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BUSINESS^{360°}

**WOMEN LED
SMES NAVIGATING
AN UNCERTAIN
FUTURE**

**TAX PROVISIONS
OF FY 2020-21:
A REVIEW**

**THE CASE
OF FOREIGN
EMPLOYMENT
AND NEPALI
MIGRANT
WORKERS**

PROPAGATING NEPAL'S JOURNEY TO SELF RELIANCE

PAWAN GOLYAN
CHAIRMAN, GOLYAN GROUP





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**BIG BANG
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More than half a year has gone by in an indeterminate state. The sun still shines, the winds are blowing, the sky is as vast as it ever was, nature is flourishing while humans are caught in a state of uncertainty fearing mortality. People are consumed with thoughts on how to live, how to mitigate the risks of an invisible virus that has made the headline of every news mechanism with fierce messages of death and doom.

While life has come to a halt as we knew it, the pandemic has crushed the dreams of millions of young people waiting to embark on their careers; it has hushed industries and businesses and brought trade and commerce to a sluggish retreat. Entrepreneurs are unsure of how to pick up on the scraps of the pandemics devastation when no two days are the same. And much of this damage is all because of the government's ineptness in dealing with Covid 19.

Nationwide blanket lockdown was initially welcomed by the people with implicit faith that the government knew what it was doing. But as the days progressed, it became evident that there was no plan in place. Panic set in as more and more people were left with dwindling or no resources to fall back on. It became a question of homelessness and hunger for the thousands who did not even get access to government relief.

People contemplate their lives and the one thing that is starkly evident is that this is no way to live. There is exhaustion, mental fatigue and anger on every tax payers mind. If the government does not have a plan, do not restrain people from finding their own solutions because when the time comes and you have failed in providing solutions and have no resources left, you will only have failed the people. It is clearly evident that lockdowns are ineffective as the numbers of Covid 19 infections have not gone down. Perhaps the policy makers will argue that it could have been worse, but who knows really.

The virus and the economy are intertwined as are people's lives. Fear of the virus cannot be the determining factor of Nepal's economic crisis. Hungry people are angry people, it's time that the government mechanisms wake up to the fact that we have to live with Covid 19. The deliberations and actions must now focus on how.

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

Charu Chadha
editor

BIZ INDICATORS

FOREX MARKET	02.03.2020	02.02.2020	Year ago
USD	116.72	119.61	114.65
GBP	155.02	156.90	141.57
Chinese Renminbi (Yuan)	17.06	17.23	16.05
Indian Rupee (INR 100)	160.00	160.00	160.00
Euro	138.37	141.59	126.77
Australian Dollar	-	-	-
GOVERNMENT SECURITIES	Highest	Lowest	Weighted Avg.
Discount rate of T-bill (Subject to latest issuance as on 2077/05/17)			
Treasury bills (28 days)	0.0403	0.0104	0.0208
Treasury bills (91 days)	0.0910	0.0506	0.0700
Treasury bills (182 days)	-	-	-
Treasury bills (364 days)	1.7498	0.5026	1.4511
PRICE INDICES	Jan19/20(p)	Jan18/19(p)	Jan17/18(p)
National Consumer Price Index (base year 2014/15 = 100)	131.87	123.30	118.34

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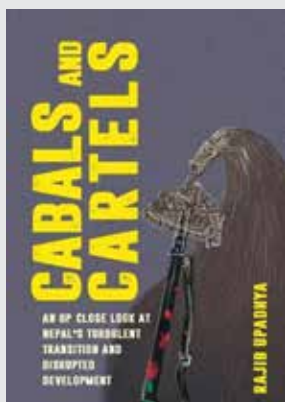


P = Provisional, R = Revised

BOOK OF THE MONTH

Cabals and Cartels

Author: Rajib Upadhyaya



“Cabals and Cartels is a celebration of the Nepali spirit. But it is also a cautionary tale of the failures of Nepali leadership, both in terms of the political transition as well as economic development more generally. The book is a candid review of the past 30 years – of broken promises and of foregone opportunities. It analyses and attempts

to explain how we remain hostage to a political class bedeviled by its prejudices. It looks at collusion and graft, layered across Nepali society, and how it continues to trap us in our past. But all is not gloom and doom. The book is also a call to action in that it explains how we could change for the better”

<http://www.b360nepal.com/>



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PAWAN GOLYAN
CHAIRMAN, GOLYAN GROUP



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“NEGOTIATION IS BECOMING TOUGHER, GROUP TRAVEL IS RETARDING, LONG HAUL TRAVEL IS LESS PREFERRED BY THE FUTURE TRAVELLERS, HENCE NEW BUSINESS IN NEW NORMAL WILL START FROM ZERO. THE DYNAMICS OF TRADE WOULD SEE NEWER PARADIGMS WHICH MAY APPEAR AFTER STABILISATION IF NOT IMMEDIATELY FOR SURE. THE ORIENTATION OF OUR GOVERNMENT'S PERSPECTIVE HAS TO TRANSFORM. THE MINISTRY AND NTB SHOULD SET UP A SEPARATE FUNCTIONING DEPARTMENT OF DIGITAL TECHNOLOGY WITHIN THEIR STRUCTURES GETTING RID OF THE CHRONICLES AND CONVENTIONAL MANOEUVRES”

Aditya Baral, Co Founder of XcelTrip OTA
& Country Director of Xceltrip Nepal

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ON THE COVER

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FACE TO FACE

“DUE TO COVID 19, ONLINE TRANSACTIONS HAVE GONE UP IN NEPAL BY 30%. I BELIEVE THIS WILL BE THE NEW NORMAL. NEW USERS WERE ADDED DURING THE LOCKDOWN. PEOPLE WHO WERE NOT TECH SAVVY OR PEOPLE WHO WERE RELUCTANT TO USE TECHNOLOGY FOR ONLINE TRANSACTIONS CAME ONLINE SO THAT'S WHY WE BELIEVE IT WAS THE RIGHT TIME FOR INVESTMENT”

SHABDA GYAWALI
INVESTMENT DIRECTOR
DOLMA IMPACT FUND

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“FOREIGN BUYERS HAVEN'T COMPLETELY CANCELLED ORDERS OF RS 1.25 BILLION. BECAUSE OF THE TRAVEL BAN AND LOCKDOWN THAT WE ARE EXPERIENCING WE HAVEN'T BEEN ABLE TO SUPPLY THEM THE FINAL PRODUCTS AND EVERYBODY FROM THE MANUFACTURERS AND EXPORTERS TO THE MANPOWER INVOLVED IN THE GARMENT INDUSTRY ARE IN AN UNCERTAIN STATE. BUT THE FACT REMAINS THAT WHETHER THE BUYERS PURCHASE OR DON'T PURCHASE THE PRODUCTS, WE HAVE ALREADY TAKEN A HIT OF RS 1.25 BILLION”

Chandi Prasad Aryal
President, Garment Association Nepal

FACE2FACE

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“THE COVID 19 PANDEMIC IS ONE OF THE MORE IMPORTANT REASONS FOR THE RISE OF SUICIDE IN NEPAL BUT AT THE SAME TIME WE HAVE TO REMEMBER THAT IN NEPAL THE RATE OF SUICIDE WAS ALWAYS HIGH. IT IS BOTHERSOME RIGHT NOW, BUT LET'S NOT FORGET THAT IT WAS ALWAYS BOTHERSOME, AND THAT AFTER THE PANDEMIC IT IS STILL GOING TO BE BOTHERSOME. RIGHT NOW, BECAUSE OF THE PANDEMIC WE HAVE ABOUT 25 DEATHS A DAY, BUT BEFORE IT WAS STILL 16-18 DEATHS A DAY, WHICH IS STILL A BIG NUMBER. EVEN BEFORE THE PANDEMIC THAT WOULD TRANSLATE TO ABOUT 6000 DEATHS FROM SUICIDE IN A YEAR. THE DATA IS THAT AROUND 18% OF THE PEOPLE WHO DIE FROM SUICIDE SUFFERED FROM DEPRESSION AND ANOTHER 20% SUFFER FROM OTHER KINDS OF MENTAL ILLNESSES”

Dr. Nikesh Rajbhandari
Psychiatrist

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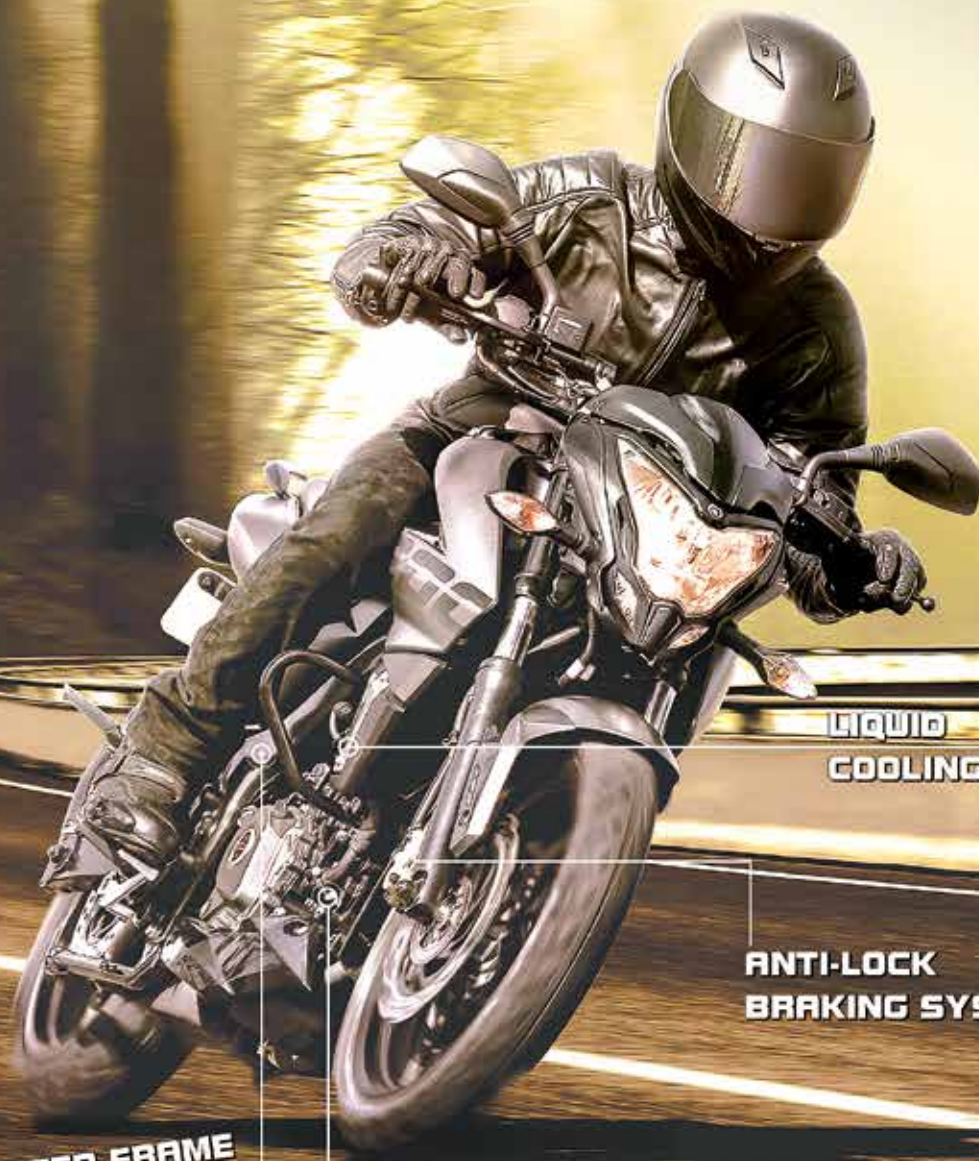
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PROPAGATING NEPAL'S JOURNEY TO SELF RELIANCE

PAWAN GOLYAN
CHAIRMAN, GOLYAN GROUP





Pawan Golyan is Chairman of the Golyan Group, an established corporate house of the country that carries a legacy of more than six decades with investments in different business verticals

like manufacturing, agriculture, tourism, real estate, information technology, financial services and renewable energy. The Golyan Group is backed by a workforce of over 5000 people with a turnover of over \$200 million.

Golyan is considered one of the most prominent business leaders of the country. He ardently believes that a strong domestic production base is a must for a sustainable and resilient economy. The current pandemic stands testimony to

this fact as Nepal grapples with balance of payment being an import centric economy. Over the years, the industrial policy saw many twists and turns gradually pushing the country towards over-reliance on imports for revenue generation.

The approach of over-dependence on remittances and remittance-fueled imports for robust growth of the economy may not work in the future. We have to reinvent the wheel to spur growth led by domestic production and consumption.

The Corona virus pandemic has posed manifold challenges to the economy. What are your thoughts on economic revival?

The Corona virus pandemic has caused severe setback to the global economy and its revival is a common challenge worldwide. The pandemic has brought a lot of changes and every single country has been working on early revival, however the ways and means can be different. This could be an opportunity for Nepal to change the course of its economy because the earlier way would no longer be able to sustain as job opportunities to labour destinations are shrinking. The approach of over-dependence on remittances and remittance-fueled imports for robust growth of the economy may not work in the future. We have to reinvent the wheel to spur growth led by domestic production and consumption.

Despite the fact that remittance is the major source for foreign exchange earnings, a large chunk of that earning goes to India through their people working in Nepal. We are facing challenges of brain drain. We sorely lack a skilled workforce in the country and every youth who comes into

the job market is on hunt for foreign job opportunities. In fact, we are losing our human resources.

Youth migration for foreign employment has been curtailed to large extent after the pandemic. Against this backdrop, the government should initiate programs for skilling people based on the job market trends. There is huge job opportunity within the country in construction, electrification, plumbing, brick kilns, salons, automobile maintenance among others.


Our industry in the Terai region, the Reliance Spinning Mills, is an exception where all employees are cent-percent Nepalis. I am not confident that all employees are Nepalis in our other ventures. It is a common phenomena in the industries in the Terai region to hire mostly Indian nationals as most of them are skilled and they cannot form a trade union inside the industry.

Till date, labour unions are a major challenge for industrialists to run their companies smoothly. Personally, I disagree with those who say Nepali workers are indisciplined and not competitive in terms of their productivity. For Reliance

Golyan has plans to support the micro, small and medium enterprises (MSMEs) integrating them into the value chain of large scale industries particularly in garment production once the pandemic is over.

In this edition of **Business 360**, Golyan shares his thoughts on economic transformation with **Pushpa Raj Acharya**. Excerpts:



A man with a beard and mustache, wearing a dark blue blazer over a white shirt, is standing and looking back over his right shoulder towards the camera. His hands are clasped in front of him. The background is a plain, light-colored wall.

Major drawbacks of Nepal's development challenge lies in implementation. The government has everything in place in terms of planning and announcements, however the implementing machinery is weak. Until and unless the government improves its capacity of execution machineries, we cannot expect better results or the intended interventions.

Spinning Mills, both discipline and productivity are high. We work to make labour-employer relations cordial.

The government has announced different programs for skilling people; if we are able to meet the demand of the Nepali job market, this will be a big achievement indeed.

Are you saying that lack of skilled workforce is the only hindrance for Nepal to move towards industrialisation?

I am not saying lack of skill is the only cause. There are multiple reasons but we have to start primarily with creating a skilled workforce suitable to the market needs. When people can get job opportunities within the country, the outflow will be minimised. Secondly, those who have the skills can also embrace entrepreneurship as access to capital is now streamlined through the Monetary Policy 2020-21.

In a bid to engage entrepreneurship, large scale industries can integrate small entrepreneurs' products and services into the value chain. I would like to cite the example of our 'Mato' brand. We are selling agricultural produce of small hold farmers in Jhapa district. Farmers are now encouraged to produce more as they are linked with us. They are fetching better price for their products. We are also selling products like masks and sanitizers produced by micro and small manufacturers labeled under our brand. We are selling these products with very marginal profit. If every corporate house does some hand-holding like this, it will definitely provide an opportunity for MSMEs to flourish. The country's economy will expand in an inclusive, sustainable and resilient manner. This is completely a public private partnership model in developing entrepreneurship, and this is a proven and tested model to sustain enterprises, create employment and expand the production base.

Could you define the execution challenges of the PPP model in entrepreneurship development?

Major drawbacks of Nepal's development challenge lies in implementation. The government has everything in place in terms of planning and announcements, however the implementing machinery is weak. Until and unless the government improves its capacity of execution machineries, we cannot expect better results or the intended interventions.

We can do a lot from the PPP model. It is probably the best model for the country's economic development. The government and the private sector should be equally responsible to make PPP successful. For instance, if the government initiates skilling people, the private sector should guarantee employment opportunities for them or provide some handholding for those who want to embrace entrepreneurship after obtaining the required skills.

Value chain integration could be an effective way for large scale industries because cost of production (labour, electricity among others) is highest in South Asia. Perhaps it is also possible to consider bringing down the cost of doing business in the gestation period for new startups and fledging businesses such as providing cheaper electricity, access to trainings, mentoring and certain handholding to lower the cost of production. We are not saying that the government should provide lifelong support to these industries. In fact if any industry seeks lifelong support, we can simply understand that they are not sustainable.

What are the high growth potential enterprises in the context of Nepal?

As President of Nepal Exporters Association, I am involved in the consultation with the Ministry of Industry, Commerce and Supplies during the preparation of identification of two dozen products in which the country can be self-reliant.

We can be competitive and self-reliant in agricultural products. We should have a comprehensive plan to develop agriculture and non-timber forest products (medicinal and aromatic plants).

We are importing tomato sauce worth Rs one billion every year, potato chips, bhujia, dalmot are being imported more than Rs 5 billion per annum. Similarly, dairy whitener is a single product being imported around Rs 5 billion every year. Likewise, we import cheese, butter, biscuits, chocolates, livestock and many more primary and processed items which can be produced here itself.

We will develop strong backward and forward linkages, and many ancillary industries will develop once we move towards becoming self-reliant in products with potential.

Nepal has been moving rapidly in the development of hydroelectricity, transmission lines, and now there is prospect of producing cables and conductors within the country. If the government formulates a policy for the mandatory use of domestic cables and conductors, the country can invite large scale investment into the cable and conductor industry.

Apart from this, the country has its own unique products, like allo (nettle), handmade paper, handicrafts and other niche market advantage products if we can organise them.

We are importing wood and wooden furniture amounting to Rs 100 billion each year despite having the potential to manage timber from our own production. There is enough timber and medicinal and aromatic plants in Karnali and Sudur Paschim Province which can transform the economic situation of these two provinces.

I do not mean for the government to invest but for it to create a favourable environment to foster the private sector investment into these areas.

The government and policy makers understand the potential of agriculture and agro-processing industries in the country. You are involved in agriculture production and value chain development.

Could you share your experience and what are the major challenges for the commercial development of agriculture in Nepal?

We do not have infrastructure to facilitate and attract investment in the agriculture sector. We have faced huge losses as we could not sell the products because of the nationwide lockdown. A major lacking is also data on consumption and production. All data currently available seems to be maintained on ad-hoc basis. We don't even have database of land ownership, dependents, working age members in a family and their occupation apart from agriculture. All these can be easily prioritised by the local government. I am now wondering how the government will distribute identity cards for the ultra-poor and vulnerable farmers without a data base. The first step should be management of database through local governments. This way the government can deliver services to target groups through Agriculture Coordination Unit of the local government. The Unit should comprise of the mayor or deputy mayor, ward chairs, farmers and other stakeholders for collective ownership. Agriculture inputs such as thresher, tractor, fertilizers, improved seeds among others and extension services can be provided through this mechanism. This machinery will regulate pesticide and recommend high-quality seeds and crops for better output.

Secondly, there should be a collection center where the farmers can store their products and sell to buyers. SMEs or corporates can be involved in processing and marketing of the products in coordination with the aforesaid mechanism of the local government. Farmers can fetch better prices



Golyan Group has framed its investment policies based on the needs of the country. We firmly believe that an import-based economy will no longer sustain. If the government does not take corrective actions during this pandemic, we'll be further pushed into a vicious cycle of sending youth to foreign countries for jobs and supporting import based economy through remittance earnings.

through sorting and grading of their products before selling it to the buyers. Based on the production of the crops, SMEs can be set up based on viability. For instance, if there is massive scale of tomato production, a tomato ketchup industry could set up or a potato chip factory can be established where potato production is massive. It is pity that we are not even producing the brooms and dish scrubbers that can be easily produced at competitive rates in the country. Each local government can execute this idea and create employment, raise income level of their people and translate the vision of the development.

Thirdly, provinces can develop agro processing zones to invite high-tech, large scale as well as medium scale industries. There can build cold and dry storage facilities to store agro products bought by the government from farmers. The government should buy the products from the farmers if they are not be able to sell and store it in the agro processing zone where industries are located and can supply to them based on their demand or even sell the produce under its own brand.

Lastly, the government should develop large agriculture markets in major cities and towns to facilitate consumers and sellers. In addition to this, for the execution of the entire concept, plan, policies, grievance handling and high-level monitoring mechanisms comprising of the agriculture minister from the federal level, chief minister and concerned ministers of each province and mayors and chairman of each municipality and rural municipality must be made effective.

This will be a perfect PPP model for agriculture commercialisation and SME growth.

How confident are you that corporates will align their productions with SMEs?

I am confident about this. In Nepal, it is difficult to purchase land to set up industry and develop entire production under one roof of a factory. Electricity and labour cost is high and if the government provides subsidy to the MSMEs in electricity, and access to credit among others, it will be more conducive for corporates to adopt fragmented mode of production. I have seen other corporates like IME Group, IMS Group going to engage in agriculture business. We ourselves are planning to integrate small medium garment producers of seven provinces in our production network. The government should have a comprehensive approach to encourage domestic production in potential areas and provide certain protection to them.

Contrary to what you are saying, the fiscal budget and the monetary policy 2020-21 encourages imports. What are your thoughts?

The budget and the monetary policies have not supported domestic industries at par with the facilities provided to imports. The budget has secured profits for authorised dealers and traders of automobiles with the provision of slapping 30% additional duty for other importers.

The government often talks about imposing anti-dumping and countervailing duties on imports. It is not so easy for the government who even cannot impose quarantine on imports of fruits and vegetables. The government which has two third majority could not even stand to its decision of seeking sanitary and phytosanitary testing certificates while allowing imported goods into the domestic market. The most important aspect of providing protection and executing quarantine rules comes under the jurisdiction of the Ministry of Commerce worldwide.

However, our government is revenue centric and the Ministry of Finance decides with prior consent being required while imposing ban or lifting it on the import of each product.

If we give all the power of other ministries to the Ministry of Finance, then we don't require ministries of industry, commerce, etc. I would like to cite the example of Bangladesh which has agreed to open up its market under free trade agreement against preferential trading agreement from Nepal. However, the Ministry of Finance has put on hold that proposal for almost a year. Being sensitive to revenue, MoF has kept the proposal on hold despite it being beneficial to us as we could then export black cardamom, tea, lentils among others at preferential tariff.

Rather than adopting only revenue focused policies, the government should put its whole hearted effort into nation building, creating employment and developing a strong production base in the country.

Normally, every government maintains consistency in policies, however the incumbent government has failed in this. The fiscal budget has also scrapped the provision to provide Rs 5 million per MW VAT exemption to power producers. There is also sudden policy changes on power purchase agreement (PPA) of solar and run of the river based generation projects.

The government has provided certain incentives for the cement industry and this model is considered quite successful. Can't the same be applicable to protect domestic industries?

The government has provided 35% tariff protection to the domestic cement industries along with supporting them with grid electricity connection and road access to the mines from the factory site. We can compare the price difference in India and Nepal to observe the level of protection. This approach is necessary

for other potential products in the country. There is only 5% protection for textile industries which is not justifiable.

The government can expand the revenue controlling all ill practices at the customs like under invoicing, wrong declaration and unauthorised trade. Billing enforcement and control of smuggling will be instrumental in formalising the economy and expanding revenue, and the government can certainly do it.

The monetary policy 2020-21 has tried to formalise the economy by arranging subsidised credit for MSMEs. Though the monetary policy has not addressed subsidised credit requirement for corporates and the export sector, but MSMEs can take advantage of it. The government can expand the tax bracket if MSMEs avail subsidised loans.

Golyan Group has footprints particularly in priority areas of manufacturing, hydropower, agriculture and recently the Group started a new vertical in tourism through Hyatt Place Hotel. Could you share your plans?

Golyan Group has framed its investment policies based on the needs of the country. We firmly believe that an import-based economy will no longer sustain. If the government does not take corrective actions during this pandemic, we'll be further pushed into a vicious cycle of sending youth to foreign countries for jobs and supporting import based economy through remittance earnings.

The Golyan Group is planning to expand our verticals. We have started manufacturing silpaulin for tunnel farming. We are also planning to expand the spinning mills in Biratnagar and establish backward linkages by promoting farmers in cotton farming. We will massively go into value chain integration of organic agriculture products in the coming days. **B**



WOMEN LED SMEs NAVIGATING AN UNCERTAIN FUTURE

Text: Avant Shrestha

Small and Medium Enterprises play a vital role in the economic development of a country; and in the case of a developing nation like Nepal, their contribution becomes even greater. SMEs in Nepal create self employment opportunities, generate jobs, the opportunity to mobilise and utilise local resources, as well as improve the income status of people.

Without proper planning and support in place, SMEs in the country may never be the same again. In due

course, life will go back to a new normal but the economic toll of the pandemic could devastate businesses and the landscape of small and medium enterprises in the country with an inability to revive.

Women led SMEs are bearing the full brunt of the pandemic and though hopeful, the entrepreneurs are trying their best to navigate an uncertain future.

SME background

The definition of a small and medium enterprise may

slight differ from country to country. According to the Industrial Enterprise Act 2016, businesses with fixed assets of up to Rs. 100 million are small-scale enterprises whereas businesses with fixed assets up to Rs. 250 million are medium scale enterprises.

According to Nepal Economic Forum, SMEs contribute significantly to a nation's economy and GDP growth. In emerging countries, SMEs contribute around 40% of the total GDP and 60% of the total employment. However, in

Nepal's case SMEs contribute to around 22% of the GDP and generate around 17,00,000 employment. According to the study published by Nepal Rastra Bank, by the end of the fiscal year 2017- 2018, there were 275,433 SMEs registered in Nepal.

Statistics provided by UNCDF state that women-led SMEs account for around 14,000 businesses and is estimated to employ about 200,000 workers which would be accounting to 2% of the GDP. Many more women-led small and medium enterprises operate in the informal sector.

The statistic outlines that SMEs employ a majority of the labour force in the country and are significant contributors to the economy. However, as reported in a national daily, they are often overlooked and fail to garner as much attention as large businesses do in the policy-making discourse surrounding the economy.

