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BUSINESS 360

**INFRASTRUCTURE
& CONNECTIVITY
ARE TOP PRIORITY
IN UPCOMING
BUDGET, BUT
IMPLEMENTATION
REMAINS KEY**

**PROS AND CONS
OF INCREASED
REFINANCING
FACILITY**

**360
IMPACT
AWARDS
2022**

**FINDING
FOCUS IN
ECONOMIC
VOLATILITY**

JANARDAN SHARMA
MINISTER OF FINANCE



B^{360°} BUSINESS

JOHNNIE WALKER



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At the onset of 2020, we were gripped by an uncertainty like never before. Our lives, the world as we knew it, was just not the same. Our lives had changed irreversibly. We were confronted by the fragility of life as a collective species, yet the virus demanded that we isolate. It was an abrasive reminder that we aren't really in control.

And as heartbreaking images of death and fear filled our screens, I recall the images of exhausted frontline workers, ill prepared health systems, our leadership paralysed with inadequate response mechanisms, there was fear, anger, hunger, grief, sickness, death in the air... But in it all, also surfaced the miracle of the human spirit of solidarity and survival.

The 360 Impact Awards 2022 that we recently held is a tribute and recognition of the people who chose to take action in the most trying hours. These are the people who showed incredible devotion, courage, compassion and commitment to mitigate challenges for those in dire need. They are the fundamental anchors who created a sense of safety, connection and bonding to keep hope alive.

For us at Media9, it changed how we define heroes.

We all carry the ability to make a difference but positive impact during trying times outweighs its normal effect. It goes beyond solving problems to help heal, revive hope, and inspire humanity.

While we recognised ten heroes who are all powerful examples of how to make a positive difference to the world, it hasn't gone past us that there are so many more among us that deserve to be celebrated. This recognition of the ten at the awards was also a celebration of their impact.

The world continues to change. From Covid 19 which was a code red for humanity to a war in the heart of Europe that threatens our wellbeing, I feel it is time for us to truly reflect and deepen our civil engagement with government as aware citizens. We must believe it is within our power and capacity to work towards real solutions and policies that matter, and to build systems based on values, transparency and accountability. The price we may have to pay is too high if we hold back now.

And lastly, the sceptics may question - why do we need heroes?
The only answer is because they represent the best of who WE CAN BE.

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

Charu Chadha
editor



BIZ INDICATORS

| FOREX MARKET | 31-Mar-22 | 28-Feb-22 | Year ago |
|---|--------------|---------------|---------------|
| USD | 121.26 | 120.54 | 116.97 |
| GBP | 159.25 | 161.76 | 161.17 |
| Chinese Renminbi (Yuan) | 19.13 | 19.11 | 17.85 |
| Indian Rupee (INR 100) | 160.00 | 160.00 | 160.00 |
| Euro | 134.17 | 135.24 | 137.18 |
| Australian Dollar | - | - | - |
| GOVERNMENT SECURITIES | Lowest | Highest | Weighted Avg. |
| Discount rate of T-bill (Subject to latest issuance) | | | |
| Treasury bills (28 days) | 7.0055 | 7.5103 | 7.4288 |
| Treasury bills (91 days) | 7.4000 | 8.1299 | 7.9892 |
| Treasury bills (182 days) | 7.4499 | 8.1300 | 7.9644 |
| Treasury bills (364 days) | 7.2029 | 8.0799 | 7.8100 |
| PRICE INDICES | Mar 21/22(p) | Mar 20/21 (P) | Mar 19/20(p) |
| National Consumer Price Index (base year 2014/15 = 100) | 146.15 | 136.41 | 132.40 |

Source: Refinitiv Eikon, Nrb

P = Provisional, R = Revised

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THE HEALTH POLICIES OF OUR COUNTRY HAVE ALL BEEN VERY WELL WRITTEN, BUT THEIR IMPLEMENTATION IS WEAK WITH NO MONITORING MECHANISM. STRINGENCY IS ONLY APPLIED IN DEALING WITH PRIVATE SECTOR INSTITUTIONS. IF THOSE PRE-REQUISITES THAT ARE MANDATED FOR THE PRIVATE SECTOR ARE APPLIED TO GOVERNMENT HOSPITALS, NOTHING ELSE WOULD BE NEEDED.

Prof Dr Madhu Dixit Devkota

Executive Chairperson
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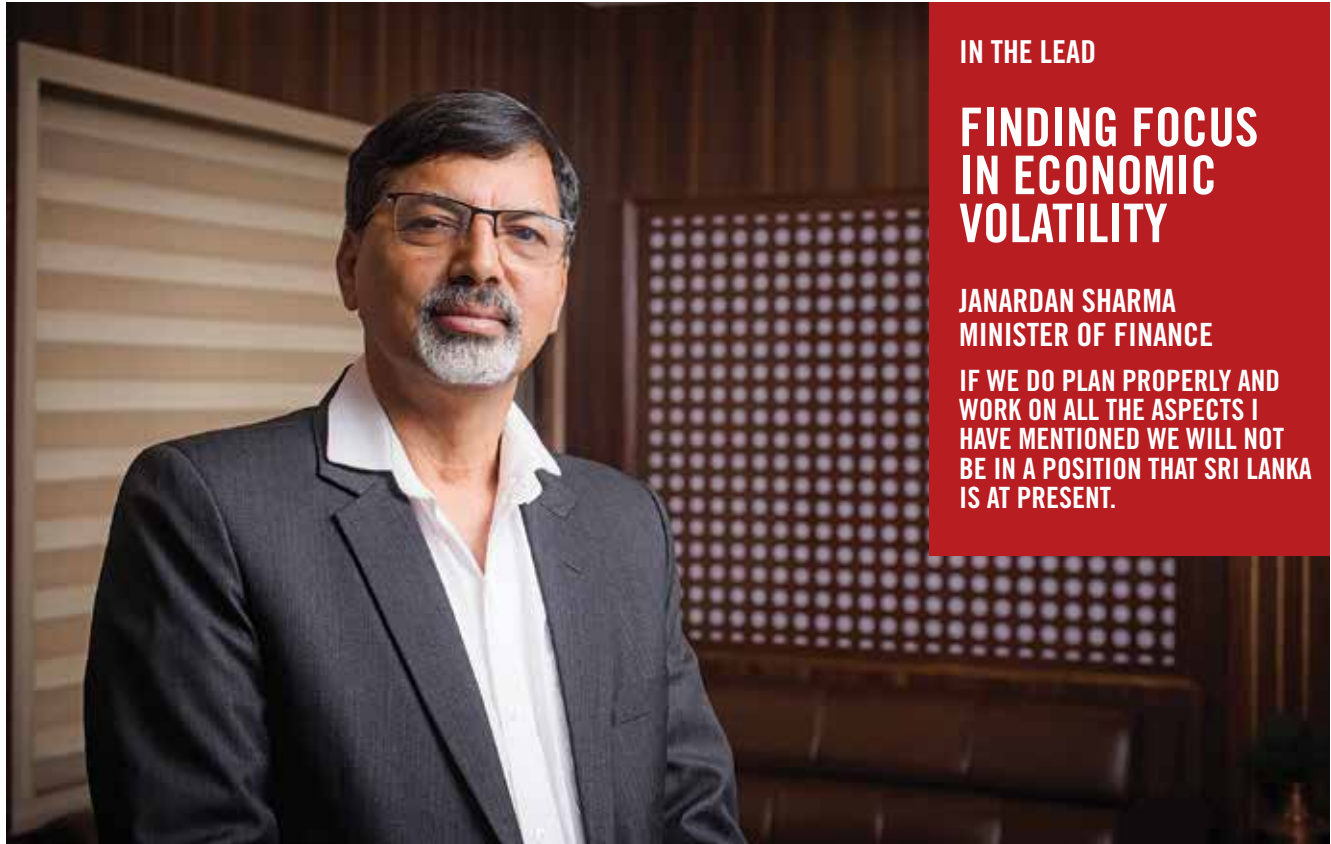


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FINDING FOCUS IN ECONOMIC VOLATILITY

JANARDAN SHARMA
MINISTER OF FINANCE

IF WE DO PLAN PROPERLY AND
WORK ON ALL THE ASPECTS I
HAVE MENTIONED WE WILL NOT
BE IN A POSITION THAT SRI LANKA
IS AT PRESENT.

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"THE LAST 70 YEARS HAVE BEEN A ROLLER-COASTER
RIDE THAT I WOULDN'T CHANGE AT ALL"

Karna Sakya

WRITER, SOCIAL WORKER, ENVIRONMENTALIST,
ENTREPRENEUR AND FOUNDER OF KGH GROUP OF
HOTELS

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PROS AND CONS OF INCREASED
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INFRASTRUCTURE & CONNECTIVITY ARE
TOP PRIORITY IN UPCOMING BUDGET, BUT
IMPLEMENTATION REMAINS KEY

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"I DON'T BELIEVE IN SHORT-TERM WINS. YEARS
FROM NOW, I WOULD LIKE OUR EMPLOYEES,
CUSTOMERS, AND SELLERS AND PARTNERS
TO LOOK BACK AT THE TIME DURING MY
LEADERSHIP AND HAVE FOND MEMORIES OF
FEELING HEARD, EMPOWERED, AND SUPPORTED
IN THEIR INDIVIDUAL GOALS"

Aanchal Kunwar
Managing Director, Daraz Nepal

LEADERSHIP

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"OUR FIRST FUND IS GOING TO BE ABOUT RS THREE BILLION AND WE HAVE ALREADY ACHIEVED 50% COMMITMENT FROM LOCAL INSTITUTIONS AND HIGH NET-WORTH INDIVIDUALS. WE HAVE YET TO RECEIVE THE FUNDS WHICH WILL ONLY HAPPEN AFTER WE GET THE LICENCE. WE ARE CONFIDENT THAT AFTER A YEAR OF GETTING THE LICENCE, WE WILL BE ABLE TO ACHIEVE THAT GOAL. IN TERMS OF OUR INVESTMENT, WE WILL BASICALLY BE CONCENTRATING OUR FUNDS IN SIX DIFFERENT SECTORS: CLEAN ENERGY, AGRICULTURE, EDUCATION, HEALTH CARE, IT AND BASIC SERVICE SECTOR"

Dr Manish Thapa
Founder and Managing Partner
Global Equity Fund

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FINDING FOCUS IN ECONOMIC VOLATILITY

JANARDAN SHARMA
MINISTER OF FINANCE

The country is facing problems with external sector stability like Balance of Payments and current account deficit. If the foreign exchange reserves keep depleting, does it not signal that we are heading towards an economic crisis like in Sri Lanka?

The first thing is to be clear about the reasons why we are in the current situation. Why is BoP at a deficit? The first thing is during the Covid pandemic nearly all economic activities were at a standstill and people were not able to do anything. As we gradually started coming out of the Covid situation, the economy that had been in a downturn started opening up and people also started becoming more active in their businesses. Businesses which had been hit by the pandemic started thinking of how they could restart and increase profits that had been totally hit by the coronavirus. Some even started opening new businesses. There was excitement that seeped into the economic and financial sector. People started taking loans for their businesses. Now what we have to understand is that we are basically an import-based economy with mostly the trading businesses thriving. So the trend of taking bank loans and getting involved in trading started gaining momentum.

Here, it is also necessary to calculate our imports. As per records, a little over 50% of our investment in imports was for raw materials and heavy equipment and the remaining for consumption goods. Now people might say that imports were taking place earlier too. However, what we have to bear in mind is the cost of the imports previously and as of now. Due to change in the international value chain, Russia-Ukraine war, the price we now pay for imports has increased. At times I feel there were preparations being made for the war because the cost of commodities like iron for instance had been rising even before the war broke out. Even the price of plastic has jumped up. After the war started, the price of fuel rose significantly and when there is increment in the price of fuel it is bound to affect all sectors as transportation charges automatically rise. For instance, a container that was available at Rs 10,000 has now gone up to Rs 30,000. Due to this price hike and also because of the rise in the exchange rate vis-à-vis the US dollar, our imports have started getting costlier. We have been hit from all sides and since we are a small, import-based economy it has hurt our economy a lot and we have been witnessing a deficit in BoP.

We are facing challenges but it is not that we cannot manage it. Some

In the economic aftermath of the Covid 19 pandemic, just as the economy was beginning to normalise and gather pace, business confidence has plummeted once again as banks and financial institutions fight the liquidity crunch and businesses struggle with lack of funds.

Recent macroeconomic indicators published by Nepal Rastra Bank do not look encouraging. Consumer price inflation has increased to 7.14% and Balance of Payments stands at a deficit of Rs 258.64 billion.

In the midst of all looming uncertainties, people are speculating if Nepal's economy is heading in the same direction as the Sri Lankan crisis.

As the government prepares the fiscal budget, **Business 360** caught up with the Finance Minister Janardan Sharma to gain insight into his perspective on the financial challenges the country is facing and the initiatives he plans to take to meet and overcome this volatility.

Sharma is a seasoned politician and has previously served as Minister of Home Affairs, Minister of Energy, and Minister of Peace and Reconstruction at different points of his career. Excerpts:



people have been saying our economy is heading towards the direction of Sri Lanka but I beg to differ. We still have foreign exchange reserves worth Rs 1,171 billion which is sufficient to cover imports of merchandise and services for 6.7 months. What happened in Sri Lanka is remittance went down dramatically at once whereas ours dropped by just around 4%. There has also not been any significant change in our businesses and industries. Even the agriculture sector, which had been affected by the floods, has been contributing to the economy. The main problem right now for us is the tourism sector as the flow of foreign tourists is very low but I am confident this will rise in the near future. We are working on ways to mitigate the economic problems we are currently facing and this talk of our country soon becoming like Sri Lanka is only an outcome of negative mentality.

When we talk about tourism what we have to keep in mind is that the number of visitors coming was comparatively low and that can be increased. Investment in the sector is also rising and new star hotels are being constructed. To help the tourism industry, the government is providing various facilities. Once tourists start coming I am confident the sector will witness a substantial boom.

Regarding remittance, what I would like to mention is that the number of migrants going abroad for employment did rise but the remittance coming in actually dropped. There is also talk that many Nepalis have houses in places like Dubai and some business people are looking to invest huge sums abroad. We are also facing problems with cryptocurrencies and hyper funds.

The other thing is that many business people have been saying that the customs system in the country has been causing practical problems and I am at the moment conducting

a study on how we can make the process easier. People are mentioning that due to that *hundi* has been rising. However, the major problem currently I would say is the misuse of technology like cryptos and due to these technological advancements new forms of *hundi* have emerged. We are trying to resolve such issues so that we can increase our foreign exchange reserves.

There will always be ups and downs in the economy in any country. No economy will be constant all the time. Initially, I had set a target of 7% economic growth rate, so the question is when I did so was it possible to achieve that? At that time the effects of the Covid pandemic were waning and the economy was just about starting to boom. During the pandemic our growth was a bit in the negative territory; it was 4% compared to the previous year so it was but natural that we could achieve 7% this year. We had set that target after holding discussions with economists and the National Planning Commission. How were we to know that there would be a war and our economy would be affected. We are thus facing challenges in meeting our growth target. To compound the problems even the price of electricity has increased. I was informed by the managing director of Nepal Electricity Authority that electricity price has risen to Rs 38 per unit. We will have to import power for another 40 days only but it is hurting our industries at the moment. Yes, the BoP is at a deficit of Rs 247.03 billion but we also have to look at the good side. Like I mentioned earlier, raw materials and heavy equipment have also been imported which will have a positive impact on the economy later.

There are many factors that have an impact on the economy. For instance, a few days back I was having discussions with stakeholders of the banking industry and my only question was there has

been a substantial rise – nearly 42% – in the amount of loans disbursed but we haven't been able to see its output. Why hasn't production increased? So I think there has to be a proper study on the facilities that the government has provided, on why loan facilities being provided are not giving the desired results.

If we do plan properly and work on all the aspects I have mentioned we will not be in a position that Sri Lanka is at present. We will focus on increasing production and frame a policy on how we can substitute imports. Another

do it. At the moment the only way we can pay back the loans is through our revenue. But I believe the loans we take must not be a burden on the people. So I am trying to develop a mechanism whereby we take loans on project basis and the project should pay back the credit through its revenue. This means any project we select should be revenue generating and loans must be taken for those specific projects only. Hence, if we build an airport through a loan the airport itself should pay back the amount. At present, the global economy has been affected and there is

IF WE DO PLAN PROPERLY AND WORK ON ALL THE ASPECTS I HAVE MENTIONED WE WILL NOT BE IN A POSITION THAT SRI LANKA IS AT PRESENT.

factor which many people have not given thought to is that our recurrent expenditure is also very high and we are conducting a study on how we can minimise it. I feel there are some government structures which are not required. There are areas like even in our security agencies, and federal, provincial and local structures where we can conduct a study and see how we can decrease recurrent expenditure. We have to look at all these issues collectively. Yes, we have been hit and some people are worried and that is natural. I would, in fact, like to thank people who are worried because it shows their concern for the country. However, Nepal is in a position to manage its economy. We have not taken huge loans like in Sri Lanka.

Even regarding the loans that the country obtains from various development partners, I am trying to change the way we

inflation everywhere, not just in Nepal. The only thing we have to be careful about is that it does not cross the limit. So, if we are aware of all these issues and utilise our resources in an optimum manner then our economy will be on track. We will be in the right direction.

The liquidity crunch faced by the banking industry has prolonged for some time now and the government's capital expenditure which could address this problem has been very low. Your views.

We just had a meeting of the National Development Problem Solving Committee and I put forth this question – what is the reason behind why we are not able to increase capital expenditure. Oftentimes, we only state there has been no capital expenditure but we do not try to find the reason behind it. Is it due to some government policies? Is it because some authorities



within the government structure are not working as expected? So, firstly we need to identify where the problem exists. This has been going on for many years now; we only say capital expenditure is low but are not trying to find out why. Right now, I would say capital expenditure is more compared to the previous year. Because while preparing the Replacement Bill when we asked the staff to increase capital expenditure they did not do so citing anything could happen in the future. We spent nearly three months preparing the Replacement Bill, which means there was a delay of three months in starting work and even then our capital expenditure is just 2% less than that of the previous year. We hope to be equal to last year's expenditure by this month. We have spent more than last year actually when looking at the

money spent. The recurrent expenditure is also more than last year. In total, expenses are more than last year; just 2% less in capital expenses compared to last fiscal.

What I have also been stressing is that we will not be able to develop as expected if we continue doing things the way we have been in the previous years. Yes, the quantity of capital expenditure might increase but not the quality. So how can we increase capital expenditure in a qualitative manner? That is something we have to seek. We designate certain projects as national pride projects but for decades nothing substantial happens. There is always a drawback in budget arrangement. From the moment we start the project we have to consider it as national pride but what we do is put the budget in reserve. What is the reason behind the

slow speed of development of such projects? It is all about leadership in management.

What I am contemplating now is setting up separate authorities to manage specific projects, so that the people involved in such authorities are totally focused on only those projects. I firmly believe that people in such authorities should not be transferred, there should be no interference. There should also be no shortage of budget. Right now the national pride projects are like any other normal project under the ministry; even though we accord it a status of national pride, in practice nothing of that sort has been happening. These authorities should be led by technical experts but also include elected representatives, media personnel and also local people. There should be financial experts too who can manage the budget properly. So

we have to form such a body, set a target, define the schedule and only then start working on a project. At present, we have too many hassles of getting permission from one ministry and then another permission from another authority.

The other reason why capital expenditure is not as expected is that the works are basically done by the government administration, the civil servants. What I have noticed in the administration is people have a mentality that it is okay even if they do not work. Some files get stuck for months as they are not signed by the concerned authorities. Even if it is an urgent file, it takes three months to be verified. If the government is not able to punish those who do not work, then I don't think capital expenditure will increase the way we want it to. Those who do not finish

their work on time need to be punished. However, there are many bureaucrats who put in a lot of effort to accomplish their tasks and they need to be rewarded but the government never does so. So to change the mentality of the bureaucracy, the government needs to adopt a reward and punishment mechanism. If someone has performed exceptionally well why not give that person a promotion? It could motivate others. We need to make them aware that whatever they are doing is for the nation. This schooling is needed for the bureaucracy. Unless the mentality of the bureaucracy changes for the good, the common people will not be able to avail services as expected.

I would also like to add that any national project is not a personal enterprise of any politician or bureaucrat. The country's funds should be used by focusing on development. We need to make sure that the trend of looking at projects as personal property by some political leaders and bureaucrats must end. These are some challenges. From the studies I have conducted and through my experiences, what I have seen is that capital expenditure will not improve if we continue in the same manner; a qualitative change is required. We have to develop a system where the projects are developed through a self-governing mechanism and we need to hire capable people. One aspect which we need to look into is that the public have not been made a part of the development process. If the people are associated with the projects, they will provide the necessary momentum. If the media are also a part, then they can raise the issues. And if elected representatives are made part of the project, they will also be accountable. These are lacking. Yes, we need technical people for the projects but at the same time they should be assisted by other people too. And once development projects are

operated in a proper manner it is but natural that capital expenditure will also be made accordingly.

How does the government plan to address the hike in prices of construction materials like iron rods, cement and fuel that is destabilising the construction industry?

I agree that prices of certain construction materials have risen. For instance, the price of iron rods has increased. However, I don't feel there is any problem regarding cement; that is just an excuse because we are self-reliant in cement. Since the price of petroleum products has risen, it is natural that price of other commodities will see an increment. That has happened due to a particular situation and how long this will continue is not certain. But what we have to keep in mind is the iron rod that you are buying today had been imported in the previous months. Yes, international prices have gone up but not all that were imported in the previous months have been used up. It is important to monitor the artificial hike in prices of some commodities. The second factor is that when you compete and say you will finish a certain work within a certain timeframe and at a certain cost, then you have to. This is mentioned in the tender. Even if there could be any change in the cost, that percentage clause is also included in the tender. Even for other related problems, there are clauses. All such issues are included and managed in the tender. So, this construction holiday type of demand will not be acceptable to the government.

During any emergency we have to unite, collaborate and try to resolve problems. During the course of their work, if they do face genuine problems then the government has to look into it and resolve it. However, if you have already bought the rods and aggregates a few months back which are still in stock and then you say you

cannot work due to the price hike, then we can term that as anarchy. Development will not take place in that manner and we will not accept such arguments. When businesses are really in a dire situation, then I am open about the government providing the required assistance. But the way they are bargaining is not acceptable and we have held discussions regarding that.

To decrease consumption and discourage imports banks have had to increase their lending rates. However, to meet the economic growth rate target, the productive sector needs loans at lower interest. How can Nepal Rastra Bank address this?

THE COUNTRY'S FUNDS SHOULD BE USED BY FOCUSING ON DEVELOPMENT. WE NEED TO MAKE SURE THAT THE TREND OF LOOKING AT PROJECTS AS PERSONAL PROPERTY BY SOME POLITICAL LEADERS AND BUREAUCRATS MUST END.

We are receiving suggestions that the credit interest rate on trade and production purpose should be different and discussions are being held on that. I have been talking to Nepal Rastra Bank and other concerned stakeholders. I also feel the interest rate for the productive sector should not be a lot higher than the base rate. The reason is because in our country the problem is the cost of production is very high. We need to minimise this cost and we can look at this issue through the interest rate being charged on credit. Meanwhile, there are suggestions coming in that the exchange rate too

should be flexible. I can't say for certain about what we will be doing regarding that at this moment but we are receiving suggestions. For example, there has been a suggestion to make the exchange rate different for raw materials that are imported for production and for goods which are imported for consumption. So we are looking at how it will affect the economy.

