

VOL 12 • ISSUE 3 • JANUARY 2024 • RS 100

# BUSINESS

**NAVIGATING  
LAYOFFS  
DURING  
FINANCIAL  
DOWNTURN**

**STARTUPS IN  
NEPAL:  
KEY POLICY  
CONSIDERATIONS**

**ADOPTING  
BIOMETRICS  
IN NEPAL**

**ANOTHER  
SORT OF  
FREEDOM**

**GURCHARAN DAS**  
AUTHOR, PUBLIC INTELLECTUAL,  
MANAGEMENT GURU & THOUGHT LEADER





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The human pursuit is a search for a meaningful, resilient, and content life even in the face of the constant change, uncertainty, and seemingly insurmountable challenges. We all have the ability to develop a resilient mindset that allows us to differentiate between what we can and cannot control. Mastering resilience gives us the innate ability to prioritise our efforts and invest our energies in areas where we can make a genuine difference.

In the context of Nepal, while I laud public resilience in facing the odds, I am sometimes forced to contemplate whether we are just navigating challenges unmindful of where they arise from and who is responsible for them. Are we settling for the limits of our control and in doing so fostering further social and civic injustices. Sometimes what we call resilience may also be indifference. When resilience runs out, it can lead to indifference. And indifference can be detrimental to an individual, a community and a nation. It also breeds irresponsibility in its wake.

Mired in politics of controversies and blame, Nepal does not have a blueprint to navigate the challenges of economic uncertainty that faces the entire world. Today, the common person is struggling under the burden of the rising cost of living, layoffs and small businesses struggling to survive. It is only a matter of time before it starts to hurt the established corporate, the portfolio that is accountable for close to 80% of all business loans here. Does the government have a plan?

Indifference is an enemy. Our engagement and call to action will decide the future we deserve. In the face of uncertainty – political and economic – it gets hard for everyday folks to engage with national issues but choosing not to means that we suffer the consequences of someone else's ideas and values.

A politically fractured country that is increasingly seeped in corruption amidst tight financial conditions offers very little hope to its people, yet, hope we must even as we continue to hold our political and economic leaders accountable and answerable. It is incredibly important that the public engage; if not us, who... if not now, when.

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

---

Charu Chadha  
editor

## BIZ INDICATORS

FOREX MARKET	15-Dec-23	18-Dec-23	Year ago
USD	132.61	132.90	130.12
GBP	172.00	168.01	162.21
Chinese Renminbi (Yuan)	18.85	18.63	19.80
Indian Rupee (INR 100)	160.00	160.00	160.00
Euro	132.61	145.15	130.12
Australian Dollar	-	-	-
GOVERNMENT SECURITIES	Lowest	Highest	Weighted Avg.
Discount rate of T-bill (Subject to latest issuance )			
Treasury bills (28 days)	2.36	3.46	3.21
Treasury bills (91 days)	3.26	3.59	3.44
Treasury bills (182 days)	3.79	4.24	4.04
Treasury bills (364 days)	4.00	4.65	4.45
PRICE INDICES	15-Dec-23	14-Dec-23	Dec/15/2022
National Consumer Price Index (base year 2014/15 = 100)	164.63	166.91	156.87

Source: Refinitiv Eikon, Nrb

P = Provisional, R = Revised

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## IN THE LEAD

### ANOTHER SORT OF FREEDOM

**GURCHARAN DAS**

AUTHOR, PUBLIC INTELLECTUAL, MANAGEMENT GURU & THOUGHT LEADER

I THINK HUMAN BEINGS HAVE THE ABILITY TO EVOLVE AND WE HAVE LEARNED TO EVOLVE. WE HAVE EVOLVED BECAUSE WE CARED FOR OURSELVES. OF COURSE, CARING FOR YOURSELF ALSO MAKES YOU EGOISTIC AND THE BIG FAT EGO TAKES OVER. NEVERTHELESS, I THINK HUMAN BEINGS HAVE AN ENORMOUS CAPACITY



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NAVIGATING LAYOFFS DURING FINANCIAL DOWNTURN



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“PEOPLE TALK ABOUT SUSTAINABILITY BUT ONLY A VERY FEW WANT TO WORK FOR IT. WE WORK WITH LEADING ORGANISATIONS WHO VALUE THEIR EMPLOYEES AND THE ENVIRONMENTAL IMPACT OF WHAT THEY ARE DOING. WE WORK WITH THOSE WHO ALSO VALUE OUR PARTNERSHIP. LEADING ORGANISATIONS DOESN'T MEAN THE LARGEST ORGANISATION. IN FACT, MOST STEELCASE CUSTOMERS ACROSS THE REGIONS ARE NOT NECESSARILY THE LARGEST ORGANISATIONS, BUT THEY ARE ORGANISATIONS THAT WANT TO ACCLAIM THAT ACCOLADE ONE DAY”