Women-led SMEs Pre-Lockdown

The ratio of women-led SMEs lags far behind the number of men-led SMEs however over the past decades entrepreneurship for women is viewed as a journey out of poverty and towards equality. SME entrepreneurship has empowered women and create an environment where more women entrepreneurs and women-led businesses can flourish.

Most SMEs have been forced to stop their business activities due to the current lockdown, and are struggling to stay afloat. Larger enterprises may have the resources to survive and revive after the lockdown but SMEs whether men or women led have a very difficult road ahead that may not always have a positive ending.

Zoya Gurung, Director of Ginger Enterprise recalls, "Our business was in a stable condition before the lockdown. With four outlets in operation for several years, we were

looking to expand our outlets into bigger locations to provide wider varieties of choices for our customers”.

Hajuri Bista, Founder of Hajuri Khadya Udhogy had to completely stop operations because pickles and condiments do not come under the essential food items like rice or vegetables. “The situation is quite scary and since we are in the food production industry we have to take extra preventive measures.”

Similarly, Shirsti Rana, Founder, Rays and Nuts, expresses that due to the outbreak and the lockdown, she has had to completely halt her production and has stopped working for the past four months. “The situation before the lockdown was positive. There were many plans and products lined up and we were working full-fledged but due to the outbreak and the lockdown I have completely stopped operations”, explains Rana.

Not So Novel Challenges

Prior to the lockdown, women entrepreneurs already had several challenges. Significant progress had been made in the past decade, but there are still many issues that need to be improved such as access to finance, gender-responsive policies, family barriers and deconstructing stereotypes about women entrepreneurs.

As negative as the pandemic has been for every business in the country, the problem with women-led SMEs didn't start when the pandemic began nor when the lockdown came into effect. Women businesses in the country have been facing many problems for decades.

For example, women entrepreneurs or women led business have always suffered from inadequate financial resources or working capital that had hindered their establishment and growth. Even when women-led SMEs manage to get access to finance the relatively short time for repayments and high interest rates only compound their challenges and dampen risk appetite.

AS NEGATIVE AS THE PANDEMIC HAS BEEN FOR EVERY BUSINESS IN THE COUNTRY, THE PROBLEM WITH WOMEN-LED SMES DIDN'T START WHEN THE PANDEMIC BEGAN NOR WHEN THE LOCKDOWN CAME INTO EFFECT. WOMEN BUSINESSES IN THE COUNTRY HAVE BEEN FACING MANY PROBLEMS FOR DECADES.

Lockdown Blues

With total shut down of business and seemingly no income coming in, various unforeseeable challenges like rent, staff salaries, loan repayments and bearing the operational cost have become a major financial hurdle. Gurung explains, “Like any other businesses, our company has also been affected drastically by the lockdown and the current Covid crisis. Firstly, paying rent for all the outlets has been grueling since they were all closed for three months. On top of that, paying salaries to the staff with no business has been really tough”.

In addition, the lockdown has severely impacted whatever progress individual business or the larger SME sector had made. Rana stresses, “Whatever milestone we were planning to reach and achieve has all been postponed due to the pandemic. We are having to constantly plan and restructure our plans according to what unfolds every other day. We are living in an uncertain time, and sometimes the fear of what is to come is quite daunting”.

Mental health has also come under the scope. Bista expresses, “The lockdown has been particularly very tough for our employees. If the situation is bad for us, the lockdown has made the situation even worse for our workers”. She explains, “My workers who have been with the company for more than 20 years were facing lots of problems during the

lockdown as they were confined to a small space with their families and with no incoming coming in, their mental status had started to degrade. I find that they are depressed and anxious. When we resumed work, the staff seemed happy,” she concludes. Currently, Bista has been housing 20 of her employees in her factory and has been paying them through her own pocket.

Another major challenge has been procurement. With the nation under lockdown, entrepreneurs like Bista and Rana are unable to procure raw materials. The key issue was either the ingredients lacked quality or the ingredients were getting more expensive. As the effects of Covid 19 are increasingly felt, most of the small and medium sized ventures have faced supply chain disruption, with many having to close down business.

Majority of Nepal's SMEs heavily rely on raw materials from China or India.

Another challenge is the government's indecisiveness towards imposing and lifting of the lockdown. “If the government would listen to experts and make informed decisions, it would have been better for small business owner like us to mitigate our expenses and plan better as well,” explains Bista.

How can SMEs survive?

SMEs need immediate support from the government. Economist claims that the best way to prepare for normality after the pandemic crisis would be to support SMEs.

Although only an estimated 16% of SMEs in the country are financed through bank loans, it would be beneficial for these companies if banks ease loan application and repayment processes.

Various measures have been suggested by the economists and stakeholders. For example, the government can cover half of the interest to be paid by the SMEs on condition that they don't lay off workers. This will not only help revive SMEs but save the jobs of thousands of employees

as well.

The primary focus for foreign governments has been to support SMEs during and after the Covid 19 crisis. It would not be only wise but beneficial for any country's long-term economy.

Waiting Game

While most SMEs are on survival mode, the lockdown could potentially be an opportunity for women-led SMEs to analyse their business model and come up with a concrete plan to move forward in the new normal.

Bista explains, “We are taking this time as an opportunity to study our products more and experiment with the product line. Since I have been in this industry for more than 25 years, I am still positive and I do believe post-Covid, there will always be a market for pickles. But to move this industry forward would be the job for the younger generations with new ideas and technology”.

Over the past month as lockdown restrictions were eased, evidence proved that the local market was ready and willing to support women-led SMEs by purchasing or using their services. Rana expresses, “Surprisingly during the lockdown, the orders kept coming in. This gave me the motivation to continue my work and reassured me that there was a future post lockdown”.

Gurung stresses, “Since the current situation is very much out of our control, we're trying our best to sustain our company and our staff and cope with the circumstances as they come. We have decided to close down one of our outlets to cope with this crisis. Our priority is safety and security of our staff and customers”.

Bista asserts, “Right now our main priority is not profit, but to survive, reduce expenses and retain our workforce”.

Gurung expands, “Our future plan is to reinstate stability into the company and try to come up with better contingency plans to manage future crises”. **B**



Dealing With Overbearing Bosses

BROWBEATING YOUNG EXECS IS SIGN OF WEAKNESS



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Dear readers, I had talked about yelling bosses last month. The aim was to explain that most bosses and mentors do not scream their heads off just because they relish scaring young executives and managers. However, the fact remains that a small percentage of corporate biggies do deal with their juniors in a monstrous manner. Driven to the end of their tether, exasperated juniors are often forced to react in a fashion that damages their career grievously. Such confrontations are best avoided.

What is the way out?

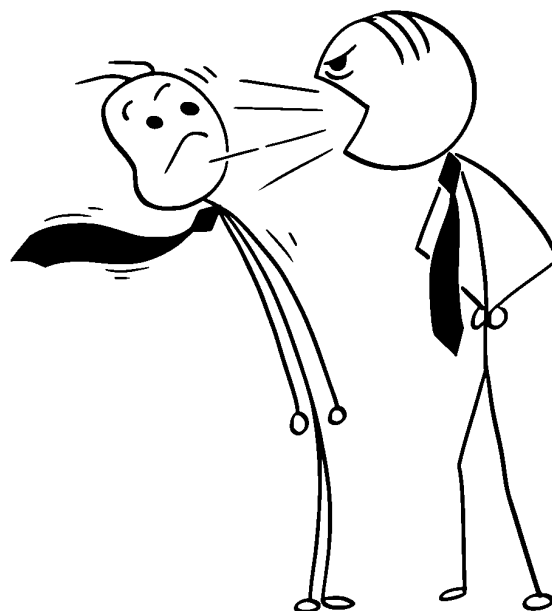
The first step in this direction involves winning the trust of your reporting manager. This is most relevant in Corona times when several managers are working from home and means of direct communications are disrupted. Your senior manager who is responsible for producing predetermined results is working virtually in the dark. Used to interacting with his team in person, he may be confronted with a trust crisis in these days. He has no easy means to find whether you are really working at home or taking cookery lessons or mending domestic electric

gadgets. The situation makes the boss nervy. He feels he is no longer in control of things. Hence the occasional outbursts during telephonic interactions.

There are honest ways to avoid confrontations. Ensure that you are indeed working from home. You need to be organised. Whatever data that can be procured in such circumstances should be at hand. This will make tele-calls or video-calls more effective and fruitful. Figures, graphs and excel sheets should be kept ready to be displayed or transmitted to the boss on demand. Occasional calls

or priority list first thing in the morning. Do mention pending goals and how you propose to catch up. A smart manager is expected to suggest possible solutions as well. Flooding the boss only with a laundry list of obstacles and problems is not going to take you too far. Despite being young and raw you are expected to be a thinking manager. This is the kind of communication needed at all times and especially so during extraordinary crises like the Covid 19 pandemic.

Despite your best efforts you may find that the boss continues to be overbearing,



and requests to the boss for doubt clearance and guidance enhances his trust in you. You both feel engaged in the same mission. Chances of spats get reduced. Mutual confidence grows.

Another way for a healthy relationship with the boss is proactive communication. Remember that the boss has the entire team reporting to him. You can make his life easier by e-mailing him your day's to-do

intrusive and domineering. It is time now to seek a direct one-on-one interaction with him, in person or electronically as per the situation. You should explain to the boss your way of working, your hits and misses, and your improvement plan. Do seek his specific, empirical and categorical views on what he considers lackadaisical

performance by you.

Analyse the senior's critique. It is likely that he may be correct on certain points. You may have overlooked some of your shortcomings. It is also possible that part of your work style and personal goals may not be in alignment with the company's work culture and vision. Consider such a revelation a golden opportunity for course correction.

These were some of right ways to mend ties with overbearing bosses. But getting a good boss is a matter of luck as well. Weak bosses will continue to micromanage, yell and shout at you even if they come across one thing wrong among the hundred tasks you have done well, never give credit for good work but on the contrary steal your bright ideas to move up the corporate ladder. Being nasty is the weak manager's defense mechanism. He tries to browbeat his juniors because he has no answers and solutions to their queries and challenges.

It is likely that you may fall prey to such bosses in companies or industries plagued by poor work cultures. You may, therefore, need to seek fresh pastures. Do that with a happy heart because the moribund companies you are leaving are doomed. Weak managers can take their companies in one direction only - down.

Head for the highway, bright ones! It will take you places. **B**



Refinancing SMEs to breathe through Covid 19



Sahadev Khatri graduated from Kathmandu School of Law and is currently working in Project Finance and Corporate team in Pioneer law Associates.

Prakritee Yonzon is a graduate from the London School of Economics and Political Science. Currently Prakritee works in the corporate team as well as arbitration team at Pioneer Law Associates.

The Covid 19 outbreak has hit almost every sector of Nepal's economy, impacting up to 0.13% of the GDP and rendering up to 15,880 people jobless. The Central Bureau of Statistic has estimated that Nepal's economic growth in FY 2020/21 will be 2.27% down from government's projected 8.5% target.

One of the deadliest hit sectors of the economy are the Small and Medium Enterprises. The Industrial Enterprise Act 2019 defines SME's as (i) Small enterprises as business as having fixed capital up to Rs 150 million and (ii) Medium enterprises as businesses having fixed capital between Rs 150 million and Rs 500 million. As per the Nepal Economic Forum, there were 275,433 SMEs registered by the end of fiscal year 2074/75. SMEs have contributed to around 22% of the GDP and generated employment to 17 lakh Nepalis.

As part of the economic crisis, there are foreseeable difficulties for SMEs due to shortage of funding and credit but also because of the poor financial performance of SMEs. Considering this, the Nepal Rastra Bank (NRB) in its monetary relief had announced that SMEs affected by Covid 19

will be prioritised for refinancing facility.

Refinancing is a facility provided by NRB to banks and financial institutions (BFIs) under which such institutions may avail of funds at a certain interest rate. NRB introduced the refinancing facility to channelise loans to priority sectors at an interest rate lower than the prevailing market rate. For SMEs therefore, the refinancing facility allows them to obtain further loan from the same collateral from BFIs at an interest

refinance loan, NRB will provide loan at 1% while the intermediary BFIs will provide it to the beneficiaries at 3%. In case of general refinance loan, BFIs are financed at 3% while they provide loan at 5%.

Basis for providing refinancing facility

For obtaining the facility, the qualified enterprise must make an application to the BFIs along with the documents as prescribed in the Procedure.



rate lower than the prevailing market rate. To this end, the NRB has also introduced Refinancing Procedure, 2020.

Categorisation of the refinancing facility

As per the Procedure, the refinancing facility is being provided in three categories (i) small, micro and cottage enterprises (ii) special refinance loan and (iii) general refinance loan. For the purpose of small, micro and cottage enterprises, NRB will provide finance to BFIs at 2% while the intermediary will provide loan at 5% interest.

Similarly, in case of special

concessional loan will also not get the refinancing facility.

Currently 85% of SMEs have taken loans from BFIs. The current refinance fund is limited at 100 million which was reduced from 500 million, however, the Procedure provides that size of refinance fund shall be as prescribed by Board of Directors. Given the number of SMEs, this will neither help the economy nor contribute to the development of the SMEs in financial crunch. In fact, this will potentially complicate current market structure by increasing lobbying for access to funds and nepotism as all SMEs will not get refinancing facility due to the lack of funds.

There is no doubt that the refinancing fund must be increased for it to be effective. The question remains up to how much should it be increased. It is believed that the size of refinancing fund must be equivalent to 10% of total lending by banking sector which is Rs 200 billion which makes 2 billion as the minimum size of refinancing fund.

It is pertinent to note however that refinancing alone is not enough. It is only a short-term measure and may not yield the desired results. In order to uplift the SMEs in the pandemic, NRB should inter alia come up with monetary policy with zero rate loans with no payments for at least one year for SMEs impacted by Covid 19. If NRB considers this measure as unattainable, it should relax the strict bad loan guidelines on the classification of Non-Performing Assets for at least a year to let SMEs recover. This would help reduce the repo rate and cash reserve ratio to increase the liquidity in the market. In conclusion, NRB needs to think of a holistic economic package for sustaining the economy, and not piece meal strategies that will not be helpful in the long run. **B**

The BFIs will verify the financial statements, the Debt to Equity, and whether the credit is justified and the enterprises making an application would make contribution to the economy.

Exclusion of certain enterprises from the refinancing facility

Businesses and industries involved in the production and distribution of cigarette, cigar, tobacco and liquor cannot avail the refinancing facility. Overdraft, margin lending, auto loan, real estate loan, social loan and other loans for individual purposes are also exempted from the facility. Likewise, borrowers enjoying

TAX PROVISIONS OF FY 2020-21: A REVIEW



Text: Pushpa Raj Acharya

Recently, the cabinet decided to levy toll tax on Narayangadh–Mugling road for maintenance as the road is damaged heavily by landslides. Every light and heavy vehicle is now required to pay Rs 25 and Rs 55 respectively while passing

through this road section. This road is the lifeline that connects Kathmandu with the Terai plains and the only route for heavy vehicles transportation of industrial raw materials and trading goods. Indirect taxes such as this increases the cost of the goods, industrial raw

materials, public transportation fares, and is ultimately passed on to the consumer.

Importers of vehicles already have to pay high taxes on import of vehicles which hovers at 225.44% for cars and jeeps. Besides this, the owner of the vehicle pays ‘vehicle

tax’ every year for using the roads. Public vehicles have to pay route permit and renewal fees to provincial governments. There are altogether 3.5 million vehicles registered in the country and 80% of them are two-wheelers, 8% are cars and jeeps and 3% are public

vehicles.

Unreliability of public vehicles is what primarily attracts people to purchase private vehicles. The government is generating huge revenue from the import of private vehicles and thus does not show any zeal to improve the status of public transportation.

Transport logistic cost is one of the major factors eroding business competitiveness. It is reported that the share of transport logistics in finished products stands at around 9% in China, 18% in India and around 32% in Nepal.

Despite being a least developed country (LDC), Nepal's tax to GDP ratio is the highest in South Asia. Being competitive in manufacturing and production under current circumstances of high tax, high cost of labour, inefficient infrastructures is almost impossible, say the bearers of this brunt. "While comparing taxes, labour cost, efficiency of infrastructures and government's service delivery of neighbouring countries - India and China - everyone can easily understand the cost of production in Nepal," opines Hari Bhakta Sharma, Executive Director of Deurali-Janta Pharmaceutical.

Another major increment behind transportation cost is fuel price. The fiscal budget has slapped further tax on petroleum products. Finance Minister Yubaraj Khatriwada has increased the customs duty on petroleum products by Rs 10 per liter through the fiscal budget 2020-21. Per liter customs duty of petrol is now Rs 25.20 and Rs 12 on diesel and kerosene. Similarly, infrastructure tax being levied on each liter of diesel, petrol, aviation fuel has doubled to Rs 10 from Rs 5 per liter.

The government is highly focused on revenue generation and sets aside the critical concerns of people and domestic manufacturers about competitiveness, production, investment and employment generation.

Other disappointing factor for taxpayers are the lack of facilities, inefficient infrastructure, poor service delivery of the government despite high taxes, indirect taxes are increased rampantly bleeding people financially.

The fiscal budget 2020-21 has made very few changes in taxation as the government is forced to narrow down revenue collection targets due to the progression and prolonged impact of the pandemic. The government has targeted collecting Rs 1,011 billion in this fiscal. It has already collected Rs 60 billion in the first month (mid-July to mid-August) despite the economy being shattered by the pandemic.

The government has ambitious revenue collection targets even with economic activities slowing down. Manufacturers, traders and service providers are severely affected due to demand-shock as people's income are depleting.

The government has taken some regressive moves like raising excise and customs duty on electric vehicles by five folds. A vast contradiction and inconsistency has been witnessed in the government policies as Prime Minister KP Sharma Oli had announced promoting electric vehicles in the country soon after the unofficial embargo by India. It is also a contradiction on part of the Finance Minister Khatriwada who is known as a champion of development policies

Many countries around the world have been increasing subsidies to increase use the electric vehicles, however Nepal moved in the opposite direction ignoring the fact that lesser carbon emission is the commitment of each country as part of the recent global development model which focuses on conservation of the environment. The government has taken this regressive move at a time when the country has sufficient electricity generation.

The Finance Minister has raised excise and customs

duty of electric vehicles and electric equipment in contrast to the policy of the government to increase electricity consumption. The government has slapped 40% customs duty from the earlier 10% and also levied up to 40% excise (after 50% waiver given from increased excise duty) based on the engine capacity.

EVs traders have said that this will discourage the EV market majorly. "EVs could be the best option to consume surplus energy," said Rameshwore Prasad Khanal, former Finance Secretary, "There is sorely lack of coherence in government's policy regarding promotion of the EVs." The government has also raised the duty on

coronavirus disease.

Paradoxically, the government has reduced the customs duty on chocolates to 30% from 40% earlier, without any rationale. Similarly, excise of some construction materials is also raised mainly on iron products, GI wire, I-beam among others.

Major changes in tax provision through fiscal budget 2020-21

Health risk tax

Every year the government raises the excise duty of tobacco and alcohol products as health risk tax through the fiscal budget. The government has rationalised the excise of hand rolled cigarettes (beedi)

MANY COUNTRIES AROUND THE WORLD HAVE BEEN INCREASING SUBSIDIES TO INCREASE USE THE ELECTRIC VEHICLES, HOWEVER NEPAL MOVED IN THE OPPOSITE DIRECTION IGNORING THE FACT THAT LESSER CARBON EMISSION IS THE COMMITMENT OF EACH COUNTRY AS PART OF THE RECENT GLOBAL DEVELOPMENT MODEL WHICH FOCUSES ON CONSERVATION OF THE ENVIRONMENT.

induction heaters against the decision of the cabinet meeting after lockdown. The cabinet had decided to fully waive the duty on induction heaters, however the fiscal budget 2020-21 has slapped 5% duty on induction, same as on sanitizer which is being used largely for the prevention from

0.25 paisa per piece, cigar and cigarettes to 0.50 paisa from earlier 0.85 paisa per unit and the excise of pan masala and tobacco related products has increased to Rs 40 per kg from Rs 25 per kg.

Casino royalty

The fiscal budget has extended the time to pay royalties by the casinos till first half of the fiscal from the first two months of the fiscal. Pending additional fee of 2018-19 is waived under condition of submitting full payable royalty till 2018-19 and 50% of the additional fee of 2018-19 along with third quarter of 2019-20.

Changes in customs duty

The fiscal budget 2020-21 has provisioned rebate of customs duty on the import of machinery of raw materials imported by cottage and micro enterprises, agriculture businesses, mask producing industry and agriculture machinery. Apart from that it has slashed customs duty on medical equipment. Major changes are as follows:

shall not be levied in case of taxpayers registered as sole proprietorship firm, income from pension and natural person contributing to social security fund (SSF).

The fiscal budget has provided tax exemption on drinking water and sanitation registered consumer group pursuant to Water Resource Act 2049 for amount derived as per their objective.

Similarly, rural community-based cooperatives are benefited with tax exemption from the fiscal budget 2020-21. Industries operated in very undeveloped (remote), undeveloped areas, industries of less developed areas (such areas are classified in Industrial Enterprises Act 2076) will also get waiver of 10%, 20% and 30% respectively on applicable tax rates for the 10

with cent percent income tax exemption for the first five years followed by 50% exemption for next three years.

In respect to special industry currently in commercial operation where investment is Rs 2 billion and provides direct employment to at least 300 individuals throughout the year along with enhancement capacity of at least 25% will receive cent percent income tax exemption for first five years and 50% waiver for the next three years.

Likewise, cent percent income tax exemption for first seven years and 50% for next three years is provided for person engaging in transaction of fuel research and exploration, minerals, petroleum and natural gas that start commercial operation by the third quarter of fiscal 2022-23.

In addition, software development, statistical processing, cyber-café, digital mapping related industries established in geological and zoological biotech related park, information technology park prescribed by Nepal government through publication of notice in Nepal gazette are provided 50% income tax exemption.

Electricity generation (includes solar, bio and wind energy) projects that start commercial operation by fiscal 2022-23 receive cent percent income tax exemption for first 10 years and 50% for the next five years thereafter.

Income tax rebate is increased by two-fold to 40% from 20% rebate on operation of trolley and tram buses as well as building and operation of ropeway, cable car and overhead bridge.

The fiscal budget 2020-21 has extended cent percent tax exemption for micro industries to seven years from commercial operation and another three years for micro industries run by women entrepreneurs.

Following the controversial requirement of PAN (permanent account number)

invoice while computing business and investment, the fiscal budget of 2020-21 has allowed to pay wage and remuneration up to Rs 3,000 on account of wages of one-off nature made to natural person without having PAN which can be claimed as deductible expenses while computing income.

Similarly, amending the earlier provision of requirement of invoice containing PAN for more than Rs 1,000 at the time of calculating taxable income the fiscal budget 2020-21 has provisioned that no invoice containing PAN is needed for expenses up to Rs 2000 and this provision is applicable on purchase of agro, forest items, animal products, domestic goods from natural person.

The transport service provider or transport rental provider registered in Value Added Tax (VAT) net have to pay 1.5% withholding tax, however for those not registered under VAT have to pay 2.5%.

Withholding tax on repair of aircraft is suspended, earlier there was 5% withholding tax on repair of aircraft.

Banks borrowing from foreign financial institutions to invest in prescribed sectors of the Nepal Rastra Bank have to pay 10% withholding tax. However, applicable withholding tax on retirement payment (pensions, gratuities) has been waived upon transfer of funds from approved retirement funds to social security fund by third quarter of ongoing fiscal 2020-21.

As another new tax provision, banks are allowed to collect 15% as advance tax from students preparing to go to foreign countries to study while availing foreign exchange facility for language and examination fees.

VAT related provisions

The fiscal budget has extended VAT waiver on imports of medical equipment as per the recommendation of the Ministry of Health and

Items	2019-20 (%of the invoice)	2020-21
Potatoes	10%	15%
Spices	10%	15%
Chocolates	40%	30%
Non-fried crisps, savory crisp	10%	30%
Tea, meth-extract, juice and Sandra	10%	30%
Ingredients needed for sauces	20%	15%
Petrol	Rs 15.2 per liter	Rs 25.2 per liter
Diesel/Kerosene	Rs 2 per liter	Rs 12 per liter
Urea (fertilizer)	Nil	5%
Soap	20%	15%
Plastic plates	20%	15%
Gowns, hairnets used for surgical/ medical purpose	20%	15%
Induction stove	Cabinet decision has suspended duty	5%
Three-wheeler electric motor	10%	30%
Electric jeep, car and van	10%	40%
Gold	Rs 6,500 per 10 grams	Rs 8500 per 10 grams
Parts of electrical goods	15%	5%
Alcohol used as raw material for alcohol	Rs 1,200 per liter	Rs 1,500 per liter

(Source: Finance Act 2020-21)

Income tax

The fiscal budget has kept the provision of income tax slab and rate at standstill. However 1% tax (social security) from income tax free first slab of income worth Rs 450,000 (in case of couple)

income years from the date of commercial operation. Special industries and tourism industry (except casino) that has capital investment exceeding Rs one billion that provides direct employment to 500 individuals throughout the year benefited

Population for the prevention, control and treatment of Covid 19 including face mask machine, PCR kits, incineration machine, face shield, protective goggles, thermal gun, ventilators, mask, surgical gloves, viral transport media, personal protective equipment among others,

Likewise, VAT is exempted on micro insurance services. Similarly, the fiscal budget (finance act) has provisioned zero VAT for projects operating in Nepali in accordance with the multilateral and bilateral agreement with tax exempt status (as approved by the Ministry of finance) on purchase of any essential machineries instruments or construction materials which are approved in the master list, provided such materials are purchased from domestic industries or through contractors of the same projects.

The fiscal budget has extended VAT exemption facilities on import of one bus with capacity of 30 or more seats by community-based education institutions for the purpose of transportation of students on recommendation of the Ministry of Education, Science and Technology. However, if sale, transfer and change in ownership occurs within 10 years, VAT shall be levied as per prevailing VAT Act. The VAT related penalty amount is doubled in every offence period, as per the new Finance Act.

As per the new provision, the government provides VAT refund of raw, auxiliary raw materials and packing materials in trimester basis for pharmaceutical industries. The tax officer will determine the refundable amount within 60 days and beneficiary will be able to get VAT refund within 90 days.

In addition there are some amnesties related to VAT in the fiscal budget. If a VAT registered person who has not filed VAT return and paid VAT of fiscal 2017-18 files the returns and pays applicable taxes and 50%

of the interest by the end of second quadrimester of this fiscal 2020-21, the additional charges/fees/penalty and balance of interest will be waived.