The other important aspect is that we need proper collaboration with the provincial governments. Every provincial government should identify a productive sector in which it can be self-reliant; just pick one or two. For instance, herbs could be given

priority in Humla and locals there could sell the herbs and with that income buy rice. Such objectives should be framed and there should be coordination with the provincial and local governments. Talking about being self-reliant only at the central level will not get us anywhere. It has to start from the local level. What I am trying to convey is that we have to give due priority to production. The approximately 60% of our population that is involved in agriculture should break away from traditional means of farming and start utilising the latest knowledge and technology and convert that into a modern industry.



We have to connect agriculture and industry and if we can do that then we can usher in a new revolution in production.

Last year, just the import of food items was worth Rs 325 billion. We might not be able to substitute imports in the immediate future but if we go about it in the correct way in the long term, we will be able to be self-reliant in many areas. Research has shown that if we are able to provide seeds and fertilisers to the farmers in a timely manner, we can raise the production of paddy by 5% to 7% and decrease the import of rice. Now the crux lies in implementing it.

One farmer who has started apple farming in a very big scale in Jumla had recently come to meet me and his problem was there was no road connectivity. So, I have asked the infrastructure ministry to build a road there and we will be paying the money. The reason is because we import apples from various countries

when we could actually be self-reliant in it. I am just trying to create an enabling environment. The provincial governments have to start taking the initiative for such things. The central government has to provide technical and financial help, the provincial government has to provide planning support and the local government has to mobilise farmers in production; if we can do that it will be fantastic.

We also need to focus on the new techniques being developed. For example, it is not necessary to grow sugarcane for sugar. We can get it from sugar beet which is ready in six months. Look at Birgunj Sugar Mill and other factories which are staying idle and we are having to import sugar. We also have the capability of growing fruits and vegetables for exports. I would like to mention blueberry as an example. It grows tremendously well at altitudes of above 1,600 feet and we have plenty of land

above that height. And it has a huge market; we don't even have to go far, just India and China will suffice. There is a demand for Red Savina Pepper (*akbare khursani*) in the mid-East. So we need to identify products that can be exported or which can be linked to our industries. Just importing the crude forms like what we have been doing with soybean and palm oil and refining and exporting these will not help the country in the long run. We have to stress on goods that can be grown locally if we want sustained growth and development.

Even with electricity, I am more inclined towards increasing domestic consumption rather than trading it. If people in Kathmandu alone use electricity for cooking purposes, we can substitute liquefied petroleum gas. Everything will not happen overnight but once we are on the right path we will definitely reach our destination.

We will be saving billions in imports. This is how we can substitute imports and bring our BoP on track. We will be able to save our foreign exchange reserves.

You have repeatedly stated that hundi is on the rise and also that people are hoarding money under their pillows. How do you want to address the issues of the informal economy?

I must accept there are a few shortcomings in our policies. For instance, I met a person who is running a Buddhist monastery which has about 2,000 students. He mentioned that he has around Rs 80 million at home and the reason behind this is that he needs a huge amount of money on a daily basis just to buy food for the students and there are certain limitations with banking withdrawals. So what happens is instead of going through such hassles, some people prefer to keep money at home. We have to correct such policies. The

problem is that we tend to listen to foreign experts and adopt policies accordingly. We should be drafting policies based on our needs, social conditions and economic situation. Let's forget about the commission games and corruption which are always hidden. *Hundi* is not related to international transactions only. It is happening domestically too. International *hundi* transactions have increased due to crypto, people buying homes abroad, and under-invoicing of customs bills. People are selling property here and taking money abroad. To stop all these malpractices, the Finance Ministry cannot do it alone. For this the entire state mechanism has to collaborate. I have informed the Prime Minister about this. Unless, we mobilise all our mechanisms we will not be able to control it.

The other way is to make certain rules and regulations easier. The reason why there is a black economy is because people can play around with black money. If we can have a policy where people will not be able to play around with black money, then there will be no black economy.

What will be your priority while formulating the budget for the next fiscal year?

The main priority will be import substitution. That is the major problem at this point of time and we will be focusing on that. We will be focusing on how we can entice people to start farming on unutilised land. We will be looking for ways to reduce poverty and increase employment. These are the main things but will only these suffice? I would say no. Along with that we have to simultaneously take forward big projects which will help in capital formation and improve our gross domestic product. Such projects will help the overall development of the nation. At present, we have to develop our economy in such a way that people are able to exercise their fundamental rights. There are many rights

enshrined in the constitution but people have not been able to exercise them. Health, education, food and housing for instance are all enshrined as fundamental rights in the constitution but people need to be able to have these. To achieve that, we have to improve our economy. How quickly will people be able to exercise the fundamental rights that have been enshrined in the constitution and how can we utilise our resources and reap the benefits, how can we increase exports and substitute imports: we will be focusing on these things.

The trend is after a few months of the budget being announced, all the ministries rush to the Finance Ministry to amend their programmes and for fund transfers. However, due to the elections the code of conduct will not allow for this practice this time. How do you plan to allocate funds to the various ministries?

Like I said earlier, we have to form an autonomous authority for projects. The people there should not have to run around for fund transfers. The money that is required should be made available to them and they should be given the authority to utilise those funds. I don't believe that everything should be centralised at the Finance Ministry. The issue should not be about fund transfers. If we can prepare the project with a proper plan and the amount that is required is clearly estimated, then there will be no need for anybody running around for fund transfers. If there is an exception, then that is understandable and we have to facilitate that.

While talking about election, it should not be an obstacle to the development process. Just because there is an election we cannot stop the development process and if funds are required then that must be provided. Due to the code of conduct for the elections we can't stop all the works related to national

development. The economy is the heartbeat of the nation which is constantly beating; no one can stop it. Yet, more than fund transfers we should be focused on good preparation before we begin any project.

The second aspect we always have to consider is under whose jurisdiction does the project fall. When drafting the Replacement Bill, I had queried about how many provincial roads there are. There are about 1,600 such roads and each have been allocated Rs 2.4 million each

with the local governments then they should be given the responsibility. At present there is an overlap of jurisdiction. What the local level needs to do, the centre is doing and what the centre should be doing, the local level is doing. Even with the provincial level it is the same. So one way to resolve the problem is to categorise things and work accordingly. Certain powers should be delegated to the lower levels of the government. What I have done for projects dealing with the provinces is that the provincial

WE HAVE TO FORM AN AUTONOMOUS AUTHORITY FOR PROJECTS. THE PEOPLE THERE SHOULD NOT HAVE TO RUN AROUND FOR FUND TRANSFERS. THE MONEY THAT IS REQUIRED SHOULD BE MADE AVAILABLE TO THEM AND THEY SHOULD BE GIVEN THE AUTHORITY TO UTILISE THOSE FUNDS. I DON'T BELIEVE THAT EVERYTHING SHOULD BE CENTRALISED AT THE FINANCE MINISTRY.

but there is no sign of those roads being built. Billions of rupees are being held there. So, I said that the provincial governments need to be very clear about how many roads they will be building and also the type of roads. They need to be certain about which roads are important and need to be immediately built and investment has to be made only there. And the money then has to be given to the provincial governments and they need to do all the work after that. If it is smaller roads dealing

governments have been given the authority to transfer the funds and also make amendments when needed. Why should the provinces always have to run to the centre for everything? It should be their authority. Even ministries have been given the authority for a certain amount of funds. This system is to make sure that work is finished on time. There should not be any feeling that the other ministries cannot do things and only the Finance Ministry can do things. We are also developing a mechanism to



monitor this so that everything goes as planned and there is no discrepancy.

While preparing the budget the Finance Ministry has established a think tank that actually reduces the role of the National Planning Commission. What was the need for this?

To be honest, some people are just trying to malign the concept of the think tank by stating it will reduce the role of the National Planning Commission. In practice, both the Finance Ministry and NPC are one entity. The planning commission is the Finance Ministry's advisor whereby it prepares the projects and based on its recommendations the ministry moves ahead. There is a reason why I have formed the team and how much it will be able to perform

is a different chapter which we will be able to see in the future. The problem in Nepal is that we frame policies and plan projects without much research. It is high time that we frame research-based policies. Shouldn't there be research conducted in the Finance Ministry? I have told all the concerned members of the ministry that it is necessary to conduct research on all subjects.

How do we resolve the various problems that the economy is facing? We have to think of ways to increase our production. The problems which we are facing are due to lack of research. If we had done enough study maybe we would have been aware of problems like cryptos too. I want to establish the culture of conducting research before

we come out with any policies. Now to conduct research we need to hire experts. At the moment we have given a particular subject to the team to conduct research on. It is not a totally different entity. They will be focusing on only agriculture for the moment. Why haven't we been able to improve production in the agriculture sector? Even when there has been so much of investment in agriculture why haven't we been able to see results? Billions have been poured into the sector as grants. Where is the money? Did the farmers for whom it was disbursed receive the funds or was it channelled elsewhere? And even if the farmers did receive the money then why hasn't there been any positive result? How can we reduce poverty and unemployment

through agriculture? So, I have asked the team to do research on these types of issues. I think this research will also be helpful to NPC. The NPC can do additional work based on this research. And we at the ministry also can make programmes based on the research. This team will conduct research on selected subjects and submit a report to us. However, some people are projecting it in a negative way. This is just a trial. I want this to be for the long run. I believe that there has to be a research department at the Finance Ministry. We are going through so much development in recent times and we have to conduct research to keep up with the changing times and trends. **B**



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IMPACT OF THE RUSSIA- UKRAINE WAR ON THE GLOBAL AND NEPALI ECONOMY

When Russia invaded Ukraine, it was believed that it would be short term and not as intense but the war has prolonged almost two months with no end in sight and has created a humanitarian crisis. The immediate effects were seen on global prices of fuel and commodities, and soon it started to destabilise economies around the world that were already fragile contending with the impacts of the Covid 19 pandemic.

Though Nepal does not have much direct trade with either Russia or Ukraine, we have significant dependence on India and for a vast majority of imports. India has significant trade volume with Russia and the ongoing war's economic implications are being felt by our southern neighbour which means the repercussions are being felt in Nepal. Inflation, shortage of oil, lowered remittance and investment are just some areas impacted.

In this edition of **Business 360**, we spoke to a few experts on how they perceive the Russia-Ukraine war's impact on the global and national economy.

Rajib Upadhyaya

AUTHOR AND DEVELOPMENT THINKER



The war in eastern Europe has caused the price of commodities such as oil and gas, base metals and food grains to soar, thus further fuelling inflation already at historical highs in many parts of the world scarred by the pandemic as well as supply chain and trade route disruptions. Between them Russia and Ukraine account for 30% of the world's wheat exports, 20% of the world's natural gas production and 10% of the world's oil. Meanwhile, the unprecedented economic sanctions against Russia and severe dislocations in the international payments system have hurt business and investor confidence. The Organisation for Economic Cooperation and Development (OECD) says the war will shave as much as 1.5% off of global growth projections for 2022.

While Nepal's direct exposure to the Russian and Ukrainian economies is by and large limited, the secondary impacts of the conflict are nonetheless quite significant. Like in all oil-importing countries our current account too now faces acute pressures as a result of a soaring oil bill. Unlike the richer countries, our economy can ill afford to foot subsidies or force utility price caps. Our dry-season electricity deficit is met through imports from India which in turn generates most of its electricity from thermal coal, much of which is sourced from Russia. Owing to the turmoil caused by Western sanctions, we are experiencing a sudden spike in the cost of our electricity imports. But this should ease as India and Russia implement an alternative Rupee-Rouble payment system.

As for food prices, like the rest of Asia we are more reliant on locally and regionally produced rice and as such we should not face vulnerabilities to the same extent as population groups in large parts of Africa and the Middle East that depend heavily on Russian and Ukrainian wheat imports. Yet, the inevitable rise in transportation costs and costlier chemical fertilisers (of which Russia is the primary global supplier) could still spill over to jack up our food prices.

On external financing, political risk premiums could further shrink the already low foreign appetite for investments in Nepal while foreign aid could be redirected to address the humanitarian crisis in Ukraine and its neighbourhood, finance an inescapable increase in NATO military spending, or otherwise withheld to shore

up the economic fallout in the aid-giving countries themselves. Should the war prolong, we could also see a dent in remittance inflows, a mainstay of our economy, if as predicted, costs of living rise in the Middle East where most of our foreign workers are based. This, in turn, could further tighten banking liquidity and slow our imports, already reeling from global inflation and supply interruptions, and erode the government's revenue collections and public spending.

Prof Dr Bishwambher Pyakuryal

SENIOR ECONOMIST AND FORMER AMBASSADOR TO SRI LANKA AND MALDIVES



Last year, Russia sent 208,000 tourists and Ukraine sent 22,000 to the Maldives, while Nepal received just 10,000 indicating that Nepal does not have a significant commercial relationship with the countries. Sunflower oil from Ukraine has no substantial influence, but India does a lot of business with these nations and imports a lot of energy like petroleum gas, petroleum liquid, and vegetable oil. And we rely on India to import such things. India accounts for over 60% of our total commerce. As a result, whatever economic challenges India has, Nepal is sure to confront the same problems. As a result, the war has an indirect influence on our country via India.

Higher commodity and energy prices have been affecting the revenue of most governments throughout the world. Russia accounts for 20% of world wheat production, whereas Ukraine accounts for 9%. They account for 29% of world wheat output when combined. Following

the conflict, there is less corporate confidence and more investor assurance. As a result, developing markets are seeking new destinations for capital outflows.

The United States has halted worldwide money transfers to Russia via SWIFT. As a result, even if Russia sells goods to a third nation, the payment cannot be made in US dollars. And if it imports, the Russian currency is significantly less valuable. The Russian invasion of Ukraine has caused the world to boycott Russia in a large global market. The two sides of the same coin are economic advantage and political disagreement and interest. So, when it comes to global commerce, both geopolitical and geoeconomic considerations are to blame for Russia's invasion of Ukraine. Russian President Vladimir Putin has threatened the globe that if Russia's political policies are not respected, the price of a barrel of oil might rise to \$300. According to research conducted by the Reserve

Bank of India, a \$10 per barrel increase in petroleum prices will result in a 25-basis point increase in worldwide inflation, indicating that the price increase in petroleum products and inflation have a significant and positive association.

"The large fish swallows the tiny fish." This is one of the reasons why Nepal is worried about the war. Russia has a huge impact on our neighbouring countries India and China. So, even though the war has no direct impact on Nepal, the indirect consequences can still be severe.

According to the Chief of the International Monetary Fund, there is a worldwide downturn in the economy, and certain nations will fall into recession, putting man and machine out of work. As a result, there will be a high demand for consumer products and large machines. Even if these products are not available, humans must consume 2,200 calories to exist. Consumption items must be

imported for this purpose, but if there are supply side limits, such as an increase in the price of petroleum products, the cost of transportation will obviously rise. As a result, many of the commodities we purchase from India will have an exorbitant market price. Nepal's market is disorderly as a result of the country's insecure government and administrative structure, and the country's inadequate governance system has resulted in irregularity to safeguard people's interests.

Nepal's inflation rate is at 7%. The Reserve Bank of India has predicted that Indian inflation will rise in the coming months. As India's inflation grows, our reliance on trade with India rises as well, resulting in a large trade gap between India and Nepal. Our exports are little less than \$1 trillion, based on our imports of \$11 trillion. Now, if inflation in India rises, Nepal would face its own set of issues. Nepal is a developing country, and even within the country, farmers have difficulty delivering their products to the market. Double-digit inflation is possible in both Nepal and India due to high inflation rates. In the previous 10 years, 1.18% of workers in the manufacturing industry have found work, which is less than 400,000 persons. Every year, 500,000-600,000 individuals are added to Nepal's labour market. Many individuals are unemployed, according to statistics. As a result, a variety of internal and foreign variables are causing our country's inflation to rise.

There are 22 ongoing national pride projects that have aided Nepal's economy for decades, although there has been little progress owing to inflation, unemployment, poor agricultural outcomes, a shortage of foreign exchange reserves and the pandemic. However, the government spends the money on those initiatives every year for the pride of our country.

Ujjwal Shrestha

EXECUTIVE DIRECTOR, PANCHAKANYA GROUP



I think it shows that the world is very small. We can see that the prices of oil and essential items have been impacted and it's not only a case of concern for our country as the war has impacted each and every aspect globally. It is alarming as we don't know about the possible outcome in the coming months.

Nobody expected a war to break out that too immediately after the Covid 19 pandemic. It definitely could have been avoided but as the situation has already unfolded the world is trying to survive. We can see the losses and gains and when we analyse the situation we can witness that India and China are making the best of the opportunity. In the context of Nepal, we are very dependent on everything as we have very limited resources and we have not tried to explore our potential in resources too. We are dependent on every

essential and non-essential item and this has led to massive imports in our country.

We never expected the war to continue for so long. Every business and corporate house expected that there would be a peace treaty and the war would not hamper businesses that had just come back on track post pandemic. The war has started showing its true impact now even more. Globally, the pandemic hit every country in a harsh manner. There is a saying that every crisis makes and brings opportunities but every other development sector was affected quite drastically. The post pandemic recovery had just started but now as the war has come into the picture, inflation has started soaring.

In terms of economy and finance, we have been stating our concerns about budgeting plans to the Ministry of Finance. We have been specifically telling

the government to revise its plans and budgeting. Our development is already behind; our capital expenditure is at about only 15-20%, and we are facing a liquidity crisis. And the war coming into the picture has catalysed the situation, making it worse. In terms of imports, prices have witnessed an increment of 20-30% in all essential and non-essential items. In a nutshell, prices of all aspects to run an industry have increased, and there is no money in the market.

There has been a spike in the price of commodities, people are finding it difficult to get loans, and being able to afford daily necessities has started causing problems. Moreover, our infrastructure development is also weak and this has hampered businesses even more. Talking from the point of a manufacturer of infrastructure and construction goods, we have been vastly

affected as there are restrictions from the government, and individuals too are getting more cautious of starting new constructions. The country is going backwards even more due to the war and its impact.

The major impact has been on the price of petroleum products which has seen a significant rise. The price has risen tremendously compared to last year. When the cost of logistics starts increasing the price of commodities too starts increasing. Hence, there is huge inflation in the market. This inflation will hamper the consumers the most as Nepal is a country dependent on imports. I think inflation will increase to two-digit levels in the coming months if the government doesn't focus on maintaining the financial situation of the country.

Dr Nirmal Kumar Raut

ASSOCIATE PROFESSOR, CENTRAL DEPARTMENT OF ECONOMICS,
TRIBHUVAN UNIVERSITY



The current war is bound to bring shock in the global economy. One of the theories of neoliberalism says 'leave the market as it is and let it flow on its own course and everything will be corrected by itself'. The war induced shock will deteriorate the market as we can witness the crisis that it has been causing such as the rise in price of crude oil and other essential items. It has hampered the supply chain all over the world, thus causing a disequilibrium.

Supply and demand are global phenomena where all the economies are dependent on one another. The major effect of the war is that the supply of commodities, energy, and goods has been distorted. As a result, market prices of practically all goods have hiked up which has caused a huge inflation in the market.

Social liberalism is important. The intervention

of the government is equally crucial to address the current scenario for the sake of the country's economy.

We also need to understand that the major region that will be affected by the war is Europe. It has a huge trade volume with Russia and it is also estimated that by the end of 2022 the gross domestic product of Russia will be -7.5%. The depression of the Russian economy will have a huge impact in Europe and that in reciprocal will affect the whole economy of the world.

While talking about Nepal individually, the current war seems insignificant to us as we have only 1% of trade volume with Ukraine and Russia. If we observe the statistics of Nepal's trade with Ukraine and Russia, we can see that between the years 2010-2020, less than \$1 billion has been exported and around \$1-2 billion worth of goods and services has been

imported where the majority of trade is with Ukraine. If we view it in terms of size, we have been trading with Ukraine in larger amounts. But, while comparing the trade with the US, China, India, the amount seems to be insignificant.

Regardless, when we dive deeper into this topic, we can see the smallest of loopholes which is very important for us to understand. For instance, the merchandise goods; we are importing crude sunflower oil, mustard, soya bean from Ukraine and as the war is prolonging, the prices have been rising in our market. Even in the global trade volume, it doesn't hold any importance but internally it has started causing problems.

As Russia is one of the largest production houses of natural gas and oil, we can see the direct effect of the war on the economy. As for Nepal, we buy oil and other essentials

from India and India has a huge trade with Russia. India imports oil for the thermal power for electricity. In the dry season, Nepal has to buy electricity from India and that too at an expensive amount.

There will be a systemic effect on the Nepali economy as Nepal is hugely dependent on India and as the oil prices hike up, price of every other good will start to rise.



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Chandan Sapkota ECONOMIST



Global scenario

The economic fallout of Russia's invasion of Ukraine has been severe. It has precipitated a global economic crisis on top of the crisis triggered by the Covid 19 pandemic. The war has upended expectations of a rapid economic recovery, which was supported by fiscal and monetary support measures by most governments and central banks. The war has disrupted global financial and commodity markets, and pushed energy and food prices high. It has also heightened uncertainty over the course of global economic recovery, trade flows, and globalisation.

The most visible effect currently seen is on the sharp rise in food and energy prices, which is exerting unprecedented inflationary pressure. Because most economies are net energy and food importers, there is a clear pattern of a massive increase in import bill. Note that Russia and Ukraine export substantial share of global agricultural, especially wheat, output. They also produce several base metals such as aluminium, titanium, palladium, and nickel that are essential for the automotive industry. It is widening trade and current

account deficits and depleting foreign exchange reserves.

The financial disruption due to the sanction on transaction and trade with Russia and the potential increase in interest rates in the advanced economies, particularly the United States of America, have not only increased cost of borrowing but also created uncertainty over access to international capital for some countries. Moreover, the supplies disruptions and volatile global freight routes are adding more pressure on inflation and uncertainty over the trajectory of economic recovery.

These have worsened debt position, and fiscal and debt sustainability. Higher investor uncertainty and reduced business confidence will affect investment flows.

National scenario

As the pandemic receded, Nepal was already burdened by weak growth prospect, rising inflation, widening current account deficit, depleting foreign exchange reserves, and wide fiscal balance. This was partly because of the very accommodative fiscal and monetary policies, and the delay in withdrawing them as recovery

took hold. Consequently, expenditure ballooned amidst plateauing of revenue, import surged in response to pent-up demand aided by loose fiscal and monetary policies, and banking credit growth outstripped deposit growth. Worse, credit intended for some sectors poured into real estate and housing markets pushing prices by multiple fold in a matter of months. The war has exacerbated these trends and precipitated a crisis that has no easy fixes.

First, external sector distress is quite visible now. Since import of petroleum fuel constitutes about 15% of total imports, the import bill is rising sharply. The import bill of petroleum products in the first eight months of this fiscal year 2021/22 is already higher than the total import of petroleum products for the whole of 2019/20. Note that rise in petroleum fuel prices passes through to other goods as well because it is used in production process and transportation of the goods. Hence, import bill of other goods such as vehicles, machinery and agricultural items is also increasing. Import bill of wheat, rice, crude soya bean oil and edible oil has also increased. Despite gradual recovery in exports, the large import bill has increased import bill by 34.5% in the first eight months of this fiscal. This combined with the deceleration of remittance inflows amidst modest services recovery led by tourism sector widened current account deficit by around 200% in the first eight months of this fiscal. Consequently, Balance of Payments remains in negative territory with a depletion of foreign exchange reserves which are sufficient to cover 6.7 months of import of goods and services. It was 11.3 months in mid-March 2021. The rapid rise in energy and food prices poses a significant risk to external sector stability. Restricting non-essential imports is a band-aid solution to the structural issue.

