our own portfolio of businesses that we operate are our assets. Anything that generates value is asset. There are some non-tangible assets like credibility or brand which are also assets but mostly it deals with physical assets that generate returns.

These days many businesses have their own teams to manage their assets. If you look at the trend in developed countries a lot of entrepreneurs exit their business so they have a lot of money, millions and billions of dollars, after selling their business. Now what do they do with that money? Many have family offices that looks after that money and it could get divided among the family members. Or at times some business houses or conglomerates get a lot of cash. So, a fund can be established and an investment vehicle can be formed with that fund. Or at times your business may not be doing good and you want someone to look after it or you want to hire someone on a contract or as a partner then that becomes asset management.

If I were to take care of your shares which you have invested in the capital market that also is asset management. If you have land and you want to do something with that land like sell it or build real estate property that also can be asset management. Management of any form of assets is asset management. Yes, the model could be different, for instance we could have portfolio management services, advisory services, land management services, or family office management services. However, the crux is the same.

If you talk about iCapital, the assets that we manage are of three categories – real estate, stock market and businesses.

### How did the idea of iCapital come about?

Since the time I started reading books on investment back in 2007, I always wanted to open an investment company. I have read several books and articles written by Benjamin Graham, Warren Buffett and Charlie Munger who popularised the concept of value investment. Having read these books, the thought of opening an investment company of my own was always within my conscious and subconscious mind. In fact, this idea was brewing inside me from my undergraduate days. Though I was aware of the theoretical side of the concept, I was not prepared because I didn't have any experience. I hadn't seen the practical side of it. Hence, I spent seven years investing at a personal level. It was five years of individual investments and two years of being involved in the board of an investment company. That gave me a little bit of experience and encouragement that I could open and operate an investment company which I had always yearned for. I completed my Masters in 2010 and three years later I started iCapital, which is now an asset management and advisory company.

I have always been inspired by Berkshire Hathaway, owned by Warren Buffett, which is actually a holding company. It holds several businesses and they have about 400,000 employees. It is a huge conglomerate. So, my spirit is the same as Berkshire Hathaway but my size is small. I have always wanted to do what Buffett has been doing. Before starting iCapital I had a company called Source Code which is an IT company. I also had a company called Kaffeine Foods, a chain of coffee shops, and a manufacturing business called SB Textiles.

Along my entrepreneurial

journey, I also had one failed business which was in advertising. I wanted to bring all of them together into one company like Berkshire Hathaway. That was one very big dream I always had. I have always believed in an institution rather than an individual.

There also came a point after investing for seven years in Nepal's capital market and running my startups, I realised my level of intellect was not growing and I was not able to fully research a lot of things. Research, company analysis, industry analysis, studying the economy, studying the stock market, all these are very important before we make any investment and I couldn't take care of all those aspects all by myself. Therefore, I decided to create a company and opening one has its own hassles but I thought I could hire people and combined we could learn more and grow more. Having a team, I feel is so essential in all spheres of life. Moreover, people will recognise and trust an institution rather than an individual, and institutions stay there for a long time even after your death. You will be leaving behind a legacy. For example, Apple is still running even without Steve Jobs. Maybe you are interviewing me because I own iCapital, which is an institution. If I was just an individual investor, that impact would not have been there. I might have grown my wealth but then there wouldn't be a platform where others could come and grow. There are many examples of us hiring a fresher who has trained with us and gone on to do bigger things in life like opening their own investment company or working in the World Bank. A company is able to create that opportunity for others too and I believe it is a service to the nation.

I have the knowledge and through the company, I build a platform to transfer my knowledge and when that knowledge gets transferred it has a multiplier effect on the economy. It may look small but

it is these small contributions that in the long run help the economy of the nation. Moreover, we also pay our taxes to the government.

Another reason why I wanted to open an investment company was due to the fact that there weren't any such professionally run institutions. When I wanted to open iCapital I looked up on the internet and was able to find only a couple of such companies but when I visited their websites, they didn't have any information on who owned it or what they actually did. So, I thought I could open an investment firm and create that culture of transparency in Nepal. In the last ten years we have developed a very professional culture whereby we have mentioned all the companies we have invested in and our asset size on our website. Everything we do here is transparent.

It sounds rather funny now, but when I started iCapital I went to a few people and asked if they wanted to invest in my company but no one wanted to do so. They didn't believe that an investment company could do well. So, creating that culture where people would trust us was very important for me.

### When making investments whether it be in real estate or shares, what are the factors that you advise people to look into?

There are two ways to go about it – either investment comes to us or we go to companies. For example, I can come and ask if you need investment in your company or you come to me and ask if I would like to invest in your company. It could be both ways but, in both cases, there has to be a written investment plan. A lot of individual investors do not have that plan; they do not have the time to do that. Whereas when we make investments, we always have an investment plan of how we get into the company and what are the things we need to look out for. Over the last

ten years we have developed processes and we have an entire guideline to analyse a company. In fact, we actually have an entire guideline to analyse a hydropower company, we have a checklist to check business models of other sectors too. There is this entire process which we could call due diligence and that I think is our asset. It could be the same company but my analysis and your analysis could be completely different and access to information will be completely different and analysing the information we have access to will also be completely different. The edge that we investment companies have over individual investors is in the way we analyse companies.

For instance, a company might say the value of its share is Rs 400 but it might actually be Rs 800 because they do not know. This is the kind of edge we create. So, we do the due diligence and there are all these legal systems we follow to get into the company. If it is investing in stocks of a particular company, then we analyse their business and management. We do their valuation and also look at their products and services. There is a long list of questions which needs to be answered. Even when we are buying real estate there are many aspects, we look into like local budget analysis, the local government, and checking at the land survey department and the land revenue office. While investing in businesses it is similar to how we analyse the stocks. The other crucial factor is we document all the processes of our investments and we analyse if that rationale holds true or not. If it is going towards the direction we are expecting, we keep the investment or else we exit. We follow a very disciplined system and the monitoring system we have is also robust. Even the entry and exit rationales are all documented. Nothing that we do is done without rationale.

We conduct all the research

and analysis ourselves. We never consult with anyone regarding our investments. It is all independent systems and research and it is process driven. We never ask anybody on how a company is performing. If I talk to anybody about any investment there are chances of me getting influenced. We work based on what our financial analysis says, what our research says. Hence, all our investments are based on our independent study.

#### **What does value investment entail?**

Value investment is something only a very few people can do, and actually do. It requires a lot of discipline and patience. You have to have the courage to say no because many people might come to you for investments but oftentimes you need to say no. A lot of investments look very tempting but one has to be very careful about their investments. So, value investment is calculating the intrinsic value of a company. Intrinsic value is basically the real value of the company, the value that lies within the company which sometimes the owner does not see. If we get a deal that is below the intrinsic value, then we take it. That is value investing and the difference between the intrinsic value and the deal that we are getting is called margin of safety. That is the core of value investing.

#### **How do you view the capital market development in the country?**

The domestic capital market has changed a lot in the last 20 years. When I first started it was all paper based and there was an 'open out-cry' system whereby people used to go to the NEPSE office in Singha Durbar and you could see brokers shouting. Everything was paper based and it took a long time to trade. We had to verify signatures and bring them to the broker's office and then the broker would sell the shares and it literally took six to eight months to transfer the shares. Now all that is done in four days. Previously,

the entire trade cycle was so long, it was crazy. That has changed now especially after the introduction of LAN (local area network) trading. These days you might see a crowd in the broker's office and the broker places orders through the computer system. Another major change happened when DEMAT was introduced. All the physical shares we previously had are now dematerialised. The development of online payment system is also happening. I won't say we have achieved everything because we have a long way to go like there are a lot of instruments that need to come like derivative products, option products, index trading and a lot of sectors are missing in the stock market. The stock market in Nepal mostly consists of banks and financial institutions and insurance firms. New sectors need to come in and I think it will take a few more years for that to happen. What I can say is that the capital market will only grow bigger and bigger and more households will come into the system. That is how it works globally. It will only keep growing because capital is something that is always scarce and always required by any entrepreneur.

A long time back my thought process was I need to invest in the stock market but which shares do I buy. Now, it has changed and I ask myself if it is good to invest in the stock market. Most people have the approach which I had in my early years of investing. These days I ask myself whether it is a good time to invest in stocks. Is it a good time to invest in real estate? Is it a good time to invest in this or that sector? My approach to investments has changed. If you ask me for the moment, I wouldn't get into the stock market now. Even though the macroeconomy looks good I wouldn't get into the stock market because I have other options now. Many investors might not have that option for now.

When I need to invest in stocks, I will check my source

of capital. Where is it coming from? Is it my savings or is it through debt by pledging my land or is it a portion of my savings or have I inherited that wealth? So, the question is where is the source of capital coming from because if you are investing in shares through loans then you need to finance that debt too every year. The investment should at least give you the money to pay back the interests. You can't take a loan and invest long-term in a non-cash generating stock. It all depends on where your capital is coming from and what your investment objective is. You also need to be sure of your return target.

There are a couple of crucial questions you need to ask yourself before investing in stocks. However, 90% of the investors never make an investment plan and 99% never make an exit plan. We Nepalis never seem to make an exit plan, we are a bit greedy I would say. If the share price reaches Rs 800, we will wait for it to reach Rs 900 and so on. And then one fine day it crashes back to Rs 400 and then we start panicking and may be sell at a loss. This is a result of not having an investment plan basically. Investment plan includes an entry plan, exit plan, and holding plan. You have to look at the economic indicators too. If they are not good, I will sell my shares or if remittance growth slows down, I will sell. Or if interest rate hikes to more than 13% I will sell but if it is below 10%, I will hold on. A plan could be anything like let's say if my share grows by 15%, I will cash out or if my share drops 5%, I will cash out. So first I would approach with a plan. And plan comes from the source of capital. It could be a systematic investment plan also like I get a certain amount of salary and out of it I will invest a certain percent in stocks every month for the next 20 years and I will not check either the losses or profits.

The second is which shares should I buy. The first I talked



was about the investment plan and strategy and now it is about the individual stocks. Stock selection depends on the strategy basically. Maybe you want to beat the fixed deposit rate then you invest in shares that have more cash yield. If you are looking for capital gain, then you invest in shares that have low paid-up capital or low-price earnings. If you are looking for safe investment, then invest in companies with regular growing income and professional management. If you don't care about other things and you have a lot of cash and are not looking for any opportunity cost, then you can just invest in a good company and forget about it; just check every year whether that company is doing well or not. What Warren Buffett says is invest in the business that you understand. For instance, a long time back one of my

friends who is based abroad kept asking me to invest in Bitcoins. First of all, I can't invest in Bitcoins from Nepal legally and then I also told him that I don't understand the blockchain technology. I don't know how it operates. Investing in something that I do not understand is basically gambling or speculation. There is a difference between investment and speculation. Investing without understanding is speculation.

When we invest in a company, we have to understand that we have a fractional ownership in that company. We meet many people who say they have bought shares of let's say, Standard Chartered Bank Nepal. No. You have actually bought a fraction of a bank that is a foreign based bank with operations in Nepal for the last 25 years with decent earnings.

They are great in trade finance and they have a lot of money in their current account on which they do not have to pay a lot of interest. They also have one of the lowest costs of fund in the industry and their interest rate is still in the single digit. So, you have to study and understand these things. You are basically owning a business when you buy its shares. The crux is that if you understand something you will have more confidence. If you approach stocks in that manner then you will have a sound sleep. My philosophy is you need to sleep well after making an investment. If you have sleepless nights, then it means you are not sure about your investment. The investment should be such that you actually forget about it, checking the price every day is not required.

When you are creating a portfolio, you can buy one

stock from each industry; it is like having an exposure in all the sectors. That means if the index grows your portfolio also grows. So, you could pick one good company from all the sub-indices. If you are less confident then own two companies from each sector. Or you could invest in a mutual fund that has invested in 50 to 60 companies. That is like nearing the index. Even Warren Buffett says you can't beat the market. Usually, the index is winning the game. If you look at some investment legends, you will notice that they invest in the entire index. They are bringing in NEPSE 30 index. I think you can buy the entire index by buying the NEPSE 30 index. That can be done in some developed markets and these things are gradually coming into Nepal. The stock market in the long run always goes up. For two to three years



**4** Interest on loans is high but giving up your equity is even costlier. You are giving up shares in your company and shares in the company are the most expensive thing you can give up.



there may be fluctuations but it will always be on an upward trend. So, you will not have to worry until the country is doing good. You will have to worry about the stock market only if there is a civil war. Unless we turn into a country like Zimbabwe or Pakistan the stock market will always be on the rise. Even in Pakistan after they got the IMF loan their stock market is rising. So, if you focus on the ups and downs then there are high chances you will lose money. For me, the best strategy is to keep the stocks for a very long time.

If you have great confidence in particular stocks, then you can just own two or three stocks. If you look at it closely, then all the wealth that is created in the world is by investing in one or two companies. Even Warren Buffett owns only one stock and that is of Berkshire Hathaway. Even Bill Gates only owns Microsoft. That is having too much confidence because they run the business themselves. They are active investors. Usually, we are passive investors because we invest in companies being run by others. If you have a lot of confidence, then I would say concentrate on only one or two stocks. So, from 12 sectors bring it down to five and if you have more confidence then bring it down to one. However, if it does not do well then it is gone. Investing in many stocks could save your investment but concentration makes you rich. So, investment plans and strategies and picking up the stocks based on the understanding of the business are vital. And to concentrate in one or two companies you need a very good intel of those companies.

**Private equity is pretty new to the country but we see many such funds being opened in Nepal, what is their viability?**

What you have to understand is that the interest on loans is high but giving up your equity is even costlier

actually. In Nepal, we say interest on loans are high when it is 15% but for private equity, you are giving up shares in your company and shares in the company are the most expensive thing you can give up. If you look from that perspective, private equity (PE) is a very costly way to get the money actually. And then it comes with control also. If you take a loan from a bank the bank people will not come into your board. They will literally ask you for nothing except for collateral and to furnish your EMI every month. However, when you get funds through private equity, they will control you. They will come into your board and try to influence you. What one has to realise is that they do not have collateral security so they want to make sure their investment is safe. There will be strings attached. Here, I am talking from the entrepreneur's perspective.

From the PE fund perspective, there are a lot of funds in the pipeline but very few have raised investments. Most of them are in the forming stage. If there are a lot of PE funds, then entrepreneurs will have a good time. They will get good valuation for their company because there will be a lot of competition between the funds. As an entrepreneur, I could come to your fund and say my valuation is so much and then I could go to another and say this other fund is valuing me for so much. So, entrepreneurs will have a lot of bargaining power. However, in Nepal we still do not have many investable companies. Let's remove hydropower from the equation and you will see there are not many other investable companies. Investable means they should be compliant with everything like all their audits, all their books should be clean. When there are less investable companies in the market, then PE funds will start suffering from deployment pressure. A private equity fund will have let's say 7 to 10-year period to raise funds, invest those

funds and also exit within that period. In the first two to three years there will be deployment pressure and in the last two years there will be exit pressure. From the PE fund perspective, when you have deployment pressure you end up paying higher valuation. So, these PE funds might have shortage of good deals in the market.

This is something I always fear – when somebody starts something new everybody jumps into that bandwagon. You could look at the carpet industry for example or the pashmina industry. It is like a herd type of mentality. So private equity also might suffer from that. That's why I say even though I run an investment fund, rather than running a PE fund I would rather run a company and be an entrepreneur for the next few years because I might be able to raise money in good valuations from the private equity fund itself.

The way it is going is good and regulations have already been introduced like the Specialised Investment Fund Regulation, 2075 (2019). There is a direction at least for such purposes. We still do not have many exits to prove that these PE funds might make money. It might be challenging for them and since PE funds have individual investors and bank investors at the moment there might be a lot of conflict-of-interest situations. But I think in the next ten years it will really grow. If the government creates a very good room to bring foreign funds into Nepal it might really boost our economy.

The government does not have capital to invest and the CD ratio of banks is now down to 80 and once it starts lending it might go up to 90 and they might have less loanable funds. It is a very funny situation that banks are taking loans. Sometimes I find it very surprising that they take loans and have a big signing ceremony and I ask myself what is so charming in banks

taking loans because they are supposed to give loans. We need foreign funds coming into Nepal and investing in companies that the banks or even some of the businesses do not invest in. So, there is this appetite that needs to be filled and foreign funds could play a big role here.

There is also something called venture capital fund which I find more interesting. There are different types of funds. Venture capital is more of a seed stage, the early-stage funding. Private equity is more in the mature stage, like Buddha Air has PE capital and WorldLink also took PE capital a few months ago. These are all established, matured companies and looking for further growth. Venture capital is in early stage and there is a risk of losing your money because a company can shut down later on. There is also a concept of angel investment which is like the name denotes. So, let's say I have an idea and somebody invests in that idea helping it kickstart things, that's angel investing. There is also hedge fund which is riskier. One of the companies I run, Alpha Capital, is more of a hedge fund. We invest in stocks, land, and real estate property and businesses. You have to have more risk appetite for this.

**How do you view the real estate market?**

The real estate market is in a period of correction at the moment. People have started realising that the cost may be high and every time people realise, it corrects a bit. All this asset buying is basically fuelled by debt and it is all speculation based at the moment. The formal and informal economy all come and get linked in real estate and due to that prices have increased. What I say is most of the trouble in the country's economy is linked to real estate.

I was recently with a group of engineers and talking about the building code with them. There are so many restrictions



in the code that the cost of building the structure gets very high and the builders will also have very less space. Every time we make an investment, we need returns on our loans and investments. Since the price I lease out my space at is high, any business setting up office in my building will have a higher operation cost. And where does this get passed on to, it is obviously to the consumer. A ripple effect is being created in the market. Even in buildings that are well inside the main roads charge nearly Rs 100 per square foot. When rents are high it will have a negative impact. Now add to the real estate price being high and it compounds the problem. This will hamper the country's economy.

However, when it comes to residential real estate then even if there is price correction there will be demand. Real estate has this fundamental value. There is limited supply but there is growing demand which means there is always this equation where there is never any extra supply. Due to the demand-supply concept also it will hold on. That is the reason why prices of residential land have always been rising from our grandfather's days. That is one fundamental. The other reason is every Nepali wants to own a land and a house. This is usually the lifelong dream of every Nepali. People just don't seem to want to own an apartment. So due to this social aspect there will always be demand for residential land. That is why price of residential real estate will always go up. Even now there isn't much correction for residential land.

Prices of land that was purchased for speculative purposes have gone down which we can see in the plotting that has been done in quite far off places. The vertical living concept will soon happen in Nepal and we need to do that because horizontal growth is now not possible. That is why you will see gradually a lot of apartment projects are coming up.

Commercial real estate, I think will not grow for the next couple of years. It has taken a big bashing. Many commercial spaces are empty right now and it will take some more years for those spaces to be fully occupied. It all boils down to rental issues. Paying Rs 800 for each square foot! Who is going to pay that amount at present? My prediction is commercial real estate will take many years to grow but residential and apartments will grow. One reason why plotting land will also go down is people have become more selective of their investments.

### How do you view the economy at present?

Economy basically, I feel, is sentiments. If it is doing well, you start investing and opening businesses. The whole psychology is grounded right now. It will take some time. If the macroeconomic indicators improve, which have improved in the last few months then it will be on an upward trajectory. A lot of things will depend on the Monetary Policy also which will be announced soon. Investments are happening slowly. Markets are bouncing back gradually and it will take some more months.

The budget target I think is still high. Having 15% credit growth is actually very challenging and without 15% to 20% credit growth the overall growth target is not achievable. Fifteen percent growth in credit means the CD ratio of banks will be above 100. That is not going to happen because deposit creation will take time. It is all a recovery part and this will take time I believe. Now people will be cautious with a lot of things. And one or two policy changes if not done well might take us to the same path again. Let's say the import restriction. I think it should continue for some time unless we find an alternative.

Nepal's economy is very troublesome. You want to fix one indicator and another indicator gets messed up. Then you try to fix that indicator and

another gets messed up. For instance, we control imports then revenue gets messed up. Long-term fix is still very challenging. What is happening right now are short-term fixes. Liquidity problem keeps coming and going. In 2010, there was a problem and then again in 2013. In 2016 also we had a problem and now also we are having a problem. This problem has been recurring. And every time, you can't just restrict imports. I had a very high hope on the government that they would do something radical but nothing as such happened. They are back to the same old things and if this continues then what happened in the past will continue happening. And what International Monetary Fund is doing is putting all these restrictions like working capital guidelines. These are reforms that IMF wants or they will stop the funds. I think NRB should think that way.

My point is that if the economy survives then we survive. Whether an individual or a company, if the economy survives then we survive. So even if we get hit in the short term but if it is going to fix the problem long-term then I think we should go for it. Our private sector also does not have patience. If anything happens, they start protesting. That's why I always tell them why not find a long-term fix. If the economy suffers for a couple of years, it is okay. Let us think of the 1997 Asian financial crisis. The countries that were hit took some stringent measures and they are stronger now. The currency exchange rate of some of those countries with ours was 1:2 and now it is about to be 1:4. When we take major steps there will be a setback for a couple of years but we need to plan for the long term.

Moreover, we have a currency peg with India and till the peg is there, we have to keep a close eye on the Indian economy. We cannot make our economic policies in isolation because we are not a free-floating currency. The peg has been revised seven

times in the past, I think. If the Indian economy does good, our currency becomes stronger. The money that we are making is actually losing value. If I need to go abroad for a vacation, I need more money now because foreign currencies have appreciated vis-à-vis ours. Our currency is losing ground. The government should find a way to protect our currency because we are an importing country. But I don't think the government has any plan to strengthen our currency. All Nepal Rastra Bank talks about is repo, reverse repo, monetary policy, and directives. They don't have any plan to strengthen our currency. Right now they are talking about CBDC, central bank digital currency. A lot of things can be done in a very creative way and there should be a discourse. NRB cannot function in isolation. There are a lot of good brains outside NRB, or outside the Finance Ministry or outside the government who may have fantastic ideas. So a mechanism should be developed to incorporate these ideas. We never know when somebody not working directly with the concerned authorities could bring in fantastic ideas.

Personally, I am optimistic about the economy. There is no doubt that the economy is also a cycle like the stock market. If the government can find a way to extract only 1% of the economy or the value of the economy from our neighbouring countries' growing economy, we are set for good times. The government has to brainstorm and find a way to do it. Is financial sector stability the only goal of NRB? It could be if we look at the acts and all but there should be one or two interesting metrics that drive our economy. Like India is soon going to be the third largest economy but what's in it for us? How can we extract value? These are some things we need to seriously look into. **B**

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# FOOD INSECURITY ON THE RISE: WAKE UP CALL FOR NEPAL

17.8% of the population or 5.21 million people do not have adequate food in the country



Food insecurity in Nepal has been linked to the country's vulnerability to natural calamities like drought, poor governance, earthquakes, floods, and landslides, as well as its susceptibility to price fluctuations, civil turmoil, disease, and inadequate infrastructure. In Nepal, 4.6 million people experience food insecurity, with 20% of households experiencing mild, 22% moderate, and 10% severe food insecurity. The Terai region and mostly western Nepal appear to be more disaster prone and food insecure prone.

The Global Food Policy Report-2023 by the International Food Policy Research Institute reveals a worrisome situation of food insecurity and undernourishment in South Asia, including Nepal. Statistics

presented in the report are alarming. Between 2019 and 2021, Nepal experienced about 13% food insecurity of which over 10% was classified as severe food insecurity from 2017 to 2019. These numbers should demand the government's immediate attention. The report highlights that disruptions in the food supply chain and unmanaged migrations are worsening the food security situation. Additionally, climate change poses a significant threat to agricultural production in Nepal with changing weather patterns and rising temperatures putting immense pressure on food systems, rural livelihoods and ecosystems. Agricultural productivity has declined by up to 21% since 1961 due to these environmental challenges in the region.

Agriculture provides livelihoods for 68% of Nepal's population, accounting for 34% of the GDP. Yet Nepal struggles to produce an adequate supply of food for its citizens states a USAID report from 2020. The main causes of food insecurity in Nepal include low production, outdated methods of farming, inadequate distribution, limited access to food in distant places, and low income. Food insecurity worsened during the Covid 19 pandemic due to restrictions placed on travel, access to resources, and the closure of restaurants, factories, marketplaces, and shopping centres.