Those who have not filed VAT returns till 2015-16 will be automatically deregistered after recovering the remaining tax dues, interest and fees. However, charges applicable for late filing of returns shall be waived, as per the Finance Act 2020-21.

Special provisions for businesses affected by Covid 19

The fiscal budget has some provisions for rescue and relief of businesses severely hit by the Covid 19. The fiscal budget has eliminated the demand charges and offers 50% discount on electricity bills on energy consumed during off-peak hours for industries.

The budget has provided waiver on parking fees and operational license renewal fees for airlines.

Rebate of 75% on applicable tax liability for those doing business in metropolis/ sub-metropolis, municipality and rural municipality and having annual transaction no more than Rs two million and annual profit of no more than Rs 200,000.

Similarly, 50% tax liability is waived for trading, production or service business with annual turnover of over Rs 2 million and less than Rs 5 million.

The fiscal budget has provided 25% rebate on tax liability for 2020-21 to persons having annual turnover of Rs 10 million and 20% for business of aviation, transportation, hotel and trekking having equal annual turnover.

There is also provision of deducting expenses which is contributed towards national, provincial and local levels for the prevention, control and treatment of Covid 19 while computing taxable income.

Excise duty

The fiscal budget, 2020-21 has revised the excise duty as follows:

Product	Excise rate 2019-20	Excise rate 2020-21
Almonds in shell (only on import)	-	5%
Almonds shelled (only on import)	-	5%
Extracts, essences and concentrates, of tea or mate, and preparations with a basis of these extracts, essences or concentrates or with a basis of tea or mate (only on import)	-	10%
Ice cream and other edible ice, whether or not containing coca (only on import)	-	10%
Pan masala without tobacco	Rs 610 per kg	Rs 650 per kg
Zarda, khaini, snuff, gutka and similar preparations containing chewing tobacco	Rs 610 per kg	Rs 650 per kg
Hukka flavour	-	Rs 1,000 per kg
Odoriferous substance used in alcoholic solution	-	5%
Others (unspecified, similar preparations)	-	10%
Polyethylene or polypropylene stripe or the like	-	5%
Wire of iron or non-alloy steel - Not plated or coated, whether or not polished	-	Rs 1,650 MTon
Plated or coated with other base metals	-	Rs 1,650 MTon
Plated or coated with zinc	-	Rs 1,650 MTon
Wire and stainless steel	-	Rs 1,650 MTon
Stranded wire, ropes and cables	-	Rs 1,650 MTon
Machines perform two or more functions printing, copying, facsimile transmission, automatic data processing machine or to a network	10%	Removed
Unassembled jeep, car, van	-	40%
Other jeep, car and van	-	40%
Other three wheeler electric vehicle	-	5%
Electric car, jeep, pickup van up to 50 kw unassembled	-	5%
Other electric, jeep, pickup van, car up to 50kw	-	30%
Electric jeep, car, pickup van more than 50 kw unassembled	-	40%
Electric jeep, car, pickup van more than 50 kw and less than 100 kw	-	40%
Electric jeep, car, pickup van more than 100 kw and less than 150kw	-	50%
Electric jeep, car, pickup van more than 150 kw and less than 200 kw unassembled	-	60%
Electric jeep, car, pickup van more than 150 kw and less than 200 kw	-	60%
Electric jeep, car, pickup van more than 200 kw and less than 300 kw unassembled	-	70%
Electric jeep, car, pickup van more than 200 kw and less than 300 kw	-	70%
Electric jeep, car, pickup van more than 300 kw	-	80%
Seats of a kind used for aircraft	-	10%
Seats of a kind used for motor vehicles and all kinds of seats includes bamboo, rattan, wooden and metal frames	-	10%
Wooden/bamboo/rattan furniture of a kind used in offices and home (kitchen and bedrooms)	-	10%
Baby walker	-	10%
Prefabricated building of wood and others (only in imports)	-	10%
Articles of Christmas festival	-	5%

(Source: Finance Act, 2020-21)

“Foreign buyers haven’t completely cancelled orders of Rs 1.25 billion. Because of the travel ban and lockdown that we are experiencing, we haven’t been able to supply them the final products and everybody from the manufacturers and exporters to the manpower involved in the garment industry are in an uncertain state. But the fact remains that whether the buyers purchase or don’t purchase the products, we have already taken a hit of Rs 1.25 billion”



Chandi Prasad Aryal President, Garment Association Nepal

Hailing from Syangja, the President of Garment Association of Nepal Chandi Prasad Aryal has been in the garment business since 1978. He began his journey in this sector when he applied for a three-year fashion designing, textile and garment course in India. “My uncle was working in Japan Information Centre in India and I went there to

get involved in anything that I saw scope in. The textile and garment business intrigued me and I joined the three-year course there,” says Aryal.

On returning from India, Aryal saw the viability for garment business in the country and opened factories with various partners with a focus on exports.

In his current position as President of GAN, he is working with policy makers and ministries to find ways to uplift the garment business in Nepal.

In an interview with **Dibesh Dangol** of **B360**, Chandi Prasad Aryal talks about the current challenges of the Nepali garment industry, the affect of the pandemic on this sector, and reasons

for the industry to be unable to compete in international markets. Excerpts:

Can you provide the statistics of the garment industry of Nepal for 2019/20 and 2018/19?

In 2018/19, garments worth Rs 6.37 billion were exported whereas in 2019/20 the amount decreased to Rs 4.87 billion.

Bangladesh is the second-largest garment manufacturing and exporting country after China. Currently, there are about 6000 garment factories in Bangladesh indicating an increase of almost 1500 factories compared to 2018. They are also manufacturers and exporters of leading clothing and fashion brands. Whereas in Nepal, there are just 103 readymade garment manufacturers and exporters at present as per the Ministry of Commerce website.

What is hindering the Nepali garment industry from competing in the international market?

The answer to this question is in the interest of every Nepali. Nepal and Bangladesh got into the garment industry at the same time. Our business began from India and South Korea as they were the major importers of readymade Nepali garments. We were well ahead of Bangladesh during the start of the garment business. Yet the question remains: why did our garment business falter and theirs prosper. Bangladesh currently exports readymade garments worth \$34.52 billion, four million people are directly involved in this business, and they have targeted reaching \$50 billion by 2022.

Though Bangladesh is just a tad bigger than Nepal, they are leaps and bounds ahead of us in the garment business. What do they have that we don't? The direct access to the sea is their main plus point. But it is not all. The Bangladesh garment industry has full support from their government.

In Nepal, this importance wasn't given to the garment business by the private sector or the government. Currently, Bangladesh is focused on creating their raw materials whereas we are still importing raw materials from neighbouring countries. They are not just exporting readymade garments but also raw materials to various countries. Because we are importing raw materials, the final product is expensive than

the countries which make raw materials as well as the final product.

In terms of numbers, we are 15-18% more expensive than them which is a drawback while competing in the international market. Also, majority of orders that come to Nepal are rejected orders from other manufacturing countries for embroidery, beadwork, etc. These are time consuming as well as low paying works but we are obliged to accept it because something is better than nothing.

When I came into this business, we had huge garment factories like Hetauda Kapada Udhyog and Balaju Kapada Udhyog. In 2001/02, there were 1,200 garment factories, 576 readymade garment exporters and the sector was employing 400,000 people. There were also washing, embroidery, labelling, poly-bagging and tagging plants established in Nepal. But because of unfriendly policies and the industry not receiving support from the government it led to the downfall of the industry here in Nepal.

Though it is said that China is the number one exporter of the readymade garments, I would say that Bangladesh is ahead of China. In Bangladesh, the government provides whatever is necessary for the garment businesses. They have thus been able to generate huge domestic employment opportunities, whereas because of poor industrial development in Nepal, Nepalis have been forced to go to foreign countries to seek employment opportunities.

What is GAN doing to solve these challenges?

First and foremost, the industry needs full support from the government. We import 700-750 million worth of raw materials every year. Some interested people want to set up mills to produce these raw materials but they need support from the government.

Next thing that we hear most from our clients is about Nepal's political disturbances. There should be no political disturbances in the country because it will directly or indirectly hamper all industrial sectors.

We want to organise a garment sourcing fair in Nepal for which we need the help of the government so that buyers can come to Nepal, experience Nepal and see our products. It will be a great opportunity to showcase the possibility of Nepal to the world.

We have heard that in the current budget a certain amount has been set aside for the garment industry for which we are grateful and consider it as a positive sign for the future of the garment industry.

Also, while going to participate in international fairs, we want the government to provide incentives or share the expenses with the participating garment businesses because it is not just the garments that we are showcasing at the fairs, we are representing Nepal as well.

We have been lobbying and advising the government to bring out policies to support and help the garment sector. We have also been providing necessary assistance to people involved in garment business if they are in difficulties.

Majority of people currently working in Nepali garment industry are Indian migrant workers. Why isn't Nepali manpower working in this industry?

If you look at the current workforce situation in the garment industry, the majority of manpower is Nepalis because now Nepalis are beginning to understand the importance and scope of the garment industry and they are skilled as well. Before, the majority were Indians because we didn't have skilled Nepali manpower.

We have been providing various skill-based manufacturing trainings to generate skilled manpower and are providing necessary

advice to people involved in wholesaling, retailing or exporting of Nepali garments.

The Ministry and the government should prioritise this sector and encourage people to get involved. They should provide necessary incentives in terms of lower interest rate to people who want to start a garment business. In terms of the labour force, they can work with us to create skilled manpower through various trainings so that Nepalis can view this as a good employment opportunity rather than opting for foreign employment.

In 2001, 1200 manufacturing units were operational in Nepal but after the expiry of the World Trade Organisation's Agreement on Textiles and Clothing (ATC) in 2005, the number has declined. Your comments.

The World Trade Organisation's Agreement on Textiles and Clothing (ATC) started in 1995 for the duration of a 10-year transitional period and on January 1, 2005 the agreement ended. During these ten years, businesses were booming all over the world. The thriving garment business attracted many entrepreneurs.

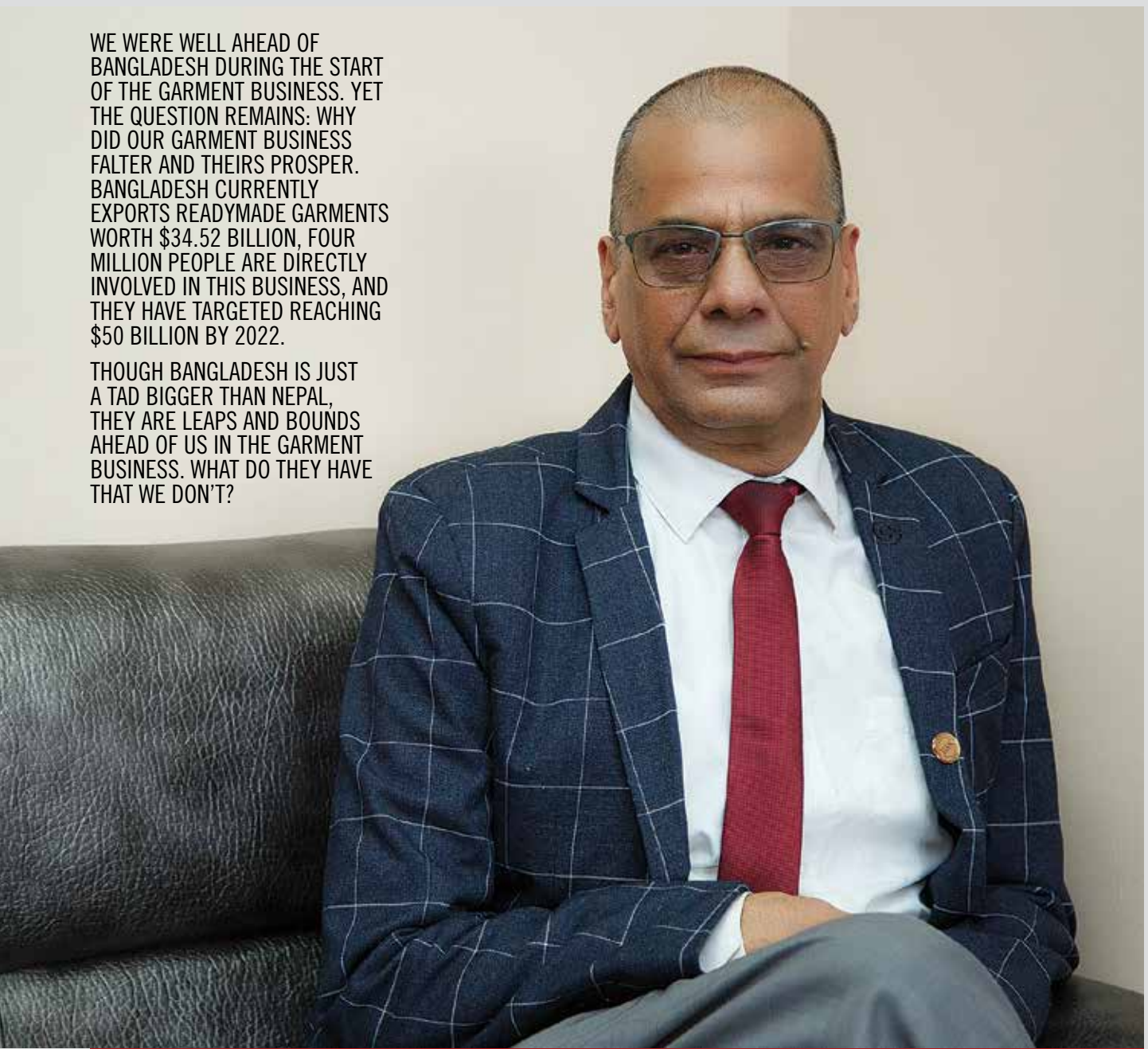
But after the end of the WTO's agreement, the prices of garments produced in Nepal became expensive mainly because we had to purchase raw materials from other countries and there was no particular agreement protecting garment manufacturers and exporters. Thus, many garment factories began to shut down.

The then government of Nepal also didn't take the right steps like signing bilateral trade agreements with countries from which raw materials were being imported. If they had done so, we would have been protected and supported and the garment industry could have prospered.

There is no particular guideline or system that the Nepali garment manufacturers and exporters have to abide by in Nepal while dealing or signing agreements with their clients. Everybody deals

WE WERE WELL AHEAD OF BANGLADESH DURING THE START OF THE GARMENT BUSINESS. YET THE QUESTION REMAINS: WHY DID OUR GARMENT BUSINESS FALTER AND THEIRS PROSPER. BANGLADESH CURRENTLY EXPORTS READYMADE GARMENTS WORTH \$34.52 BILLION, FOUR MILLION PEOPLE ARE DIRECTLY INVOLVED IN THIS BUSINESS, AND THEY HAVE TARGETED REACHING \$50 BILLION BY 2022.

THOUGH BANGLADESH IS JUST A TAD BIGGER THAN NEPAL, THEY ARE LEAPS AND BOUNDS AHEAD OF US IN THE GARMENT BUSINESS. WHAT DO THEY HAVE THAT WE DON'T?



with their client in their own way. The basics while signing an agreement include price negotiation, manufacturer/exporter taking orders from clients, and delivering the finished products to clients on time.

The Covid 19 pandemic has hit Nepal's readymade garment sector hard and is reportedly facing Rs 1.25 billion hit as foreign buyers have cancelled their orders. What is the current situation?

Foreign buyers haven't completely cancelled the order of Rs 1.25 billion. Because of

the travel ban and lockdown that we are experiencing we haven't been able to supply them the final products and everybody from the manufacturers and exporters to the manpower involved in the garment industry are in an uncertain state. But the fact remains that whether the buyers purchase or don't purchase the products, we have already taken a hit of Rs 1.25 billion.

The current government is positive in taking the Nepali garment industry forward. If we had asked for ten things,

the government is positive in fulfilling three to four of our requests. The main thing that we want from the government is to provide us with cash incentives and grants of 10-15% so that our final products can be cheaper and we can compete with others in the international market.

The foreign buyers are ready to work with Nepali garment manufacturers and exporters because of our hard work, dedication and honesty but the cost factor has been demotivating them. The government has issued

a statement to provide cash incentives and grants for the Nepali clothing sector but the garment sector has been excluded. Our request to the government is to include the garment sector in that incentive and grants as well so that the sector, manpower, manufacturers and exporters can grow. **B**



Nepatop ७

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“Due to Covid 19, online transactions have gone up in Nepal by 30%. I believe this will be the new normal. New users were added during the lockdown. People who were not tech savvy or people who were reluctant to use technology for online transactions came online so that’s why we believe it was the right time for investment”



SHABDA GYAWALI

INVESTMENT DIRECTOR
DOLMA IMPACT FUND

Shabda Gyawali is Investment Director at Dolma Impact Fund where he previously held the position of Business Development Officer and Invest Manager. Gyawali has been part of the Dolma Impact Fund team since its inception in 2011 and during his tenure, Dolma has successfully raised USD 36.6 MN and deployed capital in nine companies.

Currently Gyawali leads deal origination, transaction execution, regulatory approvals and post-investment management of partner

companies. He oversees hydropower and healthcare projects and sits on the board of various partner companies. He is also the Alternative Director at Sasto Deal and Swet Ganga Hydro on behalf of Dolma Impact Fund. Gyawali has extensively evaluated valuations and equity investment structures for more than 70 Nepali companies.

Prior to joining Dolma, Gyawali had worked at JM Family Enterprise, one of the largest privately held companies in America. He also

worked at beed Management in Nepal where he provided advisory support to small and medium enterprises. He has significant experience in other emerging and frontier markets and is the Co-founder of Saraii Village, an eco-tourism venture in Sri Lanka.

In an interview with **B360's Avant Shrestha**, Shabda Gyawali talks about his career and work with Dolma Impact Fund and the current predicament and the future of private equity sector in Nepal. Excerpts:

How did get associated with Dolma Impact Fund and did you always want to be in the private equity sector?

If I may, I'll start with my education. I went to study physics in undergrad, but for some reason I got interested in economics. When I was studying economics, I had the opportunity to meet various people from economic backgrounds and realised in Nepal there are two streams of economics: one in the private sector and the other in the development sector.

As a young Nepali studying in America, I always wanted to come back home. I thought I will study economics, I will work in development economics, and that I will join an NGO or INGO. That's what I thought when I started studying economics. But later I decided that in economics, the finance side is also interesting. When I came back to Nepal after my undergrad, my initial idea was to work for a 'not for profit' but then I read this book called 'Unleashing Nepal' by Sujeev Shakya. The book somehow convinced me that I should be joining the private sector rather than the development sector.

I then went back for my MBA in entrepreneurship. My MBA course was focused on impact investing. There I also got to understand what venture capital and private equity is. Impact investing, venture capital and private equity is what got me interested.

Soon I came across Tim Gocher, our CEO as he was planning to start up a fund and I joined him very early on. I am the first employee of Dolma Impact Fund. It was Tim and I in the beginning and other team members joined later on. I have been with the company since 2011. This was before we started investing.

How has the private equity landscape evolved from when you first started?

When I began, I guess I was very theoretical. I had studied about impact investing and private equity in business schools but I didn't have any practical knowledge. Over the years I have been able to gain experience and knowledge that has helped me in this business.

In the overall landscape, what I have observed is that the problem remains the same but there has been more maturity in both the entrepreneurs and the investors. There are lot more funds available for an entrepreneur and startups, and consequently there are many entrepreneurs who have received private equity or venture capital investment.

How has your role evolved with Dolma Impact Fund since 2011?

Even though the private equity industry is still fledgling now, back then there was no concept about private equity. You can imagine 6-7 years ago. So, when we started out, our main job was to convince people. To first help them understand what private equity is and then what does private equity bring to the table and what are the benefits of private equity.

I got involved in Dolma before we had any sort of funding. We used to tell investors that if you give us money, we would invest in such and such companies. And we used to tell the entrepreneurs that if we have money, we will invest it in you. It was basically, a chicken and egg situation.

We had to create a lot of awareness for the entrepreneurs, for the regulators, for the market makers and intermediaries like the lawyers and accountants about private equity and what we were trying to do. So that's what we did in the start.

In the initial days, my position was Business Development Officer. Once the fund closed in 2014, I became the Investment Manager. I would basically find companies, negotiate with them, I would help in the due diligence of the company finding if it's a good opportunity to invest or not. I was basically a relationship manager of the company as well, where you are basically the bridge between people I report to and the company.

Then, I was promoted to Senior Investment Manager and now I am the Investment Director. In this role the managers would report to me. When I was an Investment Manager my responsibility would be for the portfolios I was directly involved with. As the Investment Director, I am responsible to understand what is going on, and add value to all the companies that Dolma has invested in.

What criteria does Dolma Impact look for in a startup or business before investing in it?

I think in Nepal or any other developing country, what we have to understand is that we need to tackle the fundamental problems in Nepal. However, these fundamental problems are not only problems but an opportunity as well. And I believe we have to target the big macro trends in Nepal.

For example, majority of Nepalis still find it difficult to make ends meet or to satisfy their basic necessities. For us, we need to find companies that cater to the fundamental needs and once the fundamental needs are met, people would be able to invest elsewhere. So, I believe that is the broader investment strategy for Dolma.

If you look at our company, we have invested in three broad categories: renewable energy, technology and health care.

Again, going back to the fundamental about renewable energy; Nepal is a country that is rich in water resources. Renewable energy's potential can be further explored and exported. In renewable energy the two basic investment thesis is that firstly, our basic infrastructure demand is being met. Once our basic needs such as electricity are being met, people will start consuming more. For example, once you have enough electricity, people will start investing in televisions or fridge or other electronic items, which is a sign of improvement in quality of life. Plus, after that if we have additional electricity, then we will be able to export. That's the thesis of investing in energy.

In technology, what we have to understand in Nepal is that there are two aspects which are macro trend and digitalization which is basically when the mobile trend starts going up. I believe the tele-density penetration has gone up by 126% as of May 2020. So, everyone has a phone in hand. Plus, the government has plans for broadband internet and data getting cheap which basically means people will be using their phones or their laptops more often for various purposes.

I BELIEVE THE TELE-DENSITY PENETRATION HAS GONE UP BY 126% AS OF MAY 2020. SO, EVERYONE HAS A PHONE IN HAND. PLUS, THE GOVERNMENT HAS PLANS FOR BROADBAND INTERNET AND DATA GETTING CHEAP WHICH BASICALLY MEANS PEOPLE WILL BE USING THEIR PHONES OR THEIR LAPTOPS MORE OFTEN FOR VARIOUS PURPOSES. REGARDING TECHNOLOGY, WHEN INTERNET INFRASTRUCTURE IS PROPERLY ESTABLISHED, EDUCATION SYSTEMS TEND TO BENEFIT DIRECTLY OR INDIRECTLY. PLUS, OUR DIGITAL CONSUMPTION GOES UP, PEOPLE WILL USE THEIR PHONE TO PAY BILLS, FIN-TECH, ECOMMERCE, FOOD SUPPLY. ECOMMERCE WILL GO UP AND FIN-TECHNOLOGY WILL GO UP AS WELL.

Regarding technology, when internet infrastructure is properly established, education systems tend to benefit directly or indirectly. Plus, our digital consumption goes up, people will use their phone to pay bills, fin-tech, ecommerce, food supply. Ecommerce will go up



and fin-technology will go up as well.

Additionally, when we look at a company, there has to be proof of concept; we just don't invest in ideas, we invest in execution. So, there has to be some proof of concept where the team has done something or earned some revenue through their ideas.

We also invest in teams. We consider how good the team

is? What kind of experience do they bring? How good are they collectively and how well can they work together? So, in conclusion, the first priority is the market, the second is the team, and the third is the business model.

In business model, it is not necessary that the business model needs to solve a particular problem that the company of the country is

facing but that problems can be solved in various ways. The business model can show how good are they in execution, what are the economic motives, what is their competitive advantages, and their power over their suppliers and customers.

What made SastoDeal particularly qualified for Dolma Impact's investment program?

When we invested in SastoDeal, this was not the first time we invested in the company. The recent news that we got was about the follow-on investment. Meaning we had already previously invested in SastoDeal.

Among other factors, the Covid 19 can also be attributed to one of the reasons why we decided to invest. During the Covid 19 imposed lockdown, people were at home, they were not able to go out and even the government was encouraging people not to go to the markets. This meant there was also an opportunity and SastoDeal leveraged that opportunity and to leverage that opportunity, they needed investment and that is why we decided to invest.

Fundamental factors are: firstly, due to Covid 19, online transactions have gone up in Nepal by 30%. Secondly, I believe this will be the new normal. New users were added during the lockdown. People who were not tech savvy or people who were reluctant to use technology for online transactions came online so that's why we believe it was the right time for investment.

Lastly, Dolma introduced SastoDeal to Flipkart, and SastoDeal's management took it from there, supported by the company's board. This recent partnership also reconfirms our commitment and hopes for SastoDeal and broader e-commerce market of Nepal.

What is the duration of an investment you make into a company? What kind of returns are you looking for and when do you exit?

Any private equity fund or venture capital fund has duration of 10 years. The first five years, we invest. And the other five years is the harvesting period. Typically, a private equity would stay invested for around 5-6 years.

On returns, we are looking at market returns because private equity market is more illiquid than public equity market. Private equity investors take more risks than

I THINK COVID 19 IS A GOOD OPPORTUNITY TO REFLECT BACK ON HOW YOU CAN GROW. AND FOR NEPALI COMPANIES TO GROW, THE GOVERNMENT SHOULD BE OPEN ABOUT NEPALI COMPANIES BRANCHING OUT ABROAD AND ALLOW THEM TO BE COMPETITIVE. IF NEPALI COMPANIES ARE NOT COMPETITIVE IN THE GLOBAL MARKET, THE PRIVATE SECTOR WOULD HAVE TO RELY ON CARTELS AND SYNDICATES.

for example bank loans. So we would seek returns that are more than fixed deposit that are provided by the bank and returns that you would get in public equity like stocks.

However, exit really depends on the nature of the company. For, companies that have benchmark in Nepal in terms of IPOs, for example renewable energy would be a preferable exit route. If you look at the stock market, among 200 odd companies, a lot of them are banking and financial institutions, hydropower, hotels, manufacturers and other companies. We eventually want our companies to be enlisted as well. Nepal's stock market also has to be diversified so that in the future when we invest in a company, we would have better exit opportunities within the country and within the public market.

For others if it's not IPO'd we would look for trade sale. A trade sale basically means, if you are investing in an e-commerce company, you are looking for buyers who are already in e-commerce either locally or internationally. Or we would also try to sell it to somebody who is a pure

investor who would buy the stake and who would want to remain in the company.

The preferred choice would be IPO, second would be trade sale and the third choice would be to sell it to the investors and fourth would be to sell it to the promoters if the price is right.

How has the global pandemic affected Dolma's plans for Nepal? Are you restructuring plans due to the pandemic?