Second, inflationary pressures are building up fast. Inflation stood at 7.1% in mid-July 2022 compared to 3% in the same period in 2021. The current inflation rate is

the highest since mid-October 2016. Food and beverage prices have increased by 7.5% and non-food and services prices by 6.8%. These are affected by the increase in both petroleum prices and transportation costs, both of which are administered either by the government or a government agency. Ghee and oil, milk product and eggs, vegetables, and pulses and legumes have seen the largest increase in prices. Transportation cost increased by an average of 16.3%. Given the uncertainty caused by the war, prices of goods and services are expected to rise in the near-term. The lowest income and poorest households are hit the hardest by increase in fuel and food prices because it constitutes about 65% of their consumption expenditure. For the richest households in the consumption quintile, it is just 34.6%.

Third, fiscal stress is also exacerbating. The temporary restriction to limit import of non-essential goods by the central bank will hit revenue mobilisation as almost 45% of it is import-based. The rising inflation will put pressure on the government to increase wages and allowances of public sector employees, and to spend more on inputs used in development work. Furthermore, large losses raked in by public enterprises such as Nepal Oil Corporation, Nepal Airlines, and Nepal Electricity Authority will also eventually have to be shouldered by the government, thus increasing fiscal risk and liabilities. This will worsen with depreciation of Nepali rupee against the US dollar.

Fourth, economic recovery will take a hit and will be below expectation. The limitation on import of industrial raw materials and intermediate goods will impact industrial output and industrial capacity utilisation which was already running low due to the impact of the pandemic. Similarly, deceleration of remittances will impact aggregate demand. The tightening of liquidity after months of aggressive credit expansion will also impact economic activities. **B**

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B360 IMPACT AWARDS 2022



DR SANDUK RUIT PRESENTING THE KEY NOTE ADDRESS

Media9 honoured ten impact heroes — individuals and organisations — at the 360 Impact Awards 2022 held in Hyatt Place Kathmandu on March 24. The awards were dedicated to the courage, vision and dedication of heroes who went beyond themselves to find solutions to mitigate the challenges of the Covid 19 pandemic across Nepal.

Media9 Editor Charu Chadha talked about the significance of the work of the impact heroes that were being recognised and spoke about how the world has irreversibly changed. She expressed, “This room today is filled with people who chose to take action in the most trying hours. These are the people who showed incredible devotion, courage, compassion and commitment to mitigate challenges for those in dire need. They are the fundamental anchors who created a sense of safety, connection and bonding to keep hope alive. For us at

Media9, it changed how we define heroes. This event is our humble way of saying THANK YOU to them”.

Director of Media9 and Director of the Jyoti Group, Saurabh Jyoti expressed his pleasure at honouring individuals and teams who took action with courage, compassion and vision. He lauded the courage and determination of individuals and organisations that create social and economic impact.

Media9 Director and Director of Golchha Organisation, Hemant Golchha, felicitated the distinguished panel of jury: Dr Keyoor Gautam, Chairman of Samyak Diagnostic; Manish Shah, Founder CEO of Facts Research and Analytics; Shaguni Shakya, Executive Director of Kathmandu Guest House, KGH Group of Hotels; Rajib Upadhyaya, Writer and Development Specialist and Author of Cabals and Cartels; and Yankila Sherpa, former

Tourism Minister and Managing Director of Snow Leopard Trek Nepal.

Renowned ophthalmologist, Dr Sanduk Ruit, who has restored the sight of over 180,000 people across Asia and Africa using small-incision cataract surgery, was the keynote speaker at the event. Dr Ruit is recognised as the ‘God of Sight’ and the recipient of several prestigious awards globally for his work. A strong philanthropist and a visionary he spoke about the need for impact and what it takes to really pursue the path of your passion, and his pursuit of reaching people in the remotest corners to ensure healthcare accessibility to the most vulnerable.

Anuradha Koirala, Founder and Chairperson of Maiti Nepal; Prof Dr Madhu Dixit Devkota, Executive Chairperson, Upendra Devkota Memorial – National Institute of Neurological and Allied Sciences; Padma

Jyoti, Chairman of Jyoti Group; Mohana Ansari, Human Rights Advocate and Former Commissioner of National Human Rights Commission; Rabindra Puri, Architect, Culture Artist and Heritage Conservationist; Pukar Malla, Founder and Chairperson of Daayitwa Abhiyan; Yankila Sherpa, Former Minister for Culture, Tourism and Civil Aviation and Managing Director at Snow Leopard Trek and Lokmanya Golchha, Chairman of Golchha Organisation presented the awards as guests of honours.

The 10 heroes who were honoured at the ‘360 Impact Awards 2022’ were: Ajhai Kati Sahane Movement, Covid Alliance for Nepal, Ek Ek Paila, Enough Is Enough Movement, Hami Nepal, Indira Ranamagar, Moin Uddin, National Innovation Centre Nepal, Nepal Ambulance Service and RNA 16 Rescue and Awareness.



On the occasion, Achint Rastogi, Head of Sales and Marketing at Hyatt Place Kathmandu, shared that the event was impactful. He mentioned it was great to see Media9 honouring the real heroes who have had an impact on the lives of people during the Covid crisis. Rastogi added it was a great opportunity for Hyatt Place Kathmandu to tie up with Media9 for the event.

Ajhai Kati Sahane Movement

What started as an anthem protesting violence against women in Chile in 2019 has sparked a nationwide movement in Nepal. On November 7, 2020, around 1,000 young Nepali women took to the streets to bring attention to rising rape cases and sexual violence in the region using the Chilean anthem 'The Rapist is You!' It was translated in Nepali 'Ajhai Kati Sahane'.

Covid Alliance for Nepal

Covid Alliance for Nepal is an all-volunteer crisis-response group of individuals and organisations who have come together to tackle the current Covid situation in Nepal. The alliance's guiding principle is around collaboration and creating immediate and sustainable impact whereby decisions are driven by science, data and expertise.

Ek Ek Paila

EK EK Paila is a volunteer-based healthcare non-profit team that works to bring free

and/or affordable healthcare facilities to the rural corners of Nepal while also making sure to raise funds domestically and sustainably. The organisation delivers comprehensive healthcare through health camps, telemedicine, community clinic and awareness creation. Ek Ek Paila also set up a Covid response team to help rural communities affected by the pandemic.

Enough Is Enough Movement

Enough is Enough was initiated in early June 2020 by a group of active youngsters who insisted it remains a faceless and non-violent citizen movement with clear demands at its core when the Covid 19 pandemic was at its peak and the government was unable to effectively manage the crisis. The campaign served as a rallying point for a huge segment of the urban youth population to demand better action and accountability.

Hami Nepal

Hami Nepal is a non-profit organisation that directly connects donors and recipients. The main objective is to help anyone in need without any hesitation and expectation of payback. The organisation does not spend any of the received donations on administration costs and all of their volunteers, mobilised for the authentication of the problem, logistics and delivery, cover their own expenses in order to save administrative expenses.

Indira Ranamagar

Indira Ranamagar is the Founder and Director of Prisoners Assistance Nepal, a non-profit that helps incarcerated women and children. Ranamagar is a reliable advocate, not only for prisoners and their children but also for indigenous women and their families. During the pandemic, Ranamagar took to the streets to help the poor and hungry people by providing them hot meals which she often even cooked herself, and provided medical assistance to those in dire need.

Moin Uddin

During a period when the coronavirus had paralysed economies, devastated communities, and confined nearly four billion people to their homes, Uddin was exploring the culture of Upper Dolpo and teaching young students. Armed with pens, pencils and books, Uddin was teaching 60 students from class 7-10 at the Crystal Mountain School to ensure children were still learning. He also ran daily video logs of his journey to raise awareness of the importance of education.

National Innovation Centre Nepal

NIC Nepal, with a vision to make Nepal an economically prosperous nation through research, innovation, and technology, and finding solutions was established in 2012. During the pandemic, NIC Nepal created PPE suits, helped repair ventilators and

distributed more than 51,300 PPE gowns to more than 300 hospitals, primary health care centres, Corona isolation centres, and Corona testing and treatment hospitals of 58 districts of 7 provinces of Nepal, among other notable initiatives. NIC Nepal was founded by Dr Mahabir Pun.

Nepal Ambulance Service

Nepal Ambulance Service is a non-profit initiative dedicated to the establishment of an emergency medical response system in Kathmandu and Patan municipalities. NAS has seen a staggering increase in the number of ambulance call-outs since the outbreak of the pandemic. With taxis off the road and personal vehicles temporarily banned during the lockdown, NAS ambulances were extraordinarily busy and crews highly stressed, responding to calls of citizens in medical distress.

RNA 16 Rescue and Awareness

RNA 16 stands for "Rescue and Awareness and the 16 kinds of disasters they have prepared to deal with, from Nepal's devastating 2015 earthquake to road accidents. They have been lauded by doctors and civic leaders for aiding a health care system ill-equipped for the pandemic. The volunteer group RNA 16 was in the news in May 2020 after it handled the first coronavirus death in Nepal at a time when there was an extreme stigma about the disease.

THE JURY MEMBERS



DR KEYOOR GAUTAM
Chairman
Samyak Diagnostic



MANISH JHA
Founder & CEO
FACTS Research & Analytics



SHAGUNI GAUTAM
Executive Director
KGH Group of Hotel



HON. YANKILA SHERPA
Former Minister of Tourism
MD, Snow Leopard Trek
Nepal



RAJIB UPADHYA
Writer & Development
Specialist
Author, Cabs and Cartels



PROS AND CONS OF INCREASED REFINANCING FACILITY

Text: Pushpa Raj Acharya



The Nepali economy which was on the road to recovery after being shattered by the Covid 19 pandemic, has started encountering enormous challenges caused by the alarming trade deficit, Balance of Payments (BoP) deficit, depletion of foreign exchange reserves and skyrocketing inflation.

Cheaper credit mobilised on imports and forced economic revival are considered a major contributing factor to the depletion of reserves and huge BoP deficit. The country's foreign exchange reserves depleted by 18.5% during

the first eight months of the ongoing fiscal 2021-22 (mid-July 2021 to mid-March 2022) to hover at \$9.58 billion. This is sufficient to cover imports of goods and services for only 6.7 months.

BoP deficit was at a high of Rs 258.64 billion in the first eight months.

Finance Secretary Madhu Kumar Marasini has said that the financial sector is overheated as lending surged heavily in the first two quarters of this fiscal against slow recovery of credit alongside the refinancing and subsidised credit packages introduced during the Covid 19.

"If we scrutinise it, a majority of the financial crisis is an outcome of the overheated financial sector,"

said Marasini. "We can see the taper tantrum along with the withdrawal of the easing provided by the central bank."

While the concessional lending facility and refinancing helped the private sector to sustain their enterprises while battling with the shocks posed by the pandemic, such facilities have adverse impacts on the economy and authorities are now struggling to keep the macro-economic fundamentals in order.

During the pandemic the central bank had announced that it could provide refinancing of up to Rs 212 billion through funded and

non-funded sources; a figure deemed high when compared to the central bank's capacity. The central bank has funded sources of only Rs 48 billion.

The optimum refinancing rolled out during the peak time was at Rs 160 billion. However, the current outstanding refinancing hovers at Rs 134 billion till mid-March of this year, according to Nepal Rastra Bank. It means, around Rs 86 billion additional money is rolling into the economy even as the central bank's funded source of refinancing is merely Rs 48 billion.

"It is considered that increased money supply tempts consumption thus triggering imports as we are an import-based economy," said Gunakar Bhatta, Spokesperson for NRB. "In view of the current external sector pressure along with depletion of forex reserves and skyrocketing imports, the central bank has given emphasis on recovery of loans as well as allowed the lending rate go up to minimise consumption," he added.

Bhatta, however, stated that refinancing would continue for the hard hit sectors like tourism but that the central bank is mulling on withdrawing refinancing facility from those areas that can revive despite the withdrawal of such facility. (see table 1)

Table 1

| Types | 2020/21 | | Mid-March 2021/22 | |
|---------|------------------|------------------------|-------------------|------------------------|
| | No. of borrowers | Amount (Rs in million) | No. of borrowers | Amount (Rs in million) |
| General | 11,296 | 98,750 | 13,075 | 85,720 |
| Special | 2,040 | 14,620 | 1,707 | 12,290 |
| MSMEs | 35,554 | 35,380 | 9,486 | 8,100 |
| Total | 48,890 | 148,750 | 24,268 | 106,110 |

The International Monetary Fund (IMF) has asked the central bank to lower refinancing to its funded capacity, according to central bank officials.

The World Bank Group has also cautioned the central bank. Hans Timmer, World Bank's Chief Economist for South Asia, has advised it to focus on quality of investment mainly in the productive sector controlling the rampant unproductive investments from the fiscal side.

Since the second half of the fiscal, banks are noted to be running out of loanable funds due to slow deposit growth and the government's failure to increase capital expenditure. Inefficiency to expedite the development expenditure means banks will be running out of loanable funds for a longer term. It could hit growth and employment but simultaneously lower consumption and imports.

Nepal Rastra Bank has given emphasis on tightening money supply through the Monetary Policy of this fiscal in view of the stimulus granted during the pandemic that has overheated the financial sector - mainly due to prolonged period of recovery and increasing non-performing assets (NPA) level.

"The facility of loan restructuring and rescheduling does not reflect the exact situation of NPA," said Pawan Kumar Golyan, President of the Confederation of Bank and Financial Institutions Nepal (CBFIN).

The outstanding amount of refinance provided by NRB remained at Rs 134.11 billion in mid-March this year.

Similarly, as of mid-March 2022, the outstanding concessional loan was Rs 215.76 billion extended to 144,620 borrowers, according to Nepal Rastra Bank of which Rs 137.79 billion has been

extended to 59,560 borrowers for selected commercial agriculture and livestock businesses.

Likewise, Rs 74.17 billion loan has been extended to 82,197 women entrepreneurs. A total of 2,863 borrowers have availed Rs 3.80 billion concessional loan in other sectors.

As per the central bank, business continuity loan has been extended to Covid 19 affected tourism, cottage, small and medium industries for payment of salaries to employees in line with 'Business Continuity Loan Procedure 2020'. Under this provision, Rs 1.10 billion loan has been approved as of mid-March 2022, states the central bank.

Refinancing was needed during the pandemic to protect jobs and sustain enterprises by providing working capital. The central bank had categorised various sectors of the economy as severely affected, affected and less affected to match their refinancing and subsidised credit benefits. SMEs are the major beneficiary of the refinancing facility. The central bank had also lowered the ticket size of refinancing to Rs 50 million for a single borrower in a bid to benefit more enterprises focusing on SMEs.

In Nepal, SMEs provide 1.75 million jobs and contribute 22% to the gross domestic product (GDP) and 98% of the firms employ only 10 persons each on average. **B**

Sectors

(i) Hard-hit sectors

1. Tourism

- Trekking, travel agency, mountaineering, rafting, camping, tour operator, hilling centre, casino, massage, spa, etc.
 - Hotel, tourist accommodation/lodge, model, rural tourism, homestay, resort and restaurants, environmental tourism, wildlife reserves
 - Adventure tourism: skiing, gliding, water rafting, hot air ballooning, canyoning, parasailing, horse riding, elephant riding, bungee jumping, Himalayas expedition and observation, etc.
 - Golf course, polo, pony trekking, trekking/hiking, mountain flights, cable care
- Civil aviation and tourist transportation
 - Entertainment, entertainment park, recreation related businesses, party palace
 - Film production, distribution and cinema hall
 - Those lost their jobs or laid off labourers, workers and staffs (In Nepal and in foreign countries)
 - Perishable goods like, vegetables, fruits, follower, meat and fish, animal feed, dairy products, egg production and distribution etc.
 - Poultry farming
 - Livestock, bee-keeping and fisheries
 - Readymade garments, handicrafts and businesses based on specified skills
 - Foreign Employment Agencies, Education Consultancy Service Providers

ii) Moderately affected

- Durables like plastic, iron/steel, tyres, leather and metal products, home appliances production and distribution related industry and businesses
- Private and private boarding schools, and higher studies centres and secondary schools, colleges and universities, technical schools, pre-school child care

- Public transportation (land route)
- Beauty parlour, salon, cosmetic surgeries and personal services related activities
- Legal, account, engineering related consultancy services and businesses
- Hospital, Clinic, Nursing home, Diagnostic centre
- Health centre, fitness centre
- Production, processing and sales/distribution of commodities that can be stored (except food)
- Forest and minerals related industry
- Construction business
- Pharmaceuticals production
- Printing, publication and media house
- Hydropower and renewable energy projects under construction
- Production of stones, clay and glass related products
- Less affected sectors
- Hydroelectricity projects already started commissioning and connected to the national grid
- Online (ecommerce) businesses
- Food production, processing, storage, sales and distribution/ beverage production, processing and sales/distribution related industry and businesses
- Sales and distribution of daily essentials
- Import related trade
- Petrol pump, gas and water related businesses
- Sales of drugs/medicines
- Advertising services
- Internet, telecommunication service providers
- Alcohol and tobacco industry and sales/distribution
- Truck and transportation business
- Businesses related to jewellers/gold and silver ornaments and precious stones

(Source: Nepal Rastra Bank)

INFRASTRUCTURE & CONNECTIVITY ARE TOP PRIORITY IN UPCOMING BUDGET, BUT IMPLEMENTATION REMAINS KEY

Text: Pushpa Raj Acharya

The government will be presenting the fiscal budget for 2022-23 focusing on economic recovery, boosting productivity, creating jobs, conducting mandatory task of elections, and most importantly, addressing the challenges of macroeconomic stability.

The fiscal budget will be presented in the Parliament on May 29 as per the provision of the constitution despite the regular obstruction of the Parliament by the main opposition Communist Party of Nepal (UML). The Finance Minister has to present the principles and priorities of the upcoming budget in the Parliament 15 days prior to the presentation of the fiscal budget according to the provision of the Fiscal Procedure and Financial Accountability Act.

Ceiling and priorities

The Ministry of Finance and National Planning Commission (NPC) are responsible for selecting projects and programmes as well as earmarking resources following the recommendations made by concerned line ministries. The planning



commission has sent a budget ceiling of Rs 1.745 trillion (Rs 1,745 billion) for the next fiscal year. The size of the proposed budget ceiling is Rs 112.17 billion, nearly 7% up from the budget size of the ongoing fiscal year.

Biswo Nath Poudel, Vice Chairperson of NPC – the apex planning body of the government – has mentioned that some milestones will be launched through the budget. "It will cost Rs 35 billion for the entire electrification of the country and we have decided to make it happen," he said. Though it could also be a multi-year project due to resource

constraints, the government intends to accomplish some targets.

"We are focused on addressing the infrastructure bottlenecks and connectivity is the topmost priority," stated Poudel. "Productive capacity enhancement, skills and entrepreneurship development, sustainable education, and developing human capital by enhancing the quality of investment in education, health, water and sanitation, electrification, among others are the priority," he elaborated.

Poudel also said that the government is focused on enhancing the quality of

education at the foundation level, basically school level education must be transformed to provide necessary impetus to improve academic skills in higher education and learning through technical and vocational education (TVET). Under its initiative of gender equality and social inclusion in the education sector (GESI), the government plans to develop girls hostels at the periphery of schools to encourage female enrolment and completion of school education as well as to safeguard girls from gender-based violence.

Completion of the national pride projects including

Millennium Challenge Corporation (MCC) funded high-capacity transmission line and road upgradation projects will be a major priority of the budget.

Feasibility study of Butwal-Kathmandu bullet rail will be carried out along with completion of the ongoing upgradation of highway sections namely Narayanghat-Butwal, Kamala-Kanchanpur, Kakarvitta-Koshi, and Pathlaiya-Dhalkebar-Narayanghat under the support of different development partners.

The required budget will be provided to Nepal Army to accelerate the Kathmandu-Terai Fast Track. Nepal Army has hardly spent Rs 5 billion in the ongoing fiscal year out of the earmarked budget worth Rs 23 billion.

The fiscal budget might earmark around Rs 20 billion for the Fast Track, and the administrator of the project, Nepal Army, must expedite the much-awaited Kathmandu-Terai Fast Track.

In a bid to enhance the quality of life, the government plans to grant packets of cement and rods to replace thatched roofs with modern roofing materials, if resources permit. Along with this the upcoming fiscal budget will give due priority to developing riverside corridors with proper embankment for the protection of vulnerable populations.

Mitigation of climate change impacts, adaptation techniques and early-warning system in disaster prone areas and disaster response will be given due priority in the budget.

Rameshwore Khanal, former Finance Secretary, has said that the government must focus on disaster preparedness and response with an aim to minimise the colossal loss of property and lives, citing that the country has encountered nine major shocks since 1990 — flood, earthquake, inundation, fire, storms, among



others. "Frequencies and severity of such disasters have also increased in recent years," said Khanal. "The government should not overlook the challenges of natural disasters that cause multiplier impact on human lives."

Committed liability

The government's committed liability will go up in the coming fiscal year as the elections - provincial assemblies and federal parliament - are going to take place in the next fiscal. According to the whitepaper issued by the Ministry of Finance early this fiscal, the government's committed liability has surged to Rs 400 billion. Election expenses will also be a committed liability of the government.

As the elections are going to be conducted in the next fiscal, the government has said that it will earmark budget in a scientific manner as the election code of ethics and other formalities do not allow the Ministry of Finance to approve the amendments in the programmes and projects and transfer funds midway during budget execution.

Minister for Finance Janardan Sharma, however,

said that the budget will be framed in consensus and feedback of the ruling parties. He further added the next fiscal budget will be framed based on the common minimum programmes of the five-party alliance. "The budget will be focused on addressing the structural constraints of the economy," said Sharma. "Self-reliance by boosting productivity, encouraging investment in industries using local raw materials, investing in value chain development, enhancing labour factor productivity and raising exports will be the priority of the budget," he stressed.

He has also defended his earlier policy of lowering the excise and customs tariff on import of sponge iron to produce MS-billet and iron rods in the country by saying that it will help in consuming spill energy as the country will have excess electricity in the near future.

However, private sector players have advised the government to expand the tax net rather than increasing rates. Further, the Ministry of Finance is consulting with multiple stakeholders to encompass a wider perspective in the fiscal budget 2022-23.

Focus on implementation

Different umbrella associations of the private sector have advised the government to bring an implementable budget rather than a high-sounding one. "The implementation challenges have hindered the government's performance in budget execution," said Vishnu Kumar Agarwal, President of Confederation of Nepalese Industries. "The success of the government is judged through implementation of its policies and programmes."