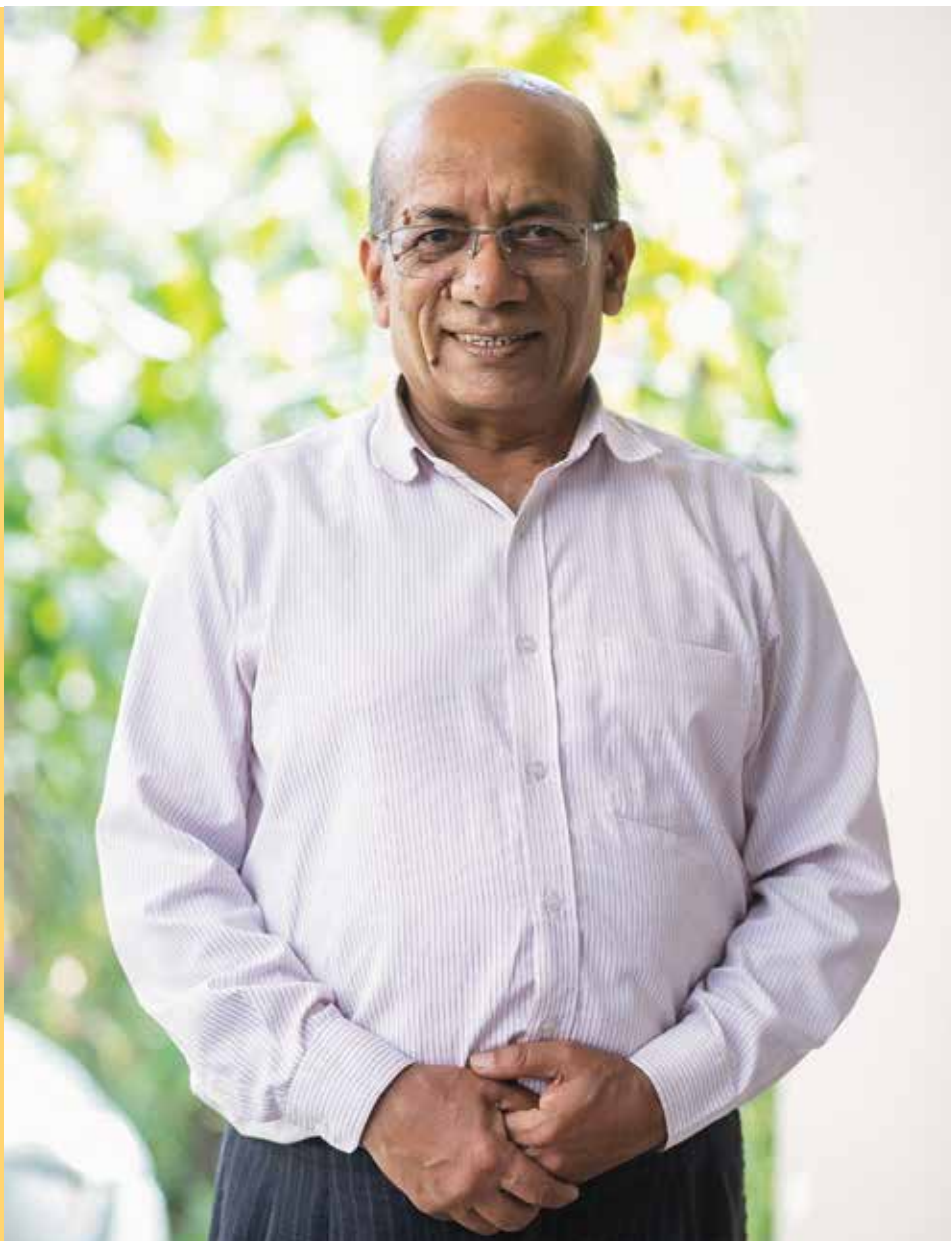
One of the key objectives of the Sustainable Development Goals (SDGs) is to end hunger, achieve food security and improve nutrition and promote sustainable agriculture by 2030.

The government allocates a budget for the agriculture sector every year. For the fiscal year 2080-81, the government has earmarked Rs 55.89 billion out of which Rs 30 billion will be spent on the import of chemical fertilisers. The math does not add up as the remaining amount is severely insufficient.

Interventions are taking place but will the pace of policy and delivery mechanisms hold good is the question. The government in May 2023 launched a series of programmatic frameworks in the food and agriculture sectors that will help the country transform its agrifood systems, making them more resilient and sustainable. A Country Programming Framework (2023-2027) has been developed by the Food and Agriculture Organisation of the United Nations with Nepal's Ministry of Agriculture and Livestock Development and other stakeholders. The CPF is a strategic framework that aims to strengthen the country's food and agriculture sector by identifying priority areas of investment and intervention.

Higher economic growth, equitable distribution, a combination of policies including the effective execution of anti-poverty programs, better health education and employment among many other factors are required to be prioritised to address the issue.

In this edition of **Business 360**, we spoke with a few experts on their views on the situation.



**KRISHNA PRASAD PANT, PhD**  
Agricultural Economist

**How does price fluctuation of agricultural commodities impact food security in Nepal?**

Price fluctuations of agricultural commodities impact food security of both producers and consumers. Producers cannot get a reasonable price during the harvesting season, and they do distress sales (selling entire or more compromising their home consumption) to get a certain sum of money they need. Similarly, consumers cannot afford enough food to consume.

The main cause for price fluctuation is the seasonality

of agricultural products. As we are in the northern hemisphere, and the technologies we adopt are mostly nature based, seasonality applies for most of the agricultural commodities. However, we need food to consume year-round. Price of agricultural commodities goes down during the harvest season, then the prices increase continuously till the next harvest. Price of agricultural commodities also fluctuates due to changes in government policies, especially tax policies, natural disasters, social conflict, cartel formation by traders and

rumours in the market. Poor market integration due to the distance from seaports and weak transportation facilities also causes price fluctuations.

**What are the effects of civil turmoil such as political unrest or conflict on food security in Nepal, particularly in terms of access to food?**

Though the agriculture sector is the least affected sector by civil turmoil, such problems affect transportation and distribution of agricultural inputs and services leading to decreased production and



National Agricultural Policy was developed two decades ago and Agricultural Development Strategy (2015 to 2035) was developed before federalism, and they are now being updated. Agricultural Marketing Bill has been under discussion for the last four decades, but has not yet been realised. Thus, Nepal has no specific policy to deal with price fluctuations of food products.

hurdles on timely marketing. Disturbances in market supplies and decrease in production lead to food insecurity.

**How do livestock epidemics or crop diseases affect food security, and what measures are in place to mitigate these risks?**

Occurrences of disease and pests affect food production to a large extent. Spread of plants and animal diseases and pests decreases productivity. Spread of locusts on crops a few years back and occurrence of neck blast on hybrid rice in recent years are some examples. Similarly, the spread of lumpy skin disease of livestock this year decreased milk production. Changing climate is also attributed to the increasing disease and pests.



**Can you comment on how inadequate infrastructure (transportation and storage facilities) hinder the achievement of food security in the country?**

Food security is affected by poor infrastructure. Poor road conditions especially those affected by landslides and floods affect food supply in cities as well as rural areas. Seasonal roads are disrupted during the rainy season affecting food supply and other transactions in rural areas. Food products are airlifted for some of the mountain areas, but that is neither enough nor reliable. There are not enough warehouses to store food for the lean season. Some local governments have recently constructed warehouses, but

their working modalities are not clear to support food security. Unavailability of electricity connection on farmlands limits the use of irrigation equipment compromising food production. Limited coverage of telecommunication services in rural areas causes technology information gaps and poor market linkages to the farmers in rural areas.

**What are the specific challenges faced by rural communities in Nepal as a result of the rural-to-urban shift?**

Previously, traditional food practices of rural people in Nepal were highly diversified with complementarity of farm products and forest products. Nationalisation of the

forests and their subsequent degradation decreases the forest food products drastically. Market linkages and supply of food products, especially rice and processed foods (particularly noodles and cold drinks) from cities have replaced local food products to a large extent. Out-migration of rural labour force to cities and outside the country has caused labour shortage in rural areas for food production. Decreased livestock production, poor supply of chemical fertilisers and unavailability of irrigation water has led to abandonment of farmlands decreasing food production in rural areas. Those people left in rural households are now mostly dependent on imported food grains.

**What are the strategies and policies in place to address price fluctuations and stabilise food prices in Nepal?**

National Agricultural Policy was developed two decades ago and Agricultural Development Strategy (2015 to 2035) was developed before federalism, and they are now being updated. Agricultural Marketing Bill has been under discussion for the last four decades, but has not yet been realised. Thus, Nepal has no specific policy to deal with price fluctuations of food products. Imposing taxes on some of the agricultural products has aggravated the situation of price fluctuations.



**SUNITA NHEMAPHUKI**  
Founder, R & D Innovative Solution

**How does price fluctuation of agricultural commodities impact food security in Nepal?**

There are a few main causes of price fluctuation in agricultural commodities. One, we lack a database of production in our system. Some goods which are perishable and fruits that are imported from other countries are found to be cheaper in our country rather than the goods produced here as a result of which we do not know the amount of production in our own country.

The second major cause is climate change. For instance, India is facing a shortage of sugarcane and they have decided to stop the export of sugar to Nepal causing a rise in the price of sugar here. In our country there is lack of preparation in the market as well for such market changes.

Third, in recent times, the Russia-Ukraine war has had a worldwide impact as oil items were majorly imported from there. The price of sunflower oil has skyrocketed.

Fourth, though Nepal is considered an agricultural country the quantity we produce is low. We have so much land which is not being used at all. Nepal is behind in terms of technology and innovation and more so ever in the agriculture field. Investing in agriculture needs a lot of training, technologies, facilities and resources which discourage people from getting into the field.

Fifth, there is post-harvest loss as well. We as consumers have at least stored food that will suffice for the next two months and that at times gets spoilt during the storage.

Next, the farmers who produce in bulk do not have proper storage facility causing loss of products and rise in price in the market.

These are the few causes that have had an impact on food security in the country – the unplanned, unsynchronised, and uncertain aspects have hindered food security in Nepal which hampers people, especially consumers from middle- and lower-income families.

**What are the effects of civil turmoil such as political unrest or conflict on food security in Nepal, particularly in terms of access to food?**

Unstable government has and will always hamper any country and its people. Here, our prior civil turmoils have impacted people, economy and mindset. When people are voting they believe they are going to choose the right government to govern the country for a solid five years but after a couple of years the whole system is changed, there is uncertainty of any good policies to be implemented. The lack of trust created by the government and their acts have hampered the will of the people to try new ventures.

We don't have strict policies for agriculture such as looking after the welfare of the crops or food production, the process and the whole mechanism. The Food Security Act has yet to be passed as well. The government has highlighted the production of crops in terms of area but they have totally neglected policies regarding it. Who is going to look after the pricing or how are they pricing the products? The government has only given priority to production but the other aspects are totally neglected.

Nepal has a trillion-dollar food industry which is a market of only our everyday staple food such as rice, lentils and milk. In a trillion-dollar market we cannot go forward with an unorganised government as it brings risk to the quality of life. Channellising is important, the flow of work is important and as the government is not able to channellise policies for their own farmers, the trust factor is deterred.

One of the biggest problems that is rampant in the market is they are prioritising rice to be the only food. We as humans need nutrients the most to be healthy but as there is less



Nepal has a trillion-dollar food industry which is a market of only our everyday staple food such as rice, lentils and milk. In a trillion-dollar market we cannot go forward with an unorganised government as it brings risk to the quality of life.

promotion of other nutritious food, people who are not aware suffer in the long term. A recent example is a municipality that has imported thousands of bottles of Coke and Fanta in their city because people have started to believe that these drinks are juices. Awareness of food intake is vital but the government has not prioritised it at all. In the recent budget as well, at least 10% should be segregated for research in agriculture but only Rs two billion has been separated for it. We as citizens can only imagine how manipulative it has been that our own production is not given importance. The budget for agriculture reflects that the government is not giving priority to the sector.

**How do livestock epidemics or crop diseases affect food security, and what measures are in place to mitigate these risks?**

Lumpy skin disease has recently been seen in cows and has decreased the production of milk by 60%. Whenever there is fluctuation in production, our border being open to India has played a major role. In this particular context, people have imported ghee from India when

they faced a shortage of it in the market at a lower price and now the Nepali livestock production houses are facing problems as their products have higher margins.

Similarly, study and research play an important role when it comes to understanding and knowing the products that have potential to grow the economy of the country such as understanding what is better for our livestock, crops, herbal medicines but the government has not given importance to such matters. At least 10% of the budget should be provided for research and development but only Rs two billion has been allotted for the purpose.

Also, diseases in livestock or epidemics may not hamper exactly at that moment but in the long term it will because we have an open border with our southern neighbour. But if India too faces such uncertainty in their production and closes the supply, then the problem of such causes will be widely seen in the market.

Food insecurity is a very crucial issue. For instance, if a kid does not get enough food, there are chances their mental and physical growth will impede. This particularly hinders the overall development of one of the most important segments of the country.

**Can you comment on how inadequate infrastructure (transportation and storage facilities) hinder the achievement of food security in the country?**

There are very few storage facilities in Nepal for any kind of food. Our government is trying to build storage facilities but we also need skilled human resources who know the entire mechanism of the storage process. They should know the right temperature, its maintenance, storage capacity and so on. Here, we have made storage facilities just for the sake of making them but the functionalities are neglected. Human resource is extremely crucial along with proper knowledge and experience when it comes to agriculture.

Currently, there is abundant supply of milk in the market but we don't have storage facilities for it. If only Dairy

Development Corporation, a government body, could store it for two months there wouldn't be such losses as we are facing now. Hence, having storage alone is not only enough but proper skilled human resource is important to achieve proper storage.

**What are the specific challenges faced by rural communities in Nepal as a result of the rural-to-urban shift?**

Food insecurity hampers the urban and semi urban areas the most rather than rural regions. Rural areas have a lot of land and have production. They eat whatever is produced there. But semi urban and urban areas do not have efficient food storage and the current scenario of people getting minimum wage where 60% of their salary is used in food are the ones who face major problems.

The rural to urban shift is widely seen currently. People are shifting to urban cities to find more stable jobs to increase the quality of life, regardless of job insecurity in the cities. The government has set a criterion of Rs 15,000 as the basic minimum salary. Now, imagine a person who has shifted from a rural area to an urban setting and surviving on that salary. There will be issues with health and nutrition. Therefore, the unmanaged shifts cause food insecurity among people in urban areas rather than in rural settings.

**What are the strategies and policies in place to address price fluctuations and stabilise food prices in Nepal?**

The first thing is that the price of certain food crops should be consistent and decided by the government itself. The price of paddy is Rs 32 per kg. According to that, people should be getting rice at Rs 50 to Rs 60 so that everyone is able to afford it.

When we know the price of products we can determine how and where we can spend our money. The Agricultural Marketing Bill has been in construction for the last four decades, making it uncertain for the country to deal with uncertain price fluctuations and eventually hindering the quality of life and food security.





## SABNAM SHIVAKOTI ARYAL

Joint Secretary, Agriculture Development Division,  
Ministry of Agriculture and Livestock Development

### **How does price fluctuation of agricultural commodities impact food security in Nepal?**

The market works on two principles, supply and demand which govern the price fluctuation. The demand in the market determines the amount of assets needed for the country. In recent cases, there has been market clot resulting in unstable and unhandled price fluctuations.

The quality of commodities also is a player of such price fluctuations. It directly affects food security. In the case of Nepal, planning based production is absent. We don't have the data to determine the amount of assets we require. If

goods are imported, there is no active mechanism to determine the quality of the product and compare it with the local production along with the demand of the population.

The recent case of tomatoes is a perfect example. Farmers compare the production and prices from last year and try to sell it in a revised version. The lack of study of goods that are imported and produced here has caused a difference in pricing, further causing an imbalance. This kind of imbalance can be seen in every food product making it difficult for people to sustain in the current inflated market.

### **What are the effects of civil turmoil such as political unrest or conflict on food security in Nepal, particularly in terms of access to food?**

The civil clashes have caused migration. As agriculture was and still is manually performed, the migration of people to urban areas hindered the production rate a lot. The loss of human resources and the rapid shift of people from rural to urban areas have caused a big gap in agriculture in the last few decades.

The Russia-Ukraine war has severely hampered the supply chain in our country as well. The price of fuels and fertilisers

which are majorly imported increased. This affected the transport costs which showed up in the increase in the price of all commodities. If transportation charges increase, it will hamper all areas concerned with production of crops to daily based food in the market making the food industry more insecure.

Fertilisers play a vital role in transforming traditional farming into a production sector. The rise in price of fuels has hampered its availability along with excessive price inflation of fertilisers causing farmers to pay more for it. Even though the government provides subsidies to farmers, it is not enough, and during such periods, the government suffers as well. This is a chain reaction and there will be a ripple effect across.

There is inflation in food as well. If we look at the data of May 2023, inflation has increased by 5% - 5.4%. and the consumption pattern is that we spend around 60% of our earnings on food meaning the increase in price of food commodities compels us to spend more on food, thus leaving us with little resources to spend on healthcare and other facilities.

Hence, in the context of food security, price plays a huge role and hampers the quality of life. The entire chain will gradually affect the standard of living in the country.

#### **How do livestock epidemics or crop diseases affect food security, and what measures are in place to mitigate these risks?**

The disease that we see in crops and animals is the cause of climate change. Climate change has brought uncertain environmental hazards and unpredictable situations for everyone involved in agriculture. Agriculture is based on the good and bad organisms that are present in fertilisers and pesticides. The imbalance is another reason for such occurrences.



There is inflation in food as well. If we look at the data of May 2023, inflation has increased by 5% - 5.4%. and the consumption pattern is that we spend around 60% of our earnings on food meaning the increase in price of food commodities compels us to spend more on food, thus leaving us with little resources to spend on healthcare and other facilities.

Similarly, having an open border with India, the back and forth of livestock causes high possibility of transmission of transboundary diseases. Any kind of disease hinders the production of goods.

Nevertheless, there is a regular disease surveillance system which acts immediately if any kind of disease is seen in cattle. We coordinate with the concerned department and through proper surveillance, we handle the issues. We also bring out reports to know exactly what the problems are and these reports are sent internationally as well to monitor the crops and animals and their welfare.

Internal quarantine is also a method that Nepal has been using for the past few years. If any place is confirmed to have been affected by any kind of disease, then the animals are killed like during the bird flu to control the spread. Also, there is mass vaccination for cattle to help stop any kind of spread of diseases. We also ask farms to follow strict protocols and use bio-safety protocols so that the welfare of the crops and cattle is ensured.

These are all linked with insurance. The government has been urging people to utilise the insurance policy whereby if any of their cattle dies or needs to be killed due to any kind of natural calamity or disease,

then around 80% of the loss is covered.

#### **Can you comment on how inadequate infrastructure (transportation and storage facilities) hinder the achievement of food security in the country?**

Storage facilities are a must for farmers. If they get the chance to store their products even for a short time and sell it in the market, they will benefit from it. There should be different kinds of storage facilities for different products. This management will help to minimise post-harvest loss as well.

The biggest problem that we are facing is we have a limited number of storage houses and the ones that we have are not technically fit. Even though the government and private sector have invested in such stores and even have certain subsidies, during the operation and maintenance phase, the lack of technical human resources causes loss of food and crops.

Similarly, storage facilities are built just because the budget has been segregated for it but not for its importance or need. The lack of proper planning and placement of storage has been causing

uncertainty as well. Hence, even though storage houses have been constructed, there is no business because of its misutilisation.

#### **What are the specific challenges faced by rural communities in Nepal as a result of the rural-to-urban shift?**

Recent statistics show an increase in the abandonment of agriculture land. In hilly areas around 30% of the land is estimated to be barren. Migration is one cause for this situation. As Nepal is highly dependent on remittance, the consumption pattern has changed and increased as well. People have shifted from growing their own crops to eating products available in the market. Similarly, as there has been a massive shift from rural to urban areas, the land that has been left barren has started becoming a breeding ground for wildlife. We can see monkeys in many places now which is unusual.

Also, farmers will not stop cultivating rice and paddy but they have stopped planting any other commodities because of the uncertainties seen in the market. In the long term, biodiversity will be affected because of this practice.

#### **What are the strategies and policies in place to address price fluctuations and stabilise food prices in Nepal?**

We cannot control prices as they are governed by the market. We look at this factor in two ways; one, once the goods are in the market, they should be competitive to tackle the imported products in terms of price and quality. To make this possible the production cost should be reduced in all aspects. The government must give incentives and subsidies to help farmers achieve this.

Second, price policy has supported farmers in a few commodities such as milk where the government determines its price, eliminating malpractice.



**BHUWAN KC**

Co-founder, Kathmandu Organics

**How does price fluctuation of agricultural commodities impact food security in Nepal?**

The changes in prices of agricultural commodities can have a snowball effect on the food system. It can result in the rise of food prices, which means consumers won't be able to buy adequate food as the affordability of food increases. There are various factors that cause fluctuations in prices of agricultural commodities - it is mostly due to the inelastic nature of supply and demand of these commodities. Factors like natural disasters, weather patterns, crop disease, consumer preferences can impact demand and supply. Fluctuations in supply and demand create imbalances leading to price volatility. Policy and trade factors also play vital role in price fluctuations. Government policies, including import/export regulations, subsidies, and trade agreements, can affect domestic prices. For instance, restrictions on imports or exports can create shortages or surpluses, leading to price fluctuations.

**What are the effects of civil turmoil such as political unrest or conflict on food security in Nepal, particularly in terms of access to food?**

Civil turmoil can have significant adverse effect on food security. It can cause problems in production, distribution and access to food itself. Farmers may face challenges such as displacement, destruction of crops and infrastructure, limited access to inputs (seeds, fertilisers), and insecurity that hampers their ability to engage in farming activities. This can lead to reduced agricultural output and lower availability of food. Political unrest or conflict can disrupt transportation networks and hinder the movement of food from production areas to markets or distribution centres. Civil turmoil can cause displacement of people, loss of livelihoods, and economic instability.



Reduced food availability, disrupted supply chains, and increased demand due to population displacement can lead to price inflation, making food less affordable for affected populations.

**How do livestock epidemics or crop diseases affect food security, and what measures are in place to mitigate these risks?**

The occurrence of diseases such as livestock epidemics or crop diseases can have significant implications for food security in Nepal. Livestock epidemics can cause reduced livestock production, leading to a decline in the availability of meat, milk, eggs, and other livestock-derived products. Livestock farming is a major source of income for many rural households. Epidemics can disrupt livelihoods, decrease household income, and adversely affect the well-being of farmers and their families. Crop disease can also cause reduced agricultural productivity as diseases can lower crop yields, damage quality, and result in crop losses. Crop diseases can directly impact the income and livelihoods of farmers who rely on crop production for their sustenance. Lower yields and crop losses can lead to decreased incomes and increased vulnerability a common scenario in Nepali agriculture landscape.

**Can you comment on how inadequate infrastructure (transportation and storage facilities) hinder the achievement of food security in the country?**

Insufficient transportation infrastructure such as poorly maintained roads or lack of connectivity can make it challenging for farmers to transport their produce from rural areas to markets. Inadequate storage facilities including cold storage or warehouses can lead to post-harvest losses. Without proper storage options, perishable agricultural commodities, such as fruits, vegetables,



Inadequate infrastructure hampers the establishment of food processing units and value-addition activities in rural areas. Inefficient transportation systems can lead to higher transportation costs, which are eventually passed on to consumers in the form of increased food prices. This can further degrade the situation of food security in Nepal.

and dairy products, are prone to spoilage, reducing the availability of food and farmers' income. In rural areas with limited transportation and storage infrastructure, market fluctuations can occur more frequently. Farmers may face difficulties in timing their sales to maximise profits due to limited storage options. This can lead to price volatility and economic uncertainty for farmers. Inadequate infrastructure hampers the establishment of food processing units and value-addition activities in rural areas. Inefficient transportation systems can lead to higher transportation costs, which are eventually passed on to consumers in the form of increased food prices. This can further degrade the situation of food security in Nepal.

**What are the specific challenges faced by rural communities in Nepal as a result of the rural-to-urban shift?**

Rural-to-urban shift contributes to decline in availability of agricultural workforce. As people migrate from rural areas to urban centres, there is a decline in the agricultural workforce in rural communities. This can lead to labor shortages, affecting agricultural productivity,

reducing food production capacity and higher daily wage rates.

Many rural communities in Nepal are highly dependent on rain-fed agriculture. The rural-to-urban shift can leave agricultural land less managed and more susceptible to the impacts of climate change, such as droughts, floods, and erratic weather patterns. These climate risks can further undermine food production and security. Urbanisation often brings changes in dietary patterns, with increased consumption of processed and imported foods. This shift can impact local food systems and reduce demand for locally produced agricultural products, affecting the income opportunities of rural farmers.

**What are the strategies and policies in place to address price fluctuations and stabilise food prices in Nepal?**

The government must implement social safety nets and food security programmes to assist vulnerable populations. This includes programmes such as subsidised food distribution in rural districts, mid-day meal programmes at school, and targeted nutrition interventions to ensure access to adequate and nutritious food.

Improving agricultural productivity is a long-term

strategy to stabilise food prices. The government must promote modern agricultural practices, provides training and extension services to farmers, facilitate access to inputs, and invest in agricultural research and development to enhance production capacity and reduce reliance on imports. Government agencies like National Agriculture Research Council and Krishi Gyan Kendras play a vital role in these areas.

The government may provide subsidies or implement targeted support programmes to vulnerable populations, such as low-income households or marginalised communities. This can include direct food subsidies, cash transfers, or nutrition programmes to enhance access to affordable and nutritious food.

The government must operate price monitoring and information systems to track and analyse food prices. This enables timely interventions and helps ensure transparency in the market.