As you know Dolma is a fund manager, so as a fund manager we raise funds, we invest that fund and we try to raise another fund. Our first fund is already deployed. When I say deployed, we raised \$36 million in 2014 which has already been invested. Fortunately, from our first fund we did not have significant, right off or any significant dent in our portfolio companies. Of course, there have been some delays but there has been no negative impact. On the contrary, some of the companies in health care, pharmaceutical or in e-commerce, we saw new opportunity.

Covid 19 has impacted everybody in Nepal but as we anticipated, the impact is not that bad. But there has also been new opportunity because of Covid 19 especially for our e-commerce companies and for pharmaceutical companies. I think Nepal has the prospect and investors are still confident that we would overcome this pandemic.

How can the government and regulators help private equity potential to be realised in Nepal?

I think especially for startups there is this regulation where you cannot bring less than \$500,000. Half a million dollars is big for startups. Startups are in idea phase or growth phase; I think that threshold needs to be reduced so that more companies can tap through foreign investment.

Second thing is bringing in FDI needs time. Even with the one window policy, there are things that need to be streamlined. For example, in

our experience, the typical process would take from three months up to a year in Nepal. But even if it takes three months, a startup or a company needs money now. Within three months the company or a startup will get closed. So, if somebody is applying for FDI that needs to be expedited - expedited as in to get the investment first and filing and paperwork to be done later - and if you think it's deception in terms of AML (Anti- Money laundering) and CFD (Contract for Difference) then you can penalise the investor as a company but let's not stop the investment from the government as well as the central bank.

However, I think what we usually do is blame the government. We are heavily reliant on them as well as we heavily criticise them. What we need to understand is that the private sector also needs to raise its game, they also need to think about further growth.

I think Covid 19 is a good opportunity to reflect back on how you can grow. And for Nepali companies to grow, the government should be open about Nepali companies branching out abroad and allow them to be competitive. If Nepali companies are not competitive in the global market, the private sector would have to rely on cartels and syndicates. If we are competitive, people would grow more, companies would learn more. Nepali companies should be allowed to invest and expand abroad.

Also, private companies should start to invest in systems and its people. When I say systems, corporate governance should be improved. There are some companies which are very good at corporate governance but a lot of other companies still need to up their game in corporate governance. Lastly, when I say invest in people, we need to look at people in the long term. In work culture, human capital is what matters the most and we need to think about how to retain them.

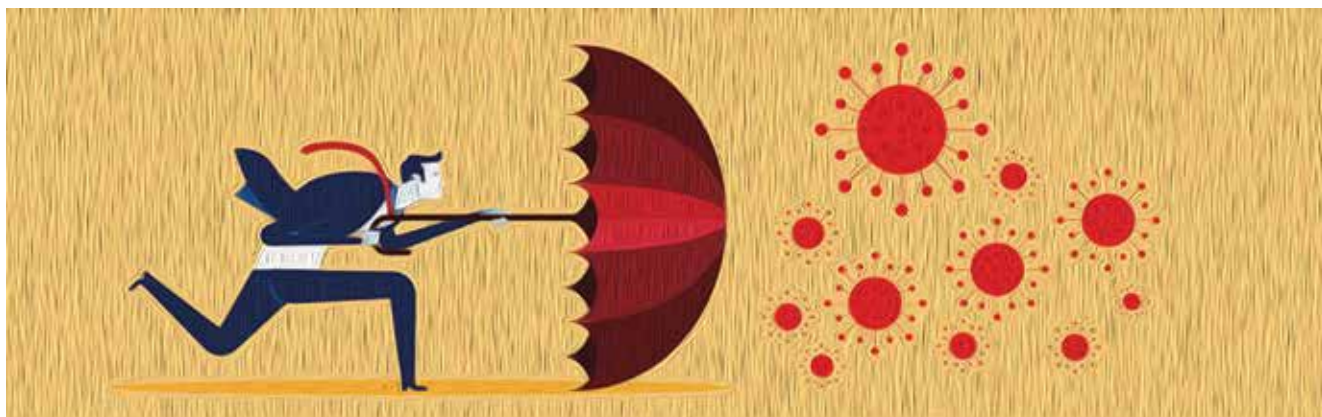
What are the key sectors Dolma has previously focused on in terms of investments?

Just to clarify, Dolma has invested in two hydropower companies and two solar power companies. We see opportunity in hydropower: I'd rather call it renewable energy; one because the local demand is yet to be met and there's a large section of the population that's still off the grid. There is not enough digital connectivity so a lot of people are off grid because of lack of electricity. And people who are on grid are only getting minimum electricity supply. Secondly, once demand is met, there is a lot of opportunity for Nepal to export. That's why we are very hopeful about renewable energy.

Another thing that we need to understand about renewable energy like solar-energy is that it doesn't take long to set up. It can be built in a year (MW solar) on a large scale whereas hydropower takes about 3-4 years. Solar would also complement hydroelectricity especially during dry and winter season when there is minimum water flow in the rivers as solar energy can work all year round. So, solar and hydro complement each other. That's why we have invested in solar and hydro.

What is the future for Dolma Impact fund in Nepal?

We are very hopeful in Nepal because Nepal is one of the poorest countries in terms of per capita income in South Asia. It might sound like a cliché to believe that we have an opportunity because we are situated between China and India. But yes, there is a big opportunity in Nepal. Plus post-constitution, we have peace in the country and we have a stable government. I think, Dolma Impact Fund is very hopeful about the economic opportunity in Nepal. And that's why we are also in the process of raising the second fund, which will be bigger than the first fund to invest in Nepali companies. **B**



THE **HOW** OF SURVIVING A CRISIS

Text: Dibesh Dangol



Surakchya Adhikari
Co-founder & COO, Thulo.Com

It sounds like a cliché saying that every crisis is an opportunity. Yes, it is. During a crisis, it is best to simplify complications by applying the basics. We need to focus on our core strengths and try to build on it to come out of a crisis, at the same time being thankful for learning to value the things that actually matter.

In business, we need to instill positivity and motivation in the team. We can then discuss issues and solutions with an open mind. Our team is our brand and how we handle a crisis with the team impacts our brand as well.

It is best to have a crisis plan for the business. Having a plan can lower worries and clear confusions. Panic is not a solution. Identify key staff and communicate with customers and team members.

What can be a better crisis situation than the ongoing Covid 19 due to which the government has imposed a lockdown for the second time.

During the first lockdown, I was completely in a state of confusion as to how to operate the business. At Thulo.com we were delivering groceries and personal care items since 2016, and when the lockdown was announced we were determined to roll up our sleeves and deliver essential items to people's homes. But how?

At first, I called up major stakeholders and discussed how we

could get vehicle passes from concerned authorities. Next, we had to have a new working procedure as we lacked enough resources in terms of four-wheeler delivery vehicles and on-field staff. Also, there were problems in sourcing of products creating gaps in product availability. We were also much concerned about the safety of our customers and staff.

We came up with some decisions regarding our new operations procedure and customer support plans. We then suggested alternate products to customers in case of unavailability, elongated delivery timings, fulfilled customer support mostly via email and chat, provided Personal Protective Equipment (PPE), masks, hand sanitizers to staff, and have switched fully to acceptance of digital payments for touchless transactions only.

By taking these prompt decisions, we were able to build trust among customers. Much of our efforts were directed towards avoiding the risks of virus transmission while also fulfilling the requirements of customers.

Furthermore, apart from changes in internal operations, I managed to be part of a newly formed virtual group of e-commerce companies that dealt together with the concerned ministry on problems encountered with goods delivery.



Kushal Harjani

Co-founder & CEO
Doko Recyclers

It is hard to imagine how much has changed in these six months because of the pandemic. However, I am hopeful that most organisations will be resilient during this time similar to how we have survived the last two turbulent decades. By accepting the situation for what it is, we can look for solutions and even opportunities to propel growth.

We are currently working on such an opportunity at the moment. With the support of the German government (DEG), we are working with waste workers to reduce income loss and infection transmissions by equipping them with PPE kits and necessary training. We are hopeful the project's focus on sanitation and hygiene will push the waste management sector and government to set higher standards for waste worker dignity and safety. While we

are fortunate to receive such a project during these challenging times, it is also a result of the relentless dedication of our team, and our ability to be flexible.

What has really stood out to me though is the rapid digitization brought on by Covid 19 on a national and global level. There is a steep rise in the portion of Nepali urban population who now transact digitally for food, clothes, and services. Moving forward, it

WHAT HAS REALLY STOOD OUT TO ME THOUGH IS THE RAPID DIGITIZATION BROUGHT ON BY COVID 19 ON A NATIONAL AND GLOBAL LEVEL. THERE IS A STEEP RISE IN THE PORTION OF NEPALI URBAN POPULATION WHO NOW TRANSACT DIGITALLY FOR FOOD, CLOTHES, AND SERVICES. MOVING FORWARD, IT WILL BE CRITICAL FOR TRADITIONAL BUSINESS HOUSES TO DIGITIZE AND KEEP UP WITH MARKET TRENDS.

will be critical for traditional business houses to digitize and keep up with market trends. Likewise, we have placed an emphasis on remote planning and coordination with our team members and rethinking our digital presence.

Lastly, companies need to understand that this pandemic might last much longer than six months so they need to re-evaluate their existing strategies for growth and investments and adapt accordingly. Planning for longer term contingencies would help develop strategies to reduce your variable expenses, negotiate fixed expenses (rent, salaries, etc.) and focus only on the critical elements required to be agile. What may have worked before Covid 19 may not work anymore, but like any business, the key is in adapting to these changes and to a new way of life.

Subin Man Pradhan

General Manager
SmartDoko

The worldwide Covid 19 crisis has forced businesses to expand their digital presence. Despite various challenges posed by the pandemic, it is evident that there is a long term trend towards online shopping and Covid19 has reinforced it further.

While millennials are already comfortable with online shopping, even traditionally adverse customers are now increasingly getting "used to" online experiences. Physical stores are forced to halt operations due to lockdown rules imposed by the government and people themselves are sceptical about leaving their homes to shop even if some stores are open! This is where SmartDoko comes in - it fits strategically into the vision of IMS Group by supporting and delivering all kinds of goods across six cities nationwide. Coupled with its safe payment options via Cellpay and several other payment partners, we believe it could spearhead the online presence.

The greatest challenge for me currently as General Manager of the company has been to implement safety and health measures in the company for the protection of employees and customers in the wake of Covid 19. In this time of crisis, we have received tremendous love and support from our customers along with rapid increase in sales. The key to maintaining the scale of this growth depends on the quality of service provided by SmartDoko, while organisational productivity and ensuring safe delivery of goods requires a healthy environment. This means setting the right safety measures and following up on standards from time to time strictly. We are committed to the health and safety of our employees who manage and deliver products.

The growth in e-commerce is undoubtedly overwhelming; however all the players in the market should equally be responsible for proper safety measures.

Chiranjibi Shah

CEO, Yamaha Division,
MAW Enterprises

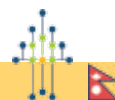


Crisis management is not just an individual effort, it's a team effort. So, whenever a crisis emerges, it is important to discuss ways to work through crisis and survive crisis through group discussion with team members. There should be a common understanding between all team members on clarity of actions that is going to be taken. A leader should be able to demonstrate his leadership qualities during crisis.

Because of the pandemic, the way we are functioning both in our personal and professional lives has changed. Rather than doing physical meetings, people are conducting virtual meeting through various apps and technologies like Zoom and Google Meet. Similarly, cost-cutting has been one of the main focus of the companies and operations and many non-functioning departments

have been limited. This is what we are doing here in Yamaha as well. 20% of our staff have been working from our head office whereas 80% are working from home itself. During the brief opening between the first and the current lockdown, we had taken all safety precautionary measures necessary in our showrooms and offices for the safety of our employees and customers and will continue this in the future as well if necessary. Health and safety of the people, their families and people surrounding them are of utmost priority. During any type of crisis, it is important for people to use their money and effort wisely. It is also important for businesses and companies to adapt to the changes brought on by the crisis. **B**





Cushing: Key Nexus of Oil Fundamentals



Vivek Risal is associated with Mercantile Exchange Nepal Limited in the capacity of Manager in Research and Development Department. He can be contacted at r&d@mexnepal.com



Since every global citizen is adjusting to a new paradigm shift, the crude oil market is also aligning itself to a 'new normal' with an apparent lower demand for fuel and decline in the production of oil. Crude oil had dropped during the peak of the pandemic slumping to the lowest value of \$6.54 per barrel in the spot market. In the futures market, the value had broken into the negative territory for the first time in its history. Between the breakdown in the demand and the lower refinery utilisation rates, reservoir levels for oil have finally peaked and now have commenced declining as the global economy recovers from the Covid 19 situation. That's where our story comes in; the tale of Cushing, Oklahoma.

Center of Oil Universe

The delivery location for the NYMEX benchmark Light Sweet Crude Oil futures contract is Cushing, Oklahoma. In retrospect, the world oil prices are arguably controlled by the amount of oil stored in it. The reason being that Cushing is the rating point for WTI (West Texas Intermediate) oil value, the most-traded oil futures contract in the financial markets.

In 1983, when the WTI futures contract was initially

listed in 1983, Cushing was a vivacious hub for cash market trading of oil with a robust network of pipelines, refineries and storage terminals. Known as the Pipeline Crossroads of the world, Cushing interlinks two dozen pipelines and 20 storage terminals. As per the US Energy Information Administration (EIA), the storage capacity in Cushing is 90 million barrels of the total shell capacity as on September 2019. In hindsight, the storage capacity has grown exponentially over the previous year's accounting for 13% of the total US oil storage. As per records, the levels of crude oil inventory touched a record high of 69 million barrels in storage capacity in early 2017.

Diverse Delivery Mix

Cushing is not just the crucial hub for storage and pipeline capacity but it is renowned also for the diverse mix of operators. Research shows that the WTI futures contract allows for delivery through Enterprise or Enbridge facilities in Cushing or at a facility that is connected to either of them.

Providing a key connection point, the Enterprise terminal is capable of facilitating the

transfer of tens of millions of barrels of crude oil each month. After the termination of the WTI futures contract, a commercial organisation that selects to take delivery must have storage/pipeline capacity connected to one of the NYMEX delivery location points in Cushing. From here onwards, the organisation can choose either to take the oil into storage barrels or a pipeline connecting the Midwest refineries and the Gulf Coast region.

A Year of Disappointments

With Covid 19 gaining momentum across the globe, the pandemic inflicted extreme pressure on the oil industry in the first half of 2020. As most products under the energy categories took a beating, the oil refining organisations were quick to respond to the price signals driven mostly by the refinery utilisation rate which slumped below 75% during the peak summer season as compared to a time when the rates usually rise over 90%.

With the re-opening of global economies and the refining sector ramping up production, the inventory levels in Cushing has lowered significantly since the peak

level of 65.4 million barrels in storage on May 1, 2020. Along with the swelling global oversupply, the US crude oil production dropped to 10.5 million barrels per day in June 2020 vis-à-vis 13 million in December 2019. The supply glut along with the collapse in the global demand created a price arbitrage that was unfavorable for the US crude oil exports. As per trade statistics, the exports stood at 2.5 million barrels per day in June, down from 3.7 million barrels per day registered in December 2019.

The Way Forward

The crude oil futures contracts in the form of WTI futures continue to reflect the fundamentals of the oil market immensely affected by the unparalleled impacts of Covid 19 in the form of deteriorating demand for crude, a glut in global supply and high levels of storage utilisation in the US. The key nexus of the fundamentals intersect at the Cushing point and will continue to exert maximum pressure on the oil industry for the remainder of 2020 and well into 2021 as organisations respond to the price signals linked with the 'new normal' in the global economy. **B**

“The Covid 19 pandemic is one of the more important reasons for the rise of suicide in Nepal but at the same time we have to remember that in Nepal the rate of suicide was always high. It is bothersome right now, but let’s not forget that it was always bothersome, and that after the pandemic it is still going to be bothersome. Right now, because of the pandemic we have about 25 deaths a day, but before it was still 16-18 deaths a day, which is still a big number. Even before the pandemic that would translate to about 6000 deaths from suicide in a year. The data is that around 18% of the people who die from suicide suffered from depression and another 20% suffer from other kinds of mental illnesses”



Dr. Nikesh Rajbhandari
Psychiatrist

Born in Biratnagar and schooled in Kalimpong, Dr. Nikesh Rajbhandari is a MD Psychiatrist who is currently based in Biratnagar. Rajbhandari who completed his MBBS from Kathmandu Medical College and his MD in Psychiatry from BP Koirala Institute of Health Sciences in Dharan, shares that he truly dived into the world of medical psychiatry during an internship as an MBBS student.

Today Dr. Rajbhandari who has been practicing since 2015 is associated with the Koshi Hospital, Morang Sahakari Hospital and Manav Sewa Ashram, the latter in which he serves pro bono.

Dr. Rajbhandari also works with the Nilesmani Rajbhandari Foundation, an NGO that he initiated in memory of his late brother. Dr. Rajbhandari through the foundation recently organised a free mental health tele-consultation for people seeking help regarding mental health issues during the pandemic.

Dr. Rajbhandari talks to **B360** about how mental health is perceived across Nepal, what the situation is like for mental health practitioners here, and how the Covid 19 has affected the mental health situation in the country in an interview with **Sajeet Rajbhandari**.

How do perceive mental health literacy in Nepal? What sort of stigmas and prejudices do we need to overcome?

I do free consultations for an organisation called Manav Sewa that helps homeless

people and works to rehabilitate them. About a month ago, the team went to Udayapur and found a group of homeless people and brought them in for rehabilitation. Amongst the group was a middle-aged man, probably over 35. What was very disheartening and surprising was that the man had been kept in a cage for about 13 to 16 years because he was not mentally sound. Since I haven't been able to visit them right now because of the current situation, I get updates from the staff who tell me that he had been conditioned into behaving like an animal. The reason I share this story is that even though it's the year 2020 and there has been so much advancement in medical science and technology, stories like this are still very much prevalent in Nepal. While severe cases like these are not very common, it is important to note that these things still happen and literacy about mental health is still quite low.

Mental illnesses in general can be divided into two categories; the common illnesses like depression and anxiety disorders, and you have the more severe illnesses such as bipolar disorders and schizophrenia. Most patients suffer from common mental disorders with the rate of depression in patients is about 25%. However, the issue is that a lot of people end up thinking that depression is the only mental illness. People in Nepal think that there is only one mental illness. For most people mental illness is singular when it should be plural. WHO has a list of 316 mental illnesses, but we are still limited to depression; even though issues like panic disorders are usually even more common.

In terms of stigma, a lot of the times, even when our colleagues such as physicians or cardiologists recommend patients to approach a psychiatrist or mental health professional, they don't usually follow through and feel stigmatised. Unfortunately, since our colleagues don't have

an option, they end up having to treat patients for something they haven't specialised in. Moreover patients of mental illness don't want to identify themselves. If you were to ask them to be part of an interview or the face of a documentary, they would usually decline because of the social stigma attached to it.

What kind of differences have you witnessed between the mental health issues in urban and rural Nepal?

In urban regions, even in Biratnagar, when I interact with people who are in their early or mid-twenties, people who have been formally educated are in general a bit more aware about these issues. A lot of the credit also goes to social media for creating a lot of the awareness about mental illness. While patients from these areas may not be able to determine that they have a specific illness, they are still aware that there is something wrong with them and that it is not just a physical issue. These people also want to seek advice in regard to what treatments they can take, be it with medicine or without medicine.

In rural areas, some people do have more knowledge on these disorders. If they have thoughts about dying, they realise that they need to see a psychiatrist, and even if they don't want to, their family or neighbours bring them in. These are the situations where we become the first point of contact which is very good.

But there are also instances when people have anxiety disorders that have a lot of physical symptoms such as shaking of the body, weakness and dizziness. Due to this people think that it is a physical illness, and patients come in wanting us to treat them as if they were physical illnesses. This makes it difficult to help these patients without the use of medicine. These are people who live away from cities and it takes them two or three days just to come to us. We find that a lot of people will go to a

traditional healer first than to a physician, and only then do they come to a mental health professional.

How often do secondary factors like stigmas regarding sexuality and gender, socio-economic status, and age affect the mental health of an individual?

Anyone can suffer from the same kinds of mental illnesses, we are all humans after all. But data suggests that members of communities such as the LGBTQ+ are more likely to face bouts of depression or suicidality. Even though our country is technically a lot more open to these communities in comparison to some other nations, it is still rather conservative at the same time.

While mental illnesses are different in nature, in general the causes for them are because of psychological, biological and environmental factors. Socio-economic factors namely the changes in socio-economic conditions causes stress levels of a person to be higher.

For instance, because of the pandemic, a lot of businesses are closing and there are a lot of job losses and economic strain. Because of this we are currently seeing a spike of people who are having suicidal thoughts or facing depression. Even during past crises like the border blockade and the earthquake, we witnessed similar spikes. While illnesses such as bipolar disorder, schizophrenia, ADHD, autism have more biological causes; illnesses like depression and anxiety disorders are more common during these times because they are also affected by sociological and psychological factors.

As for factors such as age, besides childhood illnesses, most common mental illnesses and severe illnesses have an age of onset of 15-25. At the same time that does not mean that people beyond the age of 25 do not have mental illnesses. For example, depression was seen to be more common in women who were around the

ages of 35. Furthermore, we see a lot of cases of depression in families of migrant labourers and people who live abroad.

There have been reports of a staggering rise in suicide related deaths over the course of the lockdown? How do you analyse this increment and how do we battle it?

My analysis would not be a very concrete one. It is not as simple as saying it is because of this or that. It isn't just that a person is suffering from depression that the suicide rates are high; that would be a very simplistic answer. So I would actually prefer to refrain from giving an answer in regard to 'why it is happening?'

Yes, the Covid 19 pandemic is one of the more important reasons for the rise of suicide in Nepal but at the same time we have to remember that in Nepal the rate of suicide was always high. It is bothersome right now, but let's not forget that it was always bothersome, and that after the pandemic it is still going to be bothersome. Right now, because of the pandemic we have about 25 deaths a day, but before it was still 16-18 deaths a day, which is still a big number. Even before the pandemic that would translate to about 6000 deaths from suicide in a year. The data is that around 18% of the people who die from suicide suffered from depression and another 20% suffer from other kinds of mental illnesses.

As communities what we can do is to support each other. If you think you know somebody that has changes in their behaviour, say they aren't talking as much as they used to, they don't eat well, they say that they don't get much sleep these days, if they're angry, jumpy or irritated all the time, instead of saying that something is wrong with them, you might want to say something like, "I see some changes in you because of which I am worried. Is there anything I can help you with?" If a friend or family member expresses that they have suicidal thoughts, it's always

UNFORTUNATELY FOR OUR COUNTRY, WE DON'T HAVE A SET OF GUIDELINES THAT GIVES ACCREDITATION FOR COUNSELLORS OR PSYCHOLOGISTS. SO WE DO NOT HAVE MANY CLINICAL PSYCHOLOGISTS WHO ARE TRAINED TO HELP PEOPLE WITH MENTAL ILLNESSES. ALL OVER NEPAL, WE HAVE MAYBE OVER 170 PSYCHIATRISTS. IN KATHMANDU IT IS RELATIVELY EASY. THERE ARE MORE CLINICAL PSYCHOLOGISTS THERE ALONG WITH MANY PRIVATE MENTAL HEALTH HOSPITALS AND TEACHING HOSPITALS THAT HAVE TRAINING PROGRAMS FOR THESE ISSUES. HOWEVER FOR PEOPLE OUT OF THE VALLEY IT IS QUITE DIFFICULT. EVEN IN MY STATE, THERE ARE ONLY THREE PEOPLE; TWO CLINICAL PSYCHOLOGISTS AND ONE PSYCHOLOGIST AND COUNSELLOR, OF WHICH TWO ARE BASED IN DHARAN AND ONE IS BASED IN BIRATNAGAR. HERE IN BIRATNAGAR THE POPULATION IS JUST OVER TWO LAKHS AND WE ONLY HAVE ONE PSYCHIATRIST.

good to go to a psychiatrist. If you don't know where a psychiatrist is, go to a hospital. In urban centers most hospitals have at least one psychiatrist. If the psychiatrist can't come immediately you can always visit again; the point isn't to meet the doctor but the point is to save that life at that moment. If somebody feels that they are having suicidal thoughts and they don't know what to do, the Ministry of Health has a list of toll-free numbers* that they can easily call.

Could you share more about the Nileshmani Rajbhandari Foundation and the goals you have for it? You recently organised a free mental health tele-consultation; how did it go and what were its outcomes?

The thought behind the Nileshmani Rajbhandari Foundation was to help our community in some way or the other. I had always thought that my work would be limited to just one part of Nepal. But now, we are trying to work in Purbanchal along with Pradesh 1 and Pradesh 2. When we registered the foundation two years back, I was still studying and all we could do was some awareness programs in regards to mental health. Now what we are trying to do is to make documentaries and short films with which we can generate awareness for mental illness. We hope that by making these documentaries we can get to screen it in various schools and communities.

Once a woman was brought to us because people complained that she was a 'bokshi.' With our short films, we wanted to portray that labeling someone as 'bokshi' is bad and that these things don't really exist. Usually these people have some form of psychotic illness, and if you just bring them to the hospital, they can get better. Other films and documentaries we are working on include topics of how to handle someone who is suicidal.

Besides these films, currently we are also running free online mental health consultations. I want to discourage people coming to the hospital during the pandemic since it's safer to stay at home than to come for a visit. I received over 25-30 phone calls in the five days that we have operated. Unfortunately, I have to prescribe them with medication since we can't provide regular consultations. If they do not want to take medicines, I try to provide as much counselling as I can. Most of the callers happen to be women which isn't really uncommon. On top of that it is mostly young people who call. Most of them have anxiety problems and a few have depression. We aren't really sure how helpful it has been to them, but we plan on reaching out to them again in a month or so. We even had a Nepali person contact us from India which was really surprising. I had to treat the person without any medicine as my prescriptions aren't going to work in India. It has been a really humbling experience in the sense that people actually trust us when we are online or over the phone as well. I hope to continue this as much as possible throughout the pandemic.

In the post-pandemic situation, what process would you recommend to someone seeking socio-psycho counselling?

Unfortunately for our country, we don't have a set of guidelines that gives accreditation for counsellors or psychologists. So, we do not have many clinical psychologists who are trained to help people with mental illnesses. All over Nepal, we have maybe over 170 psychiatrists. In Kathmandu it is relatively easy. There are more clinical psychologists there along with many private mental health hospitals and teaching hospitals that have training programs for these issues. However for people out of the valley it is quite difficult. Even in my state, there are only three people; two

clinical psychologists and one psychologist and counsellor, of which two are based in Dharan and one is based in Biratnagar. Here in Biratnagar the population is just over two lakhs and we only have one psychiatrist.