Likewise, Shekhar Golchha, President of Federation of Nepalese Chambers of Commerce and Industry, has urged the government to create an environment for the private sector to do business focusing on the manifold challenges caused by the Covid 19 and recovery of the economy that was shattered by the pandemic. Golchha further stated that many sectors of the economy are struggling to recover and the government should address each sector based on its specific needs balancing it with the existing pressure on macro-economic stability. **B**

“OUR FIRST FUND IS GOING TO BE ABOUT RS THREE BILLION AND WE HAVE ALREADY ACHIEVED 50% COMMITMENT FROM LOCAL INSTITUTIONS AND HIGH NET-WORTH INDIVIDUALS. WE HAVE YET TO RECEIVE THE FUNDS WHICH WILL ONLY HAPPEN AFTER WE GET THE LICENCE. WE ARE CONFIDENT THAT AFTER A YEAR OF GETTING THE LICENCE, WE WILL BE ABLE TO ACHIEVE THAT GOAL. IN TERMS OF OUR INVESTMENT, WE WILL BASICALLY BE CONCENTRATING OUR FUNDS IN SIX DIFFERENT SECTORS: CLEAN ENERGY, AGRICULTURE, EDUCATION, HEALTH CARE, IT AND BASIC SERVICE SECTOR”



Dr Manish Thapa

Founder and Managing Partner
Global Equity Fund

Dr Manish Thapa is the Founder and Managing Partner of Global Equity Fund which is a private equity and venture capital fund that has received a pre-operating licence from the Securities Board of Nepal. The fund plans to invest in startups and growth-stage companies. Additionally, Dr Thapa is on the Board of Directors of Laxmi Bank where he heads the Risk Management Committee. He is also on the Board of Directors of Asian Institute of Management Technology (AITM), and serves as an Expert Member at the FNCCI and at CNI for the education and start-up committees.

Dr Thapa has over 15 years of experience in academia including United Nations University for Peace in Costa Rica, University of Warsaw in Poland, Tribhuvan University in Nepal, McGill University in Canada, and University of Notre Dame in the United States of America.

He is visiting Research Professor of International Relations and Security Studies at Institute of International Relations at University of Warsaw. He was Head of Department and Professor of Peace and Security Studies at Department of Peace and Conflict Studies United Nations mandated University for Peace (UPEACE) in Costa Rica (2015-2018). He is one of the founding members of the Department of Conflict, Peace & Development Studies at Tribhuvan University Nepal (2007-2015). He has served as Research Fellow with several universities and institutes in Europe and North America.

He received his Post-Doctoral Degree (2013) from University of Warsaw, Poland and Doctoral Degree in International Relations (2011) from University of Tokyo, Japan.

Dr Manish Thapa has published numerous books, journal articles and book chapters with leading publishers and journals. His recent publications are

Palgrave Encyclopedia of Global Security Studies (Chief Editor), Palgrave Macmillan, 2021; Internal Conflicts & Peacebuilding Challenges (KW Publishers: 2015); India in the Contemporary World (Routledge, 2014).

Excerpts of a conversation with **Business 360**:

Could you walk us through the concept of Global Equity Fund?

It is a private equity venture type of fund. Private equity and venture capital ecosystem is a mass ecosystem in Nepal which started around 2012-13. The difference between this and a private equity fund is that global equity fund is trying to get a licence from the government to do private equity and venture capital projects. We are trying to get our licence based on the specialisation investment regulation, so if we get the licence we will be one of the first licensed private equity and venture capital funds in operation. Although there were several funds previously, they differ from Global Equity Fund. There are three kinds of private equity and venture capital funds; first is foreign-based Nepal-focused fund. This is a fund which is registered outside of Nepal and focuses their investment in Nepal. The second kind that has been operating in Nepal is a group of friends or individuals coming together and investing in different companies. TeamVenture is a very good example of this model where they created an investment company and also invested in various companies. These type of companies are not governed by SEBON since they are not registered. The third type of funds are those which are registered and governed by SEBON, and I think one of the key differences is this will be a Nepal-registered Nepal-focused fund. We will have a regulator to regulate our funds and operations which is SEBON, and most probably most of the funds will also be raised from local institutions and

that capital will be mobilised based in Nepal. Global Equity Fund is a SEBON registered and licensed fund. We are processing for it and hopefully we will get our licence soon. For the first fund that we are trying to operate, we are trying to raise capital from local institutions and high net-worth individuals.

One of the reasons we are doing this is since we are in the process of being licensed, we can convince institutions to raise the capital and inform them that this is a different kind of investment class. So far, Nepali institutions such as insurance companies, pension funds, Social Security Fund, etc. have limited investment sectors such as fixed deposits, stock market or real estate. These were the only investment sectors that were available to them, but now we can also raise capital and create an investment opportunity after obtaining the licence from SEBON. Another reason is that raising capital from outside Nepal is a lengthy process including due diligence, track record, among other procedures and this is why we are presenting a different alternative for companies. The third reason is we are unclear about the legality of foreign funds and this is why we are trying to raise capital from local institutions.

We applied for the licence in April 2019, so it's almost been three years. But having said that, in May 2021 we got the pre-opportunity licence which gives us a boost in terms of starting our operation. We have already hired manpower for our office. We have also looked into the sectors that we are trying to invest in, different sources of investments, and we already have more than 5-6 parties in the pipeline that are committed to investing. We have done all our homework, we just need the final piece of paper so we can start our operation formally in Global Equity Fund.

In what ways is a Private Equity Fund important for the economy?

It's a very important part of the economy. Like I said earlier, looking into the business culture of Nepal, it has always been concentrated on certain families or classes of people. If we look at South Asian culture, because of the caste differentiation, based on your caste, you lean more towards certain sectors. Because of this, the entrepreneurial mind wasn't that developed but this has changed, the youths are more interested in entrepreneurship to promote their own ideas and concepts. Having said that, the biggest hurdle most are facing is capital. In Nepal, you either raise capital by yourself via your family or take loans from the bank. Our banks are very traditional and they do not fund an idea, they only fund if you can back it up with collateral. But if you do have collateral, you don't really need the capital, and hence, the banks are also promoting a certain class of people rather than people who are willing to be involved in entrepreneurship. In such cases, private equity and venture capital play a very important role. The cost of capital is very expensive in traditional models, however private equity and venture capital provides you with a capital to back you up. One of the biggest contributions of this fund in every part of the world is the provision of capital conveniently. Not only capital, it also provides technical support. As an entrepreneur, a person who might be an IT/Software Engineer, might come up with a fantastic idea for a business, but might not have the managerial capacity to run the business, they do not have the expertise to handle the legality needed. So, what private equity and venture capital do is provide all the technical support required to overcome these shortcomings. Most of the startups are tech-based or skill-based, and we create jobs in those sectors with very good salaries. Providing

employment opportunities is the other contribution we provide. We also invest in ideas that substitute import of goods, this is also a big contribution. And not only that, we also invest in those products which can be exported, either in terms of services or products. The biggest contribution for the economy is also to bring in foreign investment. If I am a foreigner and want to invest in Nepal, I will not have any sort of information, the know-how or any legality issues. Hence, as a foreign investor, I do not have the local expertise, but since companies like us already have done our research, foreigners will be more encouraged to channel funds towards Nepal. So, these are the contributions that private equity fund has on the economy

What are the differences between private equity and venture capital?

Venture capital is a subset of private equity. Private equity is an investment which is made in the growing stage of a company. For example, there could be a coffee shop which is earning well and the potential for the owner to expand the business and open more outlets is also high. In such cases, they can approach a private equity like us, asking us to invest in them so they can grow faster. This is what PE is, taking a profitable business or prospect of profitability, and funding them to grow and expand. Whereas, venture capital investment is a bit different. Suppose you have an idea, and it is tried and tested, you also believe that it is scalable, it has a great prospect; the funding done to that idea is venture capital. The first initial capital provided to institutionalise that idea and test it is venture capital fund. So, this is the difference between private equity and venture capital.

How would you define private equity in layman terms?

It is basically providing capital to entrepreneurs in the form of equity, so that makes us partners. We are going to be active partners, not the major

partner obviously; we want the owner/founder of the company to hold the majority of the shares. Having said that, we are also not a long-term partner, we exit after a certain period of time, normally 5-10 years. We envision the right time to exit the business with a very good return in mind.

Why did the PE concept enter Nepal so late and what is its future in the country?

Even in India, this started around 2005/06 only. There might be a couple of reasons for this, like I already said, the South Asian culture is not that encouraging for entrepreneurship. If we go to our families and tell them we are going to start a business, they are not going to support us or provide us with capital; but if we tell them we want to go to the United States and study, they will most probably sell their property in order to send you there. Hence, I believe that this culture has not yet developed in Nepal and all the entrepreneurs we are seeing are from well-off families or someone who already has a well running business and wants to try their hands at something different. So, we have this mindset in our society, and thus that entrepreneurial mindset never got a chance to develop. Apart from that, the risk-taking ability was almost non-existent. Being an entrepreneur bears its own risk, and the cost of capital is very expensive which in turn increases the risk factors. This is also why that ecosystem never developed in Nepal.

Speaking of the future, it has a very good prospect. First of all, we are a frontier market, capital is of huge necessity in the market. Now the youths don't want to just work in banks or go abroad to stay there and in my opinion that is a huge enabling aspect of how the entrepreneurial mindset is growing day by day. Various business schools, IT schools, etc have been promoting that mindset. Nowadays, people are attracted towards raising capital, running their

business, and working on their ideas. Because of this type of ecosystem and the need for capital, private equity and venture capital funds will thrive further in Nepal. Obviously, there are various companies that are facing problems to bring investments through foreign aid or local institutions, but at the same time there has been a realisation among the bureaucrats, so enabling of Foreign Direct Investment (FDI) rules will probably come into play as well. Growth of the stock market is also necessary for the growth of PE, and based on the increase in penetration and reach in the secondary market in the last two years, I believe this will further help PE in the future.

How can we increase foreign investment in Nepal?

First of all, FDI regulations are absolutely important. One among the many problems foreign investors are facing is bringing the money first. There is a huge painful bureaucratic process for bringing in money. Secondly, taking your profit and dividend outside after the investment is another pain in the neck. Hence, I believe structuring FDI regulations is of utmost importance. There needs to be a one-stop shop for all the investments to come in together. Another hurdle is the threshold that is quoted which is also discouraging small foreign investors from coming into Nepal. For instance, for an IT company, you don't need a huge investment, but that threshold is discouraging foreign investment in Nepal. Apart from that, especially funds like us, we still do not have proper clarity on how this foreign investment business is taken. If it takes almost a year to get that investment fund for you as an entrepreneur, that is a lost opportunity for you as well as the foreign investors. If the fund takes a year to reach here, the loss in terms of interest that they have to pay for that capital is definitely there. Similarly, there are limitations as well for certain funds into certain



As a fund manager, wherever I see the opportunity that is where I would like to invest, but if I have to face being blacklisted, it will be very difficult to do business. I believe there needs to be more clarity on these topics.

sectors. As a fund manager, wherever I see the opportunity that is where I would like to invest, but if I have to face being blacklisted, it will be very difficult to do business. I believe there needs to be more clarity on these topics.

Till date how much investment has Global Equity Fund brought into Nepal?

Our first fund is going to be about Rs three billion and we have already achieved 50% commitment from local institutions and high net-worth individuals. We have yet to receive the funds which will only happen after we get the licence. We are confident that after a year of getting the licence, we will be able



to achieve that goal. In terms of our investment, we will basically be concentrating our funds in six different sectors: clean energy, agriculture, education, health care, IT and basic service sector. We will diversify our funds into these sectors, and we have already made a pipeline of portfolio companies that we have committed to investing in. We have committed to a solar company, e-commerce companies, etc and the moment we have the licence we will raise our funds and disburse them to these companies.

What are the criteria that you have set for providing funds to companies?

We basically look into five aspects with the first being the nature of the business. It has to fall into one of the six priority sectors I mentioned earlier. The business has to have a prospect, it has to make some mark in terms of profitability, scalability, impact that it can create in that sector. We are also interested in making an impact through the investment we are trying to make. Either it has to impact the environment, or there should be a positive impact in terms of society and compliance that the business is trying to follow. Secondly, we see who are the founders, their background, credibility and

the setup of the team and their potential. Thirdly, we also look into compliance because in Nepal, the compliance aspect is weak for startups. At least there should be legality, taxation, and accounting principle compliance in their companies. The fourth aspect is that we are not going to invest in any business where as an investor we cannot contribute in any way in that business. It's not like we invest in any company that earns a profit, we would like to invest in such companies where we can also contribute some expertise either via network, technical support, etc. If we cannot see a clear exit after a certain time period

of our investment, we will not invest in it. There are three ways we can exit a business, firstly we sell our shares in the secondary market; secondly, a strategic partner will come in and buy our shares at a good valuation; and thirdly founders will buy back our shares after being in partnership for say five-six years. So, this is the fifth aspect that we look into while investing in a company.

Policies that you would like to see changed to improve the investment climate in Nepal?

Obviously, policy change will only be relevant when a majority of people are facing it. Now we are trying to bring in foreign investment, and we need it to grow as well, so now the bottleneck is the policy. It will eventually change and it has to. In order to develop that entrepreneurial mindset, prevent brain drain, and promote local jobs, there will be a need for some policy changes. One thing that is good about Nepal is the youth population. The potential of such a country will be pretty good, but bureaucracy will need to bring in enabling policies. They have also felt that the 40-year old policies will not be able to govern the 21st century, and this realisation will bring in gradual changes. For instance, when ride-hailing services such as Tootle and Pathao started in Nepal, there were no policies regarding this. The policy said that only vehicles with black number plates are allowed to take fares. But now, the majority of youths has been employed by them and it has created a culture of giving prominence to work. Even youths who have a Master's degree have started doing Pathao rides, and because of that respect for work the government has to bring in changes even if they don't want to because they have no other choice, since they cannot stop them as well. Likewise, there will be change in policies according to the need. **B**

CAN WE REALLY DIVEST FROM FOSSIL FUELS WITHOUT HURTING THE ECONOMY?

The price of electric vehicles contains much of the answer



PATRICK CARROLL HAS A DEGREE IN CHEMICAL ENGINEERING FROM THE UNIVERSITY OF WATERLOO AND IS AN EDITORIAL FELLOW AT THE FOUNDATION FOR ECONOMIC EDUCATION.

If you've been feeling some pain at the pump in recent weeks, you're not alone. Gas prices are up around the world, and in the US they recently reached a new all-time-high, breaking a

record set back in 2008.

There are multiple reasons for the high prices, some of which are more obvious than others. The Fed's money printing and the Russia-Ukraine conflict are some of the more recent and widely known factors. But there are many other factors that don't get as much attention because they don't change as much, such as strict regulations on oil and gas production, hefty fuel taxes, and the production limits set by OPEC. Though we don't normally think about these measures when filling up the tank, it's worth remembering that they put some serious underlying pressure on oil and gas markets, pushing prices far above what they would otherwise be.

An Awkward Victory

While most people are understandably annoyed with the high gas prices we've been experiencing, one has to wonder whether the climate change hawks welcome this change. After all, isn't this what they wanted all along? Weren't they pushing for a carbon tax to make gas more expensive?

Of course, the current high gas prices aren't primarily being driven by a carbon tax, but the result is much the same. High prices are leading to less consumption. People are driving cars less and are increasingly turning to alternative modes of transportation, carpooling, or foregoing transportation when possible. If



you believe fossil fuel consumption is destroying the planet, surely high fuel prices must be regarded as a victory.

The awkward part is that the climate alarmists, if they are at all consistent, almost have to celebrate the very prices that are pushing so many into economic hardship. I can just imagine a climate alarmist going to a gas station with a sign that says 'gas prices still aren't high enough'. It sounds ridiculous, but that seems to be the logical conclusion of what they believe. If you want a world with zero fossil fuel consumption, what better way to achieve that than by making fossil fuels prohibitively expensive?

So how are we supposed to get around without fossil fuels? According to some, we should all just buy electric vehicles (EVs). That's a nice idea in theory, but as many have pointed out, it's not exactly realistic for the foreseeable future.

Understanding the Tipping Point

While the relatively high price of EVs certainly makes a point about privilege, it also highlights an important economic idea.

Consider this. In a free market,

In a free market, people naturally gravitate toward the cheapest option because it is, by definition, more economical. So, the fact that people are still coming back to gas cars despite the high price of gas says something profound: gas-powered vehicles are, in many cases, still more economical than EVs.

people naturally gravitate toward the cheapest option because it is, by definition, more economical. So, the fact that people are still coming back to gas cars despite the high price of gas says something profound: gas-powered vehicles are, in many cases, still more economical than EVs. Thus, moving away from fossil fuel vehicles, at least under the current state of affairs, would be economically harmful. After all, if it was cheaper to switch to EVs (all else equal), people would have already done it by now out of pure self-interest.

Essentially, the cost of buying and driving an EV represents a tipping point. As long as gas is cheap enough, gas cars will be cheaper overall, and people will stick with them. However, if gas becomes really expensive, there will be a point where EVs become cheaper overall, at which point people will naturally switch over.

But there's an important caveat.

Consumer decisions can only demonstrate economic superiority in a free market. If there are special taxes, regulations, or subsidies that create an uneven playing field, it's quite possible that consumers will

choose a relatively uneconomical option that they wouldn't have chosen without the government interference. For example, if there are significant tax credits for EVs that aren't available for gas cars, the effective price of EVs will be artificially lower, which means people will gravitate toward EVs even though those cars might be more expensive to create.

So, if you can convince people to buy your product in a free market, you can demonstrate that yours is the more economical option. But if, on the other hand, you feel the need to entice or even force people to use your alternative (with tax credits, regulations, bans, and such), that's a good indication that your alternative is economically inferior.

But hey, at least EVs are helping to mitigate the effects of climate change, right? Well, not really. An abundance of evidence shows that transitioning to EVs makes only a marginal difference in reducing CO2 emissions. As economist Jonathan Lesser pointed out in a 2018 study, 'although zero-emission vehicles will emit less CO2 than internal combustion vehicles, the projected reduction in CO2 emissions, below 1% of total forecast US CO2 emissions,

will have no measurable impact on climate and, hence, no economic value'.

Counting the Cost

Climate alarmists often say we don't have to choose between the environment and the economy. Helping the environment would be good for the economy, they insist, even if the economic impacts of climate change weren't a factor. That may be true in some cases, but a lot of the time it's just wishful thinking.

The harsh truth is, sometimes we do have to choose. As long as the green alternatives are more expensive than what we currently use (all else equal), switching to them will be economically harmful. Again, if it was truly good for the economy we would already be doing it.

So, if divesting from fossil fuels would be so harmful, why do so many people support it? A lot of the time, the problem is that the costs are ignored, or at least downplayed.

This is why, in his book *The Moral Case for Fossil Fuels*, Alex Epstein stresses the importance of being even-handed when discussing this topic. "Looking at the big picture requires looking at all the benefits and risks to human life of

4 The harsh truth is, sometimes we do have to choose. As long as the green alternatives are more expensive than what we currently use (all else equal), switching to them will be economically harmful. Again, if it was truly good for the economy we would already be doing it.

doing something and of not doing it," Epstein writes. "To do otherwise is to be biased in a way that could be very dangerous to human life."

This may sound unobjectionable, but it needs to be emphasised because there is a pervasive bias against fossil fuels in our culture. It's easy to notice the downsides of using fossil fuels, but we often fail to appreciate the benefits we get from using them. The benefits are real, however, and they are significant. Indeed, the cheap, reliable energy provided by fossil fuels is the key to so much of our prosperity, from transportation to food to healthcare.

But just how significant are these benefits? Well, think about how much cheaper it is to drive gas-powered vehicles compared to EVs. That difference represents the savings that fossil fuels make possible.

It's telling, really, that even despite sky-high gas prices, we still haven't reached the point where EVs are clearly more economical. That says a lot about just how much we benefit from gas-powered vehicles, and about how much we stand to lose should we be forced to abandon them. **B**

Source: fee.org

WWW.



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

Decoding the Cyber Security Bylaw 2077



Tulsi Khemka is a CA with 18+ years of experience in the space of risk, systems and security having worked with corporates in India, Nepal, US and UK.

Much before the onset of the global pandemic, managements faced challenges with the ever changing and dynamic digital environment.

Today, all information and communication are in the digital space. Be it, communicating with employees, suppliers, customers, tax authorities, etc or recording of production and accounting numbers, bank payments, etc. Despite the lurking danger to the sector and the constant digital war, cyber risk management and reporting have been grossly understated and managed. Hackers are waiting to unlock the security system put in place by governments, companies, homes and internet service providers.

Cybercrime is expected to cost the world about \$6 trillion in 2021 alone. Cybercrime cost includes deletion, damage, unauthorised edits to data, loss of funds, impact on productivity, intellectual property theft, theft of personal communication, brand damages, lack of trust, financial data, embezzlement/ frauds, disruption of normal business services, etc.

Cyber threats lie in wait everywhere both internal and external, it can be intentional or un-intentional.

Today, in this age of work from home, governments and management in all



sectors have enhanced the understanding of the risks.

Need of the hour for telcos and ISPs

Fortunately, some leading government sectors in Nepal are pioneering the change, regulators are creating and asserting the need for privacy, stronger controls, protection of sensitive data. For example, Nepal Telecommunications Authority (NTA), that issued Cyber Security Bylaws 2077 under the Telecommunication Act 2053. The bylaws have been framed for implementation of cyber security standards, best practices so as to protect Information Communication Technology (ICT) against malicious attacks and threats; and build trust and confidence of users towards the ICT partner, technology and services in use.

As per the bylaws, organisations need to ensure adequate security, policies, controls around various factors associated with cyber security like data, network, application, endpoint, mobile, end-point, identity and access, disaster recovery, etc. Speaking to stakeholders required to comply with the bylaws, we realised, there was a need for clarity on the level of compliance needed to the bylaws.

There are a few critical and commonly benchmarked standards across the global like COSO, COBIT, IS 27001, NIST

standards, etc. These standards set the ground and tone for any

cyber security implementation, review and compliance.

Based on our conversation with NTA, we realised, their objective from this information security audit is to arrive at a sense of comfort that the telcos and ISPs do not have any gross vulnerabilities that can be exploited and potential access to sensitive data. We dove deep into the bylaws to understand the intent and things that the companies should consider. This is not a 100% list, only an indication.