**TIRTHANKAR BASU**  
Managing Director  
Steelcase – India and SAARC

ETC

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ANYTHING CAN HAPPEN, FOR BETTER OR WORSE. LEADERS NEED TO BE AWARE OF THE CHANGE, ANTICIPATE THE CHANGE, AND THINK CRITICALLY ABOUT THE ENVIRONMENT. THEY NEED TO PREPARE THEMSELVES. THEY CANNOT PREDICT THE FUTURE BUT THEY CAN ALWAYS VISUALISE THE POSSIBLE SCENARIOS AND OUTCOMES. THEY SHOULD CALCULATE AND PLAN ACCORDINGLY. THOSE ORGANISATIONS THAT CAN ADAPT TO CHANGE WILL ALWAYS SUCCEED. THOSE THAT ARE SLOW TO RESPOND TO CHANGE WILL FALL BEHIND”

**BINOD ATREYA**  
Managing Director, Banking, Finance and Insurance Institute of Nepal

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**GANDHI PANDIT**  
FOUNDING PARTNER  
GANDHI AND ASSOCIATES



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**ASISH THAKUR**  
Chairman and Executive Director  
Glocal

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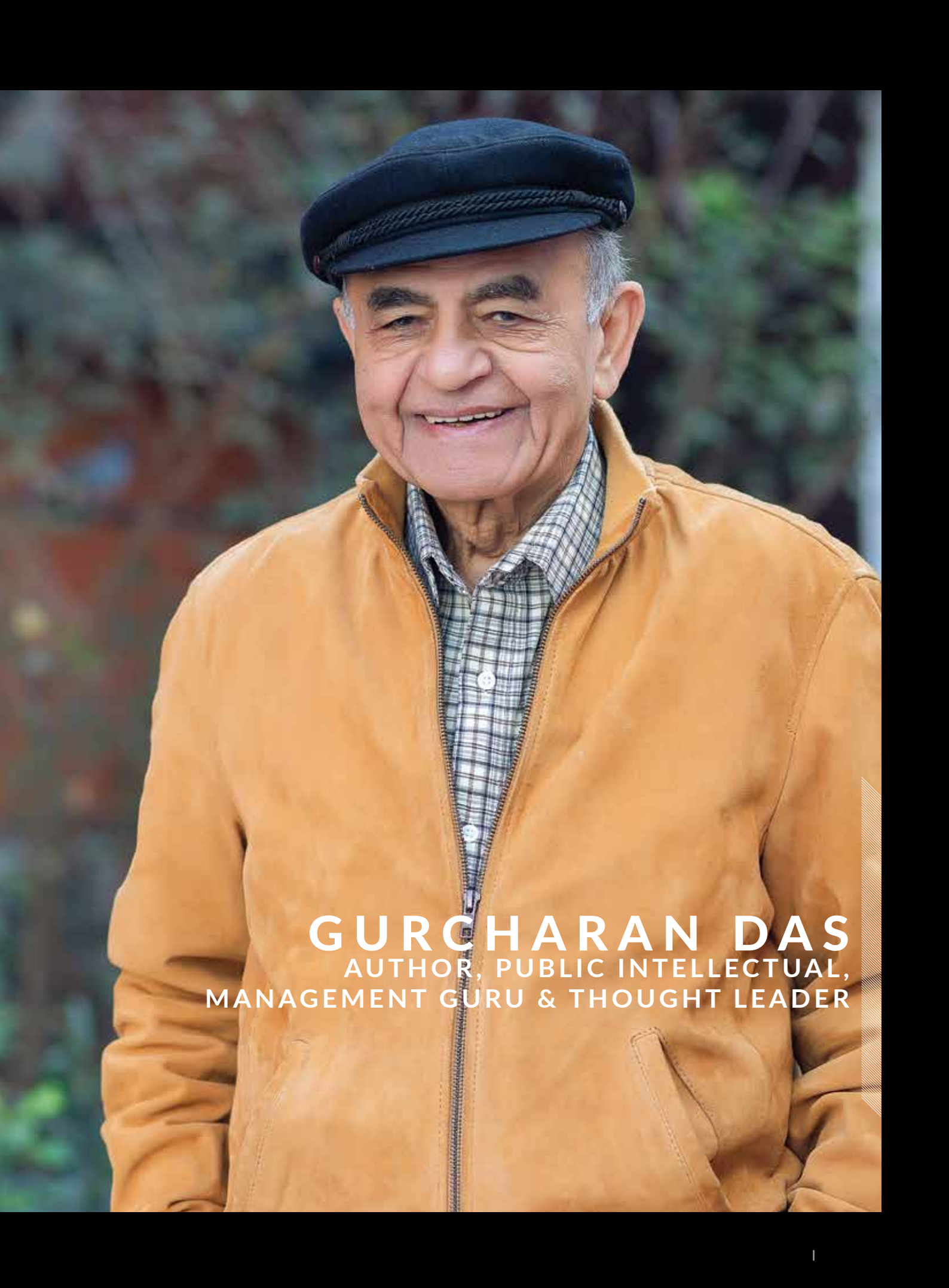
# ANOTHER SORT OF FREEDOM