For someone seeking help, my advice would be to start right now. Connect with people through the internet, eat right, exercise, and then reflect upon yourself. Don't forget to give love to people and to yourself. Self-love doesn't mean you have to go out for shopping; it could also just be as simple as taking some time to be with yourself and think about your life, the things you like about yourself, and the things you would like to improve on.

After the pandemic, it will be important for us to reconnect with one other and the society. Since there will be a lot to do, it is important to micro-manage your daily goals and prioritise what you want to do that day. If these things don't really help, then you should consider seeing a counselor. In these cases, it is important that people seeking help avoid things like drugs, alcohol and cannabis. The pandemic right now is creating a lot of anxiety disorders and there is a speculation that in a post-pandemic situation, the cases of post-traumatic stress disorders (PTSD) can be very high. While we are lucky to face relatively less numbers of severe cases of Covid 19, PTSD is more likely to affect these severe patients and frontline healthcare workers the most. **B**

***NEPAL MENTAL HEALTH TOLL-FREE HOTLINES:**

- TPO NepalHotline: 16600102005
- CMC NepalHotline: 16600185080
- KCM NepalHotline: 16600122322
- TUTH Suicide Hotline: 9840021600
- TUTH Mental health Hotline: 9849630430

The Case of Foreign Employment and Nepali Migrant Workers

Text: Dibesh Dangol



Since early 2000, there has been an increase in the volume of Nepal's labour migration mainly to the Gulf Corporation Council (GCC) countries and Malaysia. In 1993/94 just 3,605 labour permits were issued by Department of Foreign Employment (DOFE). In 2003/04, it reached 106,660, and in 2013/14 the total number of permits issued were 519,638. In the years 2017/18 and 2018/19, 354,098 and 236,208 labour permits were issued respectively among which 80% were between the age of 18-35.

According to Labour

Approval Record for the Fiscal Year 2076/77, 172,266 have gone through recruitment agencies and their main destinations are GCC countries and Malaysia. 91% of them are male and the rest are female, 177980 migrant workers have re-entered and new entry was 9673 amongst which 7474 are male and 2199 are female.

The main reason for Nepalis going for foreign employment is lack of means of sustenance in Nepal and the lack of job opportunities here. Migrant workers opt for foreign employment and the money they send via remittance to

Nepal contributes to more than 25% of the national GDP.

According to the Statistic Remittance Report of 2019/20 provided to us by Nabina Dhakal, Deputy Director of Research Department, Balance of Payment (BOP) and International Finance Division, Nepal Rastra Bank, the remittance received till Jestha 2077 stands at Rs 774.87 billion.

But, due to the Covid 19 pandemic, many migrant workers have lost their jobs and returned back to Nepal. As per Detailed Returnees Report of Covid 19 Crisis Management

Centre (CCMC) till August 20, a total of 51,987 Nepalis have returned back to Nepal among which 6191 are from Qatar, 6329 from Kuwait, 7715 from Malaysia, 14481 from UAE, 7817 from Saudi Arabia and 980 are from Bahrain.

In this article, we have taken the perspective of various experts on the pandemic's effect on foreign employment and Nepali migrant workers, the case of undocumented migrant workers, repatriation flights, etc.

Bholanath Guragain

*Director and Spokesperson,
Department of Foreign
Employment*

Though remittance contributes to more than 25% of the national GDP, migrant workers aren't well protected especially in Persian Gulf and East Asian countries. What is the department doing to address the issues of Nepali migrant workers?

First and foremost, there is an agreement between Nepali manpower recruitment agencies and foreign employment companies. The Nepali agencies receive the demand for migrant workers from the companies and after the process of recruitment there is also an agreement signed between the migrant workers and the company. But sometimes there are complaints from migrant workers about their employers not providing or depriving them of their salary, allowances, benefits, food and lodging, etc.

Till three years which includes two years of the worker's employment contract and one year after s/he returns back to Nepal following the end of contract, the worker can file a complaint against their employer with the Department of Foreign Employment. After receiving the complaint, we analyse the proof and statements given by the worker. If the person went for foreign employment by them self, they have to bear the risk. But, if the worker had gone through a manpower agency, we ask the representative of the agency to come to DOFE with its proof and statements. After understanding the statements of both sides, a decision is taken by us.

If the agency or the employer is proven guilty, we provide compensation to the worker from the manpower agency, fine them and give them a warning. This is how settlements of such issues are made.

If the migrant workers are facing such problems while they are working in foreign land,



they can contact the Nepali embassy to file a complaint or can also contact DOFE through any digital medium. If the worker cannot reach us, their family members can contact us or the District Administration Office or the Police representative that handles such situations.

The Supreme Court ordered the Nepal government to use the Foreign Employment Welfare Fund to repatriate Nepali workers on June 16. It's been a month now, why hasn't the SC decision been implemented?

The decision had been taken by the cabinet, and procedures and provisions have also been made. As per the provision, Nepali migrant workers who have deposited Rs 1,500 to the Foreign Employment Welfare Fund which is being managed by Foreign Employment Board will be eligible for repatriation through the fund if they cannot pay for their repatriation flights.

The government is handling the implementation of the procedure ordered by the Supreme Court.

What's the department doing in the case of undocumented Nepali migrant workers?

First and foremost, it's against the law to follow illegal channels and the migrant workers who have gone through such channels are responsible for their situation themselves. We do contact embassies and try to help undocumented workers in any way we can but the Department of Foreign Employment doesn't have any rights to work for undocumented migrant workers.

The Department of Foreign Employment has kept all the necessary and important notices and information on its website to discourage migrant workers to go through illegal channels for foreign employment. People opting to go for foreign employment

can find and read those materials. From time to time we also publish notices and information on such topics in the newspapers, radio stations and television channels though it is not our core job. It's mainly handled by Foreign Employment Board. The Board prepares important materials on such topic and does agreement with various media channels to publicise and educate the citizens.

How is the department working towards regulating recruitment agencies, medical centres, agents, etc and taking action against foreign employment agencies that are taking exorbitant fee from migrant workers?

The work of regulating medical centres doesn't come under DOFE. It is handled by a separate committee under Ministry of Labour, Foreign Employment and Social Security. As for the manpower agencies, we regulate them in two ways – regular and surprise visits. Regular visit means that our employees inspect few manpower agencies in a day to see if they are operating as per the rules and regulations or not. Whereas, surprise visit is done if we get information or complaint about a manpower agency charging people more recruitment cost fee than what's written in the law. According to the recruitment costs prescribed by the Government of Nepal, employer of the Gulf Corporation Council countries and Malaysia have to bear all the costs and fees of the Nepali migrant worker, and in case the employer doesn't want to bear all the costs and fees, Rs 10,000 is the recruitment cost the migrant worker has to pay. The recruitment cost for Singapore and Panama is Rs 50,000, USD 970 for South Korea, Rs 80,000 for Russia, Rs 80,400 for Poland, Rs 65,000 for Portugal, Rs 55,000 for Japan and Rs 80,000 for other European countries. If the manpower agency is found to charge more than the recruitment costs mentioned as per the destinations, we take necessary actions against them.



Manju Gurung

Chairperson, Pourakhi Nepal

What does Pourakhi Nepal do in respect to female migrant workers?

Pourakhi Nepal is the first organisation established in 2003 by returned migrant workers and for returned migrant workers. We advocate for the rights of women who return to Nepal after migrating abroad for employment and are also a leading organisation for individuals who migrate abroad for employment.

We have established a number of programs to address the issues of pre-employment, pre-departure, employment and post arrival support programs. In 2009, we opened a shelter house facility for returning migrant workers. The goal was to provide a safe space for women who returned to Nepal and were not able to rejoin their family and community.

We recognised that many women who returned from abroad had been victimised during the migration process and needed to seek relief from the Government of Nepal. In order to provide assistance to these women, we founded a paralegal department. The paralegal department has been extremely successful in its

advocacy efforts on behalf of returning migrant workers. In addition, we have established a number of other programs that seek to empower women when they return to Nepal from foreign employment. More specifically, we established a financial literacy program to educate women about how to best utilise the money earned abroad in Nepal and an entrepreneurship program that provides skill based training that focuses on how to open, manage and build a business.

In the area of pre-departure, Pourakhi has established a number of programs that seek to educate women before they migrate abroad. We recognised that the majority of women who migrate abroad do not live in Kathmandu and have thus established community based programs in 16 districts of Nepal. Pourakhi has been instrumental in ensuring that the voices of migrant women workers are heard and reflected in the national policy and law. Additionally, Pourakhi has successfully advocated for the government to ratify a number of international laws that seek to protect the rights of women migrant workers. Although Pourakhi began

as an organisation by and on behalf of women, it has recognised that all migrant workers have the right to safe migration. Therefore, we now assist both women and men in all stages of the migration processes. In addition, we expanded our efforts to include the family - primarily children of migrant workers in the educational context. Pourakhi began a program to ensure that the children of migrant workers who either died or were injured abroad were able to continue with their education. The program has been extremely successful in providing financial assistance to a number of children who would not have been able to complete their education in absence of the assistance from us. Finally, our staff have grown to include women and men from diverse backgrounds. As an organisation that was begun by women, a historically marginalised group in Nepal, we understand that a truly democratic and just society can only be achieved through social inclusion.

Is Pourakhi helping women migrant workers who want to return during the pandemic?

We are communicating with

the companies, embassies and NRNA chapters of concerned countries where Nepali migrant workers, especially women migrant workers, are facing problems of food and shelter. We have also asked them to fund repatriation flight tickets for migrant workers who are in critical cases. But the main problem is that many women migrant workers are domestic workers and are unaware of necessary information channels which is why we have asked supporters and partner organisations of concerned destination countries to assist them. I am also a member of the National Human Rights Commission which has especially been formed to focus on the treatment of returned migrant workers.

Have you lobbied for any plans or ideas with the foreign immigration department?

We have lobbied for various curriculums and trainings with the government for workers or people who want to go for foreign employment. But in terms of implementation, we haven't been able to maximise and capitalise on it because the ministers who have come under the ministries that we closely work with like the Ministry of Foreign Affairs, the Ministry of Labour, Foreign Employment and Social Security, and Ministry of Women, they are only concerned about building their political career and aren't concerned with things that can benefit the migrant workers as well as the nation.

From the time I have been involved in Pourakhi, I think there have been 29 ministers and 30-35 secretaries changed. Ramesh Lekhak who was appointed as the Minister of Labour in 2007 is the only one who has really worked for the benefit of migrant workers. It's disheartening to say this but recruitment agencies are running the labour ministry. The policies are very good but the gap is in the implementation of policies.

The government has issued guidelines regarding repatriating Nepali migrant workers stranded due to the pandemic. But the guidelines only include those migrant workers who have valid labour permits and proof that their employers or the host country aren't paying for their airfares. What happens to those whose passport and documents are taken away by their employers or agents, or regarded as undocumented by the government?

The undocumented workers are also playing a role in terms of sending remittance to Nepal so why are they being excluded when it comes to providing repatriation flights? Yes, the issue is regarding the Rs 1500 that the documented migrant workers have submitted in the Foreign Employment Welfare Fund, but there should also be certain approach by the government or the Supreme Court to repatriate undocumented workers because they are also Nepali citizens.

Despite the 2016 ban on Nepali women taking jobs as domestic workers in Gulf countries, every year thousands of Nepali migrant workers, both men and women, have been going to the Gulf countries for employment through illegal channels. This could mean potential labour exploitation and risk of trafficking. How is Pourakhi Nepal addressing this?

I don't think they would have gone through illegal channels deliberately if there were proper and right channels. In terms of women, it is the consequences of the ban imposed by the government. Ban is not a solution! We are educating and empowering women to go through the right channels. Moreover, we are telling the women to do something in Nepal itself rather than going abroad for foreign employment. I think no one wants to choose foreign employment over working in and for their country. It is the consequences of the government not being able to create proper job employment opportunities in Nepal.



Milan Gurung

Nepali Migrant Worker, Malaysia

What is your and other Nepali migrant workers status in Malaysia right now? Is the Embassy of Nepal in Malaysia coordinating and helping Nepali migrant workers during this difficult time?

I work for a food company here in Subang Jaya which specialises in meat items. I can't say for all other companies and cities, but in the place I work, about 50% of the workers were laid-off in the first phase by the company which included migrant workers from all countries. I was lucky to not be laid-off because I had just renewed my contract. We have been

going to work on alternate days and we are just getting our basic salary with no overtime incentives.

It's disheartening to say this but we have no confidence in our embassy here in Malaysia. The problems of Nepali migrant workers aren't addressed by the embassy swiftly and there is no proper community-like-feeling between the embassy and Nepali migrant workers. However, the NRNA and Nepali migrant workers' community here in Malaysia are strong and during the pandemic both these communities have been working hard to address and help Nepali migrant workers who have been facing financial and health difficulties.

What are some of the problems Nepali migrant workers have been facing in Malaysia?

The main problem is regarding medical examination. When we apply for foreign employment, we had to go through medical examination twice in Nepal itself, and when we arrive here for employment, we had to go through medical examination again. There have been many cases not just in Subang Jaya but all over Malaysia where due to failing the medical examination, the migrant workers are deported back to their countries.

A week before the announcement of lockdown here in Malaysia when I had just renewed my contract, a group of Nepali migrant workers came to our company and during their medical examination, three of them failed. Also, one of my friends failed the examination while renewing his contract. So, they had no option but to go back to Nepal. But due to the lockdown and international travel ban, there were no international flights and they got stuck here in Malaysia. They had no money so we all contributed whatever we could manage. Currently, they have all returned back to their families in Nepal.

This is a serious issue that needs to be addressed by the concerned authorities in Nepal so that the dreams and hopes of Nepali migrant workers who go to foreign countries for employment to earn money for their families aren't crushed. Also, many of the Nepali migrant workers are from rural areas of Nepal and have taken personal loans to go for foreign employment. So, either the government needs to create proper job opportunities in Nepal to discourage foreign employment or the government needs to create lending options for those who want to go for foreign employment.

Sujeev Shakya

Founder and CEO, Beed Management

What is the importance of remittance to the economy?

The Covid 19 pandemic has had an unprecedented impact on the economies around the world. For Nepal, which has little integration with the global economy as its currency is pegged with the Indian Rupee, as well as its low volume of exports and a smaller presence of foreign investors and firms, the economic impact has been big on two sectors – tourism and remittances. While tourism will directly and indirectly affect jobs, recovery of debts by banks and the handicrafts industry, the impact of remittances will fall directly on consumption that drives the Nepali economy. The Nepal Bank, in its publication, The Status of Remittance Inflow in Nepal, indicated a total of Rs 879.3 billion in remittances in the fiscal year 2018/19, which is 25.4% to the national gross domestic product (GDP) of Rs 3.4 trillion. This indicates a four-fold increase in 10 years and shows the importance of remittance to the economy of Nepal.

How do you see the dependence of remittance affecting the economy during the pandemic?

Till June 2020, the Covid 19 pandemic had not caused a major dent to remittances but it is expected that inflows will take a big hit in the short-term. The pandemic will hit low and middle income countries sharply as global remittances are expected to fall by about one-fifth this year. The estimated 20% slump represents US\$109 billion in 2020. The World Bank projects that remittances to Nepal will slide by 14% this year – not the biggest slump in the region – but remittances represent more than 25% of the country's economic output. Along the same lines, a study titled 'Rapid

AS REMITTANCE DRIVES 79% OF HOUSEHOLD CONSUMPTION, A FALL WILL CORRESPONDINGLY REDUCE DISPOSABLE INCOME ESPECIALLY FOR REMITTANCE DEPENDENT FAMILIES, ULTIMATELY PUSHING THEM BACK INTO POVERTY.

Assessment of Socio-Economic Impact of Covid-19 in Nepal' by the Institute for Integrated Development Studies suggests that the fall in remittance is likely to range between 15-20% this fiscal year.

In FY 2018/19, due to a growth in remittances, there was high consumption and spending at the household level, accounting for an estimated 80% of the national GDP. However, in FY2019/20, since the supply of money was visibly affected due to decreased remittance inflows, the disposable income level of the households has also been negatively hit. As remittance drives 79% of household consumption, a fall will correspondingly reduce disposable income especially for remittance dependent families, ultimately pushing them back into poverty.

The return of migrant workers due to the Covid 19 pandemic has impacted remittances to Nepal leading to lower consumption. However, given the history of Nepali migration, this trend is expected to be short-lived. Once countries start opening up, the demand for Nepali workers is expected to pick



up resulting in the return of remittances.

Is the 'labour drain' impacting Nepal?

When the US opens its application for the Diversity Visa, more than a million Nepalis apply, indicating that one in five young Nepali is looking forward to emigrate. Nearly 100,000 people go to Australia, the UK and the US seeking long-term settlement through student visas. The current government has made people more frustrated in the manner in which it has handled the pandemic, the corruption in spending, and the slew of authoritarian, conservative and power grabbing legislations that has been implemented in recent times. Further, the discovery of conservatism and hypocrisy in Nepali homes by young working women who have to

multitask during the lockdown period will find escape from the conservative Nepali life in foreign lands.

From Poland to Portugal, the past decade has seen the population of Nepalis increase multi-fold. They have found new ways to reach these countries, be it education or even illegally. Nepalis are known for their resilience and their ability to find work and thrive even in highly unsafe countries such as Iraq and South Sudan. Therefore, migration will not slow. Their ability to take risks will find them new jobs and countries to go to.

Excerpts of Shakya's answers were taken from <https://www.isas.nus.edu.sg/papers/will-nepali-remittance-bounce-back/>

ZHUANG ZHOU: THE CHINESE PHILOSOPHER WHO EXPLAINED SPONTANEOUS ORDER 2,000 YEARS BEFORE ADAM SMITH

The Chinese philosopher Zhuang Zhou (aka Zhuangzi) is credited with working out one of the most important economic concepts in the world: spontaneous order.



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

There is a famous scene in *The Matrix* where Neo (Keanu Reeves) visits the Oracle, a wise, mysterious, and powerful figure who can see the future.

While there, he encounters a gifted child

who bends a spoon with his mind. After doing the impossible, the bald-headed child hands the spoon to Neo and tells him something.

Spoon Boy: Do not try and bend the spoon. That's impossible. Instead, only try to realize the truth.

Neo: What truth?

Spoon Boy: There is no spoon.

Neo: There is no spoon?

Spoon Boy: Then you'll see, that it is not the spoon that bends, it is only yourself.

When I first watched this scene 20 years ago, I had no idea what Spoon Boy was talking about.

But at some point between now and then I learned. (Google is handy for extracting meaning from cryptic movie scenes you can't decipher on your own.)

The scene is a reference to a poem written by a Chinese philosopher who lived during the 4th century BC. His name was Zhuang Zhou (also known as Zhuangzi) and his poem "Butterfly Dream" goes like this:

Once upon a time, I dreamt I was a butterfly, fluttering hither and thither, to all intents and purposes a butterfly. I was conscious only of my happiness as a butterfly, unaware that I was myself. Soon I awaked, and there I was, veritably myself again.



Image Credit: Public Domain

Now I don't know whether I was then a man dreaming I was a butterfly, or whether I am now a butterfly, dreaming I am a man.

The theme of reality versus dream runs throughout *The Matrix*, and Zhuangzi's poem addresses a similar question, one philosophers have struggled to answer for millennia: how can we know what's truly real when our senses deceive us?

Spoon Boy was expressing a version of this idea: the only thing that's certainly real to us is mental experience.

Twenty-five hundred years later, Zhuangzi is mostly forgotten outside of philosophers and history buffs, but his ideas live on, and they

go far beyond obscure references in trippy action flicks.

In fact, Zhuangzi is credited with working out one of the most important economic concepts in the world: spontaneous order.

An authority no less than Murray Rothbard credits Zhuangzi (who Rothbard refers to as Chuang-tzu) as the first to puzzle out the idea, and he did it nearly 2,500 years before the Austrian school of economics made it a focal point of their economic and social theories.

First, it's important to understand what spontaneous order is. The Liberty Fund describes spontaneous order as the idea that order "emerges as result of the

voluntary activities of individuals and not one which is created by a government.”

Essentially it says that people don't need to be coerced into creating a prosperous and harmonious society. It will happen naturally under the proper conditions, which primarily means conditions that allow people the freedom to do as they wish so long as they're not harming or taking from others.

This description might sound familiar to readers of this publication, whose motto is “anything peaceful.” But what does it have to do with Ancient China?

Well, believe it or not, there was a robust libertarian intellectual tradition in Ancient China.

Zhuangzi was not the founder of the movement, however. The tradition, Rothbard writes, started with Lao-Tzu (500 B.C.), a philosopher credited as the father of Taoism who rejected the alleged authoritarianism of Confucianism in favor of individual rights.

Lao-Tzu developed what Rothbard describes as “a radical libertarian creed,” one that said individual rights and happiness should be the primary objectives of a society. Lao-Tzu viewed governing bodies, with their “laws and regulations more numerous than the hairs of an ox,” as a naturally oppressive force to individuals, a force “more to be feared than fierce tigers.”

Zhuangzi followed in Lao-Tzu's footsteps, and in his most famous

work, *The Zhuangzi*, he shares what Rothbard says are the first historical traces of the idea of spontaneous order.

Chuang-tzu reiterated and embellished Lao-tzu's devotion to laissez faire and opposition to state rule: “There has been such a thing as letting mankind alone; there has never been such a thing as governing mankind with success.” In fact, the world simply “does not need governing; in fact it should not be governed.” Chuang-tzu was also the first to work out the idea of “spontaneous order,” developed particularly by Proudhon in the nineteenth and by F. A. Hayek of the Austrian School in the 20th Century:

A perusing of The Zhuangzi shows that Zhuangzi's conception of spontaneous order could not be more clear: “Good order results spontaneously when things are let alone.”

An entire chapter in Zhuangzi's book is dedicated to “letting alone.” In the chapter, Zhuangzi writes that the natural conditions of human existence require “not artificial aids.” The philosopher touches on the evils of government, traces the failures of coercion in the province, and describes how action springs from inaction (government inaction).

Many tend to think of concepts such as limited government and spontaneous order as “Western” ideas, but this is hardly the case.

Zhuangzi's reflections show they are universal. Two thousand years after Zhuangzi's death, Adam Smith, in his work *The Theory of*

4 When allowed to work, spontaneous order is one of the most powerful forces in the world. It's the source of human prosperity, the engine for unprecedented human flourishing.

Moral Sentiments, would refer to an “invisible hand” at work in free markets that works to the benefit of all. In that work, Smith explained how humanity's affinity for systems and coercion interfere with the harmony of markets.

“The rich only select from the heap what is most precious and agreeable. They consume little more than the poor, and in spite of their natural selfishness and rapacity, though they mean only their own convenience, though the sole end which they propose from the labours of all the thousands whom they employ, be the gratification of their own vain and insatiable desires, they divide with the poor the produce of all their improvements. They are led by an invisible hand to make nearly the same distribution of the necessities of life, which would have been made, had the earth been divided into equal portions among all its inhabitants, and thus without intending it, without knowing it, advance the interest of the society, and afford means to the multiplication of the species.”

There's no evidence (at least that I can find) that Smith read Zhuangzi. Yet they both observed the force of “spontaneous order,” a term that would eventually be coined by the Hungarian-British polymath Michael Polanyi in the essay, “The Growth of Thought in Society.”

When allowed to work, spontaneous order is one of the most powerful forces in the world. It's the source of human prosperity, the engine for unprecedented human flourishing. **B**

WWW.



<http://www.b360nepal.com/>

beed's take on the market

During the review period of July 23 to August 25, the Nepal Stock Exchange Index went down by 1.67 points (-0.12%) to close at 1,440.94 points. The market witnessed a volatile movement during the review period. With the reopening of the market and positive provisions to boost the secondary market, the market had started to gain its momentum and went as high as 1465 points. However, higher selling pressure along with growing Covid 19 cases nationwide dampened investor confidence and saw the market drop to as low as 1391.47 points. In addition, the expected dismal annual performance of listed companies especially the commercial banks also weighed down investor confidence.

As the interest rates are on a downward spiral, the market is gradually picking momentum as the total market turnover during the review period went up by 46.20% and stood at Rs 29.09 billion.

During the review period, four of the sub-indices landed in the green zone while six of them fell into the red zone. The Others sub-index (+9.41%) was the biggest winner as share



value of Citizen Investment Trust (+Rs 344) and Nepal Telecom (+Rs 10) went up. Non-Life Insurance (+7.46%) was second in line with the increase in the share value of Sagarmatha Insurance (+Rs 100), Premier Insurance (+Rs 81) and Neco Insurance (+Rs 66). Life Insurance sub-index (+5.33%) also followed suit with the rise in the share value of Prime Life Insurance (+Rs 64),

Surya Life Insurance (+Rs 62) and Asian Life Insurance (+Rs 60). Likewise, Manufacturing & Processing sub-index (+0.33%) was also in the gaining side with increase in the share value of Shivam Cements (+Rs 29).

On the losing side, Microfinance sub-index (-0.07%) went down with the plunge in the share value of Janauttan Microfinance (-Rs 245), National Microfinance (-Rs 136) and Mahila Microfinance (-Rs 91). Similarly, Finance sub-index (-0.50%) also fell with drop in the share value of Manjushree Finance (-Rs 21), ICFC Finance (-Rs 10) and Best Finance (-Rs 6). Hydropower sub-index (-0.64%) also tumbled as share value of Chilime Hydropower (-Rs 9) and Upper Tamakoshi Hydropower (-Rs 6) went down. Likewise, the Commercial Bank sub-index (-3.62%) also dropped with the slip in the share value of Standard Chartered (-Rs 40), Everest Bank (-Rs 39) and Nepal Investment Bank (-Rs 39). Similarly, Development Bank sub-index (-4.13%) also went down with decrease

in the share value of Excel Development (-Rs 22), Mahalaxmi Development (-Rs 16) and Muktinath Development (-Rs 14). Hotels sub-index (-8.57%) also went up down as share value of Oriental Hotels (-Rs 51), Taragon Regency (-Rs 19) and Soaltee Hotel (-Rs 14) declined.