Cyber Security bylaws

| Bylaw states | Decoding the bylaws? |
|--|---|
| General Security Standards and Practices | <p>Intent Purpose of the security policies and standard is to protect the information, asset and people. Set the rules of expectation from each stakeholder.</p> <p>What to consider?</p> <ul style="list-style-type: none"> Assess the risk Identify the treat Evaluate the current maturity of the security framework Tone on the top If policy and framework is in line with the risk appetite of the organisation |
| Infrastructure/ Network Security | <p>Intent How and has the network infrastructure been protected by both preventive and detective measures.</p> <p>What to consider?</p> <ul style="list-style-type: none"> Network devices in line with the organisational needs Adequate network segregations Hardening of the network devices Integrity of hardware and software |
| Core System Security | <p>Intent Protection and monitoring of all network notes that face both outside and inside the network. Adequate extra layer of security to the organisation.</p> <p>What to consider?</p> <ul style="list-style-type: none"> Tools in question DMZ set up Rules and configurations Change process Incident management |
| Application Security | <p>Intent Adequate security measures in place at the application level to prevent data or code within any software/ app in the organisation can be stolen or create a backdoor.</p> <p>What to consider?</p> <ul style="list-style-type: none"> SDLC protocols followed Changes to the software/ application post release Development cost and operational performance Applicable laws and regulations Backdoor monitoring |
| Data Security/Privacy | <p>Intent Data protection and proper handling of sensitive data. Ensuring necessary confidentiality for time sensitive data like financial, intellectual property, etc.</p> |

| | |
|--|---|
| | What to consider? <ul style="list-style-type: none"> • Data classification based on its nature • Encryption protocols • Information sharing • Traceability tools for sensitive data being shared |
| Cloud Security | Intent Today most data and software are stored on the cloud. Ensure that system is not penetrable and sensitive data is secured. What to consider? <ul style="list-style-type: none"> • Assessment of stakeholder's competency and conflict of duties • Policy and compliance framework • Security configurations • Implementation of framework • Identify and user controls • Intrusion testing |
| CERT/Incident Response | Intent Awareness and preparedness in case any incident arises. What to consider? <ul style="list-style-type: none"> • Assessment of stakeholder's competency and conflict of duties • Completeness and classification of incident • Identification, tracking, assessment and impact of any incident. • Policy and procedure on how to address incident |
| Security Operations Centre | Intent To ensure that all key security events are assessed, identified and tracked. Awareness and action taken for identified threats and vulnerability, if exploited. What to consider? <ul style="list-style-type: none"> • Risk assessment of all key security events • Controls to assess the threats and malwares • Assessment of stakeholder's competency and conflict of duties • Audit of the intrusions • Assessment of control effectiveness • Escalation framework • Future action plan |
| Cyber Security Awareness & Capacity Building | Intent The intent of the bylaw is to ensure that all employees are aware of what is sensitive information, importance of ensuring and complying to security requirements. What to consider? Employee awareness assessment Training programmes – quality, frequency, attendance, effectiveness Review of capability building programmes rolled out Outreach and awareness activities, basis of assessment Impact assessment of the activities Tracking and escalation of non-compliance |

The bylaws have been defined by NTA benchmarks to both the service provider and the auditor. The checklist should not be considered verbatim for the purpose of audit compliance. The overall intent of the government body is to protect the user of service and provider of service from any malicious attacks and threats and build confidences in the technology and service.

Keeping the overall intent in mind, we should take this opportunity to assess the overall maturity of our cyber security framework and addressing any vulnerabilities and threats we find in the process. As we all would agree, change is the only constant thing in life, so is the lurking threat of hackers with malicious intents. **B**

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





The Rise Of President Zelensky As A Global Leader



Aleena Udas Sharma

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The world is shocked and moved by the Russian mayhem on Ukraine soil. President Vladimir Putin's invasion of Ukraine has led to massive civilian casualties and infrastructure damage creating the largest humanitarian crisis Europe has witnessed lately. However, the bravery and defiance of the Ukrainian people, including that of President Volodymyr Zelensky, are what the world will remember no matter what the outcome of the war is.

The world cannot ignore Russian tyranny too. One of the influential and powerful world leaders, President Putin, has resorted to 'War' as his conflict management style, and how wrong we were to think it involved dialogue, negotiations and diplomacy. Though it is difficult to predict the trajectory of this war, it is undoubtedly redefining the way we understand and manage conflict, contrary to what we learned in business schools. And equally riveting is the remarkable leadership style of President Zelensky that leaders in all spheres of life may want to understand and imbibe.

Lead by example

When violence crept closer to Ukraine's capital Kyiv, and Zelensky's life was under threat, the United States offered to evacuate him. Rejecting the offer

and demonstrating unwavering courage, he responded with his now-famous line: 'I need ammunition, not a ride.' This is courage beyond what the vast majority of us could muster. The world will forever remember his show of moral fortitude and risking his life for the collective good.

His decision to not flee Kyiv but to stand alongside his people is leading by example. Staying back in his country, encouraging, motivating, and guiding his people during the country's darkest hours is a testament to his grit and determination to serve his people.

When leaders lead by example not just in rhetoric but also in action, they open doors for trust and pave the way for employee commitment and higher productivity. Facing challenges head-on and taking the frontline when in danger is how leaders earn respect, admiration, and trust.

Remain positive

Given its size and enormous military power, Russia's brutal attempt to crush and subjugate Ukraine was a near-certain defeat for President Zelensky. But Ukraine chose to fight even when the world's initial impulse was to write it off. Not only has the war united Ukraine more than ever before, but it has also reminded us of the Biblical stories of David and Goliath. President Zelensky, for us, is undoubtedly David. He chose to rise as David facing the well-armoured giant and not letting anyone limit his sense of greatness.

The positivity stems from his self-belief and unflinching strength far and wide, ignoring everyone's assumption that he would fail and showing us how wrong we were day after day. He didn't see himself as weak and small and never positioned himself that way; instead, he

emerged courageous to face the giant, hoping that he would even beat him eventually.

The war is still on, but by constantly staying optimistic and motivating his people, Zelensky has controlled the narrative. Leaders need to learn this skill to remain positive while in crisis. It doesn't matter how big the giant is; what matters is the determination to win and for that facing the giant is the first step. Perhaps, the conviction to



defeat the giant may not result in the win, but that will definitely make things easier.

Demonstrate empathy

President Zelensky has traded his formal navy suit, white shirt and tie with a dark green T-shirt as seen in his daily videos or while addressing the US Congress and the parliaments of many other countries. This wardrobe change is to show solidarity with the people of his country, to stand alongside them equally pained, anguished but with the determination to free the nation. The T-shirt symbolises the connection between him and the soldiers fighting on the streets. Like his words, his attire during the war is simple yet profound.

By demonstrating a feeling of oneness, empathy, and trust, Zelensky has touched the right chord with his people, leading to a massive transformation organically and overwhelmingly all around him. Perhaps, what leaders must get right to create an environment of engagement,

happiness, and trust is the skill to empathise. Understanding and reflecting the team's values is a leadership competency to develop and demonstrate more than the internal characteristics.

Leverage the power of the media

President Zelensky didn't rise as a global hero by sleight of hand. He leveraged the power of the media to reinforce his presence and dispel contrary rumours. As he stared down at tanks, drones, and missiles ravaging his nation, he flooded the social media platforms with humble, emotional, and highly effective speeches and videos. They are so relatable that they are difficult to ignore. On the virtual front, he is already a winner.

Being media-savvy, he understands the importance and influence of social media. He is consistent with his messages to his team, people, and the world about how important freedom is to the Ukrainians, gradually shaping our collective focus and making us lean toward his unwavering conviction. Without his ingenious media strategy, Ukraine would have already lost the war.

Social media that has permeated almost every aspect of our personal and business lives has totally changed how we communicate and share information. Leaders need to understand this and leverage it to connect and influence a wider audience. It is time that leaders embrace this change or risk becoming irrelevant to those they lead. The social media genie is already out and cannot be put back in its bottle.

While the Russian invasion continues and the outcome is uncertain, President Zelensky's rise as a global leader and his profound leadership style are lessons for leaders of all stripes. **B**



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Stories of Nepal - Connecting humans, sharing commonalities

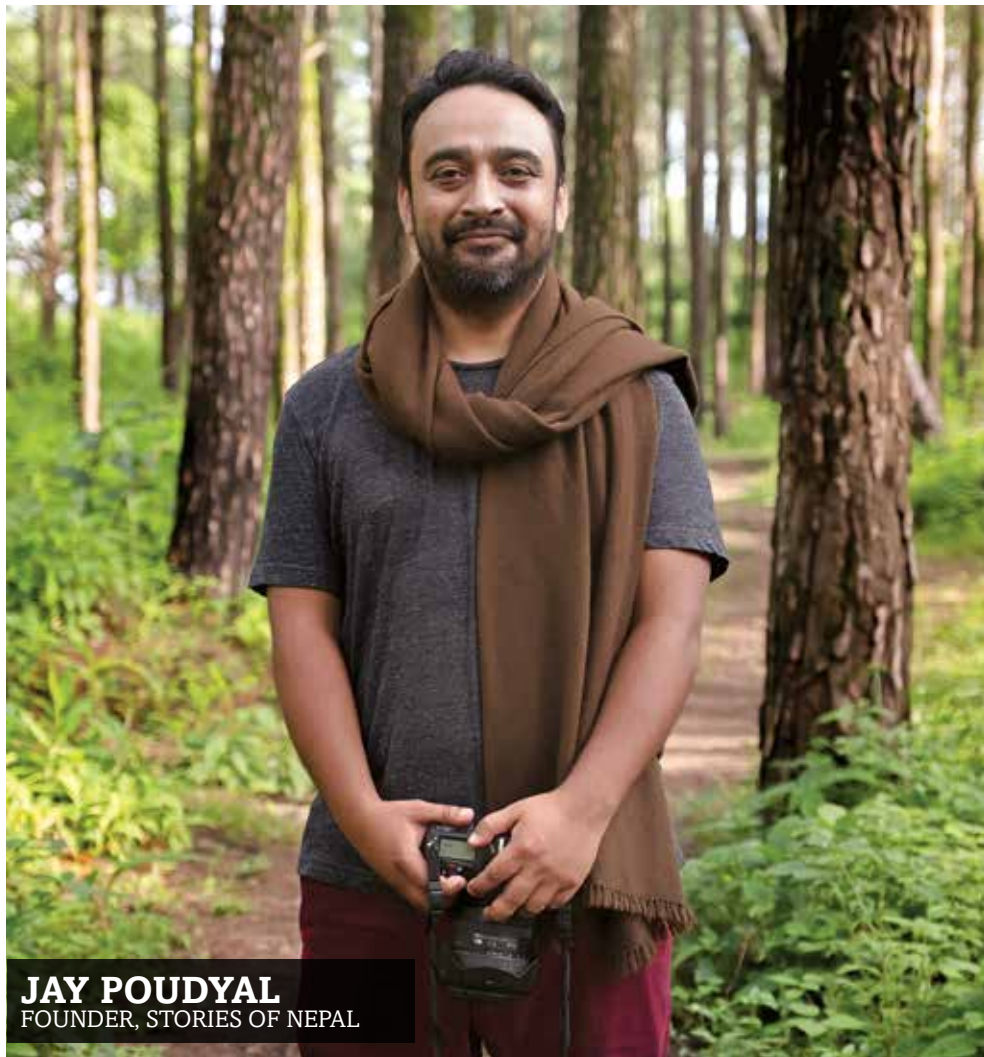
Every human has a story waiting to be told. Jay Poudyal, Founder of Stories of Nepal, listens to the unspoken stories of thousands of Nepalis from rural parts of the country and captures some moments of their life on camera and portrays them to the world.

Poudyal believes that people, irrespective of their culture, status or background, have stories of struggle, success, hope and aspirations that can become a meaningful interaction through social media like Facebook.

Starting out as a photographer, Poudyal was immensely inspired by 'Humans of New York', a photography project started in New York with an initial goal of photographing 10,000 New Yorkers. "I have always enjoyed and adored the idea of Humans of New York," he shares.

The concept of Stories of Nepal started when Poudyal was fighting alcohol addiction. One day, while walking in his neighbourhood, he came across a boy at a tea stall. Poudyal says, "His story intrigued me." Soon after, he began visiting different places in Kathmandu to spend time and listen to the tales of the locals. He then decided to travel the country collecting heart-warming stories from every nook and corner.

Initially, Poudyal wanted to name his Facebook page 'Humans of Nepal' but settled for 'Stories of Nepal'. At present, the page has over half a million followers and the core idea is to narrate a story through photos. "It's true that a picture speaks a thousand words but when we add a few words, you get an entirely different dimension to the story," he states.



JAY POUDYAL
FOUNDER, STORIES OF NEPAL

Not only has Poudyal been capturing stories, he has also been helping people in need. During the earthquake in 2015, he was involved in many places providing people with shelter and food.

"As I post stories of individuals, people come forward to help those in need and I connect them. Connecting humans, sharing commonalities instead of finding differences is one of the main purpose of Stories of Nepal," he says.

It has been almost a decade of collecting stories. He says, "At first it is difficult to make friends in a totally new place

with complete strangers but later, it feels like I am leaving a piece of my heart behind. Stories of Nepal is not about glitter and glamour but raw emotions and real life incidents."

Stories of Nepal is considered one of the most successful photo blogs in the country. The efforts of Poudyal has been recognised by many national and international media houses such as the Los Angeles Times, Associated Press and Mail Online. He

is also the recipient of the IVLP Fellowship Ed Murrow Programme for Journalists. His work and Stories of Nepal have also been featured in BBC World, BBC Newsroom, Associated Press, LA Times and Yahoo.

Poudyal shares, "These stories are the human stories of struggle, hardship, hope, aspiration, societal observations and memories. It is all about connecting people to bring meaningful change, however small." **B**



Galaxy

beed's take on the market

During the review period of February 23 to March 28, the Nepal Stock Exchange (NEPSE) index fell by 194.09 points (-7.09%) to close at 2,541.84 points. Although the market started the review period strong, with the NEPSE index reaching a high of 2,720.43 points on February 23, it could not sustain its growth thereafter. In light of tumbling index and significant fall in the book value of the investor's portfolio, the investor confidence remained low throughout the review period as indicated by the market volume. The overall market volume during the review period decreased significantly by 44.20% and reached Rs 60.581 billion.

During the review period, in alignment to the previous review period, only one sub-index landed in the green zone whereas all the other nine sub-indices landed in the red zone. Hotels and tourism sub-index (+0.09%) was the sole winner as the share value of Soaltee Hotel (+Rs 12.2) increased substantially.

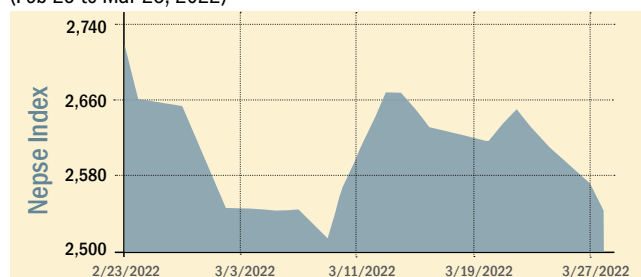
Others sub-index (-16.59%) was the biggest loser with the drop in the share value of Nepal Telecom (-Rs 645.5), Citizen Investment Trust (-Rs 70), and Hydroelectricity Investment and Development Company (-Rs 35.4). Finance sub-index (-13.11%) was second in line in the red zone as it witnessed a reduction in the share prices

of Gurkhas Finance (-Rs 120), ICFC Finance (-Rs 89), and Manjushree Finance (-Rs 85). Manufacturing & Processing sub-index (-12.47%) followed suit with a drop in the share prices of Himalayan Distillery (-Rs 402.9), Shivam Cements (-Rs 325) and Bottlers Nepal (-Rs 282.1). Likewise, Hydropower sub-index (-11%) also regressed as share value of Api Power (-Rs 157), National Hydro Power (-Rs 128) and Shivam Cements (-Rs 191) went down.

Similarly, Development Bank sub-index (-7.30%) witnessed a deflation in the share prices of Garima Development Bank (-Rs 127), Excel Development Bank (-Rs 73), and Mahalaxmi Development Bank (-Rs 51). Commercial Bank sub-index (-5.39%) also substantially decreased with a drop in the share value of Everest Bank (-Rs 73), Nabil Bank (-Rs 53.5) and NIC Asia (-Rs 48.1).

Along the same lines, Microfinance sub-index (-4.29%) decreased as share value of National Microfinance (-Rs 173), Mithila Microfinance (-Rs 145), and Janauttan Samudayik Microfinance (-Rs 138) deflated. Life Insurance sub-index (-1.84%) witnessed a fall in the share prices of Nepal Life Insurance (-Rs 272.6) and National Life Insurance (-Rs 235). Likewise, Non-life Insurance sub-index (-1.37%) decreased marginally

Figure 1 NEPSE Index during the review period
(Feb 23 to Mar 28, 2022)



Source: Nepal Stock Exchange

with the fall in share value of Rastriya Beema (-Rs 359), Neco Insurance (-Rs 169.8) and Shikhar Insurance (-Rs 117).

News and Highlights

During a programme organised at the Ministry of Finance on March 2, Finance Minister Janardan Sharma voiced concerns regarding secondary market manipulation that has influenced the daily transaction of stocks. He stated that insider trading, pump-and-dump and circular trading have all been reported at NEPSE, resulting in erratic fluctuations. As a result, he urged NEPSE and Securities Board of Nepal (SEBON) to improve their coordination and take necessary steps to increase small investor participation and safety in the secondary market. It also entails raising capital, introducing big market makers and promoting financial literacy programs in the secondary market.

On the public issue front, SEBON approved the Initial Public Offerings (IPOs) of one hydropower and two microfinance companies. It includes River Falls Power hydropower worth Rs 357 million, Upakar Microfinance worth Rs 26.625 million and CYC Nepal Microfinance worth Rs 39.533 million. Prabhu Capital has been appointed as the issue manager of River Falls Power whereas, Nepal SBI Merchant and Global IME Capital have been appointed as issue managers of the two microfinance companies,

respectively. Likewise, SEBON has also added the IPO of Dhaulagiri Microfinance worth Rs 33.1 million to its pipeline. Sunrise Capital has been appointed as the issue manager for this.

Similarly, SEBON has approved the right shares of Api Power Company (10:3.9 ratio) worth Rs 1.086 billion and Nepal Finance (10:7 ratio) worth Rs 345.447 million. Mukthinath Capital and Prabhu Capital have been appointed as issue managers for these two companies, respectively.

Outlook

The secondary market has shown no signs of ease as key macroeconomic indicators of the economy are indicating worrying signals. Investor confidence has dampened and stock trading has been continuously declining due to rising interest rates and tightening liquidity situation in the banking system. Further, as the current fiscal year's third quarter approaches, investors will be on the lookout for fundamentals of the listed companies in expectation of annual returns. Furthermore, as we approach upcoming local level elections, the market is likely to be in a wait-and-see mode. **B**

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

Table 1 Sub-indices during the review period
(Feb 23 to Mar 28, 2022)

| | Feb 23, 2022 | Mar 28, 2022 | % Change |
|----------------------------|--------------|--------------|----------|
| NEPSE Index | 2,735.93 | 2,541.84 | -7.09% |
| Sub-Indices | | | |
| Commercial Bank | 1,744.78 | 1,650.74 | -5.39% |
| Development Bank | 4,715.19 | 4,370.86 | -7.30% |
| Hydropower | 3,336.93 | 2,969.72 | -11.00% |
| Finance | 2,339.90 | 2,033.06 | -13.11% |
| Non-Life Insurance | 12,337.26 | 12,168.84 | -1.37% |
| Others | 2,417.11 | 2,016.17 | -16.59% |
| Hotels and Tourism | 3,055.82 | 3,058.68 | 0.09% |
| Microfinance | 5,223.64 | 4,999.77 | -4.29% |
| Life Insurance | 14,734.26 | 14,462.49 | -1.84% |
| Manufacturing & Processing | 6,742.96 | 5,901.80 | -12.47% |

Source: Nepal Stock Exchange

THE ALL NEW HONDA CITY EXPERIENCE SUPREMACY



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Behavioural Finance in Trading



Vivek Risal is the Country Programme Coordinator at IMFA Global, a globally reputed brand for facilitating financial markets training. He can be reached at vivek@imfaglobal.com

Behaviour and trading have been on the opposite ends of the spectrum. For centuries, numerous psychologists and analysts had pushed the theories of economics and trading back. In their argument, they have professed human beings are not rational utility-maximising actors and that the financial markets are inefficient in the real world. However, the study of behavioural finance surfaced in the late 1970s to address these issues collecting a wide array of cases when traders have behaved 'irrationally'. This article is an attempt to demystify the concept of behavioural finance and exemplify its usage in the trading world.

Let us assume the following scenario and imagine the financial markets as a person who has sudden changes in their mood and behaviour (price swings). The abyss of emotions can have a trigger effect and change with every passing second i.e., it can alter from a significant depression mode to a moment of euphoria with the turn of fortunes as profits and wealth maximise. But can such a phenomenon assist us in understanding the financial markets? Most analysts and market pundits opine that behaviour finance can.

Decoding Behavioural Finance

Behavioural finance is a subfield of behavioural economics. The argument states that when making financial decisions daily, market participants are not as rational as the traditional finance theory envisages. For traders who want to dwell further into how emotions and biasness drive the prices of a security, behavioural finance offers some vital explanations.

The philosophy that psychology drives financial market movements contrasts with the established theories that propagate the notion that the financial markets are efficient. For example, advocates of the efficient market hypothesis claim that any new information applicable to security is factored into its price by the market players. With the inclusion, the prices are more random because all existing information, public or non-public, is already discounted in the existing values.

Gains Versus Losses

Suppose you have two options: Offer someone a choice of making Rs 500 or on the flip of the coin, there is a possibility of winning Rs 1,000 or nothing. Chances are that the individual will select the former as it is a sure way to earn. However, if you change the options and offer a loss of Rs 500 or on a flip of a coin win Rs 1,000 or nothing. The same individual will select the latter since rather than accepting a Rs 500 loss, you will flip the coin and see whether you call it right and win Rs 1,000.

This phenomenon is called loss aversion and it refers to the real or potential loss by an individual is perceived as psychologically or emotionally more severe than a gain of an equivalent amount. The



possibility of the coin landing on one side or the other is equivalent in any scenario yet individuals will still vouch for the coin toss to save themselves from a Rs 500 loss although the wrong calling would affect a greater loss of Rs 1,000. This is because individuals tend to view the possibility of recovering a loss as more important than the possibility of generating higher profits.

Herd Instinct

Have you ever wondered why people tend to imitate others? Welcome to the world of herd instinct. In the financial markets, when the market is bullish or bearish, traders are subject to a fear that others know more or have generated more information. As a result, traders feel a strong urge to follow what others are doing rather go against the common trend.

The studies of behaviour finance established that traders rely and place too much emphasis on judgements derived from small samples of data or from single sources. For example, traders are known to factor skill rather than luck on an analyst that picks a winning trade.

On the contrary, some popular beliefs are not easily written off. One assumption that has always gripped the market dynamics is the

notion of buying the dip. This statement has pervaded most market conditions when a sudden drop in the market will inevitably be a buying opportunity in the ensuing trading sessions. The traders are often playing the obvious and are overconfident in their judgements. They tend to grab the opportunity provided by a single piece of information rather than focusing on the larger picture.

Practicality of Behaviour Finance

Can behaviour finance and its various studies beat the challenges of the financial markets? The preceding question is supportive when rational shortcomings provide plenty of profit-generating opportunities for ardent traders. However, given the scope of behaviour finance, only a few traders are deploying behavioural principles to enter into the right trades with an array of instruments available for trading.

The impact of the research works remains mostly in academia than in the money management concepts. However, with various concepts evolving and surfacing, behaviour finance will be a catalyst for how a trader can train themselves to be watchful and use it as a blueprint to make rational decisions when it comes to trading in the financial markets. **B**



सबको
विश्व
बहुल



Vivo V23 : A good choice for its unique design elements

Vivo Nepal recently launched the V23 5G for the Nepali market. Vivo V23 is a mid-range device which comes at a price of Rs 55,999 for 8/128 GB model. It is the second phone under the V23 series to be launched in Nepal after the V23e. However, the V23 pro is yet to be launched. We were able to experience the new V23 5G and here's our take on it.

Talking about the design, the Vivo V23 is a good-looking device with an unusual colour changing feature. It is also known as India's first ever colour-changing phone. The first talk is its colour. You can get this phone in black but more amazing is the sunshine gold colour. It looks gold most of the time but due to a UV reactive finish it gives off a striking deep turquoise colour when exposed to light.

The design seems to be inspired by the iPhone as it has square edges with a flat front and rear panel and the phone's rear panel is embodied in glass which looks and feels quite expensive. The overall look of the new Vivo V23 is designed to make it look premium.