It's important to note that the effectiveness of these strategies and policies depends on their implementation, monitoring, and coordination among relevant government agencies. Regular assessments and adjustments are necessary to address evolving market dynamics and ensure the effectiveness of measures to stabilise food prices for vulnerable populations in Nepal.

Improving agricultural productivity is a long-term strategy to stabilise food prices. The government must promote modern agricultural practices, provides training and extension services to farmers, facilitate access to inputs, and invest in agricultural research and development to enhance production capacity and reduce reliance on imports. Government agencies like National Agriculture Research Council and Krishi Gyan Kendras play a vital role in these areas.

## How does price fluctuation of agricultural commodities impact food security in Nepal?

There is a saying that no one dies of hunger in Nepal, and to a large extent this saying used to be true but it might turn to a myth sooner. Food system in Nepal is facing challenges like never before driven mainly due to climate change, Covid 19 and recently, the global food and fuel crisis brought about by the Russian invasion of Ukraine. Nepal's GDP contribution from agriculture is diminishing year by year though we are an agricultural dominant country.

In Nepal, the use of climate-smart agriculture is still in its infancy. Lack of pricing control is a consequence of lack of control over climatic production. Additionally, the agricultural sector relies heavily on middlemen to move goods from farmers to markets. As a result, these middlemen play a significant role in determining how much agricultural goods cost. In addition, we depend heavily on our neighbouring nations for a variety of goods including tractors, insecticides, fertilisers and seeds. All of these elements significantly influence price changes.

## What are the effects of civil turmoil such as political unrest or conflict on food security in Nepal, particularly in terms of access to food?

The lack of desire among Nepal's young population to stay in the country is one of the most heartbreaking aspects of the civil unrest in the nation. As farmers and entrepreneurs, we are severely short on trained, semi-skilled, and unskilled labour. We now need to look for labour forces from India due to heavy labour immigration.

## How do livestock epidemics or crop diseases affect food security, and what measures are in place to mitigate these risks?

Since raising livestock in Nepal is still mostly a subsistence activity, there is a noticeable lack of technology and little usage of biosecurity



**SHOMA THAPA**

Technical Expert, Agri Studio Nepal



Since raising livestock in Nepal is still mostly a subsistence activity, there is a noticeable lack of technology and little usage of biosecurity measures. Over 10,000 cattle have perished in recent months as a result of lumpy skin disease. In the days to come, this will significantly affect the dairy industry.

measures. Over 10,000 cattle have perished in recent months as a result of lumpy skin disease. In the days to come, this will significantly affect the dairy industry.

These ailments have a substantial influence on

Nepal's food security every year as they damage both livestock and crops. If farming is not commercialised and technologically oriented, it will be difficult to eliminate these dangers. Additionally, when illnesses are spreading

quickly, the local authorities must support small-scale farmers immediately and raise awareness of the dangers in advance.

## Can you comment on how inadequate infrastructure (transportation and storage facilities) hinder the achievement of food security in the country?

Road access in Nepal is always impacted by the season, natural disasters, strikes, and border closures, to mention a few. Until we create a reliable supply chain, these dependencies will continue to exist. Each municipality can establish a goal for the creation of self-sufficient, contemporary farms that depend on the population to produce seasonal vegetables and crops.

We are observing a growing capacity for the production of exotic fruits and vegetables in Nepal, but they require a guaranteed supply chain process to have a steady market: if Mustang/Manang apples, bell peppers from the East, and asparagus from Kathmandu receive a guaranteed national and export market, Nepal can quickly become a hub for agricultural exports. The market for millets is expanding rapidly, and while Nepal's environment is ideally suited to producing a range of millets, we still want adequate supply.

## What are the specific challenges faced by rural communities in Nepal as a result of the rural-to-urban shift?

Life is straightforward when we live in rural settings. Since every household grows some fruits, vegetables, and cattle for its own use, food security is rarely a concern. However, many are compelled to move to large centres because of a supposedly higher quality of life. When that occurs, spending capacity is severely impacted. In metropolitan cities, life is generally pricey. When you move to the city, the readily available food in our hamlet suddenly becomes a luxury. **B**



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# CREATING TALENT NURSERIES – I

## COMPANIES DEVELOPING TALENT CAN COMBAT MOST CHALLENGES



**Basant Chaudhary** is a Poet, Writer, Chairman of BLC and Basant Chaudhary Foundation. (feedback@basantchaudhary.com)

What does your company do? This is a question which people are often asked. In reply, we usually mention the products or services which our organisations offer to the market and customers. Simple and straight!

But how often does our response refer to the talent managed and developed by our companies? How often do we talk about employees whom our companies managed and developed to create shining stars in the business cosmos? Rarely! Indeed, there are not too many earnest creators and nurturers of talent in business. No wonder, companies, which are committed to long-term talent development, have to hardly face such queries. Thanks to the spectacular performance of their talented employees, including managers, these companies need no introduction. Their reputation precedes them far and wide.

So if you are being asked about your company's business and performance too often, you have reason to worry. It is time for a reality check. The world's business scenario is changing indescribably fast. Only 'talent factories' can deal with the future. Mere talent management will not do. It has to be dovetailed with talent development. In fact, both are two sides of the same coin. The coin turns into

much sought currency when talent management and talent development remain together.

It is more than self-evident that promoting talent can be only beneficial for a business enterprise. Also, there is no dearth of knowledge and expertise for implementing talent development. What is missing is the realisation by most top management that their companies need to create talent – regularly and consistently. But promoters lack ambition and are complacent. Exponential growth does not occur to them. They also find it difficult to believe that refusal to nurture new development may push them out of business one day.

The Harvard Business Review had in an article titled 'Make your company a talent factory' offered some pointers to evaluate the overall capability of a company, which, I feel, is the first step to assessing the need for recruiting talented persons, managing and retaining them and developing new talent from the existing human resources. Though the article was penned by Douglas A Ready and Jay A Conger more than a decade ago, its recommendations seem to be as relevant today. Here is the version paraphrased by me.

- Do you know what skills your company needs in a particular area or domain and what you should do to help the company reach its growth objectives?
- Does your company have a process for developing its next generation of leaders in this area?
- Do you have specific development plans for your high-potential leaders?
- Are you able to promptly deploy the right people when emerging opportunities arise?
- Do you have diverse and plentiful pools of

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talented employees who are ready, willing, and able to be deployed to new opportunities? How will you ensure this can happen?

- Do you offer your managers and employees developmental experiences to meet unique challenges?
- Would the people around you consider you actively engaged in your company's talent management initiatives?

Dear readers, please notice that the last point in the paraphrased part questions the top managers about their engagement in boosting talent management. (Notably, the term 'talent management', which was in vogue when the HBR article was authored, is now interchangeably used with 'talent development', the latter being more contemporary).

Engagement is the key to talent development in an organisation. HR pundits are finding that compensatory benefits alone are no longer able to satisfy today's talented employees. A multi-country survey conducted by Glassdoor, shows that 70% of employees

gave precedence to a company's culture before joining and 56% valued culture over remuneration.

Employees remain in a company when they find the organisation valuing their contributions and investing in their growth and development. According to LinkedIn's 2019 workplace learning report, companies can retain 94% of their employees by doing this.

But how many companies care to put their talented employees in the driving seat? By ignoring or neglecting to do so top managers deprive their talented employees of a vision or career plan. Being more ambitious than their peers, the talented employees start feeling disengaged and unmotivated. They lose a sense of purpose in their work and eventually head to more caring and enlightened enterprises. Have we not witnessed bright employees leaving their steady jobs in established companies for risky, uncertain but challenging positions in startups? They find the work in their new organisations more in sync with their extraordinary abilities that have been crying for expression in a more engaging environment. Forget the risk that the gifted employee may face in his new company; instead focus on the fact that your company has lost an asset. If promoters and top managers continue with their lackadaisical ways, they will be left with third rate and mediocre human resources.

HR leaders in the USA were horrified by 'The Great Resignation' during 2020-2022 when they abjectly failed in retaining high-potential talent, millions of whom quit.

Creating Talent Nurseries – II will discuss how companies can avert such crises by investing in talent developments. **B**



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# IGNORED POTENTIAL

## UNLEASHING THE IT SECTOR FOR NEPAL'S ECONOMIC PROSPERITY

In a recent meeting of the House of Representatives, Dr Swarnim Wagle, a parliamentarian, economist and the former Vice Chairman of the National Planning Commission, expressed his concerns about the government's neglect of the IT sector's immense potential in the current budget. During

a meeting of the HoR, Wagle emphasised the transformative power of the IT industry, its capacity to contribute significantly to Nepal's prosperity, and highlighted the need for government attention.

The IT industry has the capacity to revolutionise the country's economic landscape and drive substantial progress

through innovation and digital transformation, experts believe. By embracing digital technology, Nepal can position itself as a regional hub for innovation and technological advancement, driving economic growth and prosperity.

Wagle referred to a survey conducted by the Institute

for Integrated Development Studies (IIDS), a South Asian policy think tank, during his tenure as its chairperson. He said that the preliminary findings of IIDS indicate that the IT sector could significantly impact Nepal's economy. He criticised the current budget for overlooking the immense potential of the sector, stating





higher than the per capita income of Russia, China and Malaysia. Further, the collective earnings of IT workers in Nepal exceed \$515 million annually.

Wagle points out that improving laws and regulations is vital for the IT sector's development. The government needs to establish comprehensive policies that create a favourable business environment, promote entrepreneurship, and attract investment. Additionally, investment in digital infrastructure such as broadband connectivity and data centres is essential.

Ajit Shah, CEO of Lotus Holdings responded to Wagle's statement by acknowledging the government's recent policy reforms aimed at developing the startup ecosystem and supporting venture capital and startup businesses. He highlighted the announcements made by the government while unveiling the budget for fiscal year 2023-24 including the allocation of Rs 1.25 billion for the development of the startup ecosystem. Shah also emphasised the significance of the provision allowing companies to be established with a capital of just Rs 100 and the ability to open branch offices in foreign countries for marketing and promotion purposes. Shah agreed with Wagle's perspective in terms of potential and also mentioned his involvement in the survey conducted by IIDS. However, Shah emphasised the need for collaborative efforts to find solutions rather than engaging in criticism.

Atulya Pandey, Co-CEO of Outside, stressed the need for the government to implement plans and policies that strengthen institutions supporting the sector. He emphasised the importance of friendly policies for IT companies which would encourage their dedication to the country's economic development. Pandey also highlighted the significance of skilled manpower in the IT sector, suggesting that

the government should introduce policies to attract and retain such talent. He further emphasised the role of educational institutions, stating that they should adopt a practical-based approach to education rather than relying solely on theoretical knowledge.

By embracing digital technologies and establishing a thriving IT ecosystem, Nepal can position itself as a regional hub for technological advancement, attracting global businesses and stimulating job creation. Digital transformation can enhance operational efficiency, enable e-commerce, and improve connectivity both domestically and internationally. Small and medium-sized enterprises (SMEs) can leverage technology to expand their reach, streamline processes, and access global markets, fostering economic growth and job creation.

But several challenges have hindered the growth of Nepal's IT sector. Insufficient government attention, lack of supportive policies, and inadequate infrastructure are among the primary obstacles. Additionally, limited access to financing, a scarcity of skilled professionals, and the brain drain phenomenon pose significant hurdles.

To unlock the full potential of the IT sector, the government must prioritise its development. Firstly, comprehensive policies and regulations should be established to create a favourable business environment and attract investment. This includes incentivising entrepreneurship, offering tax breaks, and facilitating access to capital for startups. Strengthening intellectual property rights protection is also crucial to encourage innovation. Moreover, investments in digital infrastructure, such as broadband connectivity and data centres, are essential to ensure a robust IT ecosystem. The government should collaborate with educational



**Data obtained from the IIDS survey reveals that there are 7,637 registered IT companies with approximately 7,000 contributing to tax revenue. Further, Nepal has 106 export-oriented IT businesses, along with a significant number of freelancers, accounting for 66,509 individuals. These freelancers earn an annual average income of \$4,723.**

institutions to enhance the quality of IT education and skill development programmes, nurturing a competent workforce to meet industry demands.

Government agencies need to proactively engage with industry experts and stakeholders to develop a holistic strategy for the IT sector's growth. Regularly conducting surveys and research, as done by the IIDS, can provide valuable insights into the industry's potential, enabling evidence-based decision-making and policy formulation.

The IT sector has the power to reshape Nepal's economic landscape by leveraging its transformative potential but do Nepal's policy makers hold the will to make it happen? **B**

that it has failed to address the transformative power and unlimited possibilities that the IT sector holds.

Data obtained from the IIDS survey, as per Wagle, reveals that there are 7,637 registered IT companies with approximately 7,000 contributing to tax revenue. Further, Nepal has 106 export-oriented IT businesses, along with a significant number of freelancers, accounting for 66,509 individuals. These freelancers earn an annual average income of \$4,723. The per capita income of Ukraine, which is currently at war, is \$5,000. The middle-level people earn around \$6,395 and senior level people earn around \$15,322 while working in Nepal. The per capita income of those earning from the IT sector at the senior level is substantially



**Nilesh Man Singh Pradhan**  
CEO, Nepal Clearing House Ltd

**“Nepal already allows 100% FDI in export-based IT service companies and domestic IT companies employing a certain number of employees receive tax waivers. However, there are further opportunities to capitalise on. To attract FDI, it is important to establish investor-friendly policies, offer tax incentives, and streamline regulatory frameworks. Creating specialised technology zones with multi-year tax holidays or subsidised tax rates can be an effective approach. Encouraging collaboration between local and foreign companies can also foster innovation and attract investment”**

Neelesh Man Singh Pradhan is the founding CEO of Nepal Clearing House Ltd (NCHL), institutionalising the national clearing house, which is one of the flagship projects of the country's payments market infrastructure. He has over 20 years of proven experience in the area of strategy development and implementation, public company management with profit and loss responsibility, financial management, banking and financial technology, project management, and IT service management in various jurisdictions.

Pradhan has assisted the central bank, government and semi-government institutions, capital market stakeholders, large fund managers, and other large institutions in an advisory role to adopt digital payments, including the development of the regulatory frameworks.

In this issue of **Business 360**, we spoke to Pradhan about the adoption of technology in the country's financial sector and also regarding the cross-border digital payment agreement signed between Nepal and India recently. Excerpts:

**How do you view the development of the IT sector in the country? How have we performed in technology adoption?**

I view the development of the IT sector in our country, Nepal, as extremely promising. It holds a significant position as one of the largest contributing service sectors with immense potential to contribute to our national economy through investment, export and employment generation. The government has recognised this potential and included IT services, IT-Enabled Services (ITES), and Business Process Outsourcing (BPO) as two of the top five priority export potential services.

We have established an environment that encourages investment by allowing up to 100% foreign direct investment (FDI) in the IT services sector. Additionally, there are corporate tax waivers for companies employing a certain number of employees, further incentivising growth in the sector. The numbers speak for themselves, as evidenced by the data from Nepal Rastra Bank, which shows an impressive increase of over 17% in the contribution of IT services to our total exports in fiscal year 2020-21.

What excites me the most about the IT sector in Nepal is the abundance of tech-savvy

youths and the large pool of engineering and IT graduates. They are the driving force behind a promising future for the IT industry and technocrats in our country. Their skills, knowledge, and innovative ideas are shaping the industry and propelling it forward.

The Digital Nepal Framework is a critical policy direction that aims to drive Nepal towards digital services, with the IT sector as its foundation. We have already witnessed positive changes resulting from this framework. The adoption and usage of technology and digital services by various government entities, regulators, corporate houses and the general public have been steadily increasing.

Over the past three to four years, we have observed a remarkable surge in digital transactions, particularly in the realm of payments. This upward trend has been further accelerated by the Covid 19 pandemic which has highlighted the importance of digital solutions. However, I must acknowledge that the level of technology adoption is not entirely satisfactory. We still face challenges such as the integration of technology with service delivery and business processes as well as the need to address the widespread digital disconnection beyond

Kathmandu. Overall, while we have made notable strides in the IT sector and technology adoption, there is still work to be done. We must continue to focus on integrating technology across various sectors and addressing the barriers to widespread adoption to fully harness its potential for the benefit of our nation and its people.

**Could you specify what stands in the way of exploiting the IT sector's true potential for Nepal?**

When it comes to exploiting the true potential of the IT sector in Nepal, there are a few significant factors that stand in our way. Firstly, it's essential to consider the global landscape of the IT industry. Gartner, a renowned research and advisory firm, has projected the market size of the global IT industry to be around \$1.36 trillion for 2023 (growth of 9.1% over 2022) and has forecasted 10.2% growth in 2024. IT services are considered highly lucrative and are seen as a key industry by many countries worldwide. As a result, investments in the IT sector tend to flow towards countries with low-cost skilled manpower and a favourable business environment in terms of investment mobilisation and returns.



In Nepal, the estimated size of the ICT market is around Rs 80 billion (approximately \$0.6 billion). Despite having significant potential, we have yet to fully benefit from the IT sector. One of the challenges lies in the legal framework surrounding IT services, which has been primarily formulated in line with traditional sectors. This lack of flexibility hampers the ability to cater to new-generation businesses. Technology-based companies require a business environment that provides flexibility for starting and operating their ventures. Additionally, many of the current laws in Nepal do not even recognise companies or resources such as freelancers working in the IT sector. Another crucial challenge is the scarcity of skilled IT resources and the difficulty in retaining them. Skilled IT professionals today have the capability to work from anywhere in the world for any company. However, Nepal faces a shortage of skilled resources and struggles to retain them within the country. This poses a significant hurdle for the growth of the IT sector.

Furthermore, from a usage perspective, the availability and quality of digital connectivity beyond Kathmandu present challenges for the sector. To fully exploit the true potential of the IT sector it is vital to address these issues and improve the quality and accessibility of digital connectivity across the country.

In light of these challenges, it is crucial for policymakers to consider treating IT companies as true global entities. This means formulating policies that recognise and support the global nature of IT service companies, including startups and freelancers. Additionally, a focus on IT skill-based education can help increase the supply of skilled resources in the long run. Lastly, improving the quality of connectivity infrastructure is paramount to enable the IT sector to thrive and reach its true potential in Nepal.

**If you had to point to one policy change/challenge that could set us in the right direction, what would it be?**

If I had to point to one policy change or challenge that could set Nepal in the right direction for the IT sector, it would be the formulation of an implementation strategy for the Digital Nepal Framework. This strategy should focus on addressing outdated laws that pertain to the digital economy, making it easier to start and exit a company. By modernising the legal framework, we can create a more conducive environment for IT businesses to thrive.

Additionally, this strategy should prioritise the development of skilled manpower within the country. By investing in IT education and training programmes, we can nurture a talented pool of professionals who can contribute to the growth of the sector. This will not only create opportunities for the local workforce but also make Nepal an attractive destination for both domestic and foreign investments in the IT sector.

Overall, by formulating and implementing an effective strategy for the Digital Nepal Framework, we can overcome policy barriers and create an environment that fosters innovation, attracts investments, and positions Nepal on the right path for IT sector development.

**Do you think Nepal is prepared to become a digital economy in the true sense? What are the implications if we fail to create robust mechanisms on time?**

I believe Nepal has the potential to truly become a digital economy, but it is essential that we take concerted efforts and act in a timely manner. Failing to create robust mechanisms for digital transformation could have significant implications for our country. First and foremost, not embracing digital transformation would mean missing out on opportunities for economic growth. In today's interconnected world, digital technologies play a crucial role in driving



**It is crucial for Nepal to prioritise digital transformation and develop robust mechanisms to support it. By doing so, we can harness the full potential of the digital economy, drive economic growth, bridge societal disparities, and position ourselves as a competitive player in the global digital landscape.**

innovation, productivity, and competitiveness. By failing to seize these opportunities, Nepal could lag behind other economies and face challenges in keeping up with the rapidly evolving global landscape.

Moreover, without robust mechanisms for digital transformation, we risk increasing disparities within our society. Access to digital technologies and digital literacy are vital for inclusive growth and ensuring that all segments of the population can benefit from the digital economy. If we fail to create an environment that fosters digital inclusion, there is a risk of widening the digital divide, leaving certain groups and regions behind. To successfully transition into a digital economy, we must invest in developing a strong digital infrastructure. This includes reliable internet connectivity, secure digital platforms, and advanced technological capabilities. Additionally,

promoting digital literacy among the population is crucial to ensure that individuals have the skills and knowledge to participate in the digital economy.

Furthermore, a key aspect is the supply of skilled manpower that can drive the digital economy forward. We need to invest in education and training programmes that equip our workforce with the necessary digital skills and knowledge. This will not only support the growth of the IT sector but also enhance our overall competitiveness in the global digital landscape. Lastly, creating a secure and trusted digital ecosystem is essential. This requires implementing robust cybersecurity measures, data protection policies, and privacy regulations. By fostering trust in the digital space, we can encourage the general public to embrace digital means and utilise digital services confidently.

In conclusion, it is crucial for Nepal to prioritise digital transformation and develop robust mechanisms to support it. By doing so, we can harness the full potential of the digital economy, drive economic growth, bridge societal disparities, and position ourselves as a competitive player in the global digital landscape.

**How does the national budget or the government agenda reflect a commitment to DigitALL Nepal?**

In the FY 2080/81 budget, the government has demonstrated its commitment to DigitALL Nepal by prioritising the digital economy. The allocation of resources for the development of digital infrastructure, expansion of internet connectivity and promotion of digital literacy programmes reflect the government's agenda to foster a digitally empowered nation.

In addition to policy-level interventions, it is crucial for the government to lead by example and become a significant adopter of digital services. In recent years, the government has made remarkable progress in fully

adopting digital payments. With over 90% of its expenses being digital, directly deposited into the bank accounts of beneficiaries, the government has set a strong precedent in the adoption of digital payments. This covers various domains, including Government-to-Business (G2B), Government-to-Person (G2P), and Government-to-Government (G2G) transactions. Furthermore, close to 30% of revenue collection has also transitioned to digital means. The ongoing infrastructure implementation for the National Payment Switch (NPS) further reinforces the government's commitment to building shared infrastructure for retail payments, including cards.

However, it is important for the government to consider the much-needed policy changes and facilitation to fully embrace the digital economy. By doing so, the government can send a strong message to the world that Nepal is open for business in the IT sector and is fully committed to large-scale adoption of digital transformation. This includes creating an enabling environment for IT businesses, providing necessary support for startups and innovation, and fostering a digitally inclusive society. Such policy changes and facilitation will position Nepal as an attractive destination for investments in the IT sector and help accelerate the journey towards a DigitALL Nepal.

**How do you view Nepal-India cross-border digital payment agreement? Does Nepal Rastra Bank have the capacity to facilitate the complexities and the associated risks?**

I view the Nepal-India cross-border digital payment agreement as a significant step towards enhancing financial transactions between our two countries. This agreement aims to establish seamless connectivity for retail financial transactions, facilitating fund transfers and merchant payments for the general public. The integration of real-time

retail payment systems of Nepal (RPS/NPI) and India (UPI) will enable real-time cross-border payments, fostering greater convenience and efficiency.

Nepal Rastra Bank (NRB) and the Reserve Bank of India (RBI) as the central regulatory authorities play a crucial role in regulating, overseeing, and facilitating these cross-border digital payments. Given that this integration will be the first of its kind in the region, it is essential to approach its implementation in a phased and controlled manner to mitigate possible risks. The collaboration between NRB, NCHL, RBI and NPCI is vital for implementing the necessary systems and controls required for enabling cross-border payments between Nepal and India.

Considering that the UPI system is one of the most scalable and advanced payment infrastructure, the integration is expected to support Nepal in enhancing its own payment systems. While challenges may exist in this initiative, close collaboration and coordination between the respective authorities will help overcome these challenges and ensure the successful implementation of the cross-border digital payment agreement. It is important to emphasise that Nepal Rastra Bank, in partnership with NCHL and in collaboration with the Reserve Bank of India and NPCI, is actively working towards implementing the required systems and controls. By doing so, we aim to facilitate seamless cross-border payments, reduce transactional complexities, and foster greater financial connectivity between Nepal and India.

**As more commerce moves to the digital world, how do you view Nepal's preparedness and commitment to financial education and inclusion?**

I believe that Nepal's preparedness and commitment to financial education and inclusion in the digital world are crucial for sustainable development and the successful adoption of the digital

economy. Various stakeholders, including the government, NRB, BFIs and the private sector are actively involved in collective efforts to enhance financial and digital literacy, promote digital payment systems, and extend financial services to underserved populations.

NRB has taken important steps by formulating the Financial Literacy Framework 2022, which incorporates provisions for digital financial literacy, financial consumer protection, and the development of financial literacy training programmes. These initiatives are aimed at equipping individuals with the knowledge and skills needed to navigate the digital financial landscape effectively.

While digital infrastructure is being built, it is equally important to re-engineer existing procedures to align them with digital processes. It is vital to keep end-users informed and aware of these digital services. Many stakeholders have already made substantial investments and efforts to increase digital financial education and awareness. However, there is still work to be done in terms of expanding access to financial education, ensuring consumer protection, and addressing barriers to financial inclusion, particularly in rural sectors and among marginalised demographics.