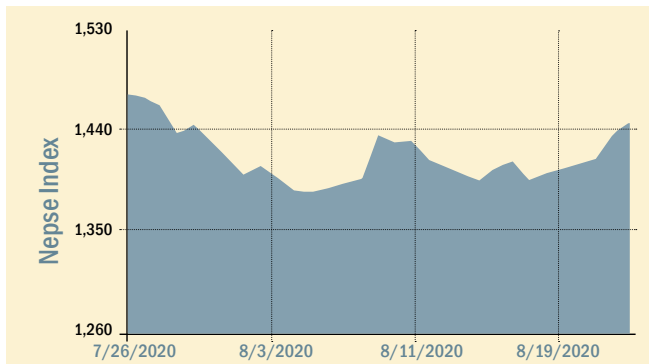
News and Highlights

The Securities Exchange Board of Nepal (SEBON) implemented the Specialised Investment Fund Regulations (First Amendment) 2075 with the approval from the Government of Nepal and the Ministry of Finance from July 20. The regulations provide that a fund or fund manager registered abroad may establish or manage a fund in Nepal under full or majority ownership of such fund or fund manager subject to the prevailing Nepali law. The amendments will thus facilitate the inflow of foreign funds and investments in the capital market.

NEPSE instructed stock brokering companies regarding

	Oct 27th, 2019	Nov 21st, 2019	% Change
NEPSE Index	1,442.61	1,440.94	-0.12%
Sub-Indices			
Commercial Bank	1,246.73	1,201.59	-3.62%
Development Bank	1,831.03	1,755.50	-4.13%
Hydropower	972.15	965.90	-0.64%
Finance	669.81	666.46	-0.50%
Non-Life Insurance	6,634.38	7,129.48	7.46%
Others	789.18	863.43	9.41%
Hotels	1,673.35	1,529.91	-8.57%
Microfinance	2,456.78	2,454.98	-0.07%
Life Insurance	8,552.44	9,008.66	5.33%
Manufacturing & Processing	2,833.13	2,842.41	0.33%

Source: Nepal Stock Exchange Ltd.



Source: Nepal Stock Exchange Ltd.

the online submission of Know Your Customer (KYC) application forms and the online trading application form indicating that investors willing to trade online can now set up their online platform from their home without having to physically visit broker offices. For this, investors have to go to the Trade Management System (TMS) of their respective stockbroker and register online. After filling the required details, the process is good to go. However, a proper implementation plan is yet to be devised as respective brokers will still have the freedom to choose whether or not to accept such applications. Also, NEPSE has introduced the much awaited guidelines for stock dealer operations.

In the public issue front, during the review period, the Initial Public Offering (IPO) of Reliance Life Insurance worth Rs 630 million, Samaj Microfinance worth Rs 8.6 million and Liberty Energy worth Rs 356 million were successfully oversubscribed. Likewise, SEBON has approved the right shares of Samriddhi Finance worth Rs 363.96 million. Bank of Kathmandu Capital has been appointed as its issue manager. Similarly, SEBON has added the IPO of Ru Ru Hydropower worth Rs 89.69 million to its pipeline. NMB Capital has been appointed as the issue manager. It has also added the debenture of Siddhartha Bank,

SBL Debenture 2084, with a maturity of seven years at 8.5% worth Rs 3 billion to its pipeline.

Outlook

Strong market volume over the review period indicates increased investor confidence amidst the pandemic. Lower returns on bank savings coupled with lower interest rates on margin lending and fewer avenues for investments, the secondary market is expected to see increased participation in the coming days. Further, the recent surge in uptake of online trading services by investors is likely to boost market participation and daily transactions. **B**

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Losing Kirin: Huawei and the US Trade Sanctions

Text: Sushil Neaupane

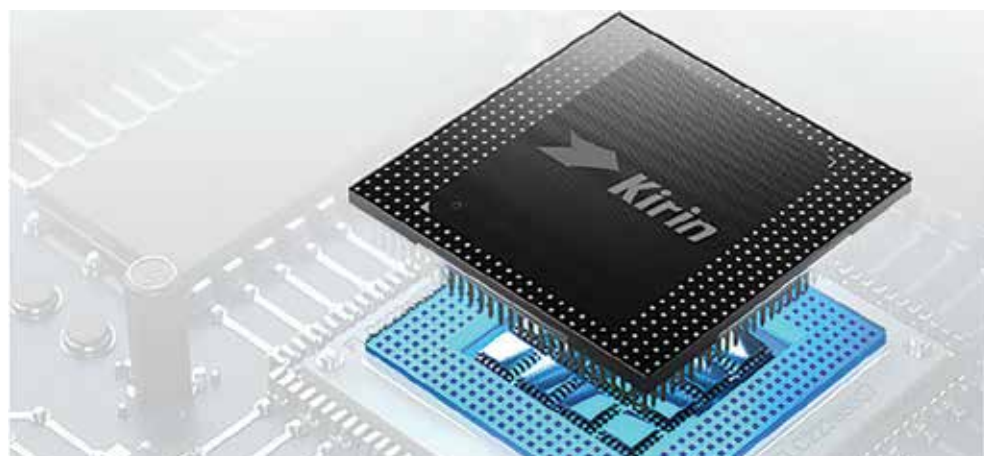
Huawei surpassed Samsung to become the largest global smartphone distributor in the second quarter of 2020. Even amidst the pandemic, Huawei managed to move a massive 58.8 million smartphones in the second quarter alone. This accomplishment is especially notable in light of the fact that Huawei phones have lost access to the Google Play Services and the Android App Store to last year's trade sanctions placed by the U.S. Government.

In May 2019, the U.S. Government placed the Chinese smartphone manufacturer in something called the "Entity List" which prohibited companies in the United States from supplying the tech giant with any hardware or software support listed under the "Commodity Control List," without a rigorous licensing process.

Things have only gotten more intense since. On May 15, 2020, Washington announced that the companies listed in the Entity List could not purchase hardware or software that were manufactured with US-based technology, even if the manufacturing process was taking place outside of US soil. This policy is set to take effect after a 120-day buffer which ends next month.

The first time around, Huawei lost a valuable offering on the software front. This time the sanctions have forced Huawei to lose a very important aspect of their hardware - the Kirin chipsets.

The SoCs from Kirin had been at the heart of a lot of devices that Huawei manufactured including smartphones. Kirin is a brand of semiconductors owned by HiSilicon, a subsidiary of Huawei. However, they



source the manufacturing of their processors from Taiwan Semiconductor Manufacturing Company (TSMC). The supply chain is hindered because TSMC uses US-based technology in their manufacturing process. Without Kirin, chipsets from Samsung and Qualcomm would have been the next best option for Huawei but the same restrictions apply to them as well.

Losing the Kirin hardware has a lot of repercussions for other aspects of Huawei's smartphone hardware as well. Huawei relied heavily on its image signaling processor from the Kirin chipset for its incredible camera performance.

The powerful chip also had its cutting-edge BM3D noise reduction algorithm and supported its unique RYYB sensor technology. These hardware components were what made Huawei's smartphone cameras one of the best in the market.

Apart from the camera, Huawei's machine learning capabilities were also thanks to Da Vinci architecture on the Kirin chipsets. Additionally, losing Kirin means losing super-resolution zoom

imaging, low-power voice recognition, gesture controls, facial recognition security, 5G compatibility, and other fine-tuned adjustments to the silicon wafers.

Essentially, if the sophisticated chipset system is taken out of Huawei, they may lose a significant portion of what made them who they are. Without Google Services, Huawei is struggling to stay relevant in the western world, but if even the hardware front falters, it may lose its hold on the Asian markets as well.

But Huawei is one of those companies that come back stronger after every hit. This much is evident by this quarter's sales figures. So how is Huawei planning their comeback?

Given the current circumstances, MediaTek seems like the only other option for the Chinese telecommunications giant. Reports from Global Times suggest that MediaTek is also getting ready to supply Huawei with 120 million chips during this buffer period.

MediaTek had also released their own premium 5G capable SoC earlier this year. Though this is the first flagship grade chip from the Taiwanese fabless semiconductor company in

well over two years, the chip is reasonably untested.

However, with no other way out of this tight spot, Huawei will definitely be looking into MediaTek's supply chain and this might just be a win-win situation for both parties. If the two tech companies come to an agreement, experts claim that MediaTek might even outsell Qualcomm.

Qualcomm in turn is lobbying the US government to stay in business. In an official statement to the Wall Street Journal, Qualcomm claimed,

"If Qualcomm is subject to export licensing, but its foreign competitors are not, US government policy will cause a rapid shift in 5G chipset market share in China and beyond."

Qualcomm expects the US-based SoC manufacturers to lose eight billion dollars worth of business every year to their foreign competition if the trade ban persists.

Whatever direction this tide takes, one thing is for certain: the dynamics of the smartphone industry are changing and because of these trade sanctions, we might just see a new breed of smartphones emerge. **B**



AI & ML Opportunities in Nepal



Ayush Neupane is the CEO of Audio Bee, an on-demand AI data service provider for speech technologies.



This article is the first in a series where I explore the implementation of Artificial Intelligence and Machine Learning technologies in Nepal. Some of these can include businesses that are working in this space, based out of Nepal.

If you are unfamiliar with the term AI/ML, it stands for Artificial Intelligence/Machine Learning. Machine Learning involves large datasets that use neural networks to learn and the output is usually for an Artificial Intelligence system.

How is AI/ML relevant for Nepal?

Most traditional Nepali businesses still do not have a proper functioning website. Digital marketing for many is still making posts on Facebook and running competitions to increase their page likes. Keeping this in mind, are businesses going to understand and be able to leverage AI/ML in Nepal?

A simple implementation of this technology is something that most of us who use email are probably familiar with already: the spam filter in your email incorporates AI/ML. Using tons of data from spam mail collected throughout the years, email providers such as Google have a built-in spam filter. Even such a small thing that we take for granted, which is actually quite helpful, exists because of the advancement of this tech.

I want to examine three traditional industries in Nepal, where AI/ML can be used.

The Agriculture Sector

Microsoft and the International Crops Research Institute for the Semi-Arid Tropics (ICRISAT) have been working in Andhra Pradesh, India, and helping local farmers reduce costs and increase production. Together, they developed a sowing date application that uses cloud-based predictive analytics to advise farmers on the ideal time to sow their seeds. This, of course, took into account various factors such as weather conditions and soil type. Microsoft India claims that this has resulted in a 30% higher average yield per hectare.

We can adopt some form of "precision agriculture" here in Nepal similar to what is being done in Andhra Pradesh. For example, we can start small with simpler economic sensors that measure soil humidity, salinity, and nutrient content. This way, farmers can actively gauge growth conditions and crop development much more effectively. As the profit margin increases, more investment can be made so that the output increases with the same or perhaps lower input.

The Education Sector

Due to the current lockdown, many schools

and colleges that are able to teach their students online have switched to an online instruction delivery model. However, replicating in-class instructional format delivered via video calls does not truly utilise the strengths of an online education system.

It is possible to have an education software where you have all the standard functionalities in addition to an AI system which automatically identifies the core concepts that an individual student or the entire class is struggling with and can provide additional instructional and practice materials to teach that concept without any human intervention. Such a system has been built by Fusemachines, a NY, USA based company founded by a Nepali with significant operations in Kathmandu. With tech such as this, education can be provided and student progress can be monitored even in the midst of a nationwide crisis.

The use of AI-enabled systems in education is just starting and we can expect to see more of similar systems implemented in Nepal as soon as educational institutions are forced to adopt new ways of teaching students.

The Health Sector

Experienced/skilled doctors are naturally better at providing medical diagnoses.

Unfortunately, distant parts of the country lack such professionals as we are well aware of the acute shortage of doctors in remote government hospitals or health posts. AI has been getting better at detecting diseases through medical imaging, with their accuracy coming at par with healthcare professionals. This can help with disease detection for people who can get medical imaging done, or can be used as a form of getting a second opinion by confirming if the diagnosis of a healthcare professional is accurate.

CloudFactory, another company with a significant presence in Nepal, collaborated with V7 Labs in London to contribute to Covid 19 research. They released annotated X-ray datasets allowing for radiologists to distinguish more quickly whether the patient has Covid 19 pneumonia specifically or some other ailment. By applying machine learning to identify the X-rays of patients, the analysis time is cut short, leading to a faster diagnosis.

All three sectors that I explored above are much more vast and have multiple applications of AI/ML technologies. The ones that I mentioned are ones that are already being done either in Nepal or elsewhere, and are relevant for Nepal. Additionally, we already have human resources here who are capable of implementing such solutions. AI does not always have to depend on ML models but the ones that do need a large, diverse, high-quality data set and that is where a lot of the latest implementations are being done.

In the next part of the series, I want to have a look at the banking, insurance, and transport industries in Nepal regarding the way they can leverage AI/ML to further their development by leaps and bounds. **B**

Upaya City Cargo

HOW BUSINESS VETERANS AND ENTREPRENEURIAL FRESHMEN CAN BENEFIT FROM ONE ANOTHER

Text: Sajeet M. Rajbhandari

Before we understand what Upaya City Cargo really is, we first need to look at two key aspects of the Nepali market space. One, how big of a role logistics and cargo services play in our day-to-day lives from the groceries you buy at your local 'tarkari pasal' to the new hairdryer that you bought the other day being delivered at your doorstep. And two, the ongoing digital disruption of the Nepali business ecosystem. Put these two pieces of the puzzle together and you get Upaya City Cargo, an innovative tech startup seeking to disrupt and change how Nepal works with logistics. In barely over a year of operation, this trailblazing startup has managed to serve over 3500 clients and has formed partnerships with more than 500 drivers across Kathmandu. And here's how they did it:

The birth of an idea

While Upaya City Cargo officially started only a year back, the idea behind it had been in the making for some time. Back when he was still a student in the US, Co-founder and COO of Upaya City Cargo, Amigo Khadka kept in touch with likeminded innovators and business veterans in Nepal. Khadka says that the mentorship and guidance he received was crucial in shaping the initial idea of the startup. "Even during vacations when I'd come to Nepal, I would meet them and talk with them and see how the market is evolving in Nepal," he shares. Khadka goes on to mention, "We first started with an idea for an investment fund but realised that for Nepal rather than an investment fund, we needed a pipeline of good startups to invest in."



With eyes set on incubating a proper startup, the team launched a company under the name of Upaya Services. At its core, Upaya Services is an aggregator-based platform that helps people easily deal with legal chores like getting their annual tax returns managed or helping businesses get registered.

While trying to expand into managing transportation related documents like drivers' licenses and such, Khadka and his team came across the lackluster logistics system that was in practice in Nepal. This was an unpassable business opportunity for them. Nobody in Nepal had integrated logistics and cargo services into a scalable digital business yet. If they played their cards right, Upaya City Cargo had the chance to tap into a virgin market.

"If you look into the digital ecosystem in Nepal, we have e-commerce giants like Daraz and SastoDeal. We also have the ride-sharing industry which is a bloodbath of its own with companies like Pathao, Tootle, and Sarathi. If we look at e-payment we get Esewa, Khalti, IMEpay. And if we look

at food delivery, we already had companies like Foodmandu, Bhojdeals and Foodmario," narrates Khadka. He elaborates, "One fundamental thing was missing in this entire startup ecosystem, and that was logistics. Here, things need to move around in a seamless digital way. So, we thought why don't we venture into this digital ecosystem and fill in that cornerstone that was missing."

How it works

Even before Upaya City Cargo formally began, the team went through three months of extensive studying and analysing their venture. During this time, they came to realise a major gap in the market. Rahul Malla, the Head of Marketing at Upaya City Cargo, says that at the client end of things, there were several major issues. Clients had to bargain each time, face delays, put up with security risks and availability issues, while also lacking proper billing and records. The driver side of the equations also had its own issues. Khadka shares that for drivers the main problem is that they can't find consistent customers and often just end up losing money on the

down payments they made for their vehicles.

According to Khadka, "In Kathmandu there are about 32 hotspots where there is a relatively higher demand for cargo vehicles. These guys (drivers) go to these hotspots and lineup hoping that someone would come and maybe hire them for that one time." This meant that while drivers had the ability to complete around six trips a day, they were only managing two or more trips.

Seeing this problem exist between the two parties, Upaya City Cargo was able to create a service with which they could optimise the market by playing with the demand and supply. This optimisation, Malla shares, is done in three ways: availability, convenience and price. With over 500 driver-partners that are tracked across the city through GPS, the company ensures that customers get quick and efficient service. Pairing this with their mobile app and online billing system ensures convenience; you even have your VAT bill emailed to you.

Moreover, Upaya City Cargo's algorithmic payment system ensures that both customers and drivers get a fair price. The Products & Development Head for Upaya City Cargo, Karan Basnet explains, "Given the nature of the services we offer, there are many more variables to consider, especially compared to a typical ride sharing platform. Distance, travel time, weight of goods, additional stops, estimated duration are standard variables used to calculate the trip fare." However Basnet also notes that more variables may come into play depending on the unique



situations that might arise.

Fortunately, it seems that the company has managed to collect enough historical data to analyse and make adjustments where needed. Even things as minute as traffic times can soon be integrated into the system through driver-partner GPS data.

Why should Upaya City Cargo matter to you

Upaya City Cargo's clientele could be distinguished into three varying categories: individuals, SMEs and corporate companies. The pandemic has certainly been a blow to all three of these. With traditional supply chains and logistics diving into chaos because of government sanctioned lockdowns, SMEs and suppliers have had to bear huge losses. This only goes to show how beneficial it is for a system like Upaya to be in place.

In an ever-growing digital era, where convenience triumphs over everything else, the process that Upaya City Cargo has engineered had helped it retain 83% of its former business even during the lockdown. With over 750 clients in Kathmandu and 500+ driver partners, the company appears to be maintaining a healthy 75 trips a day.

For individuals, a totally digital system would simply mean convenience. The ease and comfort of having a service at the tap of a button is a trait that has defined the internet age. For small and medium sized enterprises -perhaps one the larger markets for Upaya City Cargo - the competitive pricing and invoicing service is what makes the company so attractive. According to Khadka, these are people who have become weary of the constant bargaining with drivers for every single trip they had to take.

When it comes to bigger corporate clients, what allures them to Upaya City Cargo is the accountability they offer. Often

times, independent drivers don't provide legal taxable bills which is a big annoyance for big companies. However, with a registered and accountable company like Upaya handling their logistics, these companies can ensure that their ledgers are balanced without having to invest in their own fleet of cargo trucks. "For these companies, logistics is not at their core, it's whatever their business is. And if they could even outsource it to someone instead of increasing liabilities through owning vehicles and having drivers, it would even be more profitable for them," shares Khadka.

As for drivers, Upaya City Cargo goes beyond just being an extra source of income. Not only do these drivers get consistent, trackable and fairly paid work trips, Sandip Subedi, the Head of Logistics of the company, states, "There are plethora of opportunities for any driver partners to get enrolled in long term contracts with clients like Daraz, Sastodeal, DHL and so on, securing them with a monthly-based income for a long period of time. Furthermore, we support our driver partners with buying a new vehicle at a cheaper/discounted price and also with a lower interest rate for their monthly EMIs as we have a mutual understanding with various vehicle dealers and banks." The company in fact currently has a partnership with Sipradi Trading, the distributors for Tata vehicles in Nepal.

The veteran-young blood recipe

The business landscape in Nepal is an interesting one. While tried and tested business veterans still run big businesses, there has been a rising generation of young entrepreneurs that want to make their mark in the Nepali market space. While the veterans have mastered their art through years of hit-and-trial, they lack the innovation that their freshmen counterparts have.

And although the younger and hungrier entrepreneurs have made strides with their out-of-the-box ideas, they are missing out on the market knowledge and relations that the veterans possess. So what better way to maximise their probability for success than by bringing the best of both worlds into the venture?

"We have a board of directors and an execution team. The board is comprised of people who come from a background of consulting, legal, finance, etc. These people have been in the market for almost two decades, have an immense network, have access to funding, and they know the intricacies of doing business in Nepal. But they are all busy and obligated in their own professional lives. Whereas people like me who had a stint abroad and are coming back, or people who just finished education and are young and want to prove themselves, have lots of energy and hunger. So their vision and experience matched really well with our enthusiasm and drive." Khadka passionately shares. While the board helps out on a strategic level, the young team delivers in terms of day to day operations.

When asked how valuable having a veteran board was, Anish Pradhananga, the Tech Development Head and one of the youngest members and stakeholder of the Upaya City Cargo team shares that the experience has been a very rewarding learning opportunity for him. More often than not, entrepreneur and startup founders who want to market and expand their businesses are constantly dragged behind by unavoidable constraints like legal letters, lobbying for policies, regulations, finding seed investment and so much more. It seems that having a symbiotic relationship with their board has really allowed for the young company to differentiate between the two facets of their business.

Chairman of the board, Suman Rayamajhi seconds this opinion. Rayamajhi who has made a name for himself through multiple ventures like BO2, Eos advisors and Smart Telecom, shares that having a veteran board brings invaluable assets such as a ground level market understanding, network connections for business development, and even a sense of credibility, trust and reputation to a young brand.

The future

With a strong first year, Upaya City Cargo seems to have an ambitious set of goals for its future. In a recent press launch for their new app, the company expressed its desire to establish itself as the "logistics backbone of a digital Nepal." The company also announced their target to expand its services to ten major cities across the country within a year.

Basnet who deals with the product development of the company shares, "City Cargo is designed in such a fashion that it can scale and expand into other logistics sector or geographic regions. Our immediate plan is to scale with our intra-city model into other cities within the country." He however also acknowledges that while theoretically the system only needs minor adjustments to adapt to new regions, the project requires a cohesive effort from all the teams in the company to actually be successful.

Upaya City Cargo also has a desire to expand beyond its intra-city cargo services. While the company's sole focus right now is on expanding its intra-city network, it also plans on venturing into inter-city, agricultural, and e-commerce logistics markets in the country. As for now, with their cross country expansion currently underway, the company is focused on reaching the 500 trips a day milestone by the end of Asar 2078. **B**

IFC awards “2019 Best Partner in Low Income IDA Countries, South Asia” award to NIBL



Nepal Investment Bank Limited (NIBL) bagged the “Award of Recognition” from International Financial Corporation (IFC), a member of the World Bank Group, for “2019 Best Partner in Low Income IDA Countries, South Asia”, for maximum volume of trade finance from Nepal under Global Trade Finance Program (GTFP).

IFC partnered with Nepal Investment Bank to promote trade finance in Nepal to enable the bank to enhance its support for local enterprises and help boost international trade opportunities. IFC's trade finance support enabled the country's corporate and small and medium enterprise sector to increase their share of global trade and get recognised by a wider range of correspondent banks globally. The network facilitates transactions in challenging markets, promotes competitive financing, and builds correspondent bank relationships with new institutions at low risk, reads the press statement from the Bank.

India-Nepal Economic Ties are Strong and Faring Well say policy-makers at the PHDCCI India-Nepal Centre Webinar

With the Covid 19 outbreak and prolonged lockdown, lives and livelihoods of people globally has been adversely impacted in unprecedented manner. India and Nepal are severely impacted as well. In such trying times, economic cooperation between India and Nepal needs to be further accelerated. For economic rebounding in both the countries, the performance of the MSME sector is going to be one of the decisive factors.

Against this backdrop, under the aegis of India Nepal Centre and in association with the Confederation of Nepalese Industries, Nepal SBI Bank, PHD Chamber of Commerce and Industry (PHDCCI) organised a webinar titled: Enhancing Cooperation for MSMEs in Nepal on August 31.

Maha Prasad Adhikari, Governor of Nepal Rastra Bank, in his keynote Speech called the MSMEs sector as the growth engine of Nepal's economy. Highlighting on the recent policy measures, he assured the industry that Nepal's MSMEs are on way to emerge stronger and can partner for registering positive outcomes.

Sushil Bhatta, CEO of Investment Board Nepal (IBN) recognised the challenges MSMEs are facing with the demand and supply shocks with the ongoing crisis emerged through the pandemic. He highlighted the importance of MSME for Nepal's economy and job creation. He stressed on the need for creating awareness in MSMEs for skill development, entrepreneurial advancement, innovative practices, and new technology to give them a competitive edge at the regional and global platforms.

“In the recent past, the trade between India and Nepal has reached to around 85%

peak of pre-Covid times both in terms of export and import, said Kapidhwaja Pratap Singh, Commercial Representative at Indian Embassy in Nepal. He highlighted many importers in India are dependent on exports of Nepal, making it a two-way flow of commodities between India and Nepal. He added that localised trade is happening at a fast pace. This shows the immense networking and supply chain management development by business between India and Nepal.

Anukool Bhatnagar, Managing Director and CEO of NSBL, in his presentation discussed financier perspective on the MSME's in Nepal. He presented a nuanced view on key pressing policy issues that are impacting the way banks are landing to MSMEs. While the credit gap is still there, Nepal has evolved as a country with robust ecosystem for the old and new businesses. Bhatnagar appreciated the regulatory measures of NRB that are particularly sensitive to the concerns of MSMEs.

Dr DK Aggarwal, President of PHDCCI, shared about India's unique and deep relationship with Nepal. He called for an enduring partnership among the MSMEs at both sides where PHDCCI as the national apex chamber of India along with its partner CNI could provide the much needed platform. Sanjay Aggarwal, Senior Vice President of PHDCCI, said that it is high time that MSMEs were given their space as the Covid 19 has made a firm ground for strengthening bilateral relations between India and Nepal and these business can play pivotal roles in economic rebounding.

Anil Khaitan, Former President of PHDCCI, presented a global overview about the effect of the pandemic on the economy and the required response to mitigate the challenges being faced by MSMEs. “In these adverse times, it is utmost important that businesses adopt the ways for frugal innovation”, he added. He said that the MSMEs need

a clear definition that will be immensely helpful for letting them avail the market conditions efficiently.

The webinar was moderated by Amb K V Rajan, Chairman, India-Nepal Centre, PHDCCI and India's Former Ambassador to Nepal and Nirvana Chaudhary, Chairman, India-Nepal Centre (Nepal), Vice President of CNI and Managing Director of Chaudhary Group. Among other key participants were Anil Khaitan, Former President, PHDCCI; Saurabh Sanyal, Secretary General, PHDCCI; Atul K Thakur, Nodal Coordinator, India-Nepal Centre, PHDCCI; Madhav Lal, Former Secretary, Ministry of MSME, Government of India; Ashutosh Bharadwaj, MD, Noveau Manufacturing; Praveena Kala, Director, Paramount Cables and Former CGM-SBI; and Dr Binod Atreya, MD, BFIN.

NRB to provide Rs 112 billion refinance facility to sectors hit hard by Covid 19

Commercial banks across the country have started to take in applications from borrowers to deliver them refinance facilities. The refinance facility has been introduced by the central bank to assist businesses affected by Covid 19 under the provision made in the monetary policy for the current fiscal year 2020-21. The facility subsidises the interest rate for borrowers and is to be available for six months, with an option of extension of six months.

As per the policy, exports and sick industries as well as other sectors will get special refinancing facilities at a maximum 3% interest rate, while micro, cottage and small industries will get credit at a maximum 5% interest rate. After the central bank called applications on August 17, with a deadline of one and half months, commercial banks have started to collect applications from their borrowers. As per the central bank notice, sectors that have been worst affected and sectors which have faced

middle-level impact can apply for the facility.