The V23 has a size of 6.44-inch 1080p display with a 90Hz refresh rate. The V23 sports an AMOLED panel, which will benefit with great colour reproduction and deep blacks. The AMOLED panel also allows an in-display fingerprint scanner which is fast and reliable. Face-lock is also an option in this smartphone. As for the speaker, you will get a single speaker at the bottom which could've been a bit better.

Powering the V23 is the MediaTek Dimensity 920, a 6nm chipset. This chipset caters to the most powerful mid-range 5G smartphones.

THE PHONE HAS SOME UNIQUE DESIGN ELEMENTS AND FEATURES MAKING IT A GOOD CHOICE FOR THOSE WHO ARE LOOKING FOR A GOOD-LOOKING PHONE WITH A SET OF GOOD SELFIE CAMERAS. THE PROCESSOR USED ON THE PHONE IS A POWERFUL CHIPSET USEFUL FOR DAILY USE AND OCCASIONAL GAMING.

The 8GB can be extended by up to 4GB from the phone's internal storage. However, you don't get a memory slot so you are limited to 128GB.

The V23 performed smoothly and showed no signs of lag or stuttering even while playing PUBG.

The 4200 mAh battery of the phone and its power-efficient chipset let the phone comfortably last a full day with typical use, while some less frequent users will find it lasting for two days.

Its 44W wired charging is fast enough to charge the phone up to 71% in half an hour, which would efficiently make the phone last till the end of the day.

Talking about the camera, the V23 has three sensors on the rear. The main one is a 64 MP wide lens with f/1.9 which handles every condition quite well despite lacking OIS. Night mode photos aren't bad either, exposing bright lights within dark environments. The other two rear lenses are another 8mp ultrawide to capture a wide field of view and a 2 MP macro lens.

Up front the smartphone is featured with two selfie

cameras: a 50 MP main lens and an 8 MP ultrawide. The main camera captures detailed and crisp capture with an aperture of f/2.0 quite large for a selfie camera on a phone. Another cool feature for taking selfies is the dual flash light which is not visible unless you turn it on. This can be quite handy while taking selfies in really dark conditions.

On the software side, the V23 ships with Android 12 and runs Vivo's Funtouch OS 12 on top of it. The phone comes preloaded with Vivo apps which makes it easier to use. I got used to the Colour OS pretty quickly and found it bug free. Other Android 12 features are also included, like the new privacy dashboard and alerts when the camera or microphone are in use. Overall, the Vivo V23 is a decent mid-range device with all-rounding specs and features. The phone has some unique design elements and features making it a good choice for those who are looking for a good-looking phone with a set of good selfie cameras. The processor used on the phone is a powerful chipset useful for daily use and occasional gaming. **B**



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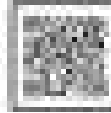


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IONIQ 5

Ride-sharing business: When does the employment law regime trigger?



Dipti Sapkota is an Associate at Pioneer Law Associates and is a corporate lawyer specialising in Investment Law, Employment Law, Development Sector, and General Corporate Compliance.



Many ride-sharing platforms have been emerging where customers are connected to riders of privately held vehicles through mobile applications. Ever since the introduction of the ride-hailing concept, commuters are gradually relying more on this modern system of transportation. The growth of this system in Nepal is also due to insufficient public transport system, lack of convenience in relation to hailing conventional taxis, and increasing population and business operations. Further, people moving towards a gig economy have also contributed to the growth of the ride-sharing business in Nepal.

Within the past couple of years, there has been a significant increase in the number of riders engaging in ride-sharing businesses. New ways of working facilitated through digital platforms pose pressing questions about the employment status of the people who do the work involved. Despite the disruptive success over the years, there are pertinent service and employment issues relating to ride-hailing business in Nepal. The legal questions faced by riders and platforms are still largely untested by the courts of Nepal. The public

administration has also not provided any policy clarity in relation to the same.

Policy Issues relating to the Ride Sharing Business

In Nepal, a person is considered an employee of another, when the following are met:

- Any entity registered in Nepal or an individual hires an individual for performance of certain service, and
- A contract of employment is entered between the entity and the individual.

Even if the contract is not per se titled as contract of employment, the contract is such that an employer-employee relationship is created, the same would be deemed to be a contract of employment.

People employed for business operations and management will obviously be considered as employees. However, the issue becomes complex in relation to riders. The question of 'who is an employee?' becomes important because the Labour Act prescribes for certain social security measures for any person who is deemed an employee.

Business Model

The manner in which most ride-sharing applications in Nepal work is such that the owner of the application acts as an aggregator, i.e. provides a platform for the riders and their prospective customers to be connected. The aggregator charges a commission for providing this platform. The aggregator may also collect data to conduct market analysis.

However, if the aggregator engages in the following, in relation to the riders, then it may be legally construed that the relationship between the aggregator and rider is that of employer-employee:

- The aggregator is involved in controlling the performance of riders;
- The rider is made to work as per the discretion of the aggregator in terms of the routes of rides, timing of rides, etc;
- The aggregator is involved in evaluation and monitoring the performance of riders and taking actions for improvement/disciplinary measures;
- The aggregator is dictating the terms of engagement and remuneration;

- The rider is required to perform the service with the assets of the aggregator.

Consequences of employer-employee relationship

If an employer-employee relationship is established, then the employer is duty bound to provide certain benefits to the employee. These benefits are determined based on the nature of classification of employment.

The Labour Act 2017 has provided an exhaustive categorisation of the meaning of the term 'employment', which includes Regular Employment, Work-Based Employment, Time-Bound Employment, Casual Employment and Part-time Employment. The above classification is based on the nature of employment, the working modality and performance of designated work.

The benefits in relation to all types of employment are as following depending on the tenure of service:

- Execution of employment contract outlining the basic entitlements and working modality of employees



- Minimum remuneration and social security contribution
- Paid leaves
- Festival allowances, insurances, bonus, overtime payment
- Terminal benefits based on accumulated leaves and social security contribution
- Protection against wrongful termination

International Practice

There has been a change in global perspective on the operation of the gig economy after the recognition of drivers of Uber as employees of Uber in the United Kingdom. The judgement on the Uber

case highlighted that (a) the remuneration of drivers is fixed by Uber, (b) the contractual terms on which a driver performs are dictated by Uber, (c) drivers perform on Uber's discretion, (d) Uber exercises a significant degree of control over the way in which drivers deliver their services and (e) Uber restricts communication between passengers and drivers. Owing to these reasons, an employer-employee relationship was established between Uber and the drivers.

As such, the court was able to ensure minimum wage, paid sick leaves and health insurance benefits to the drivers as they

were protected by employment laws. This has guaranteed a broader scope of employment protection and freedom for platforms to operate in a decent employment.

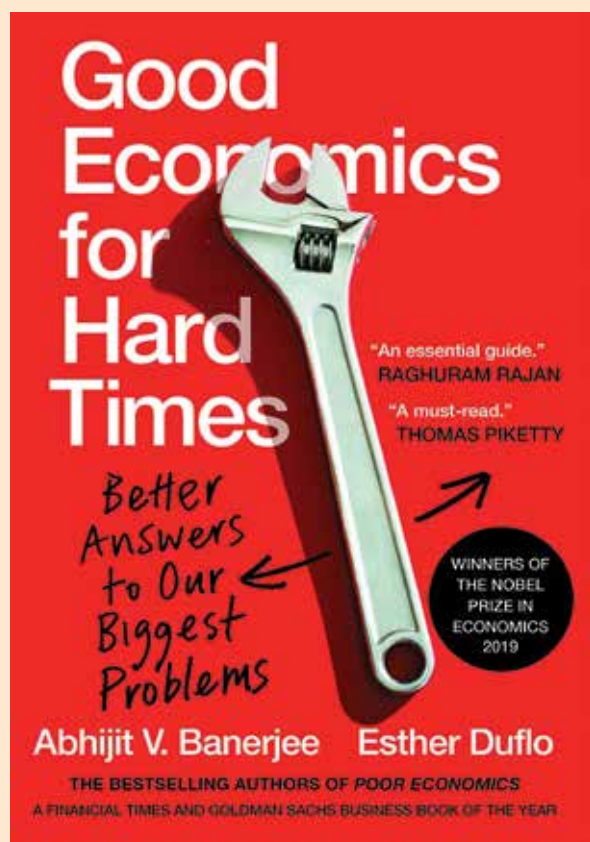
Conclusion

On a first look, the business model of most ride-sharing platform is such that they are providing services to riders by connecting them to prospective customers. However, as discussed extensively, there may be circumstances which may lead to a creation of employer-employee relationship between these aggregators and riders. The consequence

of such a relationship would be such that it would create a windfall burden on the business of the aggregator. As such, it is very important for the aggregator to seek adequate legal advice and conduct thorough due diligence while finalising the modality of the association with the riders.

In the international market, this has been done through standardised contract wherein the relationship with the aggregator has been categorically defined and the modality of such relationship has been structured keeping in mind the situations that may trigger employment law. **B**

BOOK OF THE MONTH



Good Economics for Hard Times: Better Answers to Our Biggest Problems

Author: **Abhijit V Banerjee and Esther Duflo**

Banerjee do exactly that. And it's this quality of humility and courage, espoused throughout their writing, that inspires confidence and curiosity in what they have to say about other, potentially more important, issues.

Each chapter of the book tackles a big question of global relevance – many of which the reader has likely pondered or even debated over the dinner table. Questions like: should people vote for politicians that favour immigration? How might we avert climate Armageddon? Does welfare or cash handouts make people lazy? And what impact will automation have on jobs and welfare? Despite the contentious and divisive nature of these topics, the authors manage to orchestrate a balanced debate, engaging with the entire spectrum of research, evidence and public opinion.

Their approach is to synthesise the results of empirical work on these topics primarily through randomised controlled trials (RCTs) and natural experiments. These are studies in which people are allocated at random to either receive an intervention (usually a product or service) or be part of a control group that receives no intervention at all. The aim is to measure and compare the outcomes of those that did receive the intervention and those that didn't. The findings of these studies are then compared to what is predicted by economic theory, often revealing stark differences. Whilst this would probably not surprise those acquainted with the study of economics, the implied nullification of key economic concepts and theories calls for a marked shift in the way economics is taught, studied and interpreted.

It's rare for economists to highlight how little is known about which policies and institutions fuel economic growth and

prosperity. But in their latest book, *Good Economics for Hard Times*, Nobel Prize-winning economists Esther Duflo and Abhijit V



Proton X50: Worth The Hype

With the growing market of compact SUVs, Jagdamba Motors, the authorised distributor of Proton, has added a compact SUV, the X50 in the company's lineup for the Nepali market. The Proton X50 is the second SUV from the Malaysian brand. Like its bigger sibling the X70, this SUV created much hype and caught a lot of attention in Malaysia when it was first launched in 2020.

The new 5-seater SUV is offered in three different variants - Standard, Premium and Flagship - with a starting price of Rs 71,99,000 for the base model going all the way up to Rs 84,99,000 for the top spec variant. We were able to get our hands on the top trim variant of the X50. So, let's find out whether the car was worth the hype.

Exterior

The new X50 looks totally different from its elder sibling. It has a very stylish and sporty design approach whereas the X70 is more mature and bolder. The fascia of the vehicle retains the 'interlocking weave' pattern grille with bow shaped surround from the X70. However, to make things sportier, the surround gets a red finish instead of chrome. The sharp lines and creases on the bumper and the bonnet make it look aggressive and sporty. Adding to the sporty design elements are the air vents housing LED DRLs and the extended nose on the lower bumper.

From the side, the X50 has a coupe like design with sloping roof and slightly raised spoiler. The sharp lines and creases continue at the side as well. The chrome accents around the window area give it a premium look. There is also a black plastic cladding on the lower half for a rugged feel. The 18-inch diamond cut alloy wheel on the top variant suits



the X50's modern looks.

For me, the SUV looks the best from the rear with quad exhaust pipes and diffuser. The Proton badging on the silver line and the split swiped forward LED tail lamps look sleek and maintain the sporty factors of the car.

Interior and Features

On the inside, you are welcomed by a well thought of modern looking cabin. The cabin feels quite premium with soft touch materials and leatherette seats. The brushed aluminium and the well damped buttons add to the premium feeling. At the centre of the dashboard is a 10.25-inch touchscreen infotainment system supporting phone connectivity which also draws your attention as soon as you get inside the car. The centre console feels like it has been inspired by Porsche. The easily adjustable 6-way driver's power seat makes it really easy to adjust according to the driver's comfort. The sporty features are carried over to the inside of the car as well such as diagonally arranged buttons, angular cup holder and flat bottom steering wheel. The red and black theme on the inside adds up to the character of the vehicle. Enhancing the experience of the new X50 is the electrically adjustable panoramic sunroof.

The wide opening door makes it really easy to get into



the rear seat. The seat is wide enough to sit three with ease and you get plenty of shoulder, knee and head room. The rear occupants are provided with A/C vents and two charging ports.

The top spec 'Flagship' trim level also gets features like electronic parking brake, full colour LCD driver's display, N95 cabin filter, automatic climate control, anti-trap power windows, voice command, smartphone connectivity, automatic headlamps, cruise control and so on.

Driving and Safety

Powering the X50 is the same in-line three cylinder 1.5L petrol engine from the X70. It produces the same max power of 177 hp at 5500 rpm and a peak torque of 255 Nm at 1,500-4,000 rpm. As mentioned earlier in the review of X70, the 1477 cc engine feels well-tuned and the 7-speed dual-clutch transmission is quite responsive and the gear shifts are smooth and seamless. However, the X50 feels more powerful and aggressive as it is smaller and lighter than its bigger sibling. Unlike the X70, the power delivery feels quicker and the turbo kicks it at around 2000 rpm. You also get three driving modes to select from: Eco, Normal and Sport. Eco gives the most mileage and Sport provides performance, while Normal sits in between. The ride quality is much similar to

the X70 as the soft suspension setup soaks up the bump well. However, to match the sporty characteristics of the car, the steering feels responsive and agile making it easier to go into the corner.

On the safety side, the car is equipped with six airbags, Anti-Lock Braking System (ABS), Electronic Brake Distribution (ED), Brake Assist (BA), Electronic Stability Control (ESC), Traction Control System (TCS), Hill Descent Control (HDC), Autonomous Emergency Braking (AEB), Forward Collision Warning (FCW), Adaptive Cruise Control (ACC), Intelligent Cruise Control (ICC), Lane Keep Assist (LKA), Lane Departure Warning (LDW), Blind Spot Information System (BLIS), Intelligent High Beam Control (IHBC), Tyre Pressure Monitoring System (TPMS), Auto Park Assist (APA), Front Parking Sensors, 360-degree camera and more.

Verdict

The new X50 is Proton's take on the immensely growing compact SUV segment. I was quite surprised by the X70 and this is no less. This can be a great option if you are looking for a good sporty looking compact SUV packed with tonnes of features. With its dashing looks and loaded premium features the X50 is definitely worth the hype. **B**

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Abstract

Abstract

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Consumer price inflation at 5.97%, remittance inflows down 4.9%

According to the Current Macroeconomic and Financial Situation of Nepal based on seven months' data ending mid-February, published by Nepal Rastra Bank (NRB), the year-on-year consumer price inflation stood at 5.97% in the seventh month of fiscal year 2021/22 compared to 2.70% a year ago. Food and beverage inflation stood at 6% whereas non-food and service inflation stood at 5.96% in the review month.

Under the food and beverage category, the prices of ghee and oil, vegetable, and pulses and legumes sub-categories rose by 20.68%, 14.07% and 9.36% respectively on y-o-y basis. Likewise, under the non-food and services category, the prices of transportation, education and furnishing and household equipment subcategories rose by 15.87%, 7.86% and 5.92%, respectively on y-o-y basis.

In the review month, Kathmandu Valley, Tarai, Hill and Mountain witnessed 5.47%, 6.50%, 5.32% and 5.97% inflation respectively. Inflation in these regions was 2.12%, 2.78%, 3.30% and 2.05%, respectively a year ago.

Meanwhile, the y-o-y wholesale price inflation stood at 10.34% in the review month compared to 6.12% a year ago. The y-o-y wholesale price of consumption goods, intermediate goods and capital goods increased 12.09%, 9.92% and 7%, respectively. The y-o-y wholesale price of construction materials increased 16.61% in the review month.

The report adds that remittance inflows decreased 4.9% to Rs 540.12 billion in the review period against an increase of 10.9% in the same period of the previous year. In US dollar terms, remittance inflows decreased 5.8% to 4.53 billion in the review period against an increase of 6.8% in the same period of the previous year.

The number of Nepali

workers (institutional and individual-new and legalised) taking approval for foreign employment increased significantly to 200,102 in the review period. It had decreased 85.4% in the same period of the previous year. The number of Nepali workers (Renew entry) taking approval for foreign employment increased 265.9% to 152,325 in the review period. It had decreased 73.1% in the same period of the previous year.

Similarly, net transfer decreased 4.2% to Rs 603.73 billion in the review period. Such transfer had increased 8.9% in the same period of the previous year.

The central bank also stated that the current account remained at a deficit of Rs 413.86 billion in the review period compared to a deficit of Rs 104.39 billion in the same period of the previous year. In US dollar terms, the current account registered a deficit of 3.47 billion in the review period compared to deficit of 892.1 million in the same period last year.

In the review period, capital transfer decreased 19.4% to Rs 6.31 billion and net foreign direct investment (FDI) increased 80.6% to Rs 16.29 billion. In the same period of the previous year, capital transfer and net FDI amounted to Rs 7.83 billion and Rs 9.02 billion, respectively.

Extended Credit Facility (ECF) of Rs 13.08 billion (\$110.42 million) has been received from the International Monetary Fund during the review period.

Meanwhile, Balance of Payments (BoP) remained at a deficit of Rs 247.03 billion in the review period against a surplus of Rs 97.36 billion in the same period of the previous year. In US dollar terms, BoP remained at a deficit of 2.07 billion in the review period against a surplus of 817.6 million in the same period of the previous year.

The report mentions that gross foreign exchange reserves decreased 16.2% to Rs 1,173.02 billion in mid-February 2022

from Rs 1,399.03 billion in mid-July 2021. In US dollar terms, gross foreign exchange reserves decreased 17% to 9.75 billion in mid-February 2022 from 11.75 billion in mid-July 2021.

Of the total foreign exchange reserves, reserves held by NRB decreased 17.7% to Rs 1,024.60 billion in mid-February 2022 from Rs 1,244.63 billion in mid-July 2021. Reserves held by banks and financial institutions (except NRB) decreased 3.9% to Rs 148.42 billion in mid-February 2022 from Rs 154.39 billion in mid-July 2021. The share of Indian currency in total reserves stood at 24.2% in mid-February 2022.

Third PEFA assessment begins in Nepal

The third Public Expenditure and Financial Accountability (PEFA) assessment has been started in



Nepal.

It is stated that the third assessment has been carried out after giving training to 61 persons in 11 groups under the leadership of the joint secretary in collaboration with PEFA Secretariat and World Bank.

The programme is being implemented with the aim of completing the third assessment within 2022, according to the PEFA Secretariat.

Finance Secretary Madhu Kumar Marasini said the PEFA assessment will help improve and maintain financial discipline. PEFA assessment of the federation as well as

Golchha Group provides financial support to EV made by students of Thapathali Campus



Golchha Group has provided financial support to build an electric vehicle to Team Sireto, students of Thapathali Campus. The vehicle had participated in the international competition, Shell Eco-Marathon, in October 2020. The team started with preliminary activities like building a team according to required skills, finding sponsors, finalising the workspace, among others, and by February this year the team has successfully completed the vehicle design and development.

Following multiple test rides of the vehicle 'Maicha', it is now fully functional and ready to grace the competition. The vehicle was made following all the rules and designed according to the directions and specifications in the rulebook provided by the competition.

Maicha is capable of achieving a 150+km range from 1 KWh charge of the battery. Team Sireto aims to contribute to a sustainable future by conducting various research and tasks on EV in Nepal. Their major motive lies in promoting the sustainable mobility sector of Nepal. Also, they are the first EV team from Nepal to compete in Shell Eco-Marathon.

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the provincial and local bodies will be carried out in a phased manner under the third phase evaluation.

Secretary Marasini said sexual and environmental aspects should also be evaluated during the third PEFA assessment. He asserted, "As financial procedures and financial accountability act and regulations have clarified the provisions of accountability of even ministers, internal control and internal audit, the evaluation will be simple." However, he said the huge demand for money transfer posed a challenge to financial discipline. "With capital spending averaging 20%, there is an additional demand of Rs 368 billion," Marasini said, adding such transfers could lower the grade of the credibility of the budget in the PEFA assessment.

Financial Comptroller General, Suman Raj Aryal, said PEFA assessment will help solve long-term problems in the face of external influences on the economy. He said PEFA will be taken to the local level stating it will be appropriate to emphasise improvements in our own style.

Member Secretary of PEFA Secretariat, Gorakh Bahadur Shahi, informed about the support of PEFA evaluation in Nepal. He noted that since 2005, external debt has been a major factor in GDP and that World Bank and International Monetary Fund (IMF) have adopted two options for reforming their foreign exchange reserves to repay interest on loans. One of the options was to mobilise foreign aid on the initiative of a poor country with high debt, following the strict conditions of a development partner, and the other was to mobilise foreign aid in its own priority by improving the public finance management system, process and structure.

It has been mentioned that due to continuous improvement, 61% of indicators improved in the second PEFA assessment and so far, budget assistance has

been received in such a way that foreign aid has become a priority for Nepal. Evidence-based PEFA will be evaluated following the PEFA Framework 2016 and other published procedures implemented by the PEFA Secretariat in Washington DC, USA. According to the framework, PEFA assessment of seven pillars, 31 indicators and 94 dimensions are evaluated in ten states of four phases.

PEFA Secretariat has informed that it has prepared a strategy to reform public financial management based on the report, and adopted a system of institutionalising reform in collaboration with stakeholders.

PEFA was established as a means to reduce the duplication and costs of multiple assessments and to facilitate dialogue between the government and others about how to improve the effectiveness of fiscal policies. PEFA was also aimed at improving the results of development cooperation as part of the global aid effectiveness agenda. It provided support for the Strengthening Approach established in 2005 through the Paris Declaration, then further developed in the Accra Agenda for Action in 2008, and the Busan Partnership for Effective Development Cooperation in 2011.

As many as 155 countries have carried out PEFA assessment 729 times, so far.

Team Ecoverse bags Hult Prize at Kathmandu University, Dhulikhel

The Hult Prize at Kathmandu University, Dhulikhel announced 'Team Ecoverse' as the winner shortlisted for the 2022 Hult Prize \$1 million challenge regional final round.

Team Ecoverse is a startup impact enterprise founded by Shephalika Dhakal, Akash Paneru, Manisha Sharma Timalisina and Yuvaraj Chaudhary.



Likewise, Team On Employment was announced first runner-up. The team comprises Anwit Pokharel, Sarvesh Pandey, Prayash Dahal and Mausam Bhurtel. Similarly, Team Sochai comprising Bibhushan Saakha, Ashutosh B Rajan, Sagar Uprety and Bikraj Shrestha was announced second runner-up.

The Grand Finale of Hult Prize at Kathmandu University was held at CV Raman Auditorium, on March 12. There were six finalists — The Bacterial Commando, Bridge Nepal, Team Sochai, Team Ecoverse, Team Aroma and On Employment.