Gurcharan Das, an Indian author and Former CEO, Procter and Gamble India and Former VP and Managing Director, Procter and Gamble Worldwide for Strategic Planning, was in Kathmandu recently to launch his latest book titled 'Another Sort of Freedom'. He has previously authored a much-acclaimed trilogy: 'India Unbound: From Independence to the Global Information Age'; 'The Difficulty of Being Good'; and 'Kama: The Riddle of Desire' — based on the classical Indian ideal of life's goals.

Das quit the corporate world when he was 50 years old and has since devoted his time to writing.

"I have been a writer for the last 25 years," he shares. Recognised and celebrated as a refined mind contributing to understanding the values of freedom, humanity and economics, Gurcharan Das is a public intellectual and thought leader.

While he was in Kathmandu, **Business 360** caught up with Das to delve into his world of words, thought and action. Excerpts:



**GURCHARAN DAS**  
AUTHOR, PUBLIC INTELLECTUAL,  
MANAGEMENT GURU & THOUGHT LEADER



We all have the expectation, the ego, that we want to be somebody. We don't want to be nobody. And that desire to be somebody is part of the problem. All of us need to be somebody. If you get free from that need, you are a better person.



**In your journey as an author, your four books evolve around the themes of *dharma*, *artha*, *kama* and *moksha*. Was this by design from the beginning or attributed to a later thinking?**

I think it was the second reason. One of the fundamental reasons why I write is when I come across a problem or when I am troubled. There was something troubling me. Hence, I wrote the first book 'India Unbound: From Independence to the Global Information Age'. Like any Indian or any person living in our part of the world, we are bothered about poverty. Countries have progressed but people are still facing poverty issues. So, I tried to find answers to that problem and wrote my first book. I believe I was the first person to predict the economic rise of India. Thankfully, India obliged by rising. But I found that as prosperity was spreading, corruption too was spreading. So, I decided to find out why. I went to the Mahabharata as I knew that the Mahabharata is obsessed with dharma, and one of the problems of corruption is dharma. It's also governance, of course, but also dharma. And so, I wrote the book 'Difficulty of Being Good', which is an examination of our lives through the lens of the Mahabharata. The story that the Mahabharata is telling. The other problem I had, and I think everybody has, is desire. What to do with desire? And so, I wrote a book called 'Kama: The Riddle of Desire'.

Each one was a project in self-cultivation and self-education. I then realised I had already written about the three goals of life. So, the fourth one was Moksha but I am not a believer. I am an agnostic. I then decided to write a memoir. My publisher, Penguin, for years, had been asking me to write a memoir because they said readers want to know why I quit the corporate world at the top to become a writer. And so that's part of the story I tell, and I tell it through the story of connecting the dots in my life. Connecting with moksha,

which means freedom. The original meaning of moksha has nothing to do with the spiritual meaning of moksha. That is the meaning that I have taken. And I have, in the process, discovered that these four goals of life are actually potentialities, and human capabilities. You fulfil the capabilities and you live a flourishing life.

I used to believe that the secret of happiness was to love the work you do and love the person you live with. That's happiness. But now I feel that there's another definition of happiness, which is to fulfil your human capabilities.

**What is the message at the heart of what you write?**

Well, at the heart of the four books that I have written is what I have just described. That it is a common human search for happiness. And so, I have moved from one adequate definition of happiness to another. The latest book I have written is 'Another Sort of Freedom'. So, in this book, I have tried to find what is that other sort of freedom, which is that moksha. In my life, it is really a freedom from expectations, expectations of your family, expectations of your friends, of society, but most importantly, expectations of yourself. We all have the expectation, the ego, that we want to be somebody. We don't want to be nobody. And that desire to be somebody is part of the problem. All of us need to be somebody. If you get free from that need, you are a better person. Similarly, we all always want premium treatment. You walk in somewhere in the office or anywhere and want to be treated in a certain way. So, this constant need for the premium treatment is another problem. Usually, other things that come with vanity, envy, status, anxiety i.e., consequences of ego – if you can be free of those, you have attained that other sort of freedom.