As per the monetary policy, the central bank has promised to provide 70% refinance support by accumulating applications collectively from borrowers. Under this facility, refinancing of up to Rs 50 million will be available for each customer. For bigger projects, such as hydropower projects, the central bank has made the provision of providing 20% of total as refinance amount. A borrower can get up to Rs 200 million under this window. The amount is expected to differ on case to case basis. For microfinance institutions, the central bank will channelize 10% of the total refinance fund. "Under the first window, a fund of around Rs 112 billion will be available for refinancing," said Dev Kumar Dhakal, Chief of the Regulations Department at Nepal Rastra Bank.

As per NRB's notice, the tourism sector, including travel, hospitality and aviation sector, movies and theatres, poultry, livestock, fishery, handicrafts and readymade garment among others are the most affected sectors. Likewise, sectors which faced middle-level impact such as schools, transportation services, beauty parlours, legal and engineering firms, construction industry, pharmaceutical industries, fitness centres, media houses and hydropower projects will also get refinance facility. In order to provide the subsidised loans, the central bank will make available resources to commercial banks at low (1, 2 and 3 percent) interest rates.

NMB Bank forges into digital payments in transport sector

NMB Bank signed a Memorandum of Understanding with nCloud to promote digital payment channel in the

transport sector. The MoU was signed between CEO of the Bank, Sunil KC and Dipendra Narayan Shrestha, CEO of nCloud.

The agreement seeks to implement digital payment collection system in public vehicles through use of contactless cards and POS terminals. The project shall commence with the initial tie up with Kipu Bus Sewa where passengers can use the contactless card for the payment of their bus fares.

In the Covid 19 scenario where safety measures must be adopted, the agreement comes as a first of its kind technological support rendered to the transport sector to aid in maintaining social distancing in public buses. The project is in line with Nepal Rastra Bank's mandate towards digitisation and a step towards the transformation from cash based to cashless society. The project encompasses similar alliances with other bus samitis to introduce similar contactless fare collection systems with other bus operators, reads the press statement from the bank.

'Aba Desh Mai cha Rojgari' campaign launched



Minister for Finance Dr Yubaraj Khatiwada launched 'Aba Desh Mai cha Rojgari' campaign on July 30. Initiated by Rojgari Services and UKaid Skills for Employment Program, the campaign builds on previous efforts to respond to the livelihood needs of migrant returnees and other economically disadvantaged, socially excluded groups.

Unveiling the campaign's logo and slogan, Dr Khatiwada, noted the importance and timeliness of the campaign. "I am confident that such market-led skilling initiatives will gather momentum and successfully build the envisioned collaborations between the government, private sector, civil society, media and our development partners," he said.

Stating that around 700,000 Nepali migrant workers abroad who were laid off during Covid 19 pandemic could return home, Khatiwada called for cooperation from all quarters for job creation for foreign returnee Nepalis. "Our aim is to ensure that Nepal's human resources are protected and to respond to the livelihood needs of the migrant returnees," he stated.

Team Leader of UKaid Skills for Employment Program Baljit Vohra said that the campaign's goal is to ensure that together we are able to leverage Nepal's human capital while also safeguarding lives and livelihoods.

Upaya City Cargo launches Version 3.0



On August 7, City Cargo launched their new app at an event held in the presence of its founders, board members, investors and the company's employees taking all the precaution measures of social distancing, mask and sanitisation during the launch. The company ensured that Version 3.0 will make online delivery easier. The Chairman, Suman Rayamajhi informed about the mission, vision and core values of the

company and praised and thanked the employees for all their endeavors, dedication and encouragement in building Upaya: City Cargo amidst the ongoing pandemic.

At the event, City Cargo's COO Amigo Khadka talked about the journey and the milestones the company had achieved in the past fiscal year. He also presented a brief 'road-map' on how it will work in the days to come. He shared the company's plans to expand

its services outside Kathmandu valley, to six hubs (10 major cities) within a timeframe of one year.

The company's Product and Development Head Karan Basnet shared that Auto connection through the platform and 'Tracking and Automated VAT Bills' are some of the key features in City Cargo's Client app that make the booking process easy for customers. The app provides the customers to hire vehicles on a trip-wise and daily hire basis. Furthermore, the drivers will be automatically notified regarding trips/bookings and they will be able to easily view their income details. Giving a short demonstration to the audience, he conveyed that both drivers and partners can easily work together through the app. He also said that Upaya: City Cargo is all set to realise and be the logistics backbone of a 'Digital Nepal'.

Sujeev Shakya's 'Arthat Pariwartin' released as eBook



After five single chapter releases, Sujeev Shakya's 'Arthat Pariwartin' hits the market as Nepalaya's first primary eBook released on August 25. An anthology of essays, the book builds up on the premises of Shakya's previous book Arthat Arthatantra, and goes a few steps forward to diagnose the maladies that keep Nepali society on the hinge of poverty, while also offering innovative solutions to combat the same. This is Shakya's fourth book and the second one in Nepali.

"The response for single chapter releases was encouraging," said Kiran Krishna Shrestha of Nepalaya. "It's a behavioral leap for many readers to embrace the virtual platforms and we were willing to undertake our primary eBook release with a pinch of salt. But the responses for the single chapters show that we are ready for eBooks."

Nepalaya has been making all its publications available through various mediums in addition to the regular traditional printed form. As a result, all Nepalaya books are now available worldwide through Amazon and Barnes & Noble network. English edition of the books are also available as eBooks on Kindle. Due to language barrier, Nepali books were not available as eBooks as widely as desired. The eBook project came to fruition when one of Nepalaya's online booksellers Thuprai (www.thuprai.com) developed an efficient and easy platform to buy and read eBooks. So far, since the lockdown, Nepalaya alone has sold several thousand books through Thuprai.

"We live in very exciting but equally uncertain times," says author Shakya, explaining the idea behind the book. "The only way to keep up with the times is by embracing positive changes continually. As Nepal transitions into a democratic federal system, it's time for us to set up the apparatuses of development and gear up for prosperity, the mandate approved by the recent election as its prime agenda. But there are several challenges and constraints we need to address in order to achieve this. The book classifies just those and attempts to find remedies, so the dream of prosperity becomes an attainable one."

The ebook is available for reading on Thuprai app, just like its previous single chapters. Those who have bought single chapters before will be eligible for a discount. 'Arthat Pariwartin' is priced at Rs 250 for the Nepali market. The readers also have the option of listening to the audio book or buying single chapters of the book at Rs 15 each. The book's print edition is due for release post-lockdown.

Dropmandu, a digital transportation and logistics app launched



As businesses in the nation go online at a determined speed, the Dropmandu app was unveiled as a focused solution to meet the gaps between business and customers.

Dropmandu has been recently established a transportation logistics company that answers to a diverse range of commute and cargo needs that can vary from individual transportation requirements for personal movement to delivery of goods. The company is focused on finding the best routes, vehicle options and the most cost efficient way for its customers.

"The use of mobile apps for logistics and transportation improves productivity,

optimises processes, reduces costs, increases profitability and provides greater customer satisfaction. The digital



business landscape is still at a nascent stage in the country but we see it as a transformative force for the economy," said Noor Dhoj Joshi, Director of Dropmandu.

Currently the services are available in the valley but stage two will find Dropmandu providing interstate services and lineup of innovative functions that provides highly customized solutions for customers. Joshi adds that while they are at initial stages they assure that with contemporary technology interface Dropmandu offers transparency, location and asset tracking, and efficient logistics management.

Xiaomi launches the Redmi 9 Series in Nepal

Xiaomi announced the launch of its two new smartphone models within the budget segment, Redmi 9 and Redmi 9A, in Nepal on July 31.

The Redmi 9 features an all-purpose quad-camera set up with premium camera features including kaleidoscope and palm shutter. The phone has a 6.53 inch FHD+ Dot Drop display and also comes with TÜV Rheinland Low Blue Light certification and Corning Gorilla Glass. On the performance front, Redmi 9 sports an optimised MediaTek Helio G80 SoC delivering a 107% improved performance over its predecessor and is paired with a 5020mAh large capacity battery that supports 18W fast charging technology. The phone has a chic gradient colour design and an anti-fingerprint ripple texture. The rear fingerprint sensor sits beside the camera set making Redmi 9 comfortable to hold and unlock. It also comes with a 3.5mm headphone jack, IR blaster, supports dual SIM usage and has an additional microSD card slot.

The Redmi 9A is equipped with a similar display size as the Redmi 9, has a 5000mAh battery, features MediaTek Helio G25 octa-core gaming chipset, and sports the AI-optimized 13MP rear camera.

Sourabh Kothari, Country General Manager of Xiaomi Nepal said, "We are thrilled to introduce both these smartphones to our Mi Fans and users in Nepal and we hope to continue bringing the best to them from the house of Redmi". The Redmi 9 is available in Carbon Grey, Ocean Green, and Sunset Purple colours and is priced at Rs 16,999 for the 3GB+32GB variant whereas the 4GB+64GB variant is priced at Rs 17,999. The Redmi 9A comes in 2GB+32GB for the price of Rs 11,499 and is available in Granite Gray, Peacock Green and Sky Blue colours.



NMB Bank is lead financier of Madame Khola Hydropower



NMB Bank inked the Financial Closure Agreement of Madame Khola Hydropower Project having an installed capacity of 24 MW. The project is located at Madi rural municipality in Gandaki province. The Financial Closure Agreement was signed on August 3 with lead financing from NMB Bank and with NIC Asia Bank, Prabhu Bank and Employees Provident Fund as Consortium Member Banks and Financial Institution. The Nepal Electricity Authority has already facilitated the construction of the project signing Power Purchase Agreement (PPA) with the company on July 31, 2018 (1st Amendment on February 7, 2019). The total project cost stands at Rs 4.48 billion out of which Rs 3.325 billion has been managed by the consortium debt. NMB Bank now stands with total number of 42 projects in its hydro portfolio.

Realme launches four new AIoT devices in Nepal



Realme launched its four new AIoT products: the Realme Band, Realme Buds air, Realme buds air neo, and the Realme watch, in the Nepali market on August 17. All devices are available from any of its 950+ offline retailers and on daraz.com.np.

Realme's first ever smartwatch features a

3.5cm colour touch display with Corning Gorilla Glass protection. The watch offers 380nits of brightness with 10 levels of brightness adjustment and the display is capable of producing vivid colours and great image quality for a smartwatch at its price range. The smartwatch is priced at Rs 7,799 also comes with GOODIX PPG heart rate sensor for accurate heart rate information and blood oxygen monitor. Users can also enjoy the smart notification feature, dozens of watch faces to suit each individual's style, IoT SmartConnect, is IP68 water-resistant with 14 different sport modes.

The Realme band is priced at Rs 2,999, the buds air neo which offers a wireless music listening experience with a battery life of around 17 hours. is priced at Rs 5,599, and the buds air is priced at Rs 6,999 and is available in black, white, and Realme's iconic yellow colours.

Webinar on the Future of US-India Relations and the Role of China in the Changing Global Order

"There is something inscrutable about China. India will need to invest more in understanding the Chinese psyche, if we are to reverse the current level of disengagement between the two countries," said Ambassador T P Sreenivasan. He was speaking to Dr D Dhanuraj, Chairman, Centre for Public Policy Research, Kochi at the webinar organised by World Trade Center Kochi, in association with the Centre for Public Policy Research, Kochi and Indo American Chamber of Commerce on 'The Future of US-India Relations and the Role of China in the Changing Global Order' on August 5. He highlighted that despite several concessions given by India to China, they remain unyielding.

Outlining the history of Indo-US relationship, Ambassador Sreenivasan highlighted that Trump holding

office has surely been a high point in this relationship. In the struggle for global dominance, the US has found a friend in India in a situation where Europe is not united and NATO undependable and this is seen in the push for grouping like the Quadrilateral for likeminded countries.

Dr D Dhanuraj added that with technology and trade defining foreign relations in the recent decade, China has marched ahead and is giving the US a tough run now. This leaves us with an important question that when the cat in the room becomes a tiger how do you deal with it? The Ambassador replied that this has resulted in the US taking a strong position against China, one example being the closing down of Chinese Consulate in Houston. This Chinese factor in addition with the onslaught of Covid 19 and upcoming elections has been overwhelming challenges concerning the US.

Talking about India's options to deal with China, Ambassador T P Sreenivasan puts forth three critical aspects: consistent talks with the top military officials, economic action and stretching military capabilities. Concluding the conversation, Ambassador underlined that when all is said and done, pandemic has helped improve India's standing in the Global order. India's initial handling of the Covid situation, insistence on multilateral options and the progress made in medicine and vaccines have given India an edge in the world with a high place in the global anti pandemic global alliance.

International flights to resume on selected destinations from September 1

The government decided to resume international flights in selected destinations starting from September 1 abiding by safety measures. In a press conference held on August 21 to announce decisions made by the Cabinet, Minister for Communication and

Information Technology Dr Yubaraj Khatiwada announced measures to be followed by passengers as well as aviation service providers.

According to Dr Khatiwada, regular flights scheduled to start from September 1 will be released by the Ministry



of Culture, Tourism and Civil Aviation and passengers who will be on board those flights would need an RT-PCR Negative report conducted in the last 72 hours before getting on-board. "They should send it along with a form that they need to fill online over the website of CCMC and show bar-code or printed copy or else confirmation about hotel booking where they will stay on mandatory quarantine for a week," he said.

Expenses for one week's compulsory hotel quarantine is subject to be paid by the person flying back to Nepal and the payment should be made prior to the arrival. Dr Khatiwada said that a list of hotels that would be converted into quarantine facility for a week will be released by the Civil Aviation Ministry soon. Airlines will have to collect the expenses of hotel quarantine from their passengers and ensure that they pay the respective hotels as per the bookings. However, if they violate any rules and bring people having no PCR tests, the concerned airline will have to bear all the quarantine expenses of all their passengers, according to the Cabinet's decision. "The government will take legal action if they break the rules," he said.

Along with the resuming international flights, the government also has decided

to continue repatriation flights for stranded Nepalis in those countries where the Covid 19 infection rates are low. It has clarified that only 500 passengers will be permitted to enter Nepal on a daily basis.

"Regarding flights coming in, countries and cities which have easy access to RT-PCR tests like Malaysia, UAE, South Korea, Thailand, Japan, China, Hong Kong, Australia, America, Canada and other European countries will be allowed besides those with permission such as Nepali or foreign diplomats or staff, UN and development agency representatives," said Dr Khatiwada.

Bodhi Toastmasters Club Kathmandu celebrates its 100th Meeting



Driven by the theme "The best project you'll ever work on is you" and an undeniable passion for continuing the journey of leadership and public speaking, the members of Bodhi Toastmasters Club celebrated its 100th meeting milestone on the evening of August 3 via video conferencing. The video meeting was attended by more than 85 members and guests from Nepal, SE region and other parts of the world.

The Club was chartered in January 2018 and comprises of leaders from the educational ecosystem of Kathmandu in its initial days. Now professionals from other walks of life have joined and are supported by a thriving body of 25 members that bring in a host of expertise to the weekly club meetings on Mondays.

Kiran Nepali, Founder at Project Sarangi and one of Nepal's foremost sarangi

players swayed the audience with his soulful music. Suvarna Shreshna Basnet, development practitioner and one of the more renowned and sought-after Art of Living faculty in Nepal, took participants on a meditative journey of self-discovery and realisation. Amuda Mishra, Executive Director of Ujyalo Foundation, delivered her maiden stand-up comedy performance and had the audience in splits. The finale was a dance session choreographed by Rohit Saud, a renowned dance and fitness instructor based out of Bangalore, India.

Carrying on the Toastmasters legacy of public speaking there were two impromptu speaking opportunities titled 'Spin-a-Yarn' and 'Turncoat'.

Sarala Gautam's 'Dumero' launched



Sarala Gautam's novel 'Dumero' was released on July 30 by Nepalaya. The title Dumero itself is a dialectic word which loosely translates to a restless seeker. The novel is a coming-of-age story of a small town girl trying to find identity and voice in the larger world.

Gautam started her career as a journalist and over the years has established herself as a notable social critique. Her newspaper columns cover pertinent socio-political issues and have been well received and this is her debut book.

Speaking about the style of the book, Bhushita Vasistha of Nepalaya said, "Gautam's advocacy of depoliticising language is well reflected in

the book. Her characters raise the issues of empowerment, identity, evolving relationship dynamics and other political crises of the modern-day people in simple, relatable language, intentionally devoid of buzzwords. Her style is urbane, irreverent, and potent. This aligns with Nepalaya's commitment to publishing diverse narratives."

"The word has a certain phonetic appeal," said Sarala Gautam, adding, "But it also carries a symbolic meaning. Woman's identity has always been saddled with domesticity. But we are standing at the crossroad of history, where men and women don't have as precisely defined gender roles anymore. It is necessary for us to hear and tell the story of these individuals who are struggling to find purpose and strength in this brave new world."

Dumero is priced at Rs 495 for the Nepali market and is available at all leading bookstores of the country. The ebook copy can be purchased from thuprai.com and is available worldwide on Amazon as well.

Zonta Club Kathmandu hosts digital panel session against domestic violence



Zonta Club Kathmandu organised a digital panel session titled "Behind Closed Doors: Unleashing the Truth of Domestic Violence during Covid 19" as a response to the increasing cases of domestic violence against women

especially after the lockdown on August 2. The aim of the session was to bring awareness and find solutions to the increasing cases of violence against women amidst the pandemic.

Bandana Rana, Vice-Chair of UN CEDAW Committee and one of the panellists commented, "The pandemic has created havoc globally and has brought along another form of crisis which the UN has declared as the 'shadow pandemic'. It refers to the increase in the domestic violence amidst the crisis which needs to be prioritised and addressed."

The nationwide lockdown has seen an alarming increase of 40% in violence against women and girls in the country and especially in the case of domestic violence. Vulnerable women are trapped inside their homes with the perpetrators having no access to safety. Likewise, the increase in the number of mental health issues and suicides is an area of utmost concern.

Zontian Seema Golchha, the President of Zonta Club of Kathmandu shared that Zonta Club Kathmandu aims to bring attention to women and girls who are trapped and violated physically and mentally in their own homes by their

perpetrators. "With the digital panel session we hope to bring this issue forward to all and fight against it."

Virus-hit prisons still full of human rights defenders



Governments who were lauded for releasing prisoners in response to Covid 19 outbreaks have excluded human rights defenders from the measures and continue to make new arrests of activists, journalists and critics, Amnesty International said on August 6 via a press statement.

In the new briefing, "Daring to Stand up for Human Rights in a Pandemic", which documents attacks on human rights defenders during the pandemic, the organisation highlights the hypocrisy of governments including Egypt, India, Iran and Turkey, who have left prisoners of conscience to languish in appalling conditions despite widely publicized prisoner release programmes.

"Covid 19 has been an added punishment for human rights defenders who are unjustly imprisoned, and has also been used as a pretext for further harassment, prosecution

and even killings," said Lisa Maracani, Amnesty International's Researcher on Human Rights Defenders.

"The exclusion of human rights defenders from release measures underscores the political nature of their imprisonment. In Turkey for example, journalists, lawyers, activists and opposition politicians held in pre-trial detention on baseless charges remain behind bars despite government measures that have seen over 100,000 people released since April. It is plain to see that the Turkish government still fears criticism more than the pandemic."

The new briefing documents attacks on human rights defenders during the Covid 19 period in 46 countries, and shows how "fake news" laws, movement restrictions, reduced police protection and heightened intolerance to criticism have led to new crackdowns around the world, including against whistleblowers in the health sector and those highlighting inadequate responses to the pandemic.

Amnesty International

has identified 131 people who speak up for human rights globally who have been harassed, prosecuted, killed or imprisoned on Covid 19 related pretexts – this figure is likely to be the tip of the iceberg.

"Instead of making space for human rights defenders to support their efforts to address the pandemic and prepare for a just recovery, states are taking counterproductive measures to silence perceived opponents," said Maracani.

On 25 March, the UN High Commissioner for Human Rights urged all states to release "every person detained without sufficient legal basis, including political prisoners, and those detained for critical, dissenting views" in response to the pandemic. However, several countries excluded human rights defenders from decongestion measures in prisons and other places of detention.

In India, for example, many students and activists who had participated in peaceful protests against India's discriminatory citizenship law continue to be unjustly detained. In Egypt,

the government failed to release human rights defenders detained solely for expressing their views, as well as thousands of other pre-trial detainees, many of whom are facing overly vague "terrorism"-related charges amid concerns over breaches of due process. In Turkey, decongestion measures have explicitly excluded those who are held in pre-trial detention, and those who are on remand for or have been convicted of offences under Turkey's overly broad anti-terrorism laws. They include political and human rights activists, journalists, academics, and others who have spoken out against the government. In Iran, authorities announced that they had temporarily released 85,000 prisoners but many human rights defenders continue to be held on politically motivated charges in appalling conditions.

In other countries where prisons are already severely overcrowded, governments have continued to arrest human rights defenders on trumped-up charges, exacerbating the problem and putting more people at risk. "With the COVID-19 crisis past its peak in much of Europe, it is vital that the international community does not turn away from the dire situations in countries where infection rates are growing," said Maracani. "International cooperation must also include pressuring governments to release people who are in prison simply for peacefully exercising their human rights, and who are now at serious risk of contracting Covid 19."

Amnesty International also warned that many human rights defenders have been put at risk by lockdowns which restrict their movement, making them sitting targets for those who want to silence their voices.

IME Group celebrates 75th anniversary of Independence of the Republic of Indonesia



On the occasion of the 75th anniversary of the proclamation of independence of the Republic of Indonesia, a flag hoisting ceremony was organised at the Office of the Honorary Consul of the Republic of Indonesia at IME Complex premises on August 17. Chandra Prasad Dhakal, Honorary Consul of the Republic of Indonesia in Nepal as well the Chairman of IME Group, hoisted the red and white flag to commemorate the 75th anniversary of the independence of the Republic of Indonesia.

Diplomatic relations between Indonesia and Nepal were established in 1960. To strengthen the relations further and make them in the interest of both the countries, the Office of the Honorary Consul of the Republic of Indonesia has been playing a significant role since the appointment of Dhakal as the Honorary Consul of the Republic of Indonesia in Nepal. Indonesia is growing as a large market for the world and it is also the largest economy in ASEAN. Trade volume between Indonesia and Nepal is also substantial as the latter is one of the largest trade partners of Nepal.

Glocal Teen Hero Nepal to be hosted virtually



On September 1, Glocal announced the application opening of Glocal Teen Hero Nepal 2020 which will be hosted virtually on December 12. The event will be held online in the presence of industry leaders from diverse fields ranging from education, entrepreneurship, diplomacy, bureaucracy, and more. It shall be also live-streamed through the Glocal Teen Hero Facebook page and different media television.

Ashish Thakur, Executive Director of Glocal shared, "Despite the challenges of Covid 19, Glocal Teen Hero program is going to be held digitally this year as we believe this will be the greatest opportunity for teenagers to showcase their initiation nationally in these essential times and empower fellow teenagers."

Glocal Teen Hero is a fully funded program where teenagers from Nepal of age from 13 to 19 can apply via online (<https://nepal.glocalteenhero.com/>). The deadline for the submission of the application is November 14.

From the total numbers of applications and document review, Top 20 and Top Six Finalists will be shortlisted for the final round of Glocal Teen Hero-Nepal based on initiation and their impact of work. The finalist screening will be through online and interviewed online by a jury team comprising of Abdullah Tuncer Kecici, General Manager of Turkish Airlines; Ujjwal Shrestha, Executive Director of Panchakanya Group; Ritu S. Vaidya, Managing Director at United Traders Syndicate; Rahul Chaudhary, Executive Director of Chaudhary Group; and Anil Chitrakar, President of Siddhartha Inc.

Dipisha Bhujel receives Zonta International Young Women in Public Affairs Award



Dipisha Bhujel of Rasuwa was awarded the Zonta International Young Women in Public Affairs (YWPA) Award 2020 on August 16. She was chosen by Zonta Club of Kathmandu, District 25, Area 2 and the application for the award was sent to the Zonta International District selection. She is one of the 32 award recipients in the Zonta District who will receive \$1500. Amongst the chosen 32, she has been awarded for Top 10 Zonta International YWPA 2020 and will receive \$5000. In total, she will be receiving a sum of \$6500.

The goal of the YWPA Award program is to encourage young women from the ages of 16-19 to participate in public affairs by recognising their commitment to the volunteer sector and their dedication to women empowerment. Applicants are asked to reflect on their voluntary commitment to their school and community as well as the problems limiting the empowerment of women in their own country and worldwide. The Zonta International YWPA Award program looks at the young women of today as the leaders of tomorrow.

Bhujel, at 14, started working as a translator at the Canadian Red Cross Emergency Response Unit (ERU) deployed in the aftermath of the earthquake in 2015 while also working in the hospital and health camps with the ERU. She has served as the Vice President of Junior Red Cross Circle at her school and worked in Jagriti Child and Youth Concern Nepal, an NGO, where she initiated an online platform that provides young women an opportunity to share their stories regarding menstruation to help eradicate the stigma associated with it. Currently, she is working in educational projects of NePals e.V, a German INGO, that educate students from remote areas about health issues. She is involved in biodegradable pad making in Nepal where she is the youngest member in the project.

Currently, she is studying for a Bachelor's degree in Psychology and English Literature. She is also a student of the German language and works as a translator. Bhujel believes that women should be able to speak for themselves and take decisions in a male-centric society.

Elegance is an attitude



Zhao Li Ying

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TOP PICK



Bhintuna "Jya-Poo"

Founder, Bhav Products

Bhintuna "Jya-Poo" is a graduate of anthropology. During her +2, she took a Professional Diploma in 3D Animation and Visual Effects (PD3D) as a hobby. After four years of working in animation, she realised her love for graphic design.

While freelancing as a

designer, she could not find a proper planner, dot grid graph notebook or well-designed stationery in Nepal. Very often she would hear complaints about not having choices in stationeries in the Nepali market, and she then thought of creating a creative stationery line.

Bhav Products started in December 2014 as an opportunity to provide stationery lovers in Nepal with quality, designed notebooks relatable to the Nepali crowd at affordable prices. Bhav Products can be purchased online at www.bhavproducts.com.

com and from their store in Jhochhen, Kathmandu.

In this issue of Business 360, Bhintuna "Jya-Poo" shares her pick of top brands.

3 women-run businesses you think deserve accolade

- Aayusha Shrestha, AAMO
- Shyam Badan Shrestha, Nepal Knotcraft Centre
- Haushala Thapa, CYF

3 Nepali startups you think deserve the spotlight

- Kolpa
- The Record
- Danfe by Saath

Best work advice you have received

Work hard and do your best. Both my parents - Prof. Govind Narayan "Jya-Poo" and Jamuna Rana "Jya-Poo" - live by this adage.