More than 600 university and non-university participants participated in the Grand Finale of Hult Prize at Kathmandu University.

In partnership with the United Nations Office of Partnerships, the Hult Prize Foundation organises the world's largest startup programme aimed at social impact and offers a grand startup prize of \$1,000,000 awarded by former President of the United States Bill Clinton at the United Nations Headquarters on an annual basis.

Team Ecoverse beat the odds, outperforming a record number of participants who began the journey a couple of months back.

"It's an amazing experience being selected for the next round and we truly believe our idea can and will change the world concerning landfill situation in the world," said Shephalika Dhakal, captain of Team Ecoverse.

The selected teams are now preparing for the next stage where they will compete with oncampus winners of other universities. This coming summer, they will pitch for a coveted spot in the Hult Prize Regional Summit. Hult Prize at Kathmandu University has a history of being a life-changing experience for attendees and bringing together a community of people with an outlook of changing the world through business.

World Bank provides \$150 million to strengthen Nepal's financial sector for green, resilient, and inclusive development

The World Bank's Board of Executive Directors on March 24 approved a \$150 million 'Finance for Growth' development policy credit to strengthen financial sector stability, diversify financial solutions, and increase access to financial services in support of Nepal's green, resilient, and inclusive development.

"A well-functioning financial system is a key enabler for the mobilisation of private investment and driver of economic activities," stated Faris Hadad-Zervos, World Bank Country Director for Maldives, Nepal and Sri Lanka. "By strengthening the financial sector, this project will contribute to Nepal's green, resilient, and inclusive recovery and growth path, particularly benefiting the poor and vulnerable."

The second Finance for Growth operation will support enhanced supervision of the

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banking sector to address financial stability risks in the context of the Covid 19 pandemic's impacts. The operation will help open up capital, insurance, and disaster risk financing markets, and foster financial product innovations. It will also support initiatives to increase liquidity and inclusion through access to external commercial borrowing, financial digitalisation, and financial literacy for women. This will help improve the functioning of the financial sector to support private sector-led growth.

The operation also initiates a new climate agenda, supporting climate finance resilience policy measures across banking, insurance, and capital markets. This can pave the way for the introduction of green loan principles and incentives for green lending as well as new insurance and capital market products adapted to address both climate mitigation and adaptation challenges.

"Through this project we look forward to supporting the government's transformative financial sector reform agenda which, among others, introduces a first round of reforms to strengthen financial sector resilience against climate-related risks. This will lay down strong foundations for a more stable, less bank-centric and more inclusive financial sector that is better positioned to mobilise private investment and support real economic activity," stated Peter Mousley, World Bank task team leader for the project.

Rijal bags Indira Gandhi Priyadarshani Award for Outstanding Women Achievers

The prestigious Indira Gandhi Priyadarshini Lifetime Achievement Award was presented to Pramila Acharya Rijal, President of the South Asian Women Development Forum. The award was given by Narayan Tatu Rane, Minister of Micro, Small and Medium Enterprises, India in recognition of her remarkable

entrepreneurial journey through many national and regional organisations that strive to make innovative contributions in Nepal's women's business community on March 24 in New Delhi.

The Priyadarshini Award was established in 1995 under the Chairman of Small Industries Corporation, MSME Ministry of the government of India, Small Industries Development Bank of India, Department of Women and Child Welfare and the



Federation of Indian Women Entrepreneurs. The prestigious award is given to outstanding women achievers in promoting women entrepreneurship in India as well as from SAARC countries. Over 100 women have been honoured with this prestigious award who are outstanding achievers in their countries.

Rijal has also been conferred with the Prabal Jana Sewa Shree Padak by President of Nepal, Bidhya Devi Bhandari. The Prabal Jana Sewa Shree award is awarded to personalities from different walks of life who have contributed significantly to the country.

Finance Minister, private sector discuss upcoming budget

Finance Minister Janardan Sharma called on the representatives of the Federation of Nepali Chambers of Commerce and Industry (FNCCI), Confederation of Nepalese Industries (CNI) and Nepal Chamber of Commerce (NCC) for preparation of the budget for coming fiscal year 2022/23.

At the request of the Ministry, FNCCI President

FNCCI, Investment Board Nepal agree to promote investment in country



An agreement has been reached between the Federation of Nepalese Chambers of Commerce and Industry (FNCCI) and Investment Board Nepal (IBN) for cooperation in internal and foreign investment promotion in the country.

FNCCI President Shekhar Golchha and IBN Chief Executive Officer Sushil Bhatta signed a memorandum of understanding in the presence of Finance Minister and IBN Vice Chairperson Janardan Sharma amid a function organised in Kathmandu on March 27.

As per the MoU, a help desk related to direct foreign investment will be set up at the FNCCI Secretariat. Similarly, FNCCI will actively help IBN to identify and search for foreign investment projects. It will organise road programmes relating to investments at home and in foreign countries.

Likewise, both FNCCI and IBN will cooperate in subjects of acquiring knowledge and sharing experiences and information, and in carrying out policy reforms in investment within the public-private partnership concept.

Also, both the organisations will cooperate in organising investment-related assemblies, conferences, exhibitions, seminars, workshops and training sessions at the national and international level in order to promote foreign direct investment and other investments.

On the occasion, Finance Minister Sharma said the MoU signed between FNCCI and IBN will be vital for the promotion of domestic and foreign investment in the country and expressed hope that both the institutions will implement their words.

Others present on the occasion were IBN member and Former President of FNCCI Bhawani Rana, IBN Joint Secretary Bhagawan Aryal, FNCCI Senior Vice President Chandra Prasad Dhakal, FNCCI Vice presidents — Dinesh Shrestha, Anjan Shrestha and Ram Chandra Sanghai — and President of the International Investment Promotion Committee, FNCCI, Anand Bagaria, among others.

Shekhar Golchha and FNCCI Vice President Ram Chandra Sanghai, CNI President Vishnu Kumar Agarwal and CNI Vice President Krishna Prasad Adhikari and NCC Senior Vice

President Kamallesh Kumar Agrawal held discussions with Minister Sharma at the Finance Ministry, on March 24.

During the discussion, the minister said the government





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was moving towards fulfilling its responsibility by trusting the private sector. He informed the budget is being prepared in consultation with Prime Minister Sher Bahadur Deuba and preparations were being made to bring the budget to make this government successful in the eyes of the people. "I have held discussions with the Prime Minister and he will lead the budget." Minister Sharma ensured that there was no need to worry as the process of preparing the new budget has been undertaken after holding talks with PM Deuba.

Minister Sharma stated the plight of not only business people but also the common people from remote districts will be addressed in the budget. He mentioned, "I have taken suggestions from the private sector. In a few days, we will take suggestions of citizens from Karnali to Jhapa and this time we will make the budget public in a way that everyone will have a sense of belongingness."

He said the government has been trying to regulate the Balance of Payments deficit, liquidity crunch and decline in remittances. He opined that politicians, employees, business people and general consumers should not look at their own interests only and think of the country's interest. He also expressed commitment to address the issues of entrepreneurs and asked the private sector to meet him anytime if there was any issue.

Minister Sharma also urged the representatives of the private sector organisations to put their interests aside and come up with something that will benefit the country. He said, "I am ready to uplift the economy of the country without any interest and you should also be ready."

During the discussion, FNCCI President Golchha presented short-term, medium-term and long-term suggestions. "The control over the problems we are facing now is beyond the capacity of the government. That is why the morale of the private

sector has also dropped," he said. Similarly, CNI President Agarwal suggested that the budget should be prepared with the aim of achieving double-digit economic growth rate. He was of the view that it was not right to stop Power Purchase Agreement arguing that the private sector has 50% contribution to the energy sector.

During the discussion, NCC Senior Vice President Kamallesh Kumar Agrawal suggested creating a private sector friendly environment.

IBN, UNDP sign partnership agreement on SGDs-friendly investment



The Office of the Investment Board Nepal (IBN) and United Nations Development Programme (UNDP) on March 22 signed a memorandum of understanding on the partnership agreement to collaborate on promoting public-private partnerships (PPP) and SGDs-friendly investment in Nepal.

Chief Executive Officer of IBN, Sushil Bhatta, and UNDP's Resident Representative for Nepal, Ayshanie Medagangoda-Labé, signed the partnership agreement.

Spokesperson for IBN, Bhagawan Aryal, said the MoU includes the issues of institutional capacity promotion, promotion of private investment and PPP. The agreement is expected to fill the gaps in fiscal dearth to meet the SDGs in Nepal.

The MoU also includes issues of social and environmental impact assessment on project development, project development agreement and project investment agreement, among others.

Likewise, cooperation on the development of Standard Operating Procedures (SOPs) to effectively run the services

of IBN are also included in the memorandum.

On the occasion, IBN CEO Bhatta said the partnership agreement will help promote investment in Nepal. For this, he stressed the need for exchange of cooperation on capacity building of IBN, risk reduction of the investors and promotion of predictability.

PM Deuba directs authorities to work on reducing trade deficit



Prime Minister Sher Bahadur Deuba has directed all concerned authorities to formulate policies and programmes to keep the country's economic condition in balance and reduce the trade deficit.

PM Deuba instructed so at a ministerial meeting of the Development Issues Resolution Committee under the Ministry of Industry, Commerce and Supplies convened at his official residence in Baluwatar, Kathmandu on March 22.

Expressing concern over the increasing trade deficit, the Prime Minister said, "Our trade deficit is in an alarming state." Deuba also directed the authorities to move ahead to make the national economy self-reliant and to increase investment in potential areas. He opined that production of domestic products has to be prioritised.

According to him, the trade deficit could be reduced by increasing the utilisation of electricity. "We should formulate policies that promote usage of electric vehicles and electric stoves," he said.

Stating that water is the potential resource for Nepal, the head of the government viewed that we have to increase electricity consumption to reduce huge money being spent on import of petroleum

products.

The review meeting was attended by representatives from MoICS, National Planning Commission, Ministry of Finance, Ministry of Federal Affairs and General Administration, among others.

Finance, Energy ministers inaugurate Musikot substation in Rukum West



The 33/11kV Musikot substation constructed in Dhairnichaur, Musikot Municipality-3 of Rukum West has come into operation.

Finance Minister Janardan Sharma and Minister for Energy, Water Resources and Irrigation Pampha Bhusal jointly inaugurated the substation amid a programme organised on March 21. Electricity will be supplied to Rukum West, Rukum East and some places of Jajarkot from the substation.

Addressing the programme, Finance Minister Sharma urged all to use electric stoves and replace cooking gas. He lauded that the 'Ujyalo Rukum' campaign started by him has now turned into 'Ujyalo Nepal'. "Electricity is a basic tool of economic revolution. Its use must be extended to households and industries to make the economy self-reliant, and quality development must be done by building quality infrastructure," he said.

Speaking on the occasion, Minister Bhusal said it was a great thing to be able to just light a lamp in the past but now efforts are being made to supply electricity to all Nepali households within two years and to make electricity service reliable.

She said, "We have moved towards becoming self-sufficient in electricity as we have been able to meet the demand from our own

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products. We have started exporting surplus electricity to India during the rainy season.”

Nepal Electricity Authority Managing Director Kulman Ghising informed that the work of complete electrification of Karnali has been expedited keeping it on high priority.

Musikot substation has been brought into operation by transmitting electricity from Salyan Sittalpati substation through an 80-kilometre-long 33 kV transmission line. The substation has a 3 MVA capacity power transformer. With the operation of Musikot substation, there has been a significant improvement in the voltage of electricity, regularity in the line and reduction in technical leakage in Rukum.

Arrangement has also been made to supply electricity to the entire district from Kudu substation in Jajarkot district. Due to this, the power outage in Salyan or Tulsipur in Dang will not disrupt the power in Rukum West and Rukum East.

Meanwhile, feeders are being built for power supply from the substation. At present, electricity is being supplied to the entire district through only one feeder. The power supply in the area will be further improved after the remaining feeders come into operation. It has been learnt that the electricity from Rukumgad Hydropower Project (5 MW) being constructed by the private sector in Rukum East will also be connected to Musikot substation.

The construction of Musikot substation was started in 2015/16. However, as the site proposed for the construction came under the risk of landslides, it took time to find a new site. A contract worth Rs 88.8 million was signed with Waiba Infratech for the construction of the substation.

Electricity has reached in all three municipalities and three rural municipalities in Rukum West except for some wards. Out of 73 wards in the local level electricity has reached 52 wards only. About 70% of the electrification work has

been done through the national transmission line in Rukum West. The overall electrification of Rukum West, including local micro hydropower stands at 85%.

Training of Women Entrepreneurs on Expanding Business through E-commerce and Digital Marketing



The United Nations Economic and Social Commission for Asia and the Pacific (UNESCAP) in partnership with South Asian Women Development Forum (SAWDF) organised a training programme on ‘Training of Women Entrepreneurs on Expanding Business through E-commerce and Digital Marketing’ from April 4-6 in Kathmandu, Nepal. The three-day training programme began with two plenary sessions on ‘E-tourism marketing’, and ‘Handicraft and Agriculture: Leveraging Digital Technology Opportunities’.

The inaugural ceremony of the event was held on April 4, where Ram Kumari Jhakri, Minister of Urban Development, was the chief guest. During the inaugural address, Minister Jhakri spoke about the need to empower women financially and socially if the society wanted to witness substantial changes. On the occasion, she also launched a manual titled ‘Beginner’s manual on Digital Marketing and E-commerce’.

Other speakers during the inaugural session were Adnan Aliani, Officer-in-Charge, United Nations ESCAP South and South-West Asia Office, New Delhi; Dr Ratnakar Adhikari, Executive Director, Enhanced Integrated Framework (EIF), Geneva and Pramila Acharya Rijal, President, South Asian Women

Development Forum (SAWDF).

Special addresses were also made by Armida Salsiah Alisjahbana, Under-Secretary-General of the UN and Executive Secretary of ESCAP and Patricia Scotland QC, Secretary-General of Commonwealth Secretariat. The vote of thanks was delivered by Abdoulie Jammeh, Deputy Permanent Secretary, Ministry of Trade, Industry, Regional Integration and Employment of Gambia and Rajan Sudesh Ratna, Deputy Head, ESCAP South and South-West Asia Office, New Delhi.

The training was organised with an objective to share successful e-commerce and digital marketing experiences of women entrepreneurs and also to introduce the participants to the concept of digital marketing and e-commerce. The event also provided hands-on training on how to register and link business to e-commerce and digital marketing platforms. The other objective of the event was to build a network of women entrepreneurs and provide an opportunity to display the products and services of the participants.

Since the inception of the project in June 2019, more than 1,400 South Asian women entrepreneurs have been trained in South Asian countries. More than 200 Nepali women entrepreneurs were trained out of the total of 1,400 women entrepreneurs. This has resulted in a significant increase in e-commerce and digital marketing, giving women entrepreneurs an opportunity to establish partnerships and target new customers, overcoming the travel restrictions during the pandemic.

FNGSGJA presents 27-point proceedings at seminar in Kaski

The Federation of Nepal Gold, Silver, Gem and Jewellery Associations (FNGSGJA) concluded a two-day seminar in Pokhara, Kaski district, on March 26. The seminar was held to review the federation’s



past and future course of action, the rights and interests of entrepreneurs and the policy process.

Inaugurating the seminar, Gandaki Province Minister for Tourism, Industry, Commerce and Supplies Manibhadra Sharma said there should be more domestic goldsmiths for the benefit of the entrepreneurs.

Minister Sharma said most of the goldsmiths in Baglung district were foreign and suggested that locals should be involved in jewellery and decorative arts. Stating that the ministry will arrange training to produce skilful goldsmiths, he urged the federation to coordinate in this regard.

Similarly, FNGSGJA President Suresh Man Shrestha said attention should be paid to the promotion, expansion and export of precious metals like gold and silver to bridge the existing trade deficit in the country. “If the government facilitates gold, silver, precious stones, gems and jewellery businesses it will help reduce the trade deficit,” he opined.

On the occasion, FNGSGJA General Secretary Kisan Sunar presented a paper on ‘Review of FNGSGJA’s Past and Future Proceedings’.

The paper mentioned the federation’s demands with the government and 27-point future proceedings. “Import of capital goods and industrial raw materials such as gold has been discouraged by comparing it with luxury products like petroleum that are consumed, this has created a critical situation for keeping this business alive,” the paper said.

The paper mentioned the plan to play a leading role in strengthening coordination between the government and FNGSGJA to establish a gold import company (Gold Bank) and sell gold to all gold traders

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in a simple manner and to put pressure on the state at the policy level.

The paper also includes the point that emphasises drafting and implementing separate guidelines for raising awareness of the rights and interests of entrepreneurs, maintaining the uniform rate of gold and silver by the federation nationwide, expanding member associations and associate members.

WISEYAK secures funding of a quarter-million US dollars from Team Ventures



Artificial Intelligence-based healthtech startup WISEYAK has secured funding of a quarter-million US dollars from Nepali alternative investment firm Team Ventures. WISEYAK has developed an Artificial Intelligence (AI) and Machine Learning (ML) technology-based platform that offers unique solutions to Clinical Decision Support across the healthcare industry in a unified platform. This technology is applicable to hospitals, doctors, healthcare workers, research organisations, pharmaceuticals, government, and non-governmental organisations as well as international organisations. Using cutting-edge technologies like AI and ML, WISEYAK envisions establishing itself as an AI-based global healthtech company offering innovative healthcare applications to the global marketplace.

WISEYAK was co-founded by Dr Suresh Manandhar, who currently serves as CEO as well as Chief Scientist and brings 35 years of global experience in Machine Learning/Artificial Intelligence, specialising in Natural Language Processing and Medical Image Processing.

Dr Manandhar was formerly the head of the Artificial Intelligence Research Group at the University of York, United Kingdom.

“WISEYAK will use this new funding to acquire the best talent for the company and make its current AI-based platform WISEMD more robust and flexible to integrate with other innovative healthcare solutions,” said Dr Hemanta Shrestha, COO and Co-Founder of WISEYAK.

Globally, AI technology is projected to make a massive impact in the healthcare industry throughout the value chain. AI in the healthcare market was valued at \$8.23 billion in 2020 and is estimated to reach \$194.14 billion by 2030, growing at a CAGR of 38.1% from 2021 to 2030. The provided growth rate is notably faster than projected rates for other industries, including manufacturing, financial services, media, and entertainment. With an increase in global patient volume, shrinking operational workforce, as well as technological advancement, the health care intelligence market is at the forefront of a great expansion.

AI allows organisations to make better decisions, improving core business processes by increasing both the speed and accuracy of strategic decision-making processes. WISEYAK's AI-based healthcare platform is well-positioned to create a holistic impact, as it offers various integrated solutions across the healthcare domain in fields such as Standards Compliant Interoperable Data Collection, Clinical Diagnostics, Patient Data Management, Patient Engagement, Remote Consultation, Population Health, and Healthcare Research.



Chopard main partner of Maagaan tour organised by Supercars Tribe

Chopard, along with partners Ahmed Seddiqui & Sons and Khimji Ramdas, joined Supercars Tribe for their Maagaan tour making the connection between Oman and the United Arab Emirates. The tour started from Muscat in February 19 with an opening ceremony at Al Bustan Palace Ritz Carlton, and ended in Dubai, on February 24, during a closing ceremony at the Meydan Hotel.

The partnership between Chopard and Supercars Tribe was renewed again after successful partnerships in 2016 for the ‘Scandiera’ European tour; in 2017 for the ‘Delmonya’ tour; in 2018 for the ‘Zayedna’ tour as well as the ‘Janoob KSA’ tour in 2021. During this year's tour, participants headed towards Wadi Dayqah. The adventure continued towards Jabal Akhdar, an escape to cool mountain climes and dramatic canyon views at the highest resort in the Middle East, Anantara Jabal Akhdar, before crossing the border into the UAE towards Jabal Hafeet, one of the best driving roads in the region. They headed to the Yas Marina Circuit for an exclusive full F1 track experience, before reaching Al Meydan Hotel; home to the famous Meydan horseracing track and overlooking the skyline of Downtown Dubai. During the closing ceremony, one lucky contestant won and received a Chopard Mille Miglia Middle East Edition watch.

Firmly focused on performance and the competitive sporting spirit, the Mille Miglia Middle East Edition is equipped with a high-precision chronograph movement, ‘Chronometer’, certified by the Swiss Official Chronometer Testing Institute (COSC). Beating at a frequency of 28,800 vibrations per hour and visible through a sapphire case-back engraved with the iconic 1000 Miglia arrow, this mechanical chronograph movement with automatic winding and an approximately 42-hour power reserve drives displays of the hours, minutes, seconds, chronograph and date functions. These features make the Mille Miglia timepieces the ideal instrument for car drivers as well as devotees of fine mechanics.

Hyatt Place Kathmandu hosts event for travel fraternity



Hyatt Place Kathmandu hosted a fun evening at the stunning Zing Skybar and Lounge located by the poolside for the travel agent fraternity of the country on March 11. The aim was to introduce the newest hotel in town to all.

The event was attended by the top travel agents and trekking companies across the valley who wholeheartedly enjoyed the lavish buffet and drinks. The representatives were taken around the hotel and different areas were showcased. The participants were interested and amazed with all the features and facilities the hotel has to offer.

The key topic of discussion was the development and growth of travel trade sector in the coming months which have been halted by the pandemic. Being the newest 5-star hotel in the valley, the hotel expects to be the choice for most guests travelling to the country.

Jyoti Group hands over Honda generators to HRA



Syakar Trading Company, the sole authorised distributor of Honda brand generators and other Honda Power products for Nepal, has provided Honda generators to Himalayan Rescue Association (HRA).

Padma Jyoti, Chairman of Jyoti Group; Meera Jyoti, Director of Jyoti Foundation; Saurabh Jyoti, Chairman of Syakar Trading Company, and Suhrid Jyoti, Vice-Chairman at Syakar jointly handed over the generators to the organisation amid a programme.

The power products were handed over as a form of assistance to the NGO working in the field of health care and Himalayan rescue, especially in remote areas of the Himalayas where there is little or no access to health services. HRA organises health camps by operating various health equipment such as oxygen, video X-ray and other diagnostic equipment.

The representatives of Jyoti Group expressed their pleasure in being able to provide such assistance and committed to providing necessary assistance in the future as well.

Honda brand generators and other power products are considered to be of high quality, low fuel consumption, low noise, minimal operating cost, environment-friendly and reliable. In this segment, Honda Power equipment are among the best selling products in Nepal.

Glocal collaborates with Turkish Airlines Nepal to promote skills and recognise teenagers



Glocal has collaborated with Turkish Airlines to promote skilful opportunities among youths and teenagers of the country. Turkish Airlines, as an airlines partner, is supporting Glocal in creating avenues to skill development in

the country itself.

Glocal believes this collaboration will create more impact with better skill exploration and bring abundant opportunities for teenagers and youths. Glocal has been actively collaborating with Turkish Airlines since 2016.

As part of the collaboration, aspiring youths and teenagers engage in a creative workshops and events such as Glocal Teen Hero, CEO Unplugged which will expand their entrepreneurial skillset and enable them to access perspectives beyond what they see in their day-to-day lives.

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TOP PICK

Prasanna Dhakwa, Digital Marketing Manager of White Hat Digital, is a certified Facebook media buying professional graduate from Tribhuvan University. The Facebook Media Buying Professional Certification examination identifies candidates who possess advanced competency in the skills, tools, advertising policies, and best practices required to buy ads on Facebook, Messenger and Instagram.