**As a liberal, how would you define freedom? Does the definition of freedom change with people and context?**

I think that is a good question you have raised. There is the personal freedom and there is the public freedom in the public space. I am a classical liberal and a classical liberal is a person who is open, big hearted, who is tolerant of others in their personal capacity, but in public capacity, it is a person who desires the maximum equal freedom for everyone in society and therefore you need freedom of all kinds. You embrace religious freedom. You don't want the government to tell you that you are a Muslim or a Christian and therefore bind your freedom. Of course, there is political freedom. Democracy gives you political freedom. But most importantly, there is economic freedom. Economic freedom is a freedom to do work from excessive control by the state.

The worst control by the state is in a communist state, a Marxist-Leninist state, or Maoist state, where the government decides. Now, the intention of Marx was good. He wanted equality for everybody but the problem is that the human ego will not shrink that fast and so the desire to give equality to everybody meant that only the state would be the employer.

So, everybody became a civil servant. Whether you are a taxi driver, a guard in a shop, or a shopkeeper, everybody is an employee of the state. In theory, that is good but in practice, it is a disaster. That is why the Soviet Union collapsed. And all the Left, all the countries of Eastern Europe collapsed. The collapse of the Berlin Wall in 1989 was the end of that story. I realise we have Maoists ruling in Nepal, but I think they are not doctrinaire Marxists who want to bring communism to Nepal. But the desire for equality is important, but so is the desire for liberty. Ultimately, you know the cry of the French Revolution was liberty, equality and fraternity.

The issue now is that the Western liberals have forgotten about fraternity, that we operate in a community and in the community, people are linked together. There's too much individualism amongst liberals, and they forget that there is an interdependence of people also.

**When you decided to leave the corporate world when you were just 50 were there any doubts or fears regarding that decision?**

No. My life has been the reason why I called the book 'Another Sort of Freedom'. Right from the beginning, I have been an oddball and taking decisions which went against the norm. Now, leaving the corporate world at the peak of your career, when you have been CEO and so on in a multinational company, seems stupid. When the retirement age was 65, I left at 50. But this process began very early in life. My mother's diary, which I quote in chapter one, is that her first entry about me is that 'this is a restless baby'. So, at six months, I am a restless baby. One year later, she called me difficult. And then at the age of four, she calls me a troublemaker. You can see the trend that is going on. I was lucky to get a scholarship to Harvard University to be an undergraduate and my mother said I should study something useful, that I had to return to India. She said I would need a job and make a living. She advised me to be an engineer like my father so that I would get a job. I arrived at Harvard and promptly forgot her advice. And what do I study? In my first two years, I studied Greek tragedy, Russian novel and history of capitalism. I studied Roman Empire, Bauhaus architecture, Renaissance painting, and Sanskrit love poetry. When my mother heard I was studying Sanskrit at Harvard, she was aghast. She said it is a dead language and only the dead will now give me a job. So, this has been my life. And finally, even Harvard got worried and I had to declare a major.

In my third year, I declared my field of concentration and I studied philosophy. I finished my degree in philosophy and got another scholarship to go to Oxford to do a PhD. But then that summer, while waiting to do a PhD back home in Chandigarh, I asked myself, did I want to really spend the rest of my life at that stratosphere of abstract thought?

No. I wanted a life of action. I didn't know what a life of action was, but I wrote to Oxford that I was not coming. And my mother's worst nightmare came true. She had a grown-up, unemployed son at home and we had a nosey neighbour who asked my mother every day what her son was doing. My mother would get embarrassed. So, to save her from that embarrassment, I answered the first advertisement in the paper I found. It was a company that made Vicks VapoRub. They wanted trainees but I had no idea what a trainee was. I had studied philosophy and so I went for an interview and the man asked me what my objective in life was. I said, 'Happiness'. He said he didn't mean that but what did I want to be involved in – marketing, finance, production? He asked which part of business did I want to be in. Clearly the interview was not up to the mark but he must have been impressed with my Harvard degree, so they gave me a job.

So, I got a job for Rs 750 a month, which was a lot of money in the 1960s. My mother was satisfied. I went from the beautiful, ivy-covered halls at Harvard to the dusty bazaars of India, walking with my bag, asking wholesalers how many Vicks VapoRub they needed. It was a different life but I liked the rough and tumble of the business life.