To truly empower individuals in the digital world, we need to continue expanding financial education initiatives, designing user-friendly digital platforms, and ensuring that consumer protection measures are in place. It is crucial to bridge the digital divide and create an inclusive financial ecosystem where all segments of society can benefit from the advantages of the digital economy. By nurturing financial literacy, promoting digital payment systems, and removing barriers to financial inclusion, Nepal can enhance its preparedness and commitment to building a resilient and inclusive digital economy.

**Data leaks and cyber security are big concerns. Does the national budget reflect adequate attention to research and development of the IT sector?**

With the increasing use of digital services, data leaks and cybersecurity have become significant concerns and pose inherent risks in the digital economy. As we witness a rise in digital transactions and a shift towards a digital economy, incidents of data leaks and security breaches may also increase. While the percentage of such incidents may be relatively low, the actual numbers can still grow, potentially impacting the trust of the general public on the digital economy if not appropriately addressed. Addressing data leaks and cybersecurity is a collective responsibility that involves all stakeholders in the sector. Continuous investment in security infrastructure, keeping them up-to-date according to international security standards, is essential. Additionally, educating end-users to safely use digital systems and promoting cybersecurity awareness is crucial to mitigate risks and enhance overall security.

While the government has prioritised digital adoption, it is important to note that policy direction for safeguarding against data leaks, addressing cyber threats, standardising IT infrastructure or integrations, and investing in IT-based research and development are not adequately covered in the national budget. These areas require more attention and resources to ensure the robustness and security of our digital ecosystem. To build a resilient digital economy, it is crucial to allocate sufficient resources and focus on research and development in the IT sector. This includes promoting research and innovation in cybersecurity, supporting the development of secure IT infrastructure, and fostering collaborations between academia, industry, and government agencies. By doing so, we can enhance our capabilities to detect, prevent,

and mitigate cyber threats while fostering an environment of trust and confidence in the digital economy.

In conclusion, while the government has emphasised digital adoption, there is a need to allocate more attention and resources in the national budget towards research and development initiatives in the IT sector, specifically addressing data leaks, cybersecurity, IT infrastructure standardisation, and promoting IT-based research and innovation. By doing so, we can better safeguard our digital ecosystem and ensure the long-term sustainability and security of our digital economy.

**What could be possible opportunities to accelerate FDI into the digital sector of the country?**

In order to accelerate foreign direct investment (FDI) in Nepal's digital sector, it is crucial to create a favourable business environment that attracts companies and employees. Nepal already allows 100% FDI in export-based IT service companies and domestic IT companies employing a certain number of employees receive tax waivers. However, there are further opportunities to capitalise on. To attract FDI, it is important to establish investor-friendly policies, offer tax incentives, and streamline regulatory frameworks. Creating specialised technology zones with multi-year tax holidays or subsidised tax rates can be an effective approach. Encouraging collaboration between local and foreign companies can also foster innovation and attract investment.

Additionally, it is vital to showcase Nepal's success stories in the IT sector internationally. Highlighting the achievements of Nepali companies and services can capture the attention of potential investors and generate interest in the country. Allowing Nepali companies to expand beyond borders and supporting their international growth can play a significant

role in attracting FDI. Moreover, strengthening digital connectivity infrastructure is crucial.

By improving internet connectivity and expanding coverage, Nepal can position itself as a competitive destination for digital investments. Additionally,

ensuring a robust supply of skilled human resources in the sector is essential. Investing in IT education and training programmes will not only meet the demands of the industry but also enhance Nepal's appeal for FDI. Also, by creating a favourable business environment, showcasing

success stories, improving digital connectivity, and investing in skilled resources, Nepal can accelerate FDI in its digital sector. This will not only drive economic growth but also foster innovation and further establish Nepal as a hub for digital transformation.





**How does NCHL ensure the security and integrity of cross-border digital payments between Nepal and India, particularly with regards to protecting user information and financial transactions?**

When it comes to ensuring the security and integrity of cross-border digital payments between Nepal and India, NCHL (Nepal Clearing House Ltd) follows a robust approach. As these transactions involve two jurisdictions, it is crucial to adhere to legal and compliance requirements set forth by both countries. The legal basis and compliance for such cross-border transactions are appropriately regulated to meet the necessary standards. Compliance related to Know Your Customer (KYC), Anti-Money Laundering (AML), Counter Financing of Terrorism (CFT), and controls for capital flow are essential aspects that must be addressed. To fulfil these requirements, certain information of the initiator and beneficiary needs to be shared for risk checking and the implementation of necessary controls on a requirement basis.

However, it is important to note that the non-financial information and payment-related information transferred during these transactions are handled in a highly secure manner. The utmost care is taken to maintain the integrity and confidentiality of such cross-border payments. This involves adhering to standard protocols that are compliant with relevant data protection laws and regulations. NCHL recognises the importance of digital security and the protection of user information. It ensures that all measures are taken to safeguard the data exchanged during cross-border digital payments. By following industry best practices and complying with data protection regulations, NCHL maintains a secure and trusted environment for these transactions.

In conclusion, NCHL is committed to upholding the security and integrity of cross-border digital payments between Nepal and India. By adhering to legal and

compliance requirements, implementing necessary controls, and following standard protocols for digital security, NCHL ensures the protection of user information and the overall reliability of these transactions.

**Could you explain the collaborative efforts between NCHL and the government of Nepal in advancing the goals of digital payments and financial technology services? How does NCHL work closely with the government to align its initiatives with the national agenda and regulatory frameworks?**

At NCHL, we operate under the guidance and leadership of Nepal Rastra Bank (NRB) and collaborate closely with the government to advance the goals of digital payments and financial technology services. Our primary objective is to establish and operate multiple payment, settlement, and clearing systems in the country, and we currently operate various national payment systems, including Electronic Cheque Clearing (NCHL-ECC), Interbank Payment System (NCHL-IPS), Retail Payment Switch (RPS), connectIPS e-payment system, CORPORATEPAY, connectRTGS, National Payment Interface (NPI), and NEPALPAY QR.

While our initial focus was to provide shared infrastructure to banks and financial institutions, we have expanded our scope to serve the larger objective of the digital economy within the financial sector. As a result, we have opened our infrastructure to government entities and other non-bank entities. These entities become indirect or technical members of NCHL, enrolling with one of the direct member BFIs as settlement banks. By integrating their internal systems with NPI of NCHL, they gain access to NCHL-IPS and RPS for their real-time and non-real-time payment transactions.

NCHL works closely with the government's EFT system, which handles outgoing expense transactions, and the RMIS system, responsible for

revenue collection. Integration with NCHL's NPI occurs through the government's expense and revenue handling BFIs. This integration enables the initiation of payout transactions from any of the DTCOs within the Central Government Account System (CGAS) through EFT to NCHL's NPI. In the fiscal year 2079-80, over 90% of central government expenses were digitised, and the government has initiated the digitisation of payments for 753 local governments as well. Furthermore, the general public can make government revenue payments (tax and non-tax) through various channels such as payment gateways, mobile wallets, mobile banking, connectIPS, CORPORATEPAY, or bank branches. The revenue payment through these channels has reached close to 30% in fiscal year 2079/80.

Since 2016, NCHL has been working closely with the government to enable digital payments. We not only provide payment systems but also assist in process reengineering to facilitate the adoption of digital payments. Our strategic direction aligns with the objectives of the government and the policy direction of NRB regarding the development of national payment systems. As a principle, we reinvest in establishing payment systems and facilitating key stakeholders such as the government. By collaborating with the government and following a shared vision, NCHL aims to contribute to the growth of digital payments in Nepal, fostering a more efficient, secure and inclusive financial ecosystem.

**In the context of cross-border digital payments, what specific measures and protocols has NCHL implemented to comply with the regulatory requirements set by the government of Nepal? How does NCHL ensure transparency and accountability while facilitating seamless cross-border transactions?**

We are currently in the initial phase of implementing

cross-border digital payments between Nepal and India. We have entered into an understanding with NPCI International Payments Limited (NIPL) to establish technical integration, develop the legal and compliance structure, and consider the necessary business aspects during the implementation phase. Regarding regulatory requirements, we are committed to complying with the mandates and directives set by the government. Our technical integration will ensure the implementation of the required standards for the cross-border payment system. Additionally, we will establish regulatory mandates and/or directives to implement risk controls and prevent misuse of the cross-border payment channel. These measures are vital for ensuring transparency, security, and accountability throughout the cross-border transactions.

Throughout the implementation process, we actively engage with various stakeholders, including banks and financial institutions, to gather necessary feedback and ensure industry-wide adoption. This collaborative approach ensures that the cross-border digital payments are implemented as an industry project, taking into account the perspectives and expertise of all relevant stakeholders. By diligently adhering to regulatory requirements, establishing technical integration, and fostering collaboration with industry partners, we aim to facilitate seamless cross-border transactions while upholding transparency and accountability. Our goal is to provide a reliable and secure platform for cross-border digital payments, strengthening financial connectivity between Nepal and India in a manner that aligns with the regulatory framework and regulatory requirements of the government of Nepal. **B**

# WHY THE COMING DEATH OF CABLE TV IS ONE OF THE GREATEST STORIES OF OUR TIME

Today's cable news networks are victims of 'creative destruction'. This media evolution is a great deal for consumers and content creators alike.



**JONATHAN MILTIMORE** IS THE MANAGING EDITOR OF FEE.ORG. HIS WRITING/REPORTING HAS BEEN THE SUBJECT OF ARTICLES IN TIME MAGAZINE, THE WALL STREET JOURNAL, CNN, FORBES, FOX NEWS, AND THE STAR TRIBUNE.



For more than a quarter-century, we have been hearing predictions about the demise of cable, and with it, cable news.

A Pew Research article from 2000 showed the trends began more than 30 years ago, when consumption of broadcast and local news began to decline, and users began to get more news (and entertainment) online.

These trends have only increased since, to the extent that the long decline in cable news may finally be reaching its end.

"This week might well mark the last time we ever care so much about cable TV news," veteran media analyst Alan Wolk noted in April, following the surprising departures of Tucker Carlson from Fox News and Don Lemon from CNN.

Wolk wasn't saying cable news was necessarily a terrible product; it was an obsolete one on an obsolete platform. While he didn't

predict that the death of cable was imminent, he made it clear it might be time to start looking for hospice care.

"...eventually, probably sometime in the next five to ten years, cable TV is going to stop being worth it for all parties involved and will, for all intents and purposes, disappear," Wolk wrote.

## End of Days?

The decline of cable is obviously bad news for the six largest cable news networks (Fox, CNN, Fox Business, MSNBC, CNBC, and HLN).

Paul Farhi of the Washington Post points out that fewer people watching cable news doesn't just mean less ad revenue, which accounted for \$2.6 billion in revenue collectively for the cable giants last year. It also means less revenue from cable providers, who provide cable news networks the majority of their revenue (\$4 billion)

**4 Today's cable news networks are victims of this process, 'creative destruction'. They are the 'obsolescent industries' of which Schumpeter speaks, and consumers are fleeing for greener pastures where they are served with better options.**

through licensing fees.

"...the day could soon come when an exodus of cable subscribers leaves cable operators unable to afford the hefty licence fees that those news programmers now command," Farhi writes.

This is obviously bad news for cable news companies. Ditto for talking heads like Jake Tapper and Sean Hannity, both of whom pull in eight-figure salaries.

For consumers, content creators, and society generally, however, the collapse of cable news is nothing to be feared.

## Of Creative Destruction and 'Obsolescent Industries'

In his classic work *Capitalism, Socialism, and Democracy*, Austrian political economist Joseph Schumpeter stated that by its very nature capitalism is an evolutionary process, one that is never stagnant or stationary.

He explained that capitalism 'incessantly revolutionises the economic structure from within, incessantly destroying the old one'. Schumpeter saw there would be a natural impulse to 'conserve obsolescent industries', but he rightly understood this was generally a futile and self-defeating task.

"At the heart of capitalism is creative destruction," Schumpeter wrote of the economic concept he coined.

Today's cable news networks are victims of this process, 'creative destruction'. They are the 'obsolescent industries' of which Schumpeter speaks, and consumers are fleeing for greener pastures where they are served with better options.

Companies like Netflix are often credited with disrupting the movie industry, and they have. But this disruption goes well beyond Hollywood. Online streaming has disrupted the entire media landscape, and it's not just Fortune 500 companies like Netflix, Apple, Google, and Amazon doing the disrupting. Spotify, Substack, Twitter, Rumble, and others have given content creators new platforms to reach hundreds of millions of people.

This media evolution is a great deal for consumers. Instead of dropping \$200 a month for a ridiculous number of channels, viewers can purchase subscriptions as they see fit. Baseball fans can purchase a yearly MLB package for \$150 – less than a single month of the price of cable. Netflix can be bought for as little as \$6.99 a month. Amazon customers get streaming thrown in for free with their Prime subscription. Fans of commentary can purchase HBO Max (now just Max) and get their political fix with Bill Maher in addition to the movies and original programming. If Maher isn't enough, they can watch countless other commentators for free on YouTube or Rumble.

For consumers and content creators, we're living in a new golden age of media. Consumers have virtually endless options, and each of us is able to select from the menu based on our individual tastes and pocketbooks. Content

creators, meanwhile, get to pursue their entrepreneurial passion and get paid by bringing their message to audiences.

This of course doesn't mean that there are no losers.

For Sean Hannity, who rakes in a reported \$43 million a year, this democratisation of media is probably distressing. Ditto for legacy media companies, who now have to compete with more content creators than ever. And then there is the government.

Nobody is likely to be more concerned over our brave new world of media freedom than the state, which historically has attempted to control and restrict the free flow of information to suit its own ends. This task was considerably easier prior to the democratisation of media, when the nightly news consisted of Walter Cronkite reporting each evening.

To be fair, I think many of today's cable news hosts could learn something from Cronkite, the 'most trusted' man in America, who exuded professionalism and objectivity with his dispassionate style.

But make no mistake: More choices and voices is a healthy thing for a democratic society, and that's exactly what the market has provided. **B**

Source: fee.org

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# INFLATION BLEEDS SMES WHITE

Text: Pushpa Raj Acharya

Small and medium enterprises (SMEs) which had expected to come out of the stalemate following the Covid 19 pandemic have unexpectedly encountered consistent inflationary pressure which has hit them hard. SMEs do not have inventory like larger and more established businesses, they sought government intervention in the form of subsidies, loans under special considerations, and rescheduling on repayment of loans, among others. But the vulnerabilities have only deepened as the country struggles with economic shocks.

In January this year, Nepal Rastra Bank (NRB) was compelled to amend the Working Capital Guidelines enforced on October 18, 2022, reportedly, to control the rampant evergreening of loans. The amended guidelines have stopped the rescheduling or restructuring of existing loans but provided flexibility to borrowers to repay their credit as term loans. The loans issued prior to the issuance

of the guidelines have to be mandatorily classified under separate categories and it requires provisioning along with the repayment deadline of mid-July 2023 to mid-July 2025 through five instalments.

Lack of fiscal and monetary incentives for SMEs has demoralised the entrepreneurial mass in the country. Though an evidential and independent study is yet to happen, it is believed that many SMEs have pulled down shutters. SMEs are the backbone of Nepal's economy accounting for 22% of the country's GDP and employing 1.8 million people, according to the International Finance Corporation (IFC), a member of the World Bank Group.

Nepal witnessed skyrocketing inflation following the Russia-Ukraine war that has caused price hike in fuel and essentials. Nepal Oil Corporation recently announced it will adjust the price of fuel automatically as per the price in the international market after keeping prices at a higher trajectory for more than a year.



Higher fuel price, higher interest rates of banks and financial institutions (BFIs), and higher cost of importing raw materials has significantly increased cost of production and thus the cost of doing business. The sustained increase in general prices of goods and services has eroded the purchasing power of consumers resulting in plummeting demand in the market.

Sunita Dangol, Deputy Mayor of Kathmandu Metropolitan City, recently

said that the judicial committee of the metropolis is flooded with complaints for recovery of house rent as some entrepreneurs have fled or failed to pay rental tax for several months. "Such complaints have increased by two-fold as compared to the past," she said, adding, "The situation reflects that economic activities are shrinking."

Consistently high inflation has had manifold impacts, especially on SMEs, as a result of which many have been forced to close business.

# CLOSING DOWN

According to Nara Bahadur Thapa, former Executive Director of NRB, inflation has increased input costs such as price of raw materials, labour, interest rate and energy/fuel prices, among others. “Higher input costs directly hit their profitability, and they are unable to pass on these increased costs to their customers by raising prices as consumption has plummeted heavily due to the decline in people’s income along with deteriorating consumption and production pattern,” said Thapa.

He added, “Profit margins have reduced heavily. If small businesses are unable to adjust their prices quickly enough to keep up with inflation, their profit margins shrink. This can limit their ability to reinvest in the business, expand operations, or hire additional employees.”

Higher inflation has created uncertainty in the business environment, making it difficult for small businesses to plan for the future. Rapid or unpredictable inflation has made it challenging to

## Inflation trend over the years

Fiscal Year	Inflation
2010-11	9.6%
2011-12	8.3%
2012-13	9.9%
2013-14	9.1%
2014-15	7.2%
2015-16	9.9%
2016-17	4.5%
2017-18	4.2%
2018-19	4.6%
2019-20	6.1%
2020-21	3.6%
2021-22	6.32%
2022-23*	7.77%

(\*Eleven months of fiscal year 2022-23, Nepal Rastra Bank)

## Inflation trend over the months of FY 2022-23

Month	Inflation
June 2022	8.56%
July 2022	8.08%
August 2022	8.26%
September 2022	8.64%
October 2022	8.50%
November 2022	8.08%
December 2022	7.38%
January 2023	7.26%
February 2023	7.88%
March 2023	7.44%
April 2023	7.76%
May 2023	7.41%
June 2023	6.83%

(Source: Nepal Rastra Bank)

forecast costs, set prices, secure financing, or negotiate contracts, thereby hindering business operations, say entrepreneurs. On the other hand, exporting firms are also facing challenges due to lack of demand from importing countries. Swoyambhu Ratna Tuladhar, Managing Director, Yak & Yeti Enterprises, stated that the demand for handcraft goods in Europe has declined heavily following the Covid 19 pandemic and further slumped following the Russia-Ukraine tensions.

Due to the high inflation of daily essentials, consumers have had to dig deep into their pockets to meet expenses. Buying luxury items, travelling, dining out and entertainment have become least prioritised now.

“Inflation hits discretionary spending. When the cost of essential goods and services rises, consumers may have less money available for non-essential purchases,” stated Keshav Acharya, a senior economist. “It has affected small businesses such as retail stores, restaurants and entertainment venues which rely on discretionary spending,” he added.

Meanwhile, employees are demanding an adjustment for inflation in their wages as compensation that keeps pace with rising prices. “SMEs with tight profit margins may find it challenging to meet these demands, leading to increased labour costs and potential challenges in retaining skilled employees,” Acharya reiterated.

Normally, higher inflation affects businesses of all sizes, including large corporations. However, larger businesses often have more resources and bargaining power to navigate inflationary pressures as compared to SMEs. Small businesses have been facing more significant challenges in competing with larger firms which has affected their revenue and compelled them to shut down.

A study of the IFC underlined that access to finance remains a major constraint for 44% of SMEs – deterring their growth prospects and hampering job creation – with the SME finance gap estimated to be \$2.9 billion.

Central Banks often respond to inflation by raising interest rates to curb excessive spending and control inflationary pressures and NRB – the central regulatory and monetary authority – has done the same. SMEs are reluctant to avail loans despite the mandatory provision of the Central Bank that has sought mobilisation of certain loan portfolios to SMEs as interest rates have gone very high. Access to credit and their ability to invest for expansion are limited due to expensive borrowing.

NRB has urged banks to mobilise 15% of their loan portfolio in micro, small and medium enterprises (MSMEs) by mid-July 2024, however, the average lending from the banking fraternity hovers at 9.85% till mid-April 2023, according to the Central Bank. The ticket size of the MSMEs lending as defined by the Central Bank is up to Rs 10 million. Three government-owned banks have a sound exposure in SMEs, said Dr Gunakar Bhatta, Executive Director of NRB, adding, “All three government-owned banks have already surpassed the given target; however, the average lending portfolio of the remaining banks stands at around 8% which means they have room for credit expansion in the SME sector.”

SMEs must be revived for stability, inclusiveness, equitable distribution and economic development in the medium term. “The problems should be immediately diagnosed and they must be provided special care through the fiscal and monetary policy to get rid of the current economic slowdown,” opined Thapa. “Tax waiver for a certain period and cheaper

credit below ticket size of Rs 10 million for SMEs should be provided by the government considering the importance of the SMEs in job creation and stability of growth,” he stressed.

Businesses too should adapt and work a bit differently. He advised business owners to monitor and manage costs efficiently saying prudence could help small businesses maintain some profitability. This may involve negotiating better deals with suppliers, optimising operations, seeking alternative suppliers, or exploring cost-saving technologies.

Small businesses may also need to adjust their pricing strategies to reflect rising costs. While increasing prices is one option, it's essential to assess the market's price sensitivity and competitor actions to avoid losing customers. Exploring alternative pricing models or product/service differentiation can also be considered, states Thapa. “Subsequently, diversifying the product/service offering or customer base can

help small businesses mitigate the impact of inflation. By expanding into new markets or developing additional revenue streams, businesses can reduce their dependence on specific products or customer segments that may be more susceptible to inflationary pressures,” he emphasised.

He further advised that SMEs focus on financial planning, downsizing operations (part-time or outsourcing of labourers, exploiting technologies such as online selling, among others), regular cash flow projections, and financial strategies to account for changing economic conditions. “Financial planning is more crucial for forecasting to anticipate and mitigate potential inflationary impacts,” he said.

Experts say that sharing knowledge, pooling resources, and collectively addressing common challenges can help small businesses navigate the impacts of inflation more effectively. **B**

Bank	Total loan portfolio (Rs in billion)	Lending in MSMEs (%)
Nepal Bank	179.49	19.47
Rastriya Baniya Bank	241.34	18.73
Agricultural Development Bank	180.00	27.09
Nabil Bank	332.39	6.28
Nepal Investment Mega Bank	319.72	5.77
Standard Chartered Bank Nepal	94.97	2.02
Himalayan Bank	249.17	3.92
Nepal SBI Bank	125.44	6.95
Everest Bank	168.89	2.05
NIC Asia Bank	277.9	13.70
Machhapuchchhre Bank	133.18	8.52
Kumari Bank	285.78	11.30
Laxmi Bank.	136.66	6.17
Siddhartha Bank	187.46	8.31
Global IME Bank	375.03	9.11
Citizen's Bank International	141.93	11.00
Prime Commercial Bank	158.76	9.00
Sunrise Bank	122.07	11.14
NMB Bank	192.34	11.02
Prabhu Bank	249.75	6.90
Sanima Bank	148.41	6.54

(Mid-April 2023, Nepal Rastra Bank)



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TUCSON



# Commodity Trading: What the Future Holds?

The global commodity trading industry has enjoyed an upward trajectory over the past couple of years. Given that all industries journey through numerous years of peaks and troughs, the industry's prospects anticipate excellence in the ensuing years. Commodity trading is on the verge of a new normal (just like we were when the dreaded Covid 19 hit the world). The transition of the energy industry will herald an economic and physical transformation that will cut across and integrate the various global food, energy and materials systems. From this viewpoint, this transformation will increase structural volatility, disrupt trade flows to open new arbitrages, redefine the meaning of the commodity market industry as a whole and likewise, fundamentally alter the commercial relationships of the stakeholders involved. All these developments will create unique opportunities and challenges for new and incumbent traders alike. Here are the key development factors that have contributed to the rapid growth and which will likely have a further impact in the years to come.

## Transitioning Energy Industry

With vital economic and environmental benefits being captured from decarbonisation, the inconsistency of incentives, bottlenecks in the value chain, and the current geopolitical crisis have clouded the supply and demand picture. The increased susceptibility of the financial markets to both the long and short-term volatility and peak and trough cycles will likely increase the value of maintaining prompt inventory to deploy in response to market imbalance.

Over the past few years, the markets have experienced



historic spikes caused by the pandemic, ambiguous weather conditions, geopolitical events and macroeconomic uncertainty. These changing dynamics have been most apparent in the energy sector among others. The historic volatility of natural gas prices jumped from a low of 25% in the second half of 2021 to 179% just a few months later. Profitability is greatly determined by a combination of price levels and volatility. Likewise, energy transition has factored the environmental impact into the supply curve which will have implications for market volatility. A reordering of asset values and cross-commodity relationships would more strongly intertwine the volatility of incumbent commodities with that of the new green commodities.

## Trade Flow Disruptions and Regionalisation

The smooth flow of global commodities remains remarkably vulnerable to potential disruptions from one-off events. The pandemic is a case in point where the precipitous drop in oil demand led to the prices falling to all-time lows. Recent events have kick-started a reordering of global flows and geographic distribution of assets makes a revisit to pre-2021 levels unlikely in the upcoming days.