While pursuing his Bachelor's, Dhakwa used to work with Honda. He says joining the Jyoti Group and working with Honda for a decade has given him the exposure which has helped him flourish on a personal level. After some time with Honda, he joined White Hat Digital, which is a digital marketing wing of Jyoti Group. Having a keen interest in all things digital, Dhakwa enjoys the space it provides to explore his creativity. He is also an avid fan of trekking and loves going on solo treks.

In this edition of **Business 360**, Dhakwa talks about some of his favourite brands and what he has learnt from them.

Top 4 apps that you use the most

Among social media apps, the only one I like to engage in is Instagram.

Another app I use the most is Procreate. I like spending my leisure time sketching and creating digital art and it's quite therapeutic to me.

I occasionally use LinkedIn as well, just to keep myself up-to-date with the trending topics and updates, especially in the tech and marketing industries.

Besides these, I mostly use Google's Recorder app and Microsoft's To-Do for my work.

3 destinations in Nepal you want to travel to

Travelling is where I find the most joy. I like going on random solo treks every once in awhile. My most recent trek was in



Prasanna Dhakwa
Digital Marketing Manager
White Hat Digital

November when I solo trekked to Everest Base Camp. The top three destinations on my bucket list have to be the Gokyo Lakes Trek, the Everest Three Passes Trek and the Manaslu Circuit.

Women-run businesses you think deserve accolades

I think we have some incredible business women and entrepreneurs in Nepal who deserve all the attention and appreciation in the world.

Nikita Acharya, CEO and Co-founder of Urban Girl/UG Cakes/UG Bazaar is someone who really inspires me. Likewise, Anushka Shrestha, the founder of Makkuse, is also expanding her business in a remarkable manner. It is inspiring to see all these women working so hard in creating their own business empires in Nepal and challenging the patriarchal mindset of our society.

A startup you think will ace later

A startup that I think will ace in the future has to be Yatri. In my opinion, they have an excellent vision and commendable passion to grow their brand into a globally recognised one in the coming years.

An entrepreneur who inspires you

Because I have worked so closely with the Jyoti Group of Companies for more than a decade now, Saurabh Jyoti and Srijana Jyoti inspire me a lot. Most of the skills and knowledge in marketing I have acquired so far have to be credited to these amazing entrepreneurs. Besides them, another personality that has inspired me immensely is Bill Gates.

A non-profit you want to contribute to

As I have a huge love for dogs and animals in general, I would like to contribute towards

something related to animal welfare. Shree's Animal Rescue Nepal is doing an amazing job in rescuing street dogs, so I would love to contribute to their mission in the future.

What do you think about digitisation in today's era and to what magnitude do you think it is important?

With the world rapidly moving forward with technology, more and more people prefer a digitised replacement for almost everything. From utility payments to creating connections, everything is digital today. Therefore, I believe it is essential for everyone to adopt at least some if not all digitised ways. As I am a digital marketer by profession, I personally feel there is a lot of scope for content creators especially creating the 3D contents for virtual reality and augmented reality. I can't wait for Metaverse to be honest as that's a complete game changer in the world of advertising where your target audience can experience your content on the virtual world.

The best work advice you have received

"You're successful when you feel comfortable in your uncomfortable zone." This is something that I truly believe in. I constantly push myself to thrive and do my best even in settings where I am uncomfortable and try to make it my comfortable space. This mindset has helped me become a stronger working professional.

Future plans for the company

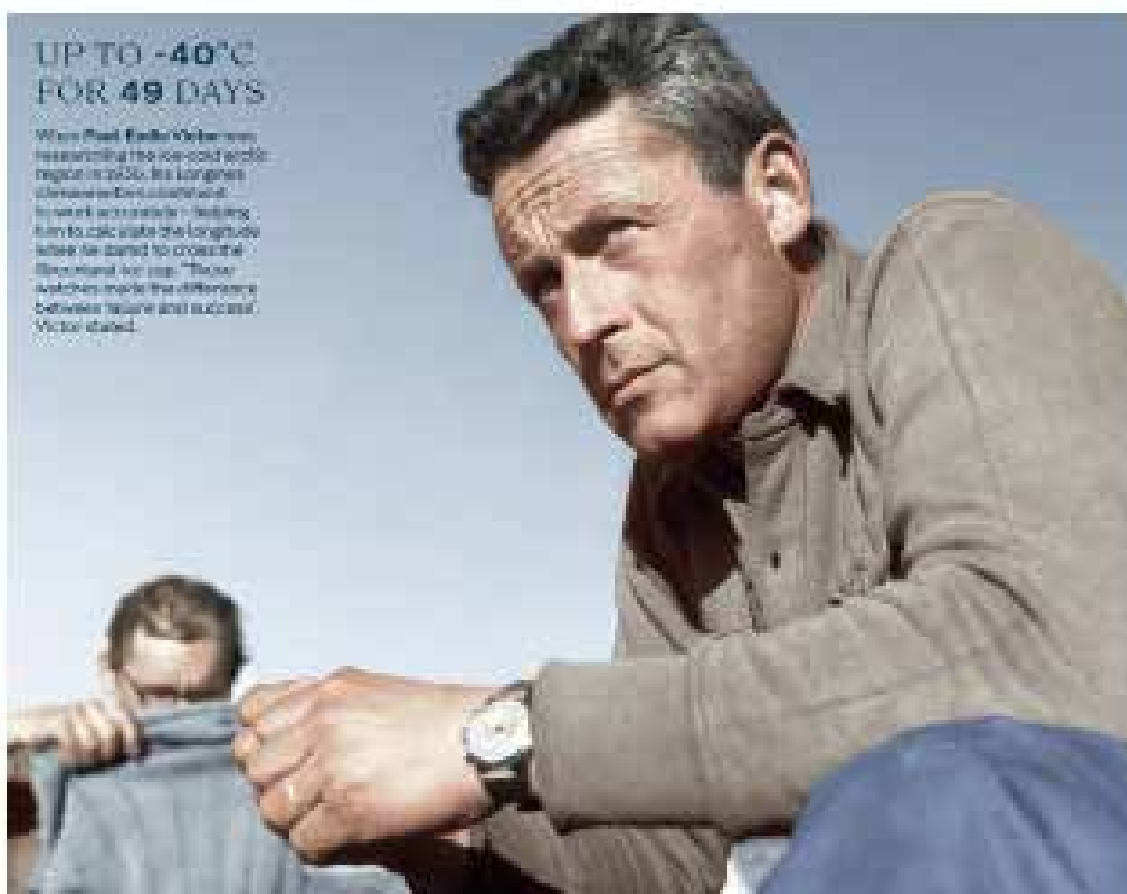
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3 Nepali startups you think deserve the spotlight

Tootle, Khalti, and Yatri. **B**

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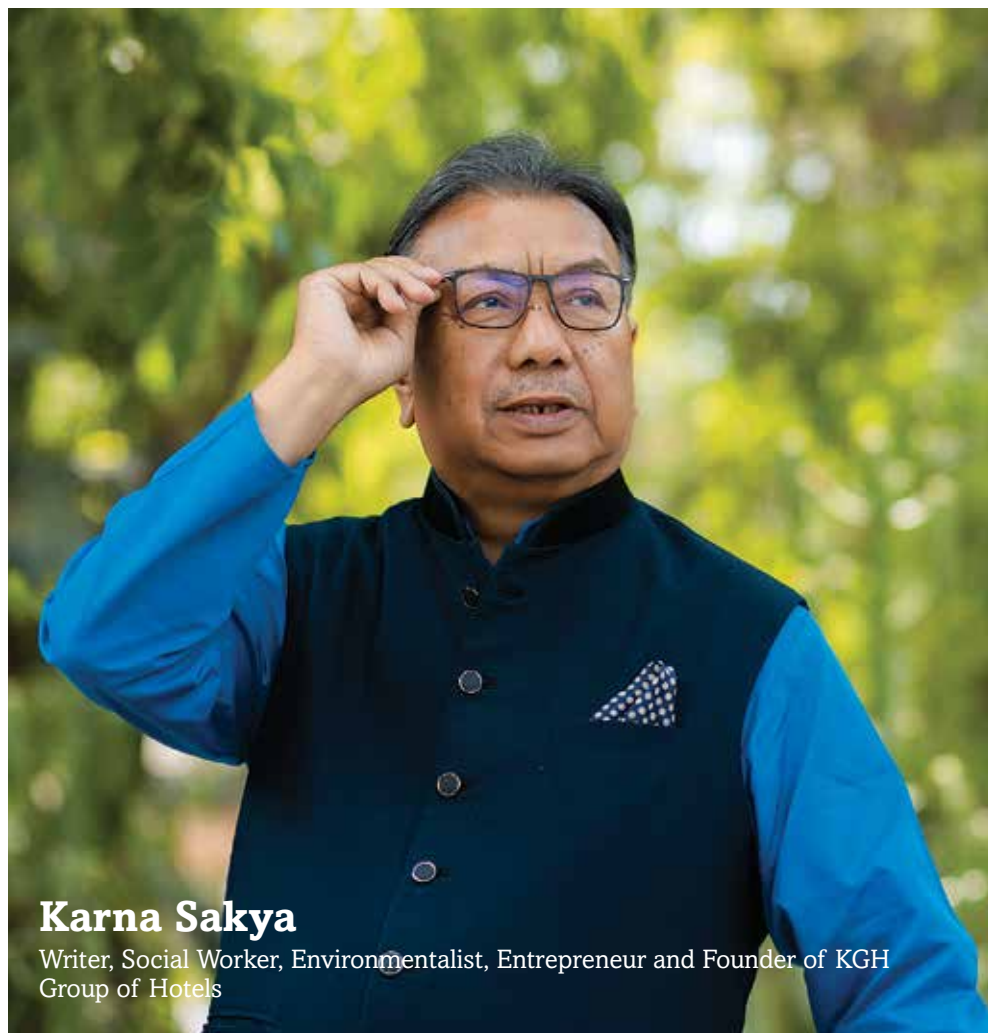
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Karna Sakya

Writer, Social Worker, Environmentalist, Entrepreneur and Founder of KGH Group of Hotels

Karna Sakya is a renowned writer, social worker, environmentalist, entrepreneur and the Founder of the KGH Group of Hotels. An environmentalist and conservationist at heart he is also responsible for establishing Nepal's first national park when he was working as a wildlife officer. Initially, Sakya was working as a government employee and it was in the 1970s that he decided to quit his job and delve into the tourism business.

At present, Sakya has expanded his chain of hotels across various districts of

Nepal and is known for his contribution to tourism that was still a fledgling sector when he decided to enter the industry.

A passionate writer, Sakya has authored 14 books some of which have been hugely popular and become fastest sellers in the country. “The books I have written portray the feelings of thousands of Nepalis and I am glad that my philosophies of life match with many of our country folks,” he shares.

In this edition of **Business 360**, Sakya speaks about the various aspects of life that have impacted his personal and professional journey.

Life is a journey

Never in my life had I imagined to be anything; for instance, an engineer or a doctor because I was an average student. Never had I imagined that I would be a writer or own a hotel chain with properties across Nepal, or be a successful man.

Time and the changing environment were the factors that drove me through this journey of life. I would say that I am an accidental businessman, writer, conservationist and entrepreneur. During school, I loved playing and studies was always a secondary component.

Later in college, I was more into romance. For me life has been an ever-changing fulcrum, in my 30's I wanted to focus on my career and future. In my 40's I had this urge to earn money, and when I was in my 50's I realised that money isn't everything and I wanted to earn a name for myself and achieve much more in life. When I stepped into my 60's, I got interested in philosophy, spirituality, and in my 70's, I understood the meaning and the need of understanding the present. Life is not only about spirituality, we have to understand our present and as life runs in the present time and not in the past or in the future, the essence of the present is the most important to me. Life and death are a phenomenon that we should understand and that is when you recognise yourself and live better in the present.

The last 70 years have been a roller-coaster ride that I wouldn't change at all. I believe that as a human being, we go through many phases of life and in every phase we will want something else which is different from what we had wanted before. Our wants and desires in life keep on changing with time; our wants and desires never remain constant.

Success is peace of mind

My philosophy in life is 'You see a rest stop (*chautari*) on the top of a hill, that's the goal that you want at the moment, you hike for it, walk for days to reach there, you face hurricanes, obstacles and when you reach there, you enjoy the wind up there, the birds, the nature, you rest and explore the area. When I am established enough, I hike up to another rest stop. It is all about the cycle of learning and unlearning and walking the distance'. Working makes me happy for the fact that the goals I had envisioned for myself are happening due to my constant effort and ambition. I am a practical man. Whatever I did, I have done it beyond my imagination.

I am in a stage of life where I prefer accomplishment rather than achievement. In life, humans have two stages. One is achievement which is the present. We can buy achievement with money but accomplishment is directly related to your heart. When

I ASK MY BRAIN FOR POSSIBLE SOLUTIONS AND OUTCOMES BUT BEWARE OF THE HUMAN BRAIN. IT IS SELFISH, IT TEACHES YOU GOOD THINGS AND BAD THINGS AS WELL. IT CAN BE QUITE CONFUSING SO I ASK MY HEART. THE CONVERSATION BETWEEN MY HEART AND BRAIN IS THE MOST IMPORTANT.

you are happy and content with who you are and what you have done so far in life, that is accomplishment.

Success for me has changed over time. Back then, for me success was earning money, to increase my bank balance. Over time it became people recognising and respecting me. I would say success can be defined when a person is happy spiritually, mentally and physically. For now, I want to be satisfied and happy in all matters, but it is life and the smallest of things bother me. So, for me success is peace of mind and soul bound with internal happiness.

My mother, my greatest inspiration

There are only three people in my life whom I consider my greatest inspiration and they are my mother, mother and mother. Whatever I am today is because of my mother and her blessings. She passed away a long time ago but till today I bow down to my mother. I have never seen God or met him/her but I have

met my mother and she is God to me.

Close your eyes and recognise yourself

I believe that I have to go through the situation and understand it in depth to agree and accept any advice. There's a saying from Buddha, "Don't accept me immediately and the thing that I have said, you go through it by yourself, face it, understand it and at the end when you realise that I was correct, then only follow my advice." This saying from Buddha is what touches my heart and I follow it because I believe I do the same.

My life formula is to close my eyes and see the inner world that is inside of me. I find immense joy when closing my eyes because I recognise myself. I think and contemplate about anything while closing my eyes as I can see the inner me and the things that I want. Whenever I have to make decisions and plan, I close my eyes and think of the steps that I'll be taking to achieve them because the world is so clear when I close my eyes.

I ask my brain for possible solutions and outcomes but beware of the human brain. It is selfish, it teaches you good things and bad things as well. It can be quite confusing so I ask my heart. The conversation between my heart and brain is the most important. When the two puzzles are a perfect match, nothing can stop me from achieving what I had envisioned.

Time is the most precious thing in life, utilise it properly and you'll get all the benefits in future.

When there is a problem, I do not procrastinate. I know for a fact that when there is a problem, there will be an opportunity. Any problem that arises will have a solution. That's why there is no word called impossible because the word itself says 'I M Possible'. Life is a mixture of both happiness and sadness. We cannot run

away from problems. There is a language of 'doers'. If there is a problem, face it and take accountability. This mentality alone can take you places.

Management is the cohesion of reality and your dreams. Similarly, time management is also an important factor when handling difficult situations. One should be a dreamer but in that duration you have to check your pocket and see if your dream matches your financial situation or not. To make your dreams come true, you can't skip stairs and reach the top at once.

Women are the epitome of strength and power

If you look at the country's demography, women make up 50% of the population. Now imagine a country with half of its population as females and

no women leaders, it would be disastrous. Empowerment of women is so important. Without it the country cannot move forward. Women are creative, loyal, gentle and sensitive but due to our patriarchal society, they are behind men. If they are given equal opportunity, women will be unstoppable. I would say there are two kinds of females – Sita is a symbol of loyalty and Draupadi is a symbol of power. Women are one of the most diplomatic people in the world. If given proper opportunities, they'll be the epitome of strength and power. Also, I am very happy with the current scenario of women empowerment in Nepal. It is gaining the momentum that was much needed. This gives me the satisfaction that women are being recognised in society as individual powerful beings. **B**

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I DON'T BELIEVE IN SHORT-TERM WINS. YEARS FROM NOW, I WOULD LIKE OUR EMPLOYEES, CUSTOMERS, AND SELLERS AND PARTNERS TO LOOK BACK AT THE TIME DURING MY LEADERSHIP AND HAVE FOND MEMORIES OF FEELING HEARD, EMPOWERED, AND SUPPORTED IN THEIR INDIVIDUAL GOALS”



AANCHAL KUNWAR
MANAGING DIRECTOR, DARAZ NEPAL

Though born and raised in Nepal, Aanchal Kunwar, Managing Director of Daraz Nepal, has spent most of her professional life in the United States of America. She went to the US for further studies in 2003. Along with an MBA, Kunwar also has a Bachelor's degree in Mathematics and Economics.

Kunwar has over 15 years of experience working in the corporate sector in the United States. While pursuing her MBA, she worked for Carlson Wagonlit Travel (CWT) building her experience in consulting, programme management, corporate strategy, and product management. She then joined Amazon in 2016 and worked there for five years in various capacities including managing business, building abuse prevention programmes and products, and establishing Amazon retail in new markets like Sweden, Poland, Saudi Arabia and Egypt.

Kunwar is currently the Managing Director of Daraz Nepal, the country's leading e-commerce platform. She is, in fact, the first woman MD among all Daraz ventures. In this edition of **Business 360**, we spoke to Kunwar to learn about what leadership means to her and other aspects of good leadership. Excerpts:

How do you define a leader?

Someone who can bring people together for a common goal or mission.

Do you think leadership is an 'in-born' trait or can it be acquired?

Good leadership comes from a host of skills and qualities like problem-solving, communication, empathy, empowerment, and so on. I believe these skills can be acquired with experience. The key is more in following your passion and your sense of purpose in life that will drive you to put in the hard work needed to build these skills.

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

I don't think I have one person per se who I think of as 'an ideal leader'. There are a lot of people I find inspirational from all walks of life including Nelson Mandela, Barack Obama, Anuradha Koirala, Bill Gates, Deepika Padukone, and so on. I don't know them personally but I think what they all have in common is the ability to think beyond themselves and make an impact in this world.

Throughout my professional journey so far, I have been fortunate enough to work closely with leaders like Dr Muge Erdirik Dogan (current President at Amazon Fashion), Jack Hugin (Head of Amazon Retail Expansions), Nick Vournakis (EVP and CCO at CWT), David Moran (EVP at Legal Services Firm), and Mauricio Molina (Former CEO of a construction company in Peru). I have learned a lot from them and have picked up elements of their leadership styles that resonated the most with me.

Could you share with us an incident that tested your leadership ability?

During the earthquake in Nepal, I was doing a full-time job and also studying MBA part-time, which was already a hectic schedule and I had also just been appointed a board member of a Nepali association. It had just been a month; we had a full leadership team on board and then the earthquake happened. It was challenging, and it really tested my ability since I had to put my emotions aside and that is what makes it so hard. I was able to just focus on what I had control over. Being so far from Nepal, there was not a whole lot I could physically do. I focused all my energy on trying to think of ways in which we could raise funds for Nepal for rebuilding and so on. We organised scrappy fundraisers at farmer's markets, musical concerts, events where people could really ask their individual

companies to add to their donations that they could make to Nepal. All in all, I tried to implement so many initiatives that we were actually able to raise \$275,000, and just being able to do that and give to Nepal felt great at the time.

How important is it to have a good team to work with?

Having a good team to work with is very important. I also believe it is on you to make the environment such that the people feel recharged. I do believe that generally most human beings are good, with good intentions. It's just a matter of taking the time to listen to their perspectives, understand their challenges, have honest conversations, and bridge the gap to align to the bigger common goals.

When should a leader hand over the leadership position?

When they stop learning themselves and need a new challenge OR when you realise that the value of the company is different from your own OR when you realise that your team is consistently giving you negative feedback and there's no improvement despite you changing things, sometimes it is just not a good match.

What major changes has Covid 19 brought to the online business?

I think the pandemic definitely put a lot of pressure on e-commerce companies across the globe, not just Daraz and Nepal. One thing that I say often is, we have had to run before walking. The country went on a lockdown and people had to stay home to be safe, and we had to deliver what we could at the time. That put a lot of pressure on us operating on a much larger scale than we were used to, that takes a lot of growing without actually being able to build processes that make the whole growth seem less. It's definitely an impact. Specifically for Nepal, there were odd and even rules in place for vehicles so that definitely had an impact

on whether we could meet customer expectations or not. Those kinds of restrictions definitely had an impact on the business as well.

The digital marketplace in Nepal has definitely grown a lot. During the pandemic, even the older demographic was kind of compelled to use online shopping and now that they are aware about the convenience and selection that exists in online shopping, we have seen those demographics stick to online shopping. We have seen 100% growth year-over-year as well.

What do you think has made Daraz the leading online business in Nepal?

Above all, I do believe in the mission of the company that is uplifting communities with the power of commerce. I think this is bigger than just Daraz. This is why I joined Daraz and I truly believe in our mission that guides us in everything we do. As we expand, there's also pressure on the government to build proper infrastructure. We continue to focus on winning our customers, employees, and sellers/partners alike. We live and breathe our values that guide us to deliver on our promise. I think customer service is one of the biggest departments here and we consistently try to get information from each sale that we make such as complaints, product challenges, etc from both the seller's and buyer's perspective. I think if any company says we are perfect, I don't think you will be able to continue to grow.

What do you consider your most significant accomplishment as a leader?

I don't believe in short-term wins. Years from now, I would like our employees, customers, and sellers and partners to look back at the time during my leadership and have fond memories of feeling heard, empowered, and supported in their individual goals.

“ FOCUSING ON WHAT YOU DO HAVE CONTROL OVER REGARDLESS OF WHAT HAPPENS IN THE OUTSIDE WORLD IS A SKILL THAT IS IMPORTANT.

How can a leader prepare for the unknown?

In Vipassana, there is a term called ‘anichchha’, and the idea of impermanence – that nothing is permanent in this world. I think just being aware that anything could happen, like the pandemic, is critical as a leader. Once you are aware that anything can happen, you don’t lose your cool and can focus on problem solving. Focusing on what you do have control over regardless of what happens in the outside world is a skill that is important.

What are the changes that you would like to bring or see in Daraz?

There are some things which we have already started implementing. One of the key things that the leadership team is focusing on right now is work-life balance. With the pandemic, we grew like crazy and everyone was working without actually being able to think or process what just happened. So, our goal now is to ensure that employees have a good work-life balance. We are implementing things like ‘No Meeting Mondays’; the work hours are 9-6 from Monday to Friday, so outside of these employees are not expected to check their email or anything. We are trying to promote more mentoring and career development discussions with a lot more geared one-on-ones that are more focused on career development like task completion and executions. A host of things where employees feel that they are not just a number is one aspect. The

other is, as a startup, you are just doing a lot without thinking about high-level strategy, so this year and the next, we will be focusing more on how to build structures in place that are strategic such as monthly reporting, weekly reporting,

and how they can be more structured and have clear strategic priorities.

Do leaders also need to be mentored?

Without my mentors, I wouldn’t be where I am today.

One of the things I find lacking in Nepal is the mentorship culture. I am doing my best to start building this culture at Daraz but I would greatly appreciate it if other leaders could double down on this untapped arena as well. **B**





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