However, after a couple of years, I missed the intellectual life. I started reading. I realised that from Monday to Friday, I could do my business life. However, on Saturday and Sunday, nobody disturbed you as it was a multinational

company. So, I said to myself I would become a writer and write a play. One morning, I sat down and said, 'Shakespeare too must have sat down one morning to write Hamlet'. With the confidence of my 21 years, I wrote my first play and it won a big prize. Published by Oxford University Press, it was produced in Bombay and then on BBC and the Edinburgh Theatre Festival. So, I had a second career. I was thus wearing two hats – Monday to Friday hat and Saturday-Sunday hat. And then I wrote the second play on Mirabai, the Bhakti saint. By then, I had been transferred to New York and looked for a producer there. And the person who produced my play converted the Meera bhajans into hard rock music. So, I had a second career as a weekend writer. While my friends played golf, I was writing. It was my routine until I was in my late forties. I was working at Procter and Gamble at the world headquarters and involved in selling good products. But I asked myself, is this what life is all about? That is when I decided to quit because I realised there must be a bigger world outside.

**Do you ever go back and read your books and think you could have done them a bit differently?**

I would probably have not. I was in a rising academic career. I quit to become a business person. I had a shining business career. I resigned to become a writer. Frankly, that's what life is all about. You take it as it happens. You find meaning in them as you grow along. I mean, we are not all born like Mozart. At the age of three, he knew he was a musical genius and at the age of five, he produced a symphony. We are not like that. And then he died at 30 after having produced 625 musical masterpieces. Those are unusual human beings. Most of us struggle and then find our purpose. As we stumble through life, we find our purpose. That is how it is. One of the things I felt was once I quit the business

IN THE  
LEAD





world, I would become a better human, being a writer. It has not worked out that way. I have been a writer for 25 years and had quite a lot of success. However, I have not become a better human being.

In fact, I have decided that business people are better human beings than writers, artists and such. And why? Because business people understand interdependence from day one. They have customers; you cannot be successful unless you have a customer and the customer is happy. So, you have to make the customer happy. Then you have suppliers and if you are not fair to your supplier – everybody tries to squeeze the supplier – you will receive bad components for your product. You will fail. Then you have employees because you cannot do everything yourself. You have to treat them well because if you do not treat them well, they will go and join your competitor. Therefore, business people understand that you are interdependent, which they call win-win. I have to win and the other person also has to win. A writer needs nobody. You sit in a room all day and write. When you are writing, you forget yourself. And when you stop writing, you only have yourself and you only think about yourself. So, you do not realise that there are other people. Goodness and being a better human being lie in being good to others.

**What are the three core principles that a person should think about when they decide to choose to make a life rather than make a living?**

You are quoting from my book where I talk about the difference between making a life and a living. This idea came from the two influences in my life – my mother, who always reminded me I had to make a living and my father, who reminded me that I had to make a life. In fact, at Harvard, I went against my mother's advice and did not study engineering. According to her, I studied nothing useful. But my

father explained to her I was making a life through books. My father was the one who told me that when I was unhappy at business, I should use my weekends well to make a life. That is the difference between making a life and making a living.

In fact, even at your job, you can make a life. You don't have to do it on the weekends as long as it is something you are doing that gives you pleasure—that gives you purpose. I mean, you have a photographer and a videographer as your colleagues and these people very often choose their job because it gives them pleasure, a purpose. It is not selling Vicks VapoRub or selling clothes in a store. It is something that gives them pleasure. So, you people are on your way to making a life at work. That is the best thing. That is what making a life is all about—giving yourself a purpose. As I said earlier, you stumble onto it. We are not all Mozart.

**What allows a person the ability to dream and realise those dreams?**

One unique aspect of what makes us human is we are lucky, because all species do not have those dreams. We have imagination and imagination is what gives us those dreams – to dream something that we do not have and then aspire to have it. That is the source to numerous civilisations. Many great people who have made contributions including Einstein, Marx, Freud, Darwin, they aspired.

**Can the courage to make a life be learned or is it inborn?**

That is another very good question - can we learn it or is it innate in us? For me, I think we learn it. If we are Mozart, it is innate but for an ordinary person like us, we continue learning. You also get discontented. I got discontented selling Vicks for so long. So far, I am not discontent with my writing but writers also experience discontentment.

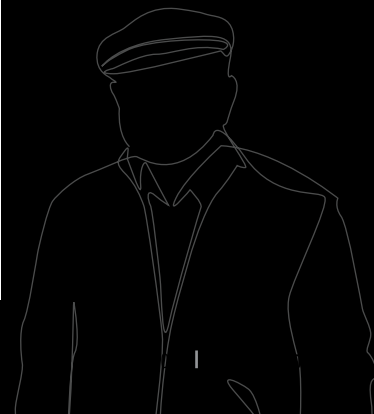
**In your eighties, what understanding about life gives you hope for humanity?**

Especially now, after 75 years of a liberal age, the liberal age is coming to an end. Everywhere, freedom is reducing. After two world wars, we had a good run as a human race. Democracies have spread. Markets have spread. People are better off. Poverty has been wiped out in many parts of the world. Not wiped out entirely but at least brought down to a manageable level. And now, my life seems to be closing on a curtain where the liberal age is coming to an end. So, you have got a good question—what is it? And I think it is what you mentioned yourself. It is that ability to dream, the imagination of human beings. There are a lot of problems. There are a lot of opportunities with artificial intelligence and what technology presents. Of course, it is also scary what AI can do. Climate change, of course, is another on the horizon. But I am still optimistic. I think human beings have the ability to evolve and we have learned to evolve. We have evolved because we cared for ourselves. Of course, caring for yourself also makes you egoistic and the big fat ego takes over. Nevertheless, I think human beings have an enormous capacity. There have been periods when we practically wiped ourselves out also on earth. The nuclear nightmare is still there.