In the energy bracket, the reduction in Russian supplies

to Europe and its allies has led the European Union to rely on imports sourced or reimported from longer distances such as South America, the Middle East, the USA and West Africa. On the contrary, Russia is exporting higher volumes farther including to China and India. As a result, ships will likely spend more time at sea and freight optimisation could have a greater impact on the margins.

For agricultural products, the invasion of Ukraine has severely disrupted exports from the Black Sea, a region responsible for large shares of the global wheat trade, corn and sunflower oil. More severe trade flow complications could occur leading to the potential formation of trade blocs. For example, for LNG, Russian exports could be completely excluded from the OECD markets shifting instead to China, India and Turkey. On the other hand, the Australian and North American supplies would be redirected to Europe. Despite the various bloc formations, energy flows will adjust to balance the system and these flows will remain strongly interlinked via fundamental pricing relationships.

## Liquidity and Financially Tradable Products

In the past decade, the commodity markets have experienced a dramatic rise in

the overall level of liquidity. Although the past two years saw events such as sudden drop in liquidity in European power and gas trading, any repercussions will unlikely affect the overall trend. The major factor has been large producers that moved from direct-to-consumer (D2C) sales into trading to capture more value from their global logistics, systems and inventories. At the same time, some large clients could shift away from long-term contracts to capture benefits from the spot markets. For example, Middle Eastern NOCs have increased margins by bringing the products into the markets.

Commodity traders have also boosted their participation in one another's value chains such as energy traders taking part in the value chains of agricultural traders and vice versa. Recent market developments included greater price transparency, greater access to structured and unstructured data, contract standardisation, new exchanges, platforms and regulations. The resulting lowered barriers to entry create a virtuous circle with larger market participation, transaction volumes and costs and ultimately the speed to the market.

## Conclusion

A new normal will call for the global commodity market industry to change the age-old ways of doing things and will herald a new chapter. This new chapter will be spearheaded by market leaders who will keep a close eye on developments to usher in the future. The global financial markets have indeed entered an interesting phase – a phase characterised by the embodiment of a new tomorrow. **B**





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**National Distributor**

**Riddhi Siddhi Vinayak Telesystems Pvt Ltd**

Dealer Query : **980-2323522** Retails Query : **9801111668 / 9801111669**

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# Beed's take on the market

During the review period of May 31 to June 28, 2023, the Nepal Stock Exchange (NEPSE) index went up by a whopping 226.50 points (+14.14%) to close above 2,000 points after three months at 2,150.99 points.

The NEPSE index had a relatively steady and strong upward climb with gradual improvements in the economy and easing of liquidity in the banking system. The latest macroeconomic update for fiscal year 2022/23 showed most of the country's indicators moving in a positive direction, which led to investors having a positive sentiment for the period. Investor morale was further boosted as interest rates were slashed by the financial institutions. The total market volume during the review period soared significantly by 226.57% with total transactions of Rs 76.817 billion.

During the review period, contrary to the previous period, all 10 sub-indices landed in the green zone, indicating a tremendous recovery across the sub-sectors.

Hotels and Tourism sub-index (+49.75%) was the biggest gainer as the share value of Taragon Regency (+Rs 238), Kalinchwok Darshan (+Rs 233), and Soaltee (+Rs 207.3) increased substantially. Further, City Hotel started its trading in the review period, closing at Rs 420.7. Life Insurance sub-index (+33.92%) was second in line as it witnessed a rise in the

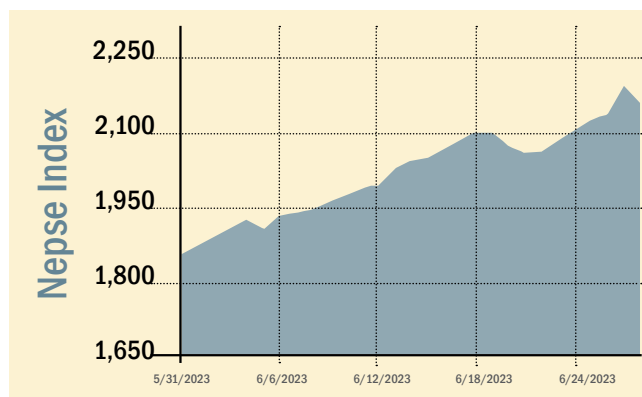
share prices of Life Insurance Co Nepal (+Rs 357), Prabhu Life Insurance (+Rs 243.6) and Asian Life Insurance (+Rs 203). Non-life Insurance sub-index (+27.95%) followed suit with an increase in the share prices of Rastriya Beema (+Rs 1,351), Nepal Insurance (+Rs 307) and NLG Insurance (+Rs 278.9). Likewise, Finance sub-index (+21.75%) also rose as share value of Progressive Finance (+Rs 152.6), Manjushree Finance (+Rs 107) and ICFC Finance (+Rs 106) went up.

Similarly, Microfinance sub-index (+20.75%) went up as share prices of BPW Microfinance (+Rs 912.6), Aatmanirbhar Microfinance (+Rs 672.6) and National Microfinance (+Rs 337) increased. Others sub-index (+17.73%) also surged with a rise in the share value of Citizen Investment Trust (+Rs 443), Nepal Telecom (+Rs 140.1) and National Reinsurance (+Rs 80.8).

Along the same lines, Manufacturing and Processing sub-index (+15.38%) witnessed a rise in the share prices of Bottlers Nepal (+Rs 1,366), Himalayan Distillery (+Rs 419.1), and Shivam Cement (+Rs 148). Likewise, Development Bank sub-index (+14.23%) witnessed an upswing with a rise in the share value of Lumbini Bikas (+Rs 78.6), Green Development Bank (+Rs 59) and Shine Resunga (+Rs 55).

Hydropower sub-index (+7.6%) followed suit with an

**Figure 1 NEPSE Index during the review period**  
(May 31 to June 28, 2023)



Source: Nepal Stock Exchange

escalation in the share values of Mountain Energy Nepal (+Rs 297.9), Shuvam Power (+Rs 264.8), and Samling Power (+Rs 63). Similarly, Commercial Bank sub-index (+3.96%), while still in the green zone, gained the least with an increase in share prices of NIC Asia (+Rs 70.5), Everest Bank (+Rs 35.9), and SBI Bank Nepal (+Rs 31.9).

## News and Highlights

SEBON has approved broker licences to 11 additional stock brokerage firms. Nabil Securities has been licensed to work as a stock dealer, Mega Stock Markets has been granted a full working licence, and nine other companies have been given limited working licences. Nabil Securities receiving the stock dealer licence is a significant milestone in Nepal's capital market history as it is the first time a bank has been granted approval to expand its services as a brokerage house.

On the public issues front, SEBON has approved the Initial Public Offering (IPO) of three hydropower companies and two life insurance companies. The IPOs for hydropower companies are for Upper Lohore Khola Hydropower worth Rs 509.8 million, Manakamana Engineering Hydropower worth Rs 800 million, and Bhagwati Hydropower worth Rs 572 million. NIC Asia, BOK Capital Market, and Siddhartha Capital

were appointed as the respective issue managers. The IPOs of life insurance companies are IME Life Insurance worth Rs 4 billion and Reliable Nepal worth Rs 4 billion. Civil Capital Market has been appointed the issue manager for both the IPOs.

SEBON has also put the IPO of Sanima Hydropower (Rs 147 million), Kantipur Television (Rs 75 million), Him Star Urja (Rs 111.9 million), and Dish Media (Rs 13.58 million) under preliminary review. Sanima Capital has been appointed as the issue manager for the first two, while NIC Asia Capital and Prabhu Capital have been appointed for the latter two, respectively.

## Outlook

The secondary market has gained momentum as investor confidence has been lifted as a result of a strong economic outlook. Further, the market growth has been supported by strong market volume. However, as the end of the fiscal year 2022/23 approaches, the market is likely to experience some selling pressure from individual and institutional investors seeking to adjust their investment portfolios and book profits from recent stock price appreciation. **B**

This is an analysis from beed Management Pvt Ltd. No expressed or implied warrant is made for usefulness or completeness of this information and no liability will be accepted for consequences of actions taken on the basis of this analysis.

**Table 1 Sub-indices during the review period**  
(April 27 to May 30, 2023)

	31-May-23	28-June-23	% Change
NEPSE Index	1,884.49	2,150.99	14.14%
Sub-Indices			
Commercial Bank	1,208.97	1,256.83	3.96%
Development Bank	3,426.73	3,914.26	14.23%
Hydropower	2,351.65	2,530.46	7.60%
Finance	1,554.17	1,892.13	21.75%
Non-Life Insurance	8,941.06	11,439.91	27.95%
Others	1,338.57	1,575.94	17.73%
Hotels and Tourism	3,794.38	5,682.04	49.75%
Microfinance	3,456.21	4,173.31	20.75%
Life Insurance	9,499.45	12,721.22	33.92%
Manufacturing & Processing	4,894.41	5,647.03	15.38%

Source: Nepal Stock Exchange



# Remedies for Breach of Contract



**Ashwin Kumar KC** is an Associate at Pioneer Law Associates and is a litigation lawyer specialising in dispute resolution and amount recovery.



More often than not, contractual issues can be tricky, especially when disputes arise. Therefore, understanding the nature of breach of contract, available remedies, and the circumstances under which they apply is crucial. This article aims to shed light on these matters, providing clarity for those facing contractual challenges.

Contracts are legally binding agreements that govern the rights and obligations of the parties involved. Sometimes, when a dispute arises due to various factors, such as misunderstanding, differing interpretations, or failure to fulfil contractual obligations, understanding the remedies available becomes pivotal.

## What is breach of contract?

A breach of contract occurs when one party fails to fulfil their contractual obligations. Contracts usually require either party to perform certain actions, refrain from certain activities, or both. A breach can be material, where a substantial obligation is violated, or minor, where a lesser obligation is breached.

## What is the remedy when one party is about to carry out an act that is prohibited by the contract?

In cases where one party is about to engage in actions prohibited by the contract, injunctive relief may be sought. Injunctive relief, in general terms, is a legal remedy that

aims to prevent harm or maintain the status quo of the contract. It means obtaining a court order that prohibits the other party from performing the prohibited action.

Under Nepali law, Section 541 of the National Civil Code, 2074 (Civil Code) is the enabling provision for issuance of an injunctive order. Section 541 (1) provides that if the performance of contract is not possible because a party to the contract is about to perform any act or conduct which is contrary to the nature of the contract, then such party aggrieved by such action/conduct can file a complaint before the concerned District Court. Section 541 of the Civil Code provides a wide range of scope as it states that injunctive relief under Section 541 can be sought in cases where such act/conduct is 'contrary to the nature of the contract'. In *Lallan Prasad Sah vs. District Development Committee, Parsa (NKP 2066, DN 8228)*, the Supreme Court of Nepal has further provided clarity by stating that while determining 'the act/conduct contrary to the nature of the contract', the courts must look into (a) the terms of the contract and (b) the understanding and intention between the parties.

Under Section 541 of the Civil Code, the type of injunction granted is a prohibitory injunction which prohibits a certain person from doing or continuing to do a certain act. Unlike other parts of the world where a mandatory

injunction (injunction which mandates a person to carry out a certain act) can be granted, the wording of Section 541 seemingly does not allow a mandatory injunction to be granted.

## What is the remedy when one party does not carry out an act that is required by the contract?

When a party fails to fulfil their contractual obligations, there is not much the other party can do. The aggrieved party can send a notice to the breaching party to remedy the breach and it is up to the breaching party to choose how it acts. In such a situation, the most common as well as the appropriate remedy is often compensation. This involves seeking damages to recover the losses suffered due to the breach.

However, another remedy that is not so often pursued is the remedy of Specific Performance. Specific performance, where a court orders the breaching party to fulfil their obligations, is a less common remedy and not generally awarded by the courts. Section 540 of the Civil Code has provisions relating to specific performance. Unlike the wide range of scope available for seeking injunctive relief under Section 541, seeking specific performance under Section 540 requires much more criteria to be fulfilled.

In order to file a petition for specific performance, two major pre-requisites must be fulfilled as per Section 541 (1); first,

actual loss or damage must be suffered by the aggrieved party due to the breach of contract (by the other party), and second, monetary compensation will not be reasonable and adequate for such actual loss or damage suffered. Thus, a party filing for specific performance should be able to prove that loss/damage has occurred due to the breach by the other party and most importantly, the aggrieved party should also be able to demonstrate that compensation or other remedies would not adequately remedy the breach. Even though the aforementioned two criteria can be demonstrated, Section 541 (2) has provisioned further situations whereby specific performance cannot be claimed, for example; if the party claiming specific performance itself is in breach of contract, or if the contract is for providing services of personal ability, skill or knowledge, etc.

Thus, specific performance can be sought only in certain circumstances, and it is a remedy rarely awarded by courts. Damages, in the form of monetary compensation, are typically considered the primary remedy for breach of contract.

## Conclusion

When dealing with contractual issues and potential breaches, understanding the complexities involved is crucial. Injunctive relief can prevent prohibited actions while compensation through damages is the primary remedy for non-performance. While specific performance is available in limited situations, it is often more challenging to demonstrate that one's situation meets the pre-requisites. By navigating the contractual landscape with awareness and utilising appropriate remedies, individuals can safeguard their interests when breaches occur. **B**

# Impacting Real Estate



**SANTOSH PRADHAN CHAUDHARY**  
CO-FOUNDER AND CEO, PROPERTY 360



Traditional valuation of wealth in the country is linked to the property you own. In Nepal, the real estate business is a big revenue generating sector and the real estate, renting and business activities data reported it at over Rs 396,877 million in 2020. A property in Kathmandu's Durbar Marg area sold for Rs 90 million (\$750,000) per 33 sq m in 2022, and is comparable as one of the highest real estate values in the world. Nepal Rastra Bank report shows that property value in Kathmandu Valley is increasing at 27.7% a year, doubling real estate value every 3.5 years. However, the sector has yet to be organised professionally in addition to a lot of unregulated buying and selling. There is also a lot of misconceptions surrounding real estate agents and developers and they are often mistrusted.

Santosh Pradhan Chaudhary, Co-founder and CEO of Property 360, saw the need for intervention and dived into the world of real estate to create a business that works with adherence to high level of professionalism. He is working to ensure to build an ecosystem that is transparent, valued and respected.

"In developed countries such as USA, Canada and in Europe real estate agents are regarded as influential and are trusted but in Nepal, any and every one can be a broker," says Pradhan.

Property 360 was established in 2017. Pradhan says that people buy a house may be once or twice in their lifetime, and he wants his company to provide the best experience for his customers. Property 360's main agenda is to maintain strict protocol within the legal frameworks of the country and to ensure that transactions are highly safe and secure.

Though there are many existing competitors for real estate companies in Nepal, Property 360 has made the

distinction of working in prime localities. "We specialise in offering the best value in the best locations working with trust and integrity to build lasting relationships with our clients," says Pradhan.

Pradhan says that for the first time in 60 years, revenue has been less than in the previous years. He says, "Inflation, instability and every other aspect has had a drastic effect on all fields and the same goes for real estate. We are sustaining because of our prior deals and arrangements." He however says that it's okay to face hardships occasionally as it teaches entrepreneurs how to sustain and survive through challenges while building towards success in the days ahead.

Pradhan is incorporating technology into his marketing especially for clients to have a real feel before the site visits. He says that often this market is volatile because of inconsistent policies that affect access to loans for clients, high interest rates, cumbersome paperwork, among others. Also, there are brokers and dealers who are not certified and in the business for short-term gains that breach the trust of public.

Pradhan is also working to launch a programme called Real Estate Mastermind that will help agents understand different aspects of the real estate business from a global marketing perspective and provide this career the respect and recognition due to it.

"Always ask yourself: Why would you do what you do?" he says to people wanting to make realty business their career, adding, "Start this journey if you are passionate about it and are in it for the long term". **B**



Drew Gilpin Faust is President Emerita of Harvard University and the Arthur Kingsley Porter University Professor. As president of Harvard from 2007 to 2018, Faust expanded financial aid to improve access to Harvard College for students of all economic backgrounds and advocated for increased federal funding for scientific research. She broadened the University's international reach, led a highly successful capital campaign, updated University governance, raised the profile of the arts on campus, promoted diversity and inclusion, embraced sustainability, launched edX, the online learning partnership with MIT, and promoted collaboration across academic disciplines and administrative units as she guided the University through a period of significant financial challenges.

(Source: Harvard.edu)

Look to the past to help create the future. Look to science and to poetry. Combine innovation and interpretation. We need the best of both. And it is universities that best provide them.

I am not the woman president of Harvard,  
I am the president of Harvard.

Leadership is about moving people from  
where they are to where you hope they'll  
go.

The ability to recognize opportunities and  
move in new - and sometimes unexpected  
- directions will benefit you no matter your  
interests or aspirations.

If you don't pursue what you think will be  
most meaningful, you will regret it. Life is  
long. There is always time for Plan B. But  
don't begin with it.

**Drew Gilpin Faust**  
President Emerita of Harvard University

# Communication & Collaboration:

EMPOWERING BUSINESSES THROUGH MOBILE APPLICATIONS

Effective communication and collaboration are vital for the success and growth of organisations in today's interconnected business landscape. With the widespread use of mobile devices, mobile applications have emerged as powerful tools that enable seamless communication, foster collaboration, and enhance productivity. Mobile applications have revolutionised how teams communicate and collaborate, regardless of their geographical locations. Instant messaging apps such as Slack, Microsoft Teams, and WhatsApp Business provide real-time messaging, voice, and video calling features, enabling teams to connect and exchange information instantly. These apps facilitate quick decision-making, effective problem-solving, and efficient team coordination, enhancing overall productivity.

Slack is a leading team communication and collaboration app that brings all communication channels into one platform. It enables seamless messaging, file sharing, and integration with other business tools, enhancing team collaboration and productivity.

WhatsApp Business is a messaging platform designed for businesses to communicate with their customers. It offers features like business profiles, messaging tools, labels for organisation, broadcast lists, WhatsApp Web access, and API integration. With end-to-end encryption and a trusted platform, WhatsApp Business enables businesses to provide prompt and personalised customer support while building stronger relationships. It serves as a convenient channel for businesses to engage with their customers, share updates, and promote



their products or services. Microsoft Teams offers comprehensive communication and collaboration features including video meetings, chat functionality, file sharing, and integration with the Microsoft Office suite. It provides a centralised platform for seamless teamwork and efficient collaboration. Zoom is a popular video conferencing app that facilitates virtual meetings, webinars, and screen sharing. With its user-friendly interface and robust features, businesses can connect with clients, partners, and teams globally, enabling effective communication and collaboration. Platforms like Zoom, Google Meet, and Microsoft Teams offer high-quality video and audio capabilities, screen sharing, and chat features. They facilitate virtual meetings, webinars, and presentations, enabling real-time collaboration, reducing travel costs, and promoting effective communication

across distances. Known for its user-friendly interface, Zoom provides HD video and clear audio, ensuring smooth communication. It supports screen sharing for presentations and collaborative work. Zoom also offers an integrated chat function for real-time messaging and file sharing. Likewise, as part of Google Workspace, Google Meet delivers easy access and scheduling of meetings. It offers grid view for multiple participants and presentation mode for seamless content sharing. Real-time captions enhance accessibility. Google Meet also integrates with other Google Workspace tools. Also, designed for collaboration, Microsoft Teams enables channel-based communication. It supports video meetings with screen sharing capabilities. Teams offers chat and threaded conversations, allowing for real-time communication. Integration with Microsoft Office apps facilitates document collaboration.

Gone are the days of back-and-forth email exchanges and physical document handovers. Mobile applications like Google Drive, Dropbox, and Microsoft OneDrive offer cloud-based storage and document collaboration features. Team members can access, edit, and collaborate on files in real-time ensuring everyone is working on the most up-to-date version. These applications streamline document management, eliminate version control issues, and foster seamless collaboration.

Google Drive is a cloud storage app that enables businesses to store, access, and share files securely across devices. It provides a centralised platform for document management and collaboration, fostering seamless teamwork.

Dropbox offers file hosting and collaboration features, allowing businesses to synchronise, share, and collaborate on files effortlessly. It provides a secure and accessible platform for file storage and collaboration.



OneDrive, Microsoft's cloud storage app, allows businesses to store, access, and share files securely. With integration across the Microsoft ecosystem, it enables seamless collaboration and file management. Mobile project management applications empower businesses to streamline project workflows, assign tasks, and track progress. Applications such as Trello, Asana, and Monday.com provide intuitive interfaces for creating and managing projects, assigning responsibilities, setting deadlines, and monitoring milestones. They enable team members to stay organised, collaborate effectively, and ensure project timelines are met, boosting overall efficiency. Trello is a visual project management app that uses boards, lists, and cards to help teams organise tasks, assign responsibilities, and track progress. Its intuitive interface makes it easy to manage projects and collaborate in real-time. Asana is a powerful project management and team collaboration tool that enables task management, project tracking, and communication among team members. It provides a centralised platform for planning, executing, and tracking projects of all sizes. Monday.com offers customisable workflows, task management features, and team collaboration capabilities. It provides businesses with a visual platform to streamline processes, assign tasks, and monitor progress, ensuring efficient project management. Mobile applications equipped with task and workflow automation capabilities simplify repetitive and time-consuming tasks. Automation tools like Zapier, IFTTT (If This Then That), and Microsoft Power Automate enable businesses to integrate and automate processes across different applications. By reducing manual effort, these applications optimise efficiency,

minimise errors, and free up valuable time for more strategic and value-added activities. Zapier allows businesses to automate tasks by connecting various applications and services. It enables users to create automated workflows, known as 'Zaps', that trigger actions based on specific triggers and conditions. With Zapier, businesses can integrate different apps and automate repetitive tasks, saving time and effort. IFTTT (If This Then That) operates on a similar principle to Zapier, offering a platform for creating automated workflows based on the concept of 'applets'. Users can define triggers and actions, specifying the conditions that trigger specific actions across different services. IFTTT enables businesses to automate tasks and streamline processes with ease. Formerly known as Microsoft Flow, Power Automate is a robust automation tool that integrates with Microsoft 365 and other business applications. It allows users to create workflows and automate processes across different systems and services. Power Automate provides pre-built templates and connectors, making it easy to automate repetitive tasks and drive productivity. Mobile applications focused on creating social intranet environments enhance employee engagement and internal communication. Platforms like Workplace by Facebook, Microsoft Yammer, and Jive offer features such as news feeds, employee directories, group discussions, and employee recognition. These applications foster a sense of community, facilitate knowledge sharing, and improve internal communication across teams and departments. While primarily known as a social networking platform for individuals, Facebook also offers Workplace by Facebook, a business-oriented version. Workplace

provides organisations with a social intranet environment, allowing employees to connect, collaborate, and share information. It features news feeds, group discussions, and employee recognition, fostering a sense of community and enhancing internal communication. Microsoft Yammer is an enterprise social network that enables organisations to create private communities for communication and collaboration. It allows employees to share updates, ask questions, and engage in discussions across teams and departments. Yammer integrates with other Microsoft 365 tools, providing seamless access to files and documents for improved collaboration. Jive is a collaboration and knowledge management platform that enhances teamwork and communication within businesses. It offers features such as document sharing, discussion boards, and project spaces. Jive enables employees to connect, collaborate, and access information, fostering a collaborative culture and promoting knowledge sharing across the organisation. Mobile CRM applications empower sales teams to stay connected, manage customer relationships, and access important data on the go. CRM apps like Salesforce, HubSpot CRM, and Zoho CRM provide features for lead management, contact management, pipeline tracking, and sales analytics. They ensure sales teams have the information they need at their fingertips, enabling efficient customer engagement and nurturing relationships. Salesforce is a leading CRM platform that offers a comprehensive set of tools for sales, marketing, and customer service. It enables businesses to store customer data, track interactions, manage leads and opportunities, and automate sales processes. Salesforce provides robust analytics

and reporting capabilities, empowering businesses to gain insights into customer behaviour and make data-driven decisions. HubSpot CRM is a user-friendly and feature-rich CRM platform designed for small and medium-sized businesses. It offers tools for contact management, lead tracking, email marketing, and sales automation. HubSpot CRM integrates seamlessly with other HubSpot products, providing a centralised platform for marketing, sales, and customer service activities. Zoho CRM is a versatile CRM solution that caters to businesses of all sizes. It offers features for lead management, pipeline tracking, sales automation, and customer support. Zoho CRM provides customisable dashboards, advanced analytics, and AI-powered insights to help businesses streamline their sales processes and improve customer interactions. Mobile applications have transformed the way businesses communicate and collaborate, breaking down barriers of time and location. From instant messaging and document collaboration to project management and video conferencing, these applications empower organisations to work more efficiently, enhance productivity, and foster a culture of collaboration. By embracing mobile communication and collaboration tools, businesses can streamline their operations, boost teamwork, and stay ahead in an increasingly digital and interconnected world. The future of communication and collaboration lies in the palms of our hands, ready to connect us and drive our collective success. **B**



## Balance of Payments at surplus of Rs 214.67 billion

According to the current Macroeconomic and Financial Situation of Nepal based on 10 months data ending mid-May, 2022/23 published by Nepal Rastra Bank, the year-on-year (y-o-y) consumer price inflation stood at 7.41% in mid-May 2023 compared to 7.87% a year ago. Food and beverage inflation stood at 5.54% whereas non-food and service inflation rose to 8.89% in the review month.