3 companies in Nepal doing well during Covid 19

- Khalti
- Esewa
- Daraz

Apps you use the most

- Gmail
- Instagram
- WooCommerce
- Snapseed

3 restaurants you recommend

- Salon de Kathmandu, Lazimpat
- Otafuku, Kupondole
- Dechenling Garden, Thamel

2 destinations on your wishlist

- Rara Lake
- Gosainkunda

A song on loop "Raahi" by Ritviz

TV series you have been binge watching

- Paatal Lok
- Money Heist
- Friends

Favourite illustrator / designer

- Nepali – Ubahang Nembang
- International - Sha'an d'Anthes. **B**

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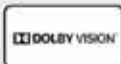
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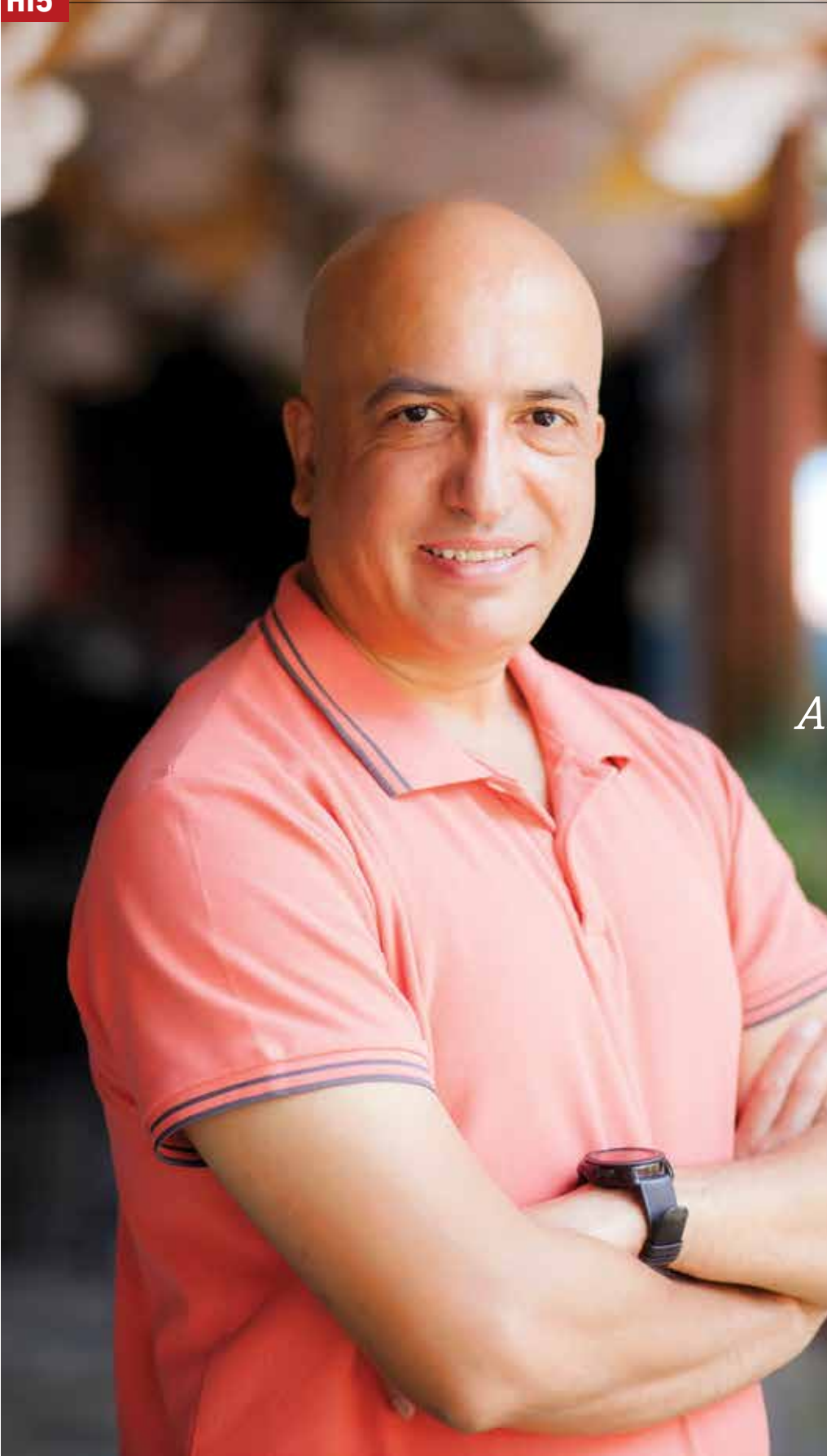
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A portrait of Ashok Pokhrel, a middle-aged man with a bald head and a friendly smile. He is wearing a light orange polo shirt with dark stripes on the collar and sleeves. He has his arms crossed and is wearing a black watch on his left wrist. The background is a blurred outdoor setting with trees and foliage.

“IN 2019 GLOBAL TOURISM WAS WORTH US \$ 8.9 TRILLION, CONSTITUTED 10.3% OF GLOBAL GDP, ACCOUNTED FOR 330 MILLION JOBS, THAT IS ONE-IN-TEN GLOBALLY, HAD US \$ 948 BILLION IN INVESTMENTS – 4.3% OF ALL INVESTMENTS GLOBALLY. IT WAS HUGE! ALL OF THESE NEEDS TO BE BROUGHT BACK ON TRACK AND THAT, INDEED, IS A TALL ORDER”

Ashok Pokhrel

Entrepreneur & Logistics Planner

Since 1989 Ashok Pokharel has been in the travel business as a Trek and Expeditions Operator, Tour Operator, Restaurant Operator and more recently as a Logistics Planner since 2005 and in Airline Distribution since 2010. Prior to the Covid 19 pandemic, he was working on two separate hotel projects, which in his own words, “dodged a major hail of bullets.” Currently, he is engaged with an agriculture based venture as well as expanding his logistics business.

Ashok Pokharel is a seasoned entrepreneur widely known for his sharp wit and passion for the industries he operates in. He is also President of Nepal Association of Tour Operators.

In this edition of Business 360, he talks about the five things that have influenced his work and life.

Business Advice

Don't be wary trying new business avenues. My father told me that before we got into the business of logistics. And he was right. I have since always kept an open mind. All businesses at their core have common denominators and present common core challenges.

Inspirational Person

My father, Tek Chandra Pokharel, continues to inspire me the most. He was a child soldier by today's standards during the 2007 revolution against Rana regime and fought with the Nepali Congress' Mukti Sena in the Janakpur sector as a 17 year-old. During



his life-time he worked in the capacity of a teacher, farmer, big game hunter, manufacturer of furniture, travel agent, hotelier, industry leader and an Honorary Consul. But, above all, he was a husband and a father – two things that were very important to him and that he tried to pass along to me every step of the way.

Pivotal Life Decision

The most important life decision has been to serve my trade. I have been involved with my trade in various associations since 1991, barely two years since joining the workforce. This meant that I had to leave the trekking trails for the office mostly, and devote a lot of my time serving my colleagues in the industry and our collective interests. Of course, a lot of the industry players are, in effect, my competition! In the

course of this journey, I have served as the Hon Secretary of the PATA Nepal Chapter, as President of the Chapter, a member of the Asia Division Steering Committee of PATA, as a proxy to the Board of PATA, as Hon. Secretary of the Nepal Association of Tour Operators and am currently serving my third term as President of the Nepal Association of Tour Operators, in addition to stints on various other trade committees. In between I served a term each on the Executive Committee of the Nepal Tourism Board and as a Member of the Board of Directors of Nepal Airlines Corporation - a father-son feat. My father had served a term on the erstwhile Royal Nepal Airlines Board some 28 years prior! During my term on the Nepal Airlines Board we managed to finalise the

purchase of the A320 aircraft. Incidentally, the B757's were ordered when my father served on the Board!

Serving in these offices has taught me that there is a higher calling in life than just business and that when your country calls for you to serve, you step up and answer that call and serve as long as your country needs you.

Why do we Travel

I always remember a quote by Mark Twain “Travel is fatal to prejudice, bigotry, and narrow-mindedness, and many of our people need it sorely on these accounts. Broad, wholesome, charitable views of men and things cannot be acquired by vegetating in one little corner of the earth all one's lifetime.” Especially, post Covid 19, this will hold true on so many more counts than it used to. This pandemic is making people xenophobic and closing so many doors that took so many decades to pry open. We are going to have to take a battering ram to all those and so many more doors that have been shut. In 2019 global tourism was worth US \$ 8.9 trillion, constituted 10.3% of global GDP, accounted for 330 million jobs, that is one-in-ten globally, had US \$ 948 billion in investments – 4.3% of all investments globally. It was huge! All of these needs to be brought back on track and that, indeed, is a tall order.

Life Philosophy

I have two philosophies that I adhere to in life. The first is I choose to be happy. The second is I will not dwell long on things that are beyond my control. Both these philosophies helped me endure the devastation of the 2015 earthquakes and are presently guiding my decision making processes during the current pandemic when all of my business activities have come to a grinding halt. **B**

WHY SUGAR IS BAD FOR YOUR BODY



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

Most people know that sugar is bad for them, but just how bad is what you really should know. We are, today, increasingly consuming sugar in excess amounts through our food choices, cravings and indulgences. Research indicates that worldwide we are consuming at least about 500 extra calories a day just from sugar. We don't think twice about handing candy bars to our kids and enjoying sweet laden foods and drinks. We simply think in calorie terms and satisfy ourselves with the thought that we can work it off. But if you really knew what damage it is doing to your body, you would think twice.

I come across clients who are happy to go on a diet, gym extra hours but not ready to give up on their sweet cravings. I am especially concerned about young children who are given sugar in varying forms – sweets, candies, drinks, cookie, cakes – without too much thought by indulgent parents. Please read on to learn from these assimilated points on how sugar can damage you.

- Increases risk of heart diseases. Sugar can actually damage your heart. It affects the pumping mechanism of your heart putting you at risk. Certain findings indicate that a molecule from sugar and starch known as glucose 6-phosphate is responsible for changes in the muscle protein of the heart which can eventually lead to heart failure.
- Promotes belly fat. Adult obesity rates have tripled in the last three decades, while childhood obesity has doubled. Sugar laden beverages cause visceral fat cells to mature creating bigger bellies and future risk of heart diseases and diabetes.
- Sugar is considered to be a silent killer as it creates leptin resistance in the body. Leptin is a hormone that tells you when you have had enough food. If you have gained weight in the past year and can't figure out why, look at how much sugar you are feeding your body.
- Research has made a connection between insulin resistance and cancer. Sugars in the intestine help form a hormone that is controlled by a protein (β -catenin) which is dependent on sugar levels and causes and releases



increased insulin into the pancreas. This protein affects the cells susceptibility to cancer. Studies also find negative associations between high sugar and starch intake and survival rates in breast and colon cancer patients.

- Sugar addiction can be genetic. Those who have genetic changes in ghrelin, a hormone that tells your brain you are hungry, consume more sugar and alcohol. Also note that even if you are not overweight, liver damage could still occur. Weight gain is not the only indicator.
- Sugar accelerates the ageing process and can sap brain power. From wrinkles to chronic diseases to affecting the ageing of your brain, sugar can also create deficiencies in memories and overall cognitive health.
- When people eat up to 10-20 percent or more of calories as sugar, it can contribute to nutritional deficiencies and cause ill effects on your health.
- Sugar is no friend to the health of your teeth as it provides easily digestible energy for the bad bacteria in your mouth. Lookout for sugar in disguise for example in tomato sauce, tonic water, crackers and even bread besides the normal candies, cookies and cakes.
- Sugar makes you fat. Unlike foods that are rich in fiber, fat and protein all of which give you a feeling of fullness, sugar only gives calories without the necessary nutrients. For example you can eat a bag of candies while watching your favourite TV show, yet be ready for dinner as the show finishes. However it is important to know that simple sugars from milk or fruits - for example - don't display the same negative health effects.
- While it can be extremely difficult to decrease your overall sugar consumption drastically, try to do it slowly and consciously without having to feel the frustration of deprivation. **B**

WHICH IS THE WAY TO SUCCESS: BEING CUNNING OR EARNING TRUST?



Sadhguru. Named one of 50 most influential people, Sadhguru is a yogi, mystic, a bestselling author & poet. Sadhguru has been conferred the “Padma Vibhushan” by the Government of India in 2017, the highest civilian award of the year, accorded for exceptional and distinguished service.

Q: I would like to be honest and straight. But I find that people who are cunning make it faster in the material world. So, what do I do about it?

Sadhguru: We do not know what is the nature of your work, what kind of transactions you are involved in. In some transactions, cunning is the law. Suppose you are involved in negotiating between two nations. Being straight is not going to work. Cunning is the law, isn't it? It is always about outsmarting the other. Is it the right thing or the wrong thing? This is not for me to decide or you to decide. It is a reality of our times.

Make a Living or Make a Life?

If I am cunning, will I succeed? Try and see. You may get cornered. If you cross some lines, you may get imprisoned. If you do not get imprisoned, you may get shunned by other people. Before you try anywhere else, try this with your family. It is better to experiment in a safer atmosphere! Every day, deceive them with something. For some time, they will be fooled and you will get a few things. After

some time, when they know what you are doing – which they will know – you will see that slowly you do not belong to the family any more. They may tolerate you for some time, but you will never be included. If it crosses certain limits, they know what to do with you.

Creating an atmosphere of trust, creating this confidence in everyone that, “You can trust me. Maybe you cannot trust my judgment, but you can trust my integrity” – if you create

another version to someone else and a third version to a third person, do you know how much extra work you have to do in your mind? If you want to know the ease of living, it is important that you maintain a trustful atmosphere around you. Otherwise life gets super-complicated and many people go crazy after some time.

In recent times in India, a lot of people who lived flamboyant lifestyles are either in prison or in hiding here and



this, you will see your life will become smooth in the society in which you live. Maybe you will make a little less money than someone else, but your life will become smooth. Otherwise, so many things will be after you.

When it comes to give and take, if you are very clever, you can take more. Some people, with their extra cleverness, may manage a better life than someone else. You may make a living. You will never make a life out of it. People of good times, you know what's happened! Do not succumb to that.

Know the Ease of Living

When you lie, when you cheat, you may make some money – I am not questioning that – but considering the amount of effort needed in your mind, it is not worth it. Suppose you tell one version of something to one person,

there. At one time, people thought they were having a good time – not anymore. Things will catch up with you. Even if the outside does not catch up with you, even if you successfully manage the outside, the inside will catch up with you.

This unnecessary extra activity in your mind itself will catch up with you. Your entire life will become a transaction. That means you are a marketplace. A marketplace is not a beautiful place. Maybe there is profit, but it is not a beautiful place because it is about how I can give less and take more. This is not a love affair. In a love affair, you give everything that you can. You don't care a damn whether you get something or not. And there is beauty to this. There is life.

Life Has No Take-Away Above all, how profound is your experience of life? How

much you have gathered would matter only if you could transport it with you when you die. I was speaking in London and a very prominent group of people were there. After I spoke for an hour-and-a-half, one man said, “All this is okay, but what is the takeaway?” I looked at him and said, “At the end of your life, whatever is the takeaway, that is the takeaway here also.”

In some communities in India, during burials, if a person weighs around fifty kilograms, it is a rule that we must put one hundred kilograms of salt beneath the body and above the body, so that every bone will dissolve and become a part of the earth as quickly as possible. But in Western societies, people are boxing them up so that maggots can eat them from inside! They do not want to merge. First, the wood has to melt. It will take a long time. These days it is chemically-treated wood, so most of them will never merge with the earth. Especially if you make a golden casket for yourself, you will never merge. And of course, somebody is going to steal it after some time and throw you all over the place!

Do not get too smart with life. You got ten rupees more than someone, but you missed life – I do not think it is smart. You wore more gold chains than someone else, but you missed life – there is nothing smart about this. This is the dumbest thing you can do.

There is no takeaway with life. Have you been touched by this life or not? Have you known tears of much tenderness? Have you known love? Have you known joy? Have you known ecstasy? Above all, have you known the innermost core that is making all this happen? **B**



ADITYA BARAL

CO FOUNDER OF XCELTRIP OTA & COUNTRY
DIRECTOR OF XCELTRIP NEPAL

Aditya Baral is the Co Founder of XcelTrip OTA and Country Director of the online travel aggregator's Nepal chapter. He did his MBA from University of Allahabad, India in 1989 and joined the Economic Services Centre, a semi-government entity involved in Industrial and Management Feasibility and other types of allied researches, as Research Officer (Section Officer) where he worked for five years and thereafter joined the Foreign Aid section of the Embassy of Japan as Economic Expert.

Baral then took a hiatus from work and went the USA for further studies but had to return mid way due to pressing reasons. On return, Baral worked as lecturer for MBA students at the Kathmandu University and Tribhuvan University. He also assumed the role of Advisor with the

National planning Commission with a clear mandate to enhance administrative efficiency of bureaucracy funded by the World Bank.

In 2000, Baral joined Nepal Tourism Board looking after marketing, promotion and public relations as the head, a career that spanned over two decades. While at NTB as Senior Director, late Prime Minister G.P. Koirala awarded Baral with the opportunity to look after Foreign Affairs as Advisor to him and they collectively accomplished the first historic election of the Constituent Assembly in 2008.

"When K.P Oli's government came to power with an overwhelming majority, NTB had already experienced a weak administration and indulgence of government was immense in its composition,

hence nepotism, favouritism and other applied negative "isms" started pervading manifold in its daily practices. Professionalism gradually started waning. Just staying there to pass time as a "jagire" could not pacify my soul hence I decided to quit and thought of joining Xceltrip where I have partly invested a substantial amount of my energy as an advisor in the past," states Baral. He feels strongly that a platform like Xceltrip is the need of the hour and future travel shooter aiming to disrupt the disruptors.

Baral is looking to create a milestone with his new initiative. Before the lockdown, XcelTrip had already created several high points in the local, national and regional markets of South Asia. "We are confident that immediately after

the lockdown we will change the travel pattern in Nepal and abroad working under our original tagline 'disrupting the disruptors'. Baral is energised working with a young and vibrant tech. "The sky is the limit in digital paradigms. And this is the perfect platform for risk-takers," he says.

Excerpts of an interview with **Dibesh Dangol** of **B360** on what leadership means to Aditya Baral:

How would you define leadership?

I have always felt lucky to experience myriads of micro and macro challenges. While working with the PM of Nepal in turbulent situations (2008/09), I had a great opportunity to look at Nepal from a microscopic prism. Thus leadership to me means 'action' and not 'positions'.



“NEGOTIATION IS BECOMING TOUGHER, GROUP TRAVEL IS RETARDING, LONG HAUL TRAVEL IS LESS PREFERRED BY THE FUTURE TRAVELLERS, HENCE NEW BUSINESS IN NEW NORMAL WILL START FROM ZERO. THE DYNAMICS OF TRADE WOULD SEE NEWER PARADIGMS WHICH MAY APPEAR AFTER STABILISATION IF NOT IMMEDIATELY FOR SURE. THE ORIENTATION OF OUR GOVERNMENT'S PERSPECTIVE HAS TO TRANSFORM. THE MINISTRY AND NTB SHOULD SET UP A SEPARATE FUNCTIONING DEPARTMENT OF DIGITAL TECHNOLOGY WITHIN THEIR STRUCTURES GETTING RID OF THE CHRONICLES AND CONVENTIONAL MANOEUVRES”

Leadership does not provide leverages to delay, wait, prolong, irrespective of mistakes. Humans make mistakes, only fools repeat them.

Pondering, soliciting, seeking, hobnobbing, assembling is the essence of quality leaders. Loquacious, hollowness, excessive sense of humour on all fronts, projecting pseudo nationalism are the qualities embedded to hoodwink their supporters or followers which we are encountering today.

In essence, leadership is “delivery”. No matter how hard you work, the followers expect smart work with the early delivery of results.

Cooperation, assimilation, humility and wisdom are the ornaments of modern leadership. Even education is non-mandatory in leadership as we have witnessed so many uneducated leaders who have delivered beyond expectations.

A true leader is one who solicits ideas from others but takes bold and pragmatic decisions himself. The leader who understands his people parallel, above and below him and endeavours to deliver without changing the goal post honestly is the true leader.

What are the most important values a leader should demonstrate?

Honesty and integrity are the greatest values a leader should possess. If a leader is selfless, he can be decisive in front of anyone or any circumstances. We should not try to become a person of success but a person of value.

If the attachment is the cause of bondage, its principal source is ego. Therefore, to be completely free of bondage, one has to get rid of the feelings of “I, me and mine”, which is difficult to follow in reality. It has become the killer of leadership integrity in a country like ours where greed to accumulate wealth has become the norm of society.

Also, I guess if a leader imbibes the vision of equality then he leads to peace and freedom. Selfless action purifies

the actor and detaches him from the fruits of action and finally frees him from this bondage.

What are your greatest strengths and weaknesses as a leader?

This question should have been thrown to my colleagues or peers at the workplace more than to me. However, upon introspection, I guess I am a restless person comprehending the bottom-line objectives discharging duties with an early expectation of results.

Being human, I am told by my friends that I am a soft leader based on the group dynamics. I entrust my team and try as much as possible to devolve powers and authorities. I am a person who is not interested in procedural formalities. However, I expect to reach the goal within stipulated timeframe.

My greatest plus point is that I lead my team fully assimilating with them, providing them proper direction, and nip the bottlenecks from the bud.

My greatest weakness is that I am impatient and a little nervous in last-minute delivery. Also, I tend to be harsh with non-performers and do not endorse diatribe with subordinates. My engagement, experience, education (I read for 3-4 hours a day) and massive PR also sometimes inject arrogance in my dealings if meeting matchmakers are not up to the level playing field.

How is a leader different from a manager?

A manager works under a defined square box under many leaders however a leader only proves his mettle and outcome through independent actions. The core difference between leaders and managers is that leader has people to follow him while managers have people who work for them. In other words, a leader chalks out a vision or goal post and strives to reach there by employing the efforts of many people including managers, but many managers strive to bring into reality that objective chalked

out by his leader. Simply put a leader has a macro job and a manager has a micro job.

How do you encourage the development of your employees?

Poor countries and opulent countries have different notions in terms of motivating their subordinates. Proper emoluments, good work culture, ambience, avenues to grow further, up-gradation of their skills through proper training and administrative freedoms in terms of their excellence are the major ingredients of development. In a poor country like ours, perks and benefits have become the yardstick of permanency in the job they hold. I still see many of the big corporate houses have not imbibed true corporate culture and hence nepotism, favouritism and other “isms” are massively in practice.

The employer evaluates an employee more in terms on “Who you are” than “What you are”. This spirit retards the honest growth of employee professionalism in Nepal. The master-servant relationship is massively in vogue in big corporate houses in Nepal.

Whose leadership skills inspire you?

On the political front, Bill Clinton is my ideal leader. The way he handled the turbulent phase of his presidency with widespread accusations on his personal life, taking his wife into confidence and lambasting the opponents side by side makes me think of him as a hero. I salute Google's CEO Sunder Pichai, Microsoft's CEO Satya Mandala and Facebook's CEO Mark Zuckerberg and other entrepreneurs who have brought the digital revolution to unite the whole world through a smartphone by not investing money but investing their smart work (knowing their customers from inside out) and diligence. The present world today knows that to be a billionaire of the modern times, one does not need money but diligent innovation in any field.

What are the keys to developing the next generation of leaders?

In my perspective, some are born to be leaders while some are groomed to become leaders. Some have inborn talents and others gradually gain through experiences and engagements. But the best way to develop future leaders is through sanitising the workplace and devolving

various books and articles and magazines are my mandatory routines either in the mornings or sometimes in the evening. I have always imbibed the notion that "Getting older is mandatory, but growing up is optional". Hence, time never constrained me from deviating from my chores which kept me abreast, healthy and always in a ready-to-move spree.

We all know that the whole world has been aggrieved by the pandemic and entire world's economy is in a tailspin. Deeming these factors, to roll the wheels of tourism initially, Nepal has to inspire Nepalis to kickstart their movements within Nepal. Like it or not, this would be the first process to inaugurate the wheel jam of tourism economy within our country.

Forget about promoting through conventional means like participating in trade fairs, marts or road shows for at least a year, digital blitzkrieg should be the ultimate answer as a clarion call. I guess OTA platforms like Xceltrip, the only international level Online Travel Aggregator in Nepal and others can help mitigate the agony and approach true imminent future travellers at bare minimum cost digitally.

All the factors postulated above are not a cakewalk. The Minister of Tourism has to be robust and proactive because his voice works to endorse the destination image/choices amongst potential foreign travellers. Proper coordination amongst the government, airlines, hoteliers, embassies, and travel agents is the need of the hour and Tourism Minister should stand as a leader to mobilise and chalk out lucrative offers with his massive market outreach. Otherwise, we will miss the bus and we will not be able to harness even the historical fruits that are privileged with.

Because the economics of the trade would change, as supply chains have broken, there is the emergence of newer players in the value chain. Negotiation is becoming tougher, group travel is retarding, long haul travel is less preferred by the future travellers, hence new business in new normal will start from zero. The dynamics of trade would see newer paradigms which may appear after stabilisation if not immediately for sure.

The orientation of our government's perspective has to transform. The Ministry and NTB should set up a separate functioning department of digital technology within their structures getting rid of the chronicles and conventional manoeuvres. **B**



immense responsibility but with commensurate accountability. A minor mismatch can derail this process. A proper tradeoff in decision power, environment and setting of goals is required to make a leader successful.

What would you consider your most significant accomplishment?

Hard work, practice and sense of proving oneself always dissimilar to peers and colleagues in terms of garnering knowledge, experience, modest behaviour. I never let my habits dominate my daily routine. Going through

How do you assess the current tourism status of Nepal? How can the leaders in the tourism sector work individually and cohesively to revive the tourism industry post lockdown and international travel ban?

Tourism is the most fragile and hardest hit sector compared to others. It is at the lowest ebb ever in history. The status of tourism in Nepal will remain fluid for the coming year too. As Nepal entirely depends on India, China, US, UK and other few European countries primarily for receiving the consistent flow of tourists, these are considered our primary markets in the lexicon of tourism history and trends.

The government has to inspire with robust policies fine-tuning compliances with the aviation, ground transporters and other required private sectors. Once we show to the world that Nepal's tourism is ready to receive foreigners with immense safety protocols on hand, point to point regional travel/markets can be allured. For this to happen, we have to promote all the online airlines coming to Nepal. Then, conventional markets, including long haul, can be approached with due incentives.

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Ω
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