**How do you view the growing geopolitical tensions and the economic uncertainties? And do you feel that perhaps democracy needs to be redefined?**

In my view, the best thing that happened in this liberal age was globalisation. Globalisation allowed countries like China to progress. It allowed the impoverished in China to become middle-class and maybe not as many people. China has become the factory of the world. India did it by becoming the back office of the world. The huge setback in the world

The issue now is that the Western liberals have forgotten about fraternity, that we operate in a community and in the community, people are linked together. There's too much individualism amongst liberals, and they forget that there is an interdependence of people also.



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economy has been a rolling back of globalisation. For me, globalisation was one of the greatest achievements of this liberal order. In fact, it is not the first time that globalisation has occurred. It has transpired many times before. The last time was in the period from 1870 to 1900 before the First World War. That period was also a period of globalisation which happened under the British Empire. It occurred under the American success after the Second World War. So, American Empire was responsible for this. Globalisation has meant millions of Chinese coming out of poverty because they became the factory of the world along with the millions of Indians. It was partly because of India becoming the back office of the world IT revolution, etc., that we have experienced.

Now, all countries are raising tariffs and they are closing down. An economics student knows that trade is a win-win situation, not a win-lose situation. Of course, inequality has occurred. Now, that is inherent in capitalism. The person with the largest market share has the highest reserves of money. So, there is inequality but the welfare state in many countries has helped against inequality. What we are doing is we are throwing the baby with the bathwater and that is the problem. Anyway, it is not over. But the symptoms are there. The geopolitical issue, of course, is the rise of China. The rise of China was all right until Xi Jinping became head of the Chinese state. Leaders like Jiang Zemin and Deng Xiaoping saved China. But Xi is determined to assert Chinese dominance in the world. It is a multipolar world, though we do not know where it will go eventually. America has begun to decline. The American empire is under stress. Nepal is in an unusual position because it is in between India and China. Nepal should have used this opportunity of the last 25 years

of the rise of China and India to link itself economically with both sides and gain economically as a result. But Nepal is a landlocked country. However, look at Switzerland who did rise. Nepalis produce unique products. Inclusion on sites like Amazon and others in the global market will get distribution immediately. I feel Nepal would have gained. But anyway, we were on the question of the rise of China and geopolitical situation that we have, and I think that as long as Xi is there, we have to worry. The world has to worry.

#### **What are the values that have worked well for you in life?**

I guess there are these old-fashioned values. It begins with discontent. My mother called me restless. I learnt to run at the age of three and I am still running. So, it is a bit of discontent but also confidence to do what you feel you can do. And also, once you decide to do something, you want to do it well, anything, whatever you do. So that's been another feature. Now, these are old-fashioned values. But ultimately, if you are doing something you like, you can be passionate about, it will give you purpose - that is the best quality I have learned and found. I did like the rough and tumble of business life but then I like writing. Do you know when you know that you like something? Time gets distorted if you are doing something that you like. It is like you are working and you look at your watch and say it is already 6 o'clock and you thought it was just 4 o'clock. So, it is two hours that you have lost. It was those two hours when you were totally absorbed. Time gets distorted when you know you are absorbed in something that you really like. If you follow cricket, there is an incident whereby a reporter once asked Sachin Tendulkar what it felt like when he was approaching his famous double century. Tendulkar replied that he didn't know because he was not even there. He said

that the ball and the bat had become so big that the bat just had to hit the ball. He was not even there. You lose yourself. It's called self-forgetting and the Buddhists practice it. That comes from not taking yourself too seriously. The dedication of my new book, 'Another Sort of Freedom', is the same. The freedom that comes from not taking yourself too seriously. Dedication of my book is to the happy few who do not take themselves too seriously.