Under the food and beverage category, y-o-y price index of spices sub-category increased 26.61%, restaurant and hotel 14.87%, cereal grains and their products 13.69%, milk products and eggs 10.41% and tobacco products 8.49%. Under the non-food and services category, y-o-y price index of recreation and culture sub-category increased 15.75%, miscellaneous goods and services 13.08%, education 10.56%, housing and utilities 9.65%, and furnishing and household equipment 8.27%.

In the review month, consumer price inflation in Kathmandu Valley, Terai, Hill and Mountain surged to 7.68%, 7.15%, 7.57% and 7.12%, respectively. Inflation in these regions was 7.39%, 8.15%, 7.89% and 8.21%, respectively a year ago.

During the ten months of 2022/23, merchandise exports decreased 24.5% and stood at Rs 130.90 billion against an increase of 59.8% in the same period of the previous year. Destination-wise, exports to India decreased 33.6% whereas exports to China and other countries increased 100.6% and 8.2%, respectively. Exports of zinc sheet, particle board, cardamom, woollen carpets, polyester yarn and thread, among others, increased whereas exports of soyabean oil, palm oil, oil cakes, textiles, silverware and jewellery, among others, decreased in the review period.

Meanwhile, merchandise imports decreased 16.8%

and stood at Rs 1,335.32 billion against an increase of 28% a year ago. Destination-wise, imports from India, China and other countries decreased 15.1%, 21% and 18.6%, respectively. Imports of chemical fertiliser, sponge iron, gold, petroleum products, paper, among others, increased whereas imports of transport equipment and parts, MS billet, medicine, other machinery and parts, telecommunication equipment and parts, among others, decreased in the review period.

The total trade deficit decreased 15.9% and stood at Rs 1,204.42 billion during the 10 months of 2022/23. Such deficit had increased 24.9% in the corresponding period of the previous year. The export-import ratio decreased to 9.8% in the review period from 10.8% in the corresponding period of the previous year.

The report states that remittance inflows increased 23.4% to Rs 1,005.18 billion in the review period compared to an increase of 0.5% in the same period of the previous year. In US dollar terms, remittance inflows increased 13.4% to \$7.70 billion in the review period against a decrease of 1.2% in the same period of the previous year.

The number of Nepali workers (institutional and individual-new) taking approval for foreign employment increased 51.4% to 421,279 in the review period. The number of Nepali workers (Renew entry) taking approval for foreign employment increased 3.7% to 238,976 in the review period. It had increased 185.5% in the same period of the previous year.

The central bank has said that the current account remained at a deficit of Rs 54.67 billion in the review period compared to a deficit of Rs 545.06 billion in the same period of the previous year. In US dollar terms, the current account registered a deficit of \$424.5 million in the review period compared to deficit of \$4.55 billion in the same period last year.

Meanwhile, Balance of Payments (BOP) remained at a surplus of Rs 214.67 billion in the review period compared to a deficit of Rs 288.50 billion in the same period of the previous year. In US dollar terms, the BOP remained at a surplus of \$1.63 billion in the review period against a deficit of \$2.41 billion in the same period of the previous year.

The gross foreign exchange reserves increased 20.9% to Rs 1,470.33 billion in mid-May 2023 from Rs 1,215.80 billion in mid-July 2022. In US dollar terms, the gross foreign exchange reserves increased 17.6% to \$11.21 billion in mid-May 2023 from \$9.54 billion in mid-July 2022.

Of the total foreign exchange reserves, reserves held by NRB increased 24.1% to Rs 1,310.66 billion in mid-May 2023 from Rs 1,056.39 billion in mid-July 2022. Reserves held by banks and financial institutions (except NRB) increased 0.2% to Rs 159.68 billion in mid-May 2023 from Rs 159.41 billion in mid-July 2022. The share of Indian currency in total reserves stood at 22.6% in mid-May 2023.

## SAWDF presents overview of 'Women Entrepreneurs Green Industrial Park' project

The South Asian Women Development Forum (SAWDF) presented a concise overview of the 'Women Entrepreneurs Green Industrial Park (WEGriP)' project in Nepal at a press conference organised in Kathmandu, on June 12.

SAWDF President, Pramila Acharya Rijal, briefly introduced the organisation which promotes women's entrepreneurial spectrum in South Asia. She expressed gratitude to the government for renaming the under-construction industrial village in Kavre as 'Women Industrial Park' and starting the Women Entrepreneur Park under the government's special programme for women entrepreneurs.

SAWDF President Rijal urged the government to formulate a law in the form of Women Entrepreneurs Green Industrial Park Act to establish similar parks in six other provinces. She emphasised the importance of women entrepreneurs' role in the growth of the national economy, with a focus on implementing such projects that will create an environment conducive for micro, small, and medium-sized women entrepreneurs.

Sharada Rijal, Chairperson of Women Entrepreneurs Green Industrial Park (WEGriP) Committee and also Treasurer of SAWDF, made a presentation on the First Women Entrepreneurs Green Industrial Park project, initiated by SAWDF in collaboration with the Ministry of Industry, Commerce, and Supplies (MoICS) and Panchkhal Municipality of Kavrepalanchok district in Province 3.

In the budget for fiscal year 2023/24, the government has announced the allocation of Rs 410 million for the development of Women Industrial Village in the municipality. The municipality has put forth a plan to provide 98 ropanis of land in Panchkhal-7 on lease for 25 years.

WEGriP Committee Chair Rijal shared that the park will adopt technology and methods for keeping a pollution-free environment, and will have proper waste management and recycling of wastewater system, and common plan for the conservation of energy. The buildings of the industrial park will adopt rammed earth technology using locally available materials. There will also be a common service centre. She said the project aimed at developing Panchkhal Municipality as an eco-tourism destination and focusing on creating employment opportunities for women. She stated the park will be branded and promoted as an 'Agri-Tourism Green Industrial Park', with the goal of advancing



Nepal's green industrial concept through well-integrated climate change adaption strategies. This innovative project will establish 50 small industries related to the agro-food sector as well as the tourism-focused service sector which is the first of its kind in Nepal and the second in South Asia, according to Rijal.

## High-speed internet now available at Khunde and Khamjung villages of Solukhumbu



In a joint effort of Nepal Internet Foundation and Internet Society, the Everest Community Network has been upgraded in Kunde and Khamjung villages of Solukhumbu. On the 70th anniversary of Tenzing Norgay Sherpa and Sir Edward Hillary climbing Mt Everest, the highest peak in the world, these two villages are now connected with high-speed fibre optic cable.

The inauguration ceremony of this fibre optic network took place in Khumjung School.

Peter Hillary, son of Sir Edmund Hillary, attended the programme along with Helen Clerk, former Prime Minister of New Zealand; Naveed Haq, Regional Director of Internet Society; Bikram Shrestha, President of Internet Foundation Nepal; Laxman Adhikari, Chairman of Khumbu Pasang Lhamu Rural Municipality Ward No 4 among other dignitaries.

Last year, the Internet Society, in collaboration with Nepal Internet Foundation and the local Sherpa community, deployed the Everest Community Network in Khunde and Khamjung villages. Through wireless technology,

the network provided internet access to the Khumjung school and Khunde community club.

With the expansion of fibre, the residents of Khunde and Khamjung and climbers coming to these villages will experience high-speed internet access, said Shrestha. Khamjung Secondary School, Khunde Hospital, and Khunde Community Club are now connected to the internet for free through this fibre network. In the next phase, fibre internet will be provided to the homes and lodges in these villages at subsidised rates.

Shrestha informed that the high-speed fibre internet will open a bundle of opportunities to the local Sherpa people in education, health, climate change and income generation.

There is also a plan to instal remote camera security systems in Khunde and Khamjung villages. The system is believed to be important in protecting their homes and animals when the Sherpa people are away in winter. Sherpa Homestays projects are also being introduced through this fibre-powered Everest Community Network. The project will promote Sherpa culture and lifestyles by inviting climbers and trekkers to stay in Khunde and Khumjung villages and experience a Sherpa life.

## 4th Himalayan Travel Mart concludes



The 4th Himalayan Travel Mart (HTM 2023) successfully concluded on June 9 in Kathmandu attracting over 700 delegates from 25 different countries, including over 70 international delegates. The event emphasised the journey of recovery and promotion of tourism in a world reshaped by the post-pandemic era. The

four-day event is the largest and most prestigious international travel and tourism trade show in Nepal hosted by the Ministry of Culture, Tourism and Civil Aviation (MoCTCA) and organised by PATA Nepal Chapter in collaboration with Nepal Tourism Board, Nepal Airlines, and other tourism associations and private sector organisations of Nepal.

It was inaugurated by Prime Minister Pushpa Kamal Dahal on June 6 where he acknowledged the crucial role of tourism for Nepal's economy and emphasised the government's commitment to develop Nepal as a promising tourism destination, providing immersive and transformative lifetime experiences. To achieve this vision, he outlined key priorities, including enhancing infrastructure, upgrading transportation facilities, implementing policy reforms, strengthening the aviation sector, fostering private-sector collaborations, and promoting sustainable tourism practices.

Bibhuti Chand Thakur, Chairman of PATA Nepal Chapter, highlighted PATA Nepal's vision of promoting sustainable development and growth of tourism, not only within the country but also beyond its borders. Lord Brian Wilkie-Master OBE, Benjamin Liao - Vice Chairman of PATA HQ, Dr Dhananjaya Regmi, CEO of Nepal Tourism Board,

and Ubaraj Adhikari, Executive Chairman of Nepal Airlines shared their remarks on promoting tourism in Nepal and the region.

On June 7, the mart under the theme 'Reconnecting, Rebuilding, and Reinvigorating' featured a dynamic lineup of national and international thought leaders and speakers.

The conference provided engaging discussions and insights on various contemporary subjects, including Aviation for Good, Unlocking the Potential of Nepal's New International Airports, The Return of Chinese Outbound Travellers by COTRI, European Tourism Trends and Opportunities for Nepal's Tourism, Building Sustainable Tourism through Community Empowerment, Fostering Regional Tourism Potential, Rejuvenating Travel Spirit and Tourism Businesses, and Reinventing Education to Better Serve Humanity.

This year, the two-day B2B mart held on June 8 and 9 witnessed the participation of 50 buyer organisations from the USA, Europe, Russia, CIS countries, Asia, and the Gulf Region. Additionally, there were 40 seller organisations or exhibitors from Nepal, Sri Lanka and Bhutan.

## Mountain Clean-Up Campaign 2023 achieves remarkable success



The fourth edition of the Mountain Clean-Up Campaign 2023, led by Nepali Army in collaboration with various government institutions and donor organisations, has achieved remarkable success. The campaign successfully concluded with a celebratory event held on June 5 coinciding with World Environment Day. It brought together key stakeholders comprising campaign partners and government officials including Chief of Nepal Army General Prabhu Ram Sharma.

Building on the previous year's achievements of collecting over 33 tonnes of waste, this year's campaign



surpassed expectations with a collective determination to bring down 35 tonnes of waste from the peaks. The campaign commenced on March 28 and focused on the cleaning efforts of four mountains – Mt Everest, Mt Lhotse, Mt Annapurna and Mt Baruntse. A dedicated team of 97 members, including personnel from the Nepali Army and Sherpa supporters, undertook the challenging and perilous journey to collect waste from these prominent peaks. The team's meticulous efforts resulted in collecting a staggering 35,708 kg of waste, which was then transported back to Kathmandu. The collected waste will undergo thorough verification and be handed over to the recycling partner Creasion for segregation, recycling and proper waste management.

Reflecting on the initiative's success the Campaign Director, Brigadier General Sundar Kumar Pandey of the Mountain Clean-up Campaign 2023, said, "We are proud to have collected over 35,708 kg of waste from these four prominent mountains. Despite the challenging and perilous journey due to adverse weather conditions and high altitudes, the fulfillment of completing this campaign and contributing to the preservation of our nation's pride is truly gratifying. We extend our heartfelt appreciation to all our environmentally responsible partners whose unwavering support helped in achieving this milestone. A special acknowledgment goes to The Coca-Cola Foundation for their continued support since the inception of this campaign."

### **Actions and investment priorities for GRID**

The World Bank and Ministry of Finance convened a high-level roundtable meeting on June 9 on investment priorities and enabling policies to operationalise Nepal's vision for Green, Resilient, and Inclusive Development (GRID).

Leaders from government and development partners, as well as representatives

from civil society, the private sector, youth groups, and think tanks participated in the event and took stock of efforts to implement GRID since the government and development partners endorsed the Kathmandu Declaration on GRID in September 2021.

The roundtable reviewed priority actions in the government's emerging draft GRID strategic action plan. These include managing land, water and forests in a more productive, sustainable, and integrated way; equipping people with new skills and resilient livelihoods; greening urban development; scaling up water supply and sanitation, managing pollution and waste; scaling up renewable energy; boosting the sustainability and resilience of the transportation system; strengthening disaster risk management and financing; and enhancing social protection to be responsive to shocks.

"Green, resilient, and inclusive development is about lifting incomes, improving opportunities for all, and achieving growth in harmony with nature," said Martin Raiser, World Bank Vice President for the South Asia Region. "The World Bank and development partners are fully committed to supporting Nepal's GRID priorities and we are excited to see the impactful outcomes of GRID unfold."

Nepal's draft GRID strategic action plan defines an economy-wide shift to a GRID development path, and specifies a set of high-priority investments with ready financing and a set of priority policy commitments. The priorities in the strategic action plan derive from Nepal's key development, climate, environmental, and sector strategies. Financing sources include public expenditure from the Government of Nepal, overseas development assistance, innovative financing such as carbon finance, and private sector investment.

The event also served to consolidate the GRID

partnership led by the Government of Nepal, which has grown to 20 development partners. In addition, the event was a milestone for the government to begin consultations with provincial and local governments and other stakeholders on the emerging strategic action plan. It is anticipated the strategic action plan will be further refined and finalised this year.

### **FNCCI successfully concludes 'Job Fair 2023'**

The Federation of Nepalese Chambers of Commerce and Supplies (FNCCI) concluded the 'Job Fair 2023' organised at its Secretariat in Kathmandu on May 31. It was organised with the support of Ministry of Labour, Employment and Social Security and International Labour Organisation and technical assistance from the Employment Service Centre and Merojob and the participation of 54 companies that offered 600 job opportunities.

It is estimated that around 10% of the visitors (approximately 2,000 youths had registered for the fair) found employment through the fair.

The fair was organised under the chairmanship of FNCCI's Commodity Council Chairperson Hem Raj Dhakal and was inaugurated by FNCCI President, Chandra Prasad Dhakal.

### **UN representative meets FNCCI President Dhakal on cooperation in SDGs implementation**



United Nations Resident Coordinator in Nepal, Hanaa

Singer-Hamdy, held a formal meeting with Federation of Nepalese Chambers of Commerce and Industry (FNCCI) President, Chandra Prasad Dhakal, at the FNCCI Secretariat on May 25.

A discussion was held between the two organisations on the implementation of Sustainable Development Goals (SDGs) and collaboration for minimising the impacts of Nepal's graduation from LDC status. They also discussed the capacity development of small and medium enterprises, production of skilled manpower, cooperation with private sector and the three tiers of the government.

Dhakal said FNCCI can be an important partner in achieving the SDGs as the Federation has a strong network across the country and a structure that can reach the grassroots level. He briefed about the five major priorities put forward by the new leadership of the federation: setting a strategy for solving the economic crisis, creating an investment environment, strengthening the partnership between the state and private sector, producing skilled manpower and creating jobs, and respecting businesspersons.

Singer-Hamdy said that SDGs and upgrading from LDC status are of special interest.

### **54th IBN meet endorses final draft of PDA for Lower Arun hydel project development**



The 54th meeting of Investment Board Nepal (IBN) was held under the chairmanship of Prime Minister and Chairperson of the board, Pushpa Kamal Dahal, on May 28. The meeting approved the final draft of project development agreement (PDA) with SJVN Lower Arun Power Development Company (SLAPDC) for the development



of Lower Arun Hydropower Project (669 megawatts) and decided to send the proposal to the Council of Ministers for approval.

The negotiating committee which has representatives from various ministries and agencies under the coordination of IBN Chief Executive Officer Sushil Bhatta has negotiated with SJVN Ltd India in stages and prepared the final draft of the PDA, as per the decision of the 53rd meeting of IBN.

The previous meeting of IBN approved investment worth Rs 92.68 billion for the Lower Arun Hydropower Project. The development of the 669MW project is expected to significantly contribute to the economic and social development of the country in the context of exporting all the energy of its production and completing the construction on time.

The meeting decided to correspond with the proponent regarding the compliance of the memorandum of understanding (MoU) signed on January 19, 2020, regarding the progress of Tamor Reservoir Hydropower Project (756 MW).

At the meeting, IBN CEO Bhatt informed about the progress of projects and major tasks being carried out by the Office of IBN as directed by the previous board meeting.

Also present in the meeting were Minister for Finance and Vice Chairperson of IBN, Dr Prakash Sharan Mahat; Minister of Energy, Water Resources and Irrigation Shakti Bahadur Basnet; Minister of Industry, Commerce and Supplies, Ramesh Rijal; Minister of Forests and Environment, Birendra Prasad Mahato; National Planning Commission Vice-Chairman Min Bahadur Shrestha; Chief Secretary to the Government of Nepal, Shanker Das Bairagi; Nepal Rastra Bank Governor Maha Prasad Adhikari; expert members of IBN and other high-ranking government officials.

## New World Bank report recommends reforms to strengthen fiscal federalism in Nepal



Nepal has made significant progress on fiscal federalism, but more needs to be done to strengthen the regulatory framework, institutional setup, human resource capacity, and public financial management (PFM) systems at the provincial and local levels, says the World Bank in its first annual Nepal Fiscal Federalism Update launched on June 15.

"The report highlights the need to develop a fiscal federalism roadmap that encompasses a clear set of actions, sequence, timeline, and responsible actors to improve fiscal federalism outcomes in Nepal," said Balananda Paudel, Chairperson of the National Natural Resource and Fiscal Commission.

While provincial and local governments received nearly 36.7% of the federal money through intergovernmental fiscal transfers, which amounted to 64.8% of their revenue in FY21, in the past five years the largest and proportionally growing fund transfers to subnational governments have been through conditional grants. These are heavily earmarked; thus the share of conditional grants needs to be gradually lowered and other grants including equalisation grants be increased following the expenditure capacity of the provincial and local government increases, according to the report.

"This report, as prepared by the World Bank team, provides a comprehensive review of the progress of fiscal federalism

in Nepal. The proportion of conditional grant seems to be high in the early years of federalisation due to transfer of projects to provincial and

local governments being operationalised by federal government in the past and contributing the salary and allowances of teachers and health staffs deputed in the local governments and it will be gradually improved as the situation changes. The recommendations are well aligned with our national development plan and further support our ongoing efforts to advance on fiscal federalism," stated Dr Ram Prasad Ghimire, Revenue Secretary, Ministry of Finance.

The Nepal Fiscal Federalism Update identifies key reforms to help Nepal improve fiscal federalism outcomes. It recommends developing a fiscal federalism roadmap to guide and monitor the reforms in this area, reinforcing the Inter-Governmental Fiscal Transfer system, and establishing a consolidated PFM performance database at the subnational level. It also recommends amending the legal framework to clarify the concurrent and shared responsibilities among the three tiers of government, strengthening the capacity of provincial and local government staff to carry out PFM-related functions, and reinforcing systems to improve the budget credibility and delivery of services by subnational governments.

"Fiscal federalism is a foundation for sustained service delivery by provincial and local governments. To this, they need adequate financial resources

and the ability to make spending decisions at the subnational level, in the spirit of federalism," said Faris Hadad-Zervos, World Bank Country Director for Maldives, Nepal and Sri Lanka. "The World Bank is committed to support the Government of Nepal, in close collaboration with other development partners, to further solidify fiscal federalism in Nepal."

## Turkish Airlines rises to 8th position in the ranking of Strongest Airline Brands

The international leading brand valuation organisation, Brand Finance, has completed its 2023 research on the Strongest Airline Brands of the world. Turkish Airlines ranked eighth with 78.1 points. The flag carrier which was in the 31st position in this category in 2022, gained significant momentum and entered within the top 10 this year.

On the flag carrier's rise in the rankings, Turkish Airlines Chairman of the Board and Executive Committee Prof Dr Ahmet Bolat said, "We are proud to have risen to eighth place in the Strongest Airline Brands ranking among global airlines. We are particularly pleased to have raised our brand ranking by 23 steps compared to 2022. I would like to thank all my colleagues who have contributed to this success. With the responsibility of being our country's national flag carrier and the power of being the airline that flies to the more countries than any other airline in the world, we will continue to carry our brand to many more successes."

Brand Finance, one of the world's leading independent brand valuation and consulting companies, has been aiming to bridge between marketing and finance since 1996. The company, which has been calculating the financial value of brands for over 20 years, evaluates the world's largest 5,000 brands every year and prepares approximately 100 reports annually by ranking these brands based on country and sector.

## Government and World Bank launch \$275 million project to boost transport and trade connectivity



The Government of Nepal and World Bank jointly launched the \$275 million (equivalent to Rs 34.96 billion) Accelerating Nepal's Regional Transport and Trade Connectivity (ACCESS) Project on June 11. It will help improve trade and connectivity by reducing trade and transport costs and transit time along selected corridors in Nepal.

The project was launched by Minister of Physical Infrastructure and Transport, Prakash Jwala, and the World Bank Vice President for South Asia, Martin Raiser.

"The ACCESS project will help develop resilient infrastructure in Nepal and help unlock Nepal's economic potential through better connectivity and trade, both between the provinces as well as regionally," said Minister Jwala.

Under the project, the 69-km two-lane section of Butwal-Gorusinghe-Chanauta road along the East-West Highway will be upgraded to a climate-resilient four-lane highway. With a focus on ensuring better road safety, the project is expected to reduce travel time by 30%, thus providing better access to India's western seaports.

The project will construct at least three market areas with required internet and trade information facilities along the highway to help enhance economic opportunities, especially for women entrepreneurs and traders. The project will also support advancing Nepal's preparedness and subsequent implementation

of the Motor Vehicle Agreement signed by Nepal, Bangladesh, Bhutan and India to allow smooth passage of goods and passenger vehicles in each other's territories.

"Enhanced trade and transport connectivity promotes economic integration and opens larger markets among South Asian countries. The ACCESS Project will help improve regional trade and promote sustainable infrastructure development to support Nepal's green, resilient, and inclusive development," said Raiser.

The project will be implemented by the Ministry of Physical Infrastructure and Transport, Ministry of Industries, Commerce and Supplies, and Ministry of Forests and Environment. The project's financing agreement was signed by the Government of Nepal and the World Bank in September 2022.

## Economists stress policy reforms to tackle structural problems in economy



Economic experts have said the problem in the economy is multi-faceted as more budget has to be allocated for the payment of loans and interests than the capital budget while the recurrent expenditure is more than the revenue. In a post-budget discussion organised by the Society of Economic Journalists-Nepal (SEJON), former Finance Minister Yuba Raj Khatiwada and Prof Dr Shivaraj Adhikari, Head of Central Department of Economics, Tribhuvan University, opined that the Nepali economy was in a policy trap. They said the effects of the economic situation were evident in the budget for the upcoming fiscal year 2023/24.

Due to increasing recurrent expenditure, and shrinking

revenue, the budget deficit is expanding rapidly, due to which internal debt will increase and this will again affect the monetary market, said Adhikari. The budget deficit has already reached Rs 271 billion. The budget deficit plays a role in the rapid expansion of internal debt. This will increase public expenditure during the rest of the year, which will further increase the current deficit and increase the demand for loans, he added.

Adhikari stressed the need for policy reforms to escape from the new fiscal space and structural problems. He mentioned the government's announcement to cut back expenditure has cut the capital expenditure even more, which means the allocation is not efficient. He also reminded that if the revenue target is not met, internal debt will increase again.

According to Khatiwada, the economy has fallen into a policy trap as there is competition in distribution-oriented programmes rather than production-oriented programmes. According to him, the current situation is that the budget for development and construction has to be reduced while the obligation of general expenditure is increasing, and the budget for the next fiscal year is based on this concept.

He added although it is good to set an economic growth target of 6% to boost the economy, the investment required for this will be insufficient. He has also suggested not to raise too much of internal debt as the national economic system is falling into the trap of internal debt. He also said that the Finance Minister is facing the challenge of normalising the disruption in the tax system from the current year's budget.

Finance Minister, Dr Prakash Sharan Mahat, said it is clear that the country is in a policy trap. He asserted, "The current problem is from yesterday and not today. If we cannot accept the problem, it will be difficult to solve the problem. We had limited time,

no space to do homework and despite that, I have tried my best." According to him, the allocation could not be made efficient since social security, loans and interest obligations cannot be neglected. "By accepting that there is no easy escape from the policy trap, I have tried to see how other reforms can be made and the economy can be increased," he said.

The Finance Minister further shared, "If the implementation of capital expenditure is good, foreign aid will also increase and this will ease the resources to some extent," he said and mentioned that the government's next focus will be on implementing the budget.

The finance minister asserted that as mandatory obligations had to be added, the budget increased from Rs 1.69 billion to Rs 1.75 trillion. He clarified that there is no self-interest motivation to change any rate of revenue and claimed that the change in tax on electric vehicles will not discourage consumers.

## MAN holds discussion on Monetary Policy for fiscal 2080/81

The Management Association of Nepal held a discussion programme on the Monetary Policy for fiscal year 2080/81, on June 15. Chief guest on the occasion was Nepal Rastra bank Governor Maha Prasad Adhikari. The discussion also saw a gathering of former governors of the central bank. The programme was held to provide suggestions to the central bank for the Monetary Policy for next fiscal year which could be announced by the third week of July.

While delivering his speech, Governor Adhikari sought suggestions from private sector representatives for the Monetary Policy of the upcoming fiscal year. He mentioned he would try to incorporate the suggestions as much as possible and as long as they were feasible. The governor shared it was not only Nepal that was facing a tough



economic situation. "Other countries too are facing an economic slowdown," he said.

Governor Adhikari added he would focus on drafting the Monetary Policy in such a way that it would help the economy come out of the near stagflation situation that the country is witnessing at the moment. He assured the private sector that like in the previous years the central bank will introduce policies and provisions that are private-sector and investment friendly. The current economic problem has arisen due to a slackness in monitoring and supervision in the previous years, he stated and the central bank will now do all it can to right the situation.

While talking about the cooperatives sector, Adhikari mentioned that Nepal Rastra Bank will not be regulating the sector anytime soon. "However, we have formed a committee to conduct a study on the overall scenario of the microfinance institutions of the country and will come up with rules for the sector," he added.

Former governors present on the occasion also provided suggestions to the central bank based on their own experiences while leading the central bank.

## Tokha-Chhahare tunnel construction will start this year: Finance Minister



Finance Minister, Dr Prakash Sharan Mahat, has said construction of multi-purpose Tokha-Chhahare tunnel will start this year. At the inauguration ceremony of the administrative building of Nuwakot Panchkanya Rural Municipality, he said, "Tokha-Chhahare tunnel is not a need for Nuwakot only. This tunnel has multi-faceted utility as it will facilitate trade with China

and connect Prithvi Highway."

"There was a discussion about the tunnel for many years but no concrete initiative was taken. Now we have ensured a budget of Rs one billion by taking concrete initiatives. Whether we receive foreign aid or not, we will continue the process of building this tunnel," he stressed.

Minister Mahat mentioned the tunnel will greatly help in the development of agriculture, industry and tourism sectors in Nuwakot district. "We will have to wait a few years for the construction to be completed."

He further stated that there have been a lot of discussions on the budget for next fiscal year. It was difficult to raise resources while revenue was low so we had to make a budget by adding foreign aid and domestic loans, he asserted. The Prime Minister himself wanted to make a bigger budget to fulfil the needs of people and to build roads in villages but without income it is not possible, Mahat said.

Nuwakot has been receiving very low budget for a long time. After many years, we have allocated a budget as much as possible to fulfil the needs of the development and construction in the district. He shared, "The federal government cannot build roads in every village. Local and provincial bodies will have to manage it through their own budget."

According to Mahat, budget has been allocated for road construction from Gangte to Thorpubhanjang via Samudratar. Similarly, budget has been allocated to different places under different headings by focusing on their development. He added, "The issue of the Kakani road is also covered, we could not allocate the budget since the contractors for the construction of the road from Pipaltar to Trishuli have gone to court."

Finance Minister Mahat said, "The main goal of the budget is to make the economy viable and to increase the size of revenue so that we can allocate more budget next year.

Based on the needs, the budget that Nuwakot should get has been confirmed this year."

## Tax rates sans evaluation of impact on consumers, businesses to keep recession up: FNCCI

The annual budget for fiscal year 2023/24 has embraced the private sector as the facilitator of economic development and included the suggestions presented by the Federation of Nepalese Chambers of Commerce and Industry (FNCCI). This has increased the possibility of long-term investment but has not been able to adopt measures to reduce the impact of the immediate recession, FNCCI has said commenting on the budget unveiled by Finance Minister, Dr Prakash Sharan Mahat at the joint session of the Federal Parliament on May 29.

FNCCI has welcomed the announcement of carrying out an environmental impact assessment, land acquisition, use of wood and exploring the potential of other mines in different places including Dhauwadi area in Nawalparasi district. The opening of extraction of stone, gravel, sand mining from suitable places without affecting the environment will help in reducing the trade deficit, FNCCI has stated.

Likewise, the provision of using domestic goods even if it is 20% more expensive, concreting inclined roads, supporting domestic products in projects, development of special economic zones (SEZs) and industrial districts, and farming in barren land will help in import substitution. Promotion of various funds and subsidies for startup development, and facilitation for opening a company will allow startups to enter the market, the federation mentioned.

The budget has announced that the subsidies given for exports will be provided every three months. However, it is

silent on the part of promoting potential exportable goods.

The provision of engaging the private sector in power trade and facilitating the construction of hill stations near India will help in earning foreign currency, the FNCCI said. However, the budget is silent on extending deadline, price adjustment and arrears payment of construction professionals necessary for liquidity flow in the market, development and demand creation.

The expansion of tax rate without evaluating the impact on general consumers and businesses will keep the recession up and will have a negative impact on the economy, FNCCI stated commenting on the budget for the next fiscal year.

The increase in customs duties on industrial raw materials such as vegetable ghee and oil has also increased consumer prices while production has been discouraged. The budget has ignored the private sector's demand that there should be different tax rates and duties for raw materials and finished products for the sustainable promotion of domestic industries.

Similarly, the provision of value added tax (VAT) on electric vehicles may be counterproductive. VAT applied to some of the primary agricultural products and fruits that were getting discounts has increased consumer prices. This will cause trouble to consumers while the demand in the market will decrease further, FNCCI opined and demanded an amendment to this arrangement. Further, the luxury tax imposed unnecessarily on various goods and services will further reduce demand and create a negative impact on the economy.

Meanwhile, the federation has been receiving complaints from its members about the impact of the changes in tax rates on businesses. FNCCI, the Ministry of Finance and other relevant bodies have continued with dialogue and discussion for



improvements on this area that discourages businesses. FNCCI has expressed hope that the government will take necessary steps to resolve these issues.

Considering the pressure on revenue this year, the federation has opined that the government is trying to impose a burden on businesses and consumers to increase resources.

In addition to increasing capital expenditure, if measures to increase demand cannot be adopted immediately, the economy which has been in recession for one-and-a-half years, has little hope of improvement in the next fiscal year, FNCCI stated. It is unlikely that the government will achieve the target of 6% economic growth and 6.5% inflation.

FNCCI has urged all stakeholders including the Finance Ministry to immediately address the demands of private sector and make the economy sustainable.

### **BFI & PSPs acquire over three lakh merchants in NEPALPAY QR**

Merchant acquiring under NEPALPAY QR network by banks and financial institutions (BFIs) and payment service providers (PSPs) has crossed over three lakh merchants, with a majority of the BFIs now deploying QR at the acquired merchants. This is a key milestone in further supporting adoption of QR payments in Nepal to strengthen the digital payment ecosystem.

NEPALPAY QR is the implementing infrastructure of Nepal QR standard as part of the National Payment Switch (NPS) that operates as an independent QR scheme and also facilitates interoperability of QR at merchant and network level. BFIs and PSPs have started issuing aggregated QR for interoperability at the merchant level and most recently network level interoperability has also been established between NEPALPAY QR and SMART

QR. There are over 23 BFIs and three PSPs currently acquiring such QR and over 21 BFIs and six PSPs whose mobile banking or wallets can be used to scan NEPALPAY QR payment, with others in process of rollout.

The merchants can contact their banks or PSPs for enrollment within NEPALPAY QR and to start receiving QR payments from their customers. Such enrollment could be in the form of physical QR standee or integrating with their billing system as dynamic QR or enabling their Android POS or integrating QR based payment gateway in their e-commerce portal. Mobile banking apps provided by majority of the BFIs, wallets and connectIPS app can be used to scan and pay with NEPALPAY QR. The users simply need to scan the QR for initiating a payment. In order to know if your mobile banking and wallet are enabled with NEPALPAY QR, go to QR Scan option and ensure that NEPALPAY logo is visible.

### **Finance Committee issues directive to government to open process for broker licence**

The Finance Committee under the House of Representatives has issued directives to the bodies concerned to move ahead with the stalled process related to the licence for stock brokers and stock dealers.

The committee, during its meeting on June 20, directed the Ministry of Finance, Securities Board of Nepal (SEBON) and Nepal Stock Exchange to go ahead with the licence process by fulfilling the due processes and procedures. Senior-most member of the committee, Santosh Chalise, said that directives have been issued to provide licence to stock brokers and traders by fulfilling the criteria and procedures.

A meeting of the Finance Committee on June 12 had stopped the process of issuing the broker licence, saying an investigation was required on whether or not the minimum

criteria had been fulfilled while issuing the licence to stock brokers and traders. The same meeting had decided to issue directives to the Finance Ministry, SEBON and Nepal Stock Exchange to immediately stop all processes related to the issuance of the licence until a conclusion was reached after investigating the licences issued by SEBON.

SEBON had issued stock trader and broker licences to 18 companies, including seven companies on May 22 and to 11 companies on June 5.

The Finance Committee had issued a directive to stop the process of issuing licences, arguing that an investigation was required on whether these companies that acquired licences fulfilled the minimum criteria.

Former Finance Minister Bishnu Prasad Poudel suggested resuming the licensing process by fulfilling the due process, procedures, laws and standards. He urged the Finance Ministry and SEBON to be accountable and responsible for the questions raised in the parliament and the parliamentary committee.

Committee member and Former Finance Minister, Gyanendra Bahadur Karki, stressed the need for making the stock market dynamic as per the law and in a transparent manner for the benefit of the society. He also called the attention of the committee to carry out serious discussions on the country's economic situation.

SEBON Chairman Ramesh Kumar Hamal claimed that licences have been issued to stock brokers and traders in a transparent manner and that there was no weakness anywhere in this process. The Supreme Court had earlier also given a go-ahead to the licensing process for stock traders. The Supreme Court's decision on April 9 had paved the way for issuing new stock broker and trader licence for new stock companies, commodity markets and stock transactions.

### **Chaudhary Group opens Miraaya Wellness and Golf Resort**



Nepal's first boutique destination for wellness, spiritual enrichment, and adventure with tranquility, Miraaya Wellness and Golf Resort, opens its doors to offer a unique and rejuvenating experience. Nestled in the breathtaking Devchuli foothills, this lush oasis is a haven for free-spirited wanderers seeking roads less travelled.

Miraaya's wellness services are designed and supervised by The Farm by San Benito, a multi-awarded eco-luxury holistic medical wellness resort in the Philippines. Guests can enjoy unparalleled healing holidays and indulge in wellness cuisine, mindful movement activities, holistic detox programmes, weight loss programmes, and various spa services.

"We are thrilled to introduce Miraaya, a remarkable testament to CG Hospitality's unwavering commitment to holistic well-being, environmental sustainability, and spiritual awareness," said Rahul Chaudhary, Managing Director Chaudhary Group and CEO CG Hospitality Holdings. "Through meticulous attention to detail, every facet of Miraaya has been thoughtfully crafted to embody our core principles, offering our esteemed guests an immersive and transformative experience. The exceptional wellness services at Miraaya, carefully curated and supervised by the renowned and multi-awarded eco-luxury holistic medical wellness resort, The Farm by San Benito, showcase the culmination of our expertise in holistic wellness hospitality," he added.

At Miraaya, guests can indulge in a range of amenities



and activities that cater to their wellness and leisure desires. The resort features an outdoor pool, a basketball and badminton court, wine tasting workshops, curated spa, hydrotherapy, wellness therapies and programmes, nature walking trails, afternoon tea brewing rituals, and mountain hikes. There is something for everyone to enjoy. Family activities, such as aqua moves, foot reflexology, and pottery sessions, provide opportunities for quality time together. It is also home to one of the top-ranked golf courses in the country, offering golf enthusiasts a picturesque countryside experience.

Guests can also embark on a culinary journey inspired by nature and traditions at Miraaya. The resort offers a variety of dining options, including the wellness vegan Alive! Restaurant, Nepali Indian vegetarian cuisine Prana Restaurant, and the energetic sports bar and grill, The 19th Hole. These establishments celebrate local, organic, and seasonal products, ensuring a distinctive and epicurean experience.

Located in the inner Terai, west of Kathmandu, Miraaya offers uninterrupted views of the majestic Devchuli Hills. It is conveniently situated within a short drive to notable destinations, such as Lumbini, a UNESCO World Heritage Site and the birthplace of Buddha, and Chitwan National Park, another UNESCO World Heritage Site renowned for its wildlife safaris and rich biodiversity.

The resort is also well-equipped to host various events, including green weddings, corporate meetings and events, and private yoga retreats. For those seeking spiritual experiences, Miraaya offers temple tours, puja and offering ceremonies, and private fire ceremonies to foster a deeper connection. Accommodations at Miraaya range from tastefully designed Club Rooms to luxurious Lagoon Villas. Each room offers elegant furnishings,

complimentary wireless internet, cable TV, and a personal electronic safe, ensuring a comfortable and memorable stay.

## Prime Minister Dahal inaugurates Lumbini Cable Car



Prime Minister Pushpa Kamal Dahal inaugurated the newly installed Lumbini Cable Car service on June 8 by unveiling a copper plaque at the bottom station located in Golpark Bamghat in Butwal sub-metropolitan City-3, Rupandehi district.

The cable car is around three kilometres long and is operated from Golpark Bamghat to Basantapur in Tinau Rural Municipality-3 of Palpa district. It is the first cable car in Lumbini Province. Basantapur, now accessible by Lumbini Cable Car, has Kamakhyadevi temple, Bhagwati temple, Ganesh temple, Kailash Parbat, and other structures like a pond and stone spout.

An agreement has been reached between Lumbini Cable Car Company, Butwal sub-metropolis and Tinau Rural Municipality for the daily operation of the cable car service. The IME Group constructed and brought the cable car service into operation through its investment. This is the third cable car run by IME Group.

Chairperson of Lumbini Cable Car, Chandra Prasad Dhakal, said with the operation of the cable car service, a new religious and tourism destination has been added in Basantapur. "We were successful in constructing and bringing the Lumbini Cable Car into operation due to the love, goodwill and support of the federal government, Lumbini Province government, local government and local

residents," he shared.

The cable car connecting Rupandehi and Palpa districts is expected to help in the economic and social transformation of the districts including Nawalparasi, Kapilvastu and overall Lumbini Province.

This project will be a milestone to fulfil the wishes of political leaders and people of Lumbini Province in making Rupandehi the financial capital of Lumbini Province, mentioned Dhakal. He also announced a new campaign for the construction of cable car religious tourism circuit. In the first phase, Rs 1.5 billion has been invested in the construction of cable cars. The total cost of the cable car project along with the resort is Rs 5 billion.

Restaurants have already been constructed at the top station of the cable car while a hotel, children's playground, skywalk, and zipline are under construction. The bottom station is 230 metres above sea level and the top station is 940 metres above sea level. There are 25 gondolas in the Lumbini cable car.

## Made In Nepal: Hamro pani, Ramro pani

"Made in Nepal: Hamro pani, Ramro pani" exhibition organised by the Nepalese Young Entrepreneurs' Forum (NYEF) in collaboration with Bhat-Bhateni Super Market (BBSM) commenced on June 17 at Tungal Bhat-Bhateni.

Inaugurated by Minister of Industry, Commerce and Supplies, Ramesh Rijal, the event aimed at promoting Nepali industries, products, and services while encouraging the use of locally made goods. The weeklong exhibition provided a platform for Nepali businesses to showcase their products and services. Featuring a diverse range of products, including handicrafts, textiles, food and beverages, and technology, it served as a significant platform for businesses to connect with potential customers, foster growth and expansion opportunities both locally and

globally. The exhibition will expand to all Bhatbhateni Super Markets across Nepal moving forward.

The event witnessed the presence of Sabitri Gurung, Founder & Director of BBSM, Ritesh Lamichhane, President of NYEF, and other members of NYEF.

## Bajaj concludes '25 Years of Leadership' campaign



Hansraj Hulaschand & Co, the sole authorised distributor of Bajaj motorcycles and the largest motorcycle selling company in Nepal, has successfully concluded the 'Bajaj 25 Years of Leadership' campaign commemorating its remarkable journey in Nepal. Since entering the Nepali market in 1998, Bajaj has become a household name offering reliable, high-performance motorcycles at affordable prices.

The campaign was launched to express gratitude to its customers while offering attractive benefits. Offers include a special 25% down payment option, a sure shot cash discount of up to Rs 10,000, and an opportunity for 25 individuals to win one kilo of silver.

Bajaj is the most trusted motorcycle brand in Nepal and has the largest service network in Nepal and the best resale value. With superior products, easy spare availability, and a dedicated customer-friendly approach, Bajaj bikes now enjoy the highest position in the market. Bajaj's 25 years of leadership in the automotive industry is a testament to its commitment to innovation, quality and affordability.



## Balaji Cement Industries starts exporting to India



Balaji Cement Industries based in Shivaraj Municipality-6 of Kapilvastu district in Lumbini Province has started exporting PPC cement to India. The export of cement started after the Bureau of Indian Standards (BIS) approved Bahubali and Shristi brand PPC cement produced by Balaji Cement Industries.

The daily production capacity of Balaji Cement Industries is 1,600 tonnes. The company has been producing OPC 43 grade and PPC cement under Bahubali and Shristi brands. The company established in 2020 uses Loesche Vertical Roller Mill (VRM), the most advanced technology in cement production procedures.

The government's policy of providing 8% subsidy to industries exporting domestic products worth over Rs 500 million has also provided relief to the cement industry, said Sandeep Kumar Gadia, Founder of Balaji Cement.

## Norvic International Hospital starts laser for proctology treatment



Norvic International Hospital, Kathmandu has

started using laser for treatment of proctology such as piles, fissures and fistulas. With the laser technology in place, the compulsion to have incision surgery has come to an end. A team of doctors at the hospital's General and Gastrointestinal Department including surgeon Dr Prakash Chaudhary and Dr Sanjaya Poudyal started laser in the treatment of proctology. Dr Chaudhary informed that a 38-year-old patient from Dhangadhi was successfully treated with laser technology for very old piles.

According to him, the patient does not have to be completely under anaesthesia while being treated through this technique. "Previously, we used to treat complicated problems of piles, fissures and fistulas through open surgery," Dr Chaudhary said, adding, "With the help of new technology and devices, the clots of blood in the anus are dried by flowing energy from the laser. The laser device emits energy and after drying and shrinking the tumour, it becomes normal."

When treated with this state-of-the-art technology, the patient does not have to stay in a hospital for many days. "In the treatment with laser in proctology, there is no need to cut, as a result, the scar becomes invisible and also very little blood flow," Dr Chaudhary added. According to him, a patient is discharged from the hospital within three to four hours after treatment with laser technology. "This technique is also cost-effective." In addition, there is no need to visit the doctor for follow-up.

According to gastrointestinal surgeon Dr Chaudhary, 'laser in proctology' is a new treatment method and technology for Nepal. He has got special clinical training in laser proctology in India.

## Government recognises Everest Summiteers with special badge

The 16th International Sagarmatha (Mount Everest) Day was celebrated in Kathmandu on May 29 by honouring Everest summiteers.

## Nepal Italy Chamber of Commerce and Industry celebrates 'NICCI Day'



Nepal Italy Chamber of Commerce and Industry (NICCI), dedicated to fostering commercial relations between Nepal and Italy, celebrated the NICCI Day 2023 on June 5 where it also unveiled the first edition of NICCI Newsletter.

Sanjay Agrawal, President of NICCI said, "NICCI Day 2023 has provided an opportunity to reflect upon the remarkable journey undertaken since the establishment of the chamber. It was a moment of celebration and introspection as participants acknowledged the achievements and looked ahead to the future. The event emphasised the importance of reinforcing the commitment to bilateral trade, promoting innovation, and fostering strong partnerships that will drive sustainable growth and prosperity."

Italian Ambassador to Nepal, Vincenzo De Luca, spoke about the need to promote Nepali coffee, Nepali handicrafts, etc. in Ital. He also unveiled the first edition of the newsletter.

Nepal Mountaineering Association (NMA) co-hosted the 16th Mount Everest Day with the Ministry for Culture, Tourism, and Civil Aviation and other tourism-related umbrella organisations to acknowledge the first-ever successful ascent of the highest mountain in the world.

This marks 70 years of the first-ever successful ascent of Mount Everest. Sir Edmund Hillary of New Zealand and Tenzing Norgay successfully conquered the height and extreme of Mount Everest on May 29, 1953. After the demise of Sir Edmund Hillary in 2008, International Mount Everest Day is being celebrated every year on May 29.

This year, the government recognised more than 100 people who have climbed Mount Everest with a Sagarmatha special badge. Kami Rita Sherpa, who holds the world record for the most successful ascent of Mount Everest (28 times); Sanu Sherpa, who was the first person to

successfully complete the double ascent of all the 14 eight-thousanders, and many other renowned climbers from Nepal and abroad received the Sagarmatha special badge.

The government also felicitated climbers with various awards. Sanu Sherpa was felicitated with Sagarmatha National Award and 27th-time Mount Everest summiteers Pasang Dawa Sherpa, Kishor Adhikari and Pasang Lhamu Sherpa were felicitated with Tenzing Hillary Award.

State Minister for Culture, Tourism and Civil Aviation, Sushila Sirpali Thakuri, conferred climbers with the batches. On the occasion, the State Minister also launched the Mount Everest special issue of Nepal Parbat, a publication of NMA. Thakuri also felicitated members of the rope-fixing team and the top-seven trekking agencies selling Mount Everest the most in the year 2022.

President of NMA, Nima Nuru Sherpa, promised to focus on training in enhancing its





## Sunrise Bank concludes 15th AGM



Sunrise Bank held its 15th annual general meeting (AGM) under the chairmanship of Bank Chairman, Motilal Dugar, on June 18. The AGM approved the general proposal including the annual report along with profit and loss statement for fiscal year 2021/22, cash flow statement, balance sheet of 2021 Asadh (from mid-June to mid-July) and the financial statement for FY 2021/22.

The meeting also approved the special proposal of the Board of Directors regarding the merger of Sunrise Bank and Laxmi Bank. The AGM passed the proposal for the merger between the banks at a share swap ratio of 1:1. The bank said that it has started further processes for integrated business.

efforts in promoting mountain tourism of Nepal. "NMA has been safeguarding the mountains of Nepal for the last 50 years. However, we have to enhance our activities and reach," he said, adding, "NMA will focus more on training to produce skilled human resources for the safety of mountaineering in Nepal."

## TU, Idea Studio Nepal sign MoU to boost educational entrepreneurship



A memorandum of understanding (MoU) has been signed between the Faculty of Management, Tribhuvan University and Idea Studio Nepal to boost educational entrepreneurship and startups. The initiative aims to develop cooperative education, research

and a strong entrepreneurship system, according to a statement issued by Idea Studio Nepal.

As per the MoU, both parties will work with local communities to create awareness about entrepreneurship and startups while encouraging community participation in the startup system. They will launch a banking literacy programme and help in facilitating seed investment and managing concessional and financial investment for aspiring entrepreneurs.

"It is an important step initiated in cooperation with Idea Studio Nepal, which helps promote entrepreneurship and the concept of startup among students and faculty members. We aim to create a dynamic entrepreneurship system through our joint efforts, which will give a creative boost, encourage assistance and create the way for sustainable development," said Prof Dr Dilli Raj Sharma, Dean of the Faculty of Management, TU.

Executive Chairperson of Idea Studio Nepal, Dr Tshering Lama said that the agreement has given a ray of hope. "This agreement has initiated an

exciting journey for developing new inventions and practising sustainable entrepreneurship."

## Sapkota's novel, Sharepur, released



'Sharepur', a novel by Narayan Prasad Sapkota, former President of the Society of Economic Journalists-Nepal (SEJON), has been released. The book was jointly launched by Chairman of Securities Board of Nepal (SEBON) Ramesh Kumar Hamal, SEJON Founder President, Prateek Pradhan, along with the present president and former presidents of SEJON at a programme organised on June 8. Author Sapkota is a stock investor in America currently and urged the government to open the stock market to Non Resident Nepalis.

## Foodmandu launches 'First Bite' campaign

Foodmandu, the leading online food delivery platform in Nepal, has launched its new campaign 'First Bite'. With a focus on enticing young palates and culinary explorers, this campaign offers an exclusive perk for new customers. They can enjoy a discount of 25% or up to Rs 500 on their first online order from Foodmandu.