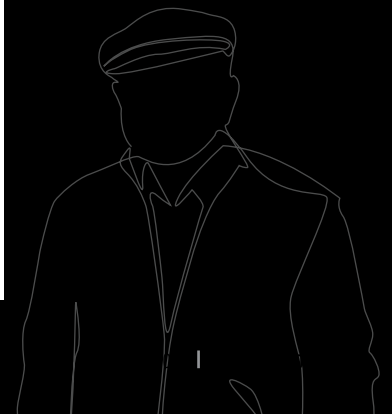
#### **How would you like to be remembered?**

Well, I have not even thought about that. I guess nobody thinks you are going to die one day. You see people dying all around you, but you do not think you are going to die. In the Mahabharata, the Yaksha asks Yudhistir what is the most miraculous thing in the world and Yudhistir says you see people dying around you and you do not think you are going to die. I guess we all want somehow, even after we die, to live on. The 'Difficulty of Being Good', the bestseller of all my books, has ideas that still inspire people and make them think. So that is another way that one's life continues.

#### **Anything you would like to add?**

We talked about how one would like to be remembered. I guess to me, more than the achievement is to be a better human being, a good human being. What is a good human being? Is it somebody who cares about another human being? That is all it is. And I have not achieved it, so I will not be remembered. But I would aspire to be remembered for that. And when you get that sense of freedom, the Buddhist philosophy teaches that your self is a hoax. It is not. So, if you realise there is no such thing as self, then you might not be thinking about yourself all the time. Not thinking about it means thinking about others. **B**

I think human beings have the ability to evolve and we have learned to evolve. We have evolved because we cared for ourselves. Of course, caring for yourself also makes you egoistic and the big fat ego takes over. Nevertheless, I think human beings have an enormous capacity.





# NAVIGATING LAYOFFS DURING

# FINANCIAL DOWNTURN

UNDERSTANDING THE IMPORTANCE OF STRIKING A BALANCE BETWEEN FISCAL RESPONSIBILITY AND ETHICAL TREATMENT OF WORKFORCE.



ASHISH AGRAWAL



DHARMADHIR ACHARYA



SAMEER GHORSANE

The economic slowdown and resultant financial crises in Nepal has cast a long shadow over businesses and their workforces alike. Many companies being unable to pay salaries on time or at all have resorted to laying off their staff. This is not an easy decision to make and comes after huge human and business ethics consideration. Business owners are caught between a delicate balance of economic prudence and ethical considerations.

Understanding the dynamics involved, exploring avenues to mitigate the impact, and safeguarding the interests of both employers and employees is crucial for sustainable recovery. When financial crises hit, businesses in Nepal often find themselves compelled to streamline operations, leading to the difficult decision of layoffs. It is a complex process involving various stages and considerations.

Employers face the daunting task of assessing the most critical areas for cost-cutting while preserving the core competencies necessary for the company's survival. Communication becomes paramount to ensure transparency and alleviate the uncertainty surrounding job security. From the perspective of staff members, the announcement of layoffs during a financial crisis can evoke a range of emotions, from anxiety to frustration and anger. Understanding the rationale behind such decisions and having open channels of communication can assist in easing the transition.

Navigating the legal processes associated with layoffs in Nepal requires a thorough understanding of labour laws. Employers must adhere to legal guidelines regarding notice periods,

severance packages and other entitlements owed to employees. Compliance with these regulations not only ensures a fair and legal process but also helps maintain the reputation of the company. Saving a company from bankruptcy during a financial crisis necessitates strategic financial management.

Exploring avenues such as debt restructuring, seeking financial assistance, or renegotiating contracts with suppliers and creditors can provide a lifeline for businesses teetering on the edge. Engaging with financial experts and seeking professional advice becomes imperative to craft a viable survival strategy. In situations where a company is unable to distribute salaries to its employees, proactive communication becomes critical. Transparency about the financial challenges the company is facing, along with a commitment to resolving the issue, can foster a sense of shared responsibility among employees. Employers can explore alternatives such as deferred salary payments, part-time work arrangements, or temporary reductions in working hours to navigate through the crisis.

In conclusion, handling layoffs during a financial crisis in Nepal requires a multifaceted approach that considers the perspectives of all stakeholders involved. Open communication, adherence to legal processes, and strategic financial management are indispensable elements to save a company from bankruptcy and manage the delicate balance between economic exigencies and human considerations.

In this edition of **Business 360**, we spoke to leading experts of different organisations to gain their perspective on approaches, measures, legal adherence and proactive strategies to address this issue.

## How can companies in Nepal adopt a strategic approach to handle layoffs during a financial crisis, ensuring the best outcome for organisation and its employees?

**Ashish Agrawal:** In approaching the challenging scenario of handling layoffs during a financial crisis, it's essential to acknowledge that, personally, I am not a proponent of layoffs. However, I understand that, in certain circumstances, it might become the last resort for management, particularly during severe financial crises. In such instances, adopting a strategic approach is crucial to ensure the best possible outcome for organisation and its employees.