Ankita Joshi, Sr Brand Marketing Executive at Foodmandu, shared her enthusiasm for the campaign, stating, "First Bite goes beyond simply bringing young food enthusiasts on board. It's about appreciating their passion for discovering new flavours and culinary experiences and inviting them to embark on a delicious and long-lasting journey with us."

New users can easily avail themselves of the 'First Bite' campaign discounts by entering the coupon code 'FIRSTBITE' during checkout.

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“One of my mentors said this to me a long time back, ‘A strong network can help you weather storms and overcome challenges so invest in building and maintaining those valuable connections’. This insight resonates deeply with me and is precisely what I experience within NYEF”



## Prarthana Saakha

President, NYEF Kathmandu Chapter

Prarthana Saakha, Co-founder of BIC Technology of Tigg App and President of NYEF Kathmandu Chapter, started out as a student entrepreneur in 2016. She says her mission in life is to leave no one behind in the process of digitisation.

Saakha has won multiple awards in her short entrepreneurial journey. She has been felicitated with the EmpowHer 2017 Award and

also the Women Leadership Award 2017. Meanwhile, Tigg too was awarded as the Best Startup at the CAN InfoTech 2021 and also received the ICT award in 2022. Her company has developed a cloud-based software for accounting and inventory management for SMEs in Nepal which is very easy-to-use and easy-to-understand. Saakha completed her Masters in Sociology in

Gender Studies from Tribhuvan University.

In this edition of **Business 360**, she speaks about her pick of brands and some aspects of her entrepreneurial journey.

### Top 4 apps that you use the most

Instagram, WhatsApp, Google Podcast and Netflix

### 3 Nepali startups you think deserve the spotlight

Veda, Aloj and Yatri

### 3 destinations within Nepal you want to travel to

Shey Phoksundo, Bandipur and Jomsom

### Women-run businesses you think deserve accolades

I think all women-led businesses deserve accolades, especially mompreneurs. It's quite difficult running a business as a woman and managing household chores at the same time, which most Nepali women entrepreneurs are doing. Hats off to all of them.

### An entrepreneur who inspires you

Everyone has a different story to share and is inspirational in many ways. If I had to pick one, I would pick Juna Mathema. Her unwavering commitment to empowering other women entrepreneurs has created a ripple effect, fostering a community within and beyond NYEF where women can thrive and succeed together.

### A non-profit you want to contribute to

Hatti-Hatti. I really appreciate their commitment

to empower women from the marginalised community by engaging them in manufacturing.

### Three things it takes to manage a company

A capable leader with a clear vision and excellent communication and leadership abilities.

A team of motivated individuals who share and believe in the leader's vision.

Sufficient financial and other resources to support the company's growth and day-to-day operations.

### Best work advice you have received

One of my mentors said this to me a long time back, 'A strong network can help you weather storms and overcome challenges so invest in building and maintaining those valuable connections'. This insight resonates deeply with me and is precisely what I experience within NYEF. In this community, we mutually inspire, guide, and assist one another, standing by each other when support is needed.

### Future plans with the company

Currently, Tigg has fundamental modules for accounting and inventory management. Our objective is to develop a comprehensive solution that addresses every facet of accounting for small and medium-sized enterprises (SMEs) enabling them to leverage their own data for calculated decision-making. Our mission is to facilitate their business operations by digitising their processes and making them more seamless. **B**



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“My journey with the World Bank has been phenomenal. There isn’t a single day when I haven’t gone to the office with an equal mix of excitement and pressure because there are millions of people who are somehow impacted by what we are doing and trust us with what we are doing.”



**Siddhartha Raja**  
Senior Digital Development Specialist  
World Bank Group

Born and brought up in Mumbai, Siddhartha Raja, Senior Digital Development Specialist at the World Bank Group, shares that his dream while growing up was very much fueled by the proliferation of computers in the 80s and 90s. “I grew up in this changing world where first computers were introduced and

then the internet and people like Bill Gates and Steve Jobs started becoming household names,” he says, adding it was a time when India was liberalising its economy and an entire new middle class had dreams driven by those emerging technologies.

Raja reminisces the days when commerce and art graduates who had limited career prospects earlier suddenly had a wide array of jobs due to the IT outsourcing industry. He mentions he was young at that time, but that the change was influential. While in school, he decided to take up

computer science but a chance conversation with a friend introduced him to the existence of a field called telecom engineering. “I thought what could be more interesting than when you could study not only electronics and information technology but also satellites and fiber optics,” he states.

While doing his Bachelor's in Telecom Engineering from Bombay University, Raja says he got interested in the link between technology and society. "There is always this strong connection between technology and economic development," he says, adding that while researching the topic on the dial-up internet, he got the opportunity to read articles about the link between telecom and economic development. "That fascinated me and when I chose to do my Master's in the United States, I focused on technology policies, so I moved from engineering to public policy and economics," he elaborates.

With an urge to grow further, Raja then opted for Anthropology for his PhD because he wanted to understand the underlying cultural aspects of technology adoption and regulation. "I focused on telecom regulation as a cultural and political activity." It was during his PhD, he says, that he got the opportunity to work with the Indian telecom regulator, which he calls a phenomenal experience. "I worked with some highly competent and motivated people and through that experience and network, found a job at the World Bank and I have been with the Bank since 2007," he shares.

In this edition of **Business 360**, we spoke to Raja about the five things that have had an impacted his work and life. Here's what he had to say...

### **Research and Operations**

Initially, I joined World Bank as a short-term consultant. I was brought on board to write a report on media convergence and the big question then was what happens when a telephone does not remain solely a telephone. It becomes a TV, a web browser and so many different things. How do we regulate that? How do we encourage that kind of innovation because it can

transform the world, as we have seen? But at the same time, we also had to look at how we adapt from the legacy system where those industries were regulated totally differently. Broadcast is regulated in one way, telecom in another, and media in a totally different way. We had to look at how developing countries could manage that kind of convergence. And so my work initially was research, but my mentors and supervisors at the Bank found that I added value beyond just being a researcher and soon, I was also supporting the operational side of work for which the World Bank is famous. For instance, in Nepal, we do a lot of operational work to finance major infrastructure and social projects, all towards the goal of economic development. I was lucky that early on in my career, I could get involved in that operational work as well.

### **Making an impact**

My journey with the World Bank has been phenomenal. There isn't a single day when I haven't gone to the office with an equal mix of excitement and pressure because there are millions of people who are somehow impacted by what we are doing and trust us with what we are doing. For instance, there could be a family in Jumla that has a family member who is working abroad. They are going to rely on better internet connectivity whether it is to talk to that person or to get remittances. Or there could be a young person in Kathmandu who is looking for a better job or better economic prospects and that person could be looking to enhance their IT skills to improve their job prospects, to be globally competitive. So, there is always this mix of day-to-day administrative work, operational work, internal commitments and internal processes but at the same time there is also this constant push

of knowing that we are doing something big and something important. In the end, serving the people to connect them to these expanded opportunities and whose lives can improve or change in some way or the other; this is something that keeps me going. And there is not a single day when I have been to work which is like any other day. I have had the great fortune of working in different countries and simultaneously work on more than one thing. For someone like me who is always excited about being involved in multiple things, it is a place that can absorb all of your energy and talent.

### **Working in a diverse environment**

Many years ago, I was helping with a project for an Eastern European country and was part of an informal brainstorming session. We had to discuss a particular part of the project we were designing. There were around eight of us sitting around a table in the cafeteria of the headquarters of the Bank in Washington DC. The first amazing thing is we were talking about an Eastern European country in Washington DC. Then the people around the table were from different regions. I was from India and my other colleagues were from Eastern Europe, South America, East Asia and from the United States. There were people from different regions sitting around that table talking about another place with passion and professionalism, trying to come to some best possible solution to some specific development challenge. We have many discussions internally whether it is formal or informal, casual or serious where we bring together people from all over the world to discuss on something for another part of the world. And it is so normal for us that sometimes we tend to forget how unique that experience is. There are times when we can have completely different

opinions because people come from different places and have different backgrounds like engineers, economists, doctors, or former bureaucrats and we are all arguing and discussing something even without the final resolution but trying to improve our understanding of the problem. I think this demands a lot of humility, because you need to be able to understand another person's perspective. At the same time, it also needs a lot of integrity because you need to stick to your principles and position. But in some way or the other, we are all part of a shared value system and we are trying to arrive at the best possible solution for our counterpart clients and that beneficiaries for whom we are working. It is not always a simple process but is always very interesting.

Oftentimes, you will have dissenting opinions and debates and arguments but, in the end, what comes out is a strong idea or product that we are able to work on together. It is fascinating. The World Bank is a large institution but you meet the same people again in your career, over decades sometimes. It is hence also a place where you can build a strong network and bring people together in the future again to return to an old problem in a new context. For example, maybe you remember somebody had an opinion before, but it was maybe a dissenting view then, but in another situation could bring us closer to the solution. Thus, you can draw on very rich personal and professional experiences and expertise. You need to have that ability to engage and empathise and come together and it is always a very fascinating process.

### **The purpose of technology**

There is a very rich debate right now about artificial intelligence and its impact. Personally, I would say it is early days to exactly tell what

the impact will be like. Yes, we can make assumptions and predictions but as Yogi Berra said, predicting the future is difficult. In my view, like with every innovation there will be pros and cons. We could take an example of two people, one a teenager and the other a mid-career individual. A teenager today will be entering a workplace where these technologies will be embedded one way or the other. The crux will be how we ensure that we can invest in that teenager so that they can use a particular technology to the greatest extent possible to empower themselves. And we are already using AI actually. We use it in our searches online, for example. It is not a completely new thing; it is just entering into the mainstream. It is still an emerging field but the issue lies in how do we empower that young person so that when they enter the workforce, they are not replaced by technology but can use it to the greatest extent possible to enhance their productivity and creativity. We all know that the purpose of technology is to make our lives simpler and easier, whether it is a car which replaced a horse which replaced some human effort at some point. AI could similarly complement some things that we do.

However, if you also look at someone who is in their mid-career then the question will be on how their careers can be impacted by this new development. In any workplace there will be parts which can be automated and some which cannot. More of the research on job losses now suggest that entire jobs will not be lost. It is just that there will be certain tasks within a job that will be automated. Hence, the question arises if a person can take on the responsibilities of that new task and upskills themselves. Or what could happen is there may be a lesser range of tasks they are engaged in and their

**A FACTOR WHICH IS VERY CRITICAL IS TO HAVE EMPATHY. HOW DO YOU GIVE FEEDBACK CONSTANTLY IN A MEANINGFUL AND EMPATHETIC WAY BECAUSE DUE TO SOME PERSONAL CIRCUMSTANCES OR CHALLENGES PEOPLE MAY NOT BE ABLE TO GET AROUND A PROBLEM? SO, YOU NEED TO UNDERSTAND WHERE THE PROBLEM IS AND HOW DO YOU THEN HELP YOUR TEAM MEMBER TO COME OUT OF THAT OR HELP THEM TO SOLVE IT.**

wages have to be reduced. As you can tell, there is no simple answer yet. Like every other technology it is going to evolve over time and people will learn to adapt to the technology.

The AI debate right now is like the debate we used to have in the 1980s and 90s regarding robotics. There was a fear back then that robots would take over all our work but nothing of that sort has happened. In fact, what has happened though is we have made manufacturing, construction and a lot of other dangerous occupations a lot safer and easier. It is going to be a mediated process. Some of the research on the impact of AI on jobs have suggested that a high-skilled job will not be affected negatively so much. Similarly, a lower-skilled

manual type of job will also not be affected negatively as much. There is a lot that AI cannot do and which needs physical intervention. It is the middle scale where it is easier to automate things because it is more replicative and repetitive. The divergence or disappearance will happen in the middle. And what could happen is this could create an economic divide between people like how we see people in cities earn more than those in rural areas. So, we will have to start looking at how do we mitigate that.

#### **Empathy in leadership**

Since the time I joined the World Bank, I have moved around to several places, and I think this movement itself is a motivation because you directly or indirectly touch the lives of so many people from various backgrounds. I will always be grateful to the institution for the opportunity I have had to have a positive impact on people's lives way beyond what I could have done on my own or in other situations. This is an organisation where you get the chance to work with a diverse team and governments which then has a direct impact on millions of lives. While growing up in Bombay, I recognised how access to the internet changed my life. This created in my mind a vision of the world that was so much bigger than the city which was already very globalised. It made the world feel more accessible and understandable. These days with the click of a mouse or a button we can reduce the distance to knowledge and connect to people. I have always wanted to share that possibility with others. The best aspect is I get to do the work I love on a daily basis but I also get to have an impact on the education, health, or financial sectors because digital tech is everywhere.

So that ability to influence a bigger dream and create opportunities in a multicultural environment is very invigorating. However, for any work one does they must have the leadership skills to get the job done. For me, leadership comes down to two things underlined by a third. The first is the ability to define an objective and a vision for the group you are working with. The crucial question is what the objective or vision is and what are we trying to achieve and to be able to communicate that effectively to your team. The second aspect would be to be able to trust your team, to allow them to apply their creativity and talent to achieve that objective. And so it is that ability to bring people around towards a certain vision or task while also empowering and trusting them to work towards that. And the factor which is very critical is to have empathy. How do you give feedback constantly in a meaningful and empathetic way because due to some personal circumstances or challenges people may not be able to get around a problem? So, you need to understand where the problem is and how do you then help your team member to come out of that or help them to solve it. Constant listening is also vital because no one person is right all the time and you have to be able to course correct. You must learn to understand and see when things go wrong or off-track. So, you must be able to take the views of your team members and take decisions based on that. Leadership is not a natural thing always, and you also can and have to learn along the way. **B**





# SUSTAINABLE WEIGHT LOSS: MORE THAN A GOAL



**Sandesh Palungwa Limbu,** Certified professional fitness instructor, founder of RAGE Fitness, and specialises in mixed martial arts.



When you are striving to lose weight, it can be especially hard in the beginning because not only are you making an effort to exercise, you are also changing your long-time patterns of eating and doing things. Your mindset matters and the key to results is always action. You must think of exercise as something healthy you are doing for your body, as something you will learn to love and enjoy. If you look at exercise as a means to an end (just weight loss), the chances of building a sustainable routine is unlikely. While it's important to focus on your goal it is equally important that you focus on the process of getting healthy, fit and stronger. Here are some things that will help you on your journey to a healthy body and mind:

Have breakfast every morning; this helps keep blood sugar steady throughout the day. Eat something nourishing. A cup of coffee is not breakfast. If you can't eat in the morning, try a green smoothie or oatmeal.

## ROUTINE EXERCISE IS IMPORTANT AND CANNOT BE REPLACED BY SPORADIC MOVEMENTS OR HOUSEHOLD WORK OR HAVING WALKED TO OFFICE.

Drink more water. Nothing like clean, pure drinking water to keep you hydrated and feeling well throughout the day. Many of us tend to drink in spurts or only when we are really thirsty. Ensure you drink water consciously through the day. Listen to your body. In fact, start your day with a glass of warm water.

Schedule your meals. Eat at the same time every day as much as possible. Eat in a calm environment. Eat slowly and consciously. Chew more. Don't take phone calls in-between meals or watch TV or catch up

on gossip while eating. How you eat is as important as what you eat.

Choose whole foods and lots of green seasonal vegetables to make your meals really nourishing. Choose foods that are good for you and not just convenient. Eat to nourish the body not satisfy a craving. Anything that is processed and packed is not good for you. Go fresh as much as possible. Adhere to portion control but ensure that you are eating a well balanced diet.

Sleep well. Good sleep manages stress and is restorative. Sleep deprivation is a major cause of ill health and high levels of stress. Try to sleep at the same hour every night. Make sure your room is comfortable, ventilated and lacks electronic devices that distract and disturb your sleep.

Exercise every single day if possible or at least 4 days a week for 30 -45 minutes. Routine exercise is important and cannot be replaced by sporadic movements or household work or having

walked to office. It is important to stay active even otherwise like taking the stairs instead of the elevator but routine, planned exercise has enormous benefits and cannot be replaced by random activities. Choose an exercise form you like doing and you'll probably do it more.

Measuring yourself. Getting on that weighing scale everyday and even several times a day is not going to help your weight loss efforts. You need to be patient and consistent in your efforts. Measure your weight once in 2-3 weeks to track your progress.

Just breathe. Take a few minutes to just breathe every now and then. Stop doing everything and focus on your breath. You will feel like whole new person making better decisions and feeling calmer.

Self-care is important. Read a book, take a nap, go for a massage, schedule a spa day, take a walk; whatever makes you feel good and is restorative and energising. Do at least one act of self care every day. **B**

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# CAN A STOCK MARKET CRASH BE GOOD FOR YOU?



**Sadhguru.** Ranked amongst the 50 Most Influential People in India, Sadhguru is a yogi, mystic, visionary and a New York Times bestselling author. Sadhguru has been conferred the Padma Vibhushan by the Government of India in 2017, the highest annual civilian award, accorded for exceptional and distinguished service.

**Q: I've been having trouble in the stock markets lately and my mind has gone into depression. How do I change this?**

**Sadhguru:** The word 'depression' is used only with reference to your mood, not to the mind. If mental activity found depression, that would be wonderful. But it is only the mood which is depressed; the mental activity is actually going out of control. People can cause depression in your mood in so many ways. If they take away what you think is precious – it may just be a pebble or lots of money or someone you think belongs to you – you will become depressed in your mood.

Right now, if the stock market goes down, the whole nation can get depressed. Many of these people may never even have touched that money. It is just that every day they were seeing the graphs rising and their mood was in ascendancy. But now they see the graphs falling, so their mood is falling. It is just that what they expected to happen is not happening.

## Bulls, Bears and... Donkeys?!

These kinds of situations have been happening for ages. To put it very simply, for someone who does not understand all these complexities of financial markets – actually nobody does – just like the weather, they keep predicting! It is like this: one man sold a donkey to someone else for 100 dollars. The seller was supposed to deliver his donkey but he came in his pickup truck and told the buyer, "I'm so sorry, the donkey is dead." Then the other man said, "Fine. Just give me back my 100 dollars." But the seller replied, "I'm so sorry, I've already spent it." Then the buyer insisted, "Okay, then give me the dead donkey." But the first man said, "What are you going to do with a dead donkey?" The other man said, "I'm going to raffle it." "Who is going to buy a raffle ticket for a dead donkey?" "It doesn't matter, just give me the donkey."

So the seller unloaded the dead donkey in the other man's house and went away. Then, a few days later, the guy who sold the dead donkey found the other man happy, spilling money all over the place. So he asked, "What happened?" The other man said, "I raffled it. Two dollars per ticket, and 500 people bought it." So he got 1,000 dollars. "Didn't you get into trouble? Didn't anybody get angry with you?" "Yeah, only the guy who won the raffle, so I gave him back his two dollars! 100 dollars to you, two dollars to him, 898 dollars for me – clear profit!"

People have been selling dead donkeys to each other for a long time. It is just the volume that is becoming bigger.

A few years ago when I was in Davos, the markets had dipped 8-12% and there was gloom in the whole place. One

**IF YOU TRULY WANT TO ENHANCE THE QUALITY OF YOUR LIFE, YOU HAVE TO TAKE THE STEP AND BE WILLING TO INVEST A LITTLE BIT OF TIME FOR YOUR INNER WELLBEING. IF THIS IS DONE, YOU WILL SEE A REMARKABLE CHANGE IN THE WAY YOU FUNCTION.**

person, who came from Australia, lost something like 60 million dollars in one day. He was supposed to meet me for lunch and when he came, he had such a long face. He was constantly on his Blackberry because things were not going right. I asked him what happened and he said, "I just lost 60 million." I told him, "That's not even 2% of what you are. 60 million does not mean you won't eat or stop driving the car you are driving. You are not going to sell your house or anything. It's only the numbers that are changing. Nothing has really changed in your life."

This man was also very passionate about ecological issues. So, I said, "The way we have set up the economic system right now, the only way the ecology can improve is if the economy goes down. The way we have structured things, ecology and economy are going head on at each other. You are anyway a great enthusiast about ecological issues, so here it is! Celebrate!

60 million down means less smoke, less greenhouse gases, less everything!"

## Fixing Your Inner Upheavals

I am not trying to philosophise the loss. The point is you are linking your wellbeing to something that is never 100% in your control. If you link it to the stock market, to your relationships, to anything on the outside, you never have 100% control over it. Whoever you may be, however powerful you are, you do not have 100% control over the outside situation. Then you being happy, loving and peaceful just by chance. So, first we must fix the inside, then work on the outside, and the world would be beautiful. Only when there are no inner upheavals or issues, will you be able to handle outside issues well.

A spiritual process is just that: taking care of the subjectivity of who you are, not just fixing the objective aspects of your life. If that is not taken care of, you will have everything and you will have nothing.

If you truly want to enhance the quality of your life, you have to take the step and be willing to invest a little bit of time for your inner wellbeing. If this is done, you will see a remarkable change in the way you function. Now that the market is down, it is time to spend some time on this. When there was money, it took away your time and life. Now that the taps are closed, there is lots of time – this is the time! **B**

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## **HEM RAJ DHAKAL**

**VICE PRESIDENT AND CHAIRPERSON OF  
COMMODITY COUNCIL, FEDERATION OF NEPALESE  
CHAMBERS OF COMMERCE AND INDUSTRY**



“A leader should be able to see the light at the end of the tunnel when no one else can, and when you can do that, you will be able to deal with any kind of uncertainties”

A serial entrepreneur, Hemraj Dhakal, who is currently the Vice President and Chairman of Commodity Council at the Federation of Nepalese Chambers of Commerce and Industry (FNCCI), is involved in a wide array of businesses including trading, manufacturing and agriculture. He is also the Chairman of Heritage Group which manufactures various furniture goods and agricultural items.

In this edition of **Business 360**, we spoke to Dhakal about his views on leadership and the challenges of the private sector in Nepal. Excerpts:

#### How do you define a leader?

Over the years, I have come to understand that leadership comes from within. It is a game of knowledge, wisdom and intelligence. One should have the knowledge and implement it in an intelligent manner and for output, we must use our wisdom. A leader must be honest and true to their vision and goals. Their work and commitment and the combination of the three aspects above determine if they are a good leader.

#### What are the most essential qualities of a leader?

A leader must have the zeal to work and serve the community and the country. A leader must have the courage to bring about change and the ability to use their voice when it is needed. We are a developing country and have been striving to match the pace of the entire world; we need innovation and development. A leader must be

willing to innovate and learn new things. And a leader must definitely have a vision and the ability to inspire a team to achieve that objective.

#### Who comes to your mind as 'an ideal leader'?

I have always idolised late BP Koirala. He was committed towards the people of the country, he had a vision, and he went through a lot of struggles to bring democracy with the belief that everyone should get equal rights and opportunities.

If we look at the United States, I believe they have been able to dominate practically all spheres of development because of their presidents who were all visionary. They knew what was good for their country and worked with the sole motive of making their country recognised and respected.

#### Is leadership 'in-born' or 'acquired'?

Leadership could, to some extent, be inborn but it is majorly acquired. Some people may have the quality of leadership by birth. It may be biological. However, as we gain experiences throughout our lives, we acquire qualities of leadership.

#### How can a leader prepare for the unknown?

Every problem has a solution and there is a saying that there is always an opportunity in problems and challenges. For example, after the pandemic, the healthcare system has become better. There are more medical labs now not only in the cities but in rural areas as well. Good, bad and unknown is the cycle of

life. We have to be strong and rigid when tackling these. A leader should be able to see the light at the end of the tunnel when no one else can, and when you can do that, you will be able to deal with any kind of uncertainties.

#### How important is a team?

Teamwork is extremely important. In any sector, be it business, academics or politics, every organisation needs a proper team to function. Management is the driving force. I also believe women make better managers and they should be encouraged to take on leadership roles. A team functions best when the leader is democratic, transparent, honest, hardworking and inclusive.

#### Leadership in FNCCI

As per a recent report, the private sector has an 81% contribution to employment and 85% to the economy. We, at FNCCI, mainly look into facilitating the private sector. Our aim is to stabilise and improve the economy which translates into sustainable development.

Through my position at FNCCI, I nurture entrepreneurs, help those who need help in addressing their issues, lobby and advocate with the government, among others. We, as leaders of businesses, want to bring comprehensive laws that help all sectors of business and the general public.

Being the second biggest body after the government,

we work at the policy level for the betterment of the private sector. Along with building the economy, we also focus on building a strong foundation for everyone where their leadership skills and development are given priority.

Personally, leadership for me is to be present in the smallest of things we do, from our everyday tasks to leading an organisation.

#### How do you view the increasing flight of youth to other countries for livelihood?

The country is landlocked and has some difficulties when it comes to trade and businesses, but what I often say is that our people have become mind-locked. The lack of self-determination and respect for the country has hampered the policies and their implementation. The feeling to serve the country to the best of our abilities is amiss at present. Lack of ownership is the prime reason why the youths of the country who are skilled are moving abroad because when they want to do something here, they face hundreds of obstacles to reach their goal. I feel we have to bring more young people into politics and bureaucracy to change the outlook we have in our country. The old school and outdated people and their way of leading the country must change and it is only the youths who can bring about these changes. **B**

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