The initial measures taken during turbulent times involve a multi-faceted strategy. Firstly, there is a focus on reducing top management salaries. It demonstrates a commitment from leadership to share the burden and sets an example of solidarity during challenging periods. It also aligns with a cost minimisation strategy, another vital component of the approach. This strategy encompasses a thorough examination of all operational costs, emphasising efficiency and minimising unnecessary expenses.

Transparent communication becomes a pivotal aspect of the strategic approach. Speaking to the entire team regarding potential delay in salaries or partial salary payments provides clarity and manages expectations. Honest and open communication is crucial in maintaining trust and keeping the workforce informed about the challenges the organisation is facing. Another component involves briefing the team about impending layoffs in certain departments and providing exact reasons

for those decisions. This level of transparency is challenging but necessary to build understanding among employees. Clearly articulating the rationale behind the layoffs helps in fostering an environment where employees perceive the decisions as essential for the organisation's survival.

Furthermore, considering voluntary separation programmes and temporary furloughs is a compassionate and proactive measure. Offering employees, the option to voluntarily separate or take temporary furloughs allows them some degree of control in a difficult situation. It also aligns with a more humane approach to downsizing, recognising the individual circumstances of each employee. In conclusion, adopting a strategic approach to handle layoffs during a financial crisis involves a combination of measures, including top management salary reductions, cost minimisation strategies, transparent communication about salary issues and impending layoffs, and exploring options like voluntary separation programmes and temporary furloughs. While recognising the sensitivity of these decisions, the aim is to navigate the crisis with transparency, fairness, and a focus on the well-being of the organisation and its employees.

### **Dharmadhir Acharya:**

In addressing the challenge of managing layoffs during a financial crisis in Nepal, companies can navigate the legal landscape using provisions outlined in the Labour Act 2017 (2074). This legislation furnishes employers with two key avenues: Section 145, which governs permanent retrenchment/layoff, and Section 15, which allows for temporary reserve.

Reserve (temporary Lay-off) under Section 15: Pursuant to Section 15 of the Labour Act, employers are empowered to place employees on reserve status for a maximum of 15 days without requiring consultation. The grounds for

such reserves include financial difficulty or obstacles in employee movement, such as restrictions for operation due to situation beyond control. However, if the reserve period requires extending beyond 15 days, the employer must engage in consultation with the trade union or labour relation committee. During this period, employers are obligated paying half of the employees' remuneration. It's crucial to note that this temporary solution might not offer relief in cases of prolonged financial difficulty.

Permanent Layoffs under Section 145: On the other hand, Section 145 of the Labour Act governs the processes of permanent layoff, signalling the termination of the employment agreement. Statutory grounds for permanent layoff include financial difficulties and any reasons necessitating full or partial closure of the entity.

In the intricate process of navigating the available options, employers find themselves at a crucial juncture where a meticulous evaluation is imperative. It involves a comprehensive assessment of the duration and severity of the financial crisis, prompting a critical decision-making process regarding whether temporary or permanent lay-offs are the most fitting course of action. Within this assessment, due attention must be directed towards the legitimacy of the grounds justifying such actions. The reasons for initiating lay-offs, whether temporary or permanent, should align with the parameters defined by the Labour Act, ensuring a solid legal foundation for the employer's actions. Moreover, procedural compliance emerges as a cornerstone in this endeavour, demanding an unwavering commitment to adherence to lay-off guidelines. This commitment is crucial for maintaining fairness and transparency throughout the process, mitigating potential conflicts and fostering a sense of integrity in employment practices.

A critical aspect of this process is the issuance of adequate notice to affected employees, a legal requirement that underscores the importance of communication and respect for the rights of the workforce. The modes of communication, as defined by the Labour Act, become a pivotal element in providing employees with the time and information necessary for an orderly transition. Compensation structures during lay-offs represent a complex facet that requires a delicate balance. Companies, while navigating financial constraints, are obligated to fulfil compensation obligations. It involves careful consideration of the financial well-being of affected employees, aiming to mitigate the impact of the lay-offs on their livelihoods.

Equally significant is the imperative to secure regulatory approvals, as mandated by the legal framework. Seeking and obtaining necessary approvals from regulatory authorities adds a layer of assurance to the entire process, validating the legitimacy of the employer's actions and ensuring compliance with broader legal standards. In essence, strategic approach to handling layoffs during a financial crisis transcends the immediate challenges and necessitates a profound understanding of the legal frameworks in place. Meticulous planning becomes the bedrock of such an approach, entailing a comprehensive consideration of various factors, from legal compliance and procedural intricacies to the ethical dimensions of fair and transparent practices. By aligning actions with the provisions of the Labour Act, companies not only navigate the complexities inherent in such situations but also uphold the interests of both the organisation and its employees in a responsible and ethical manner.

**Sameer Ghorsane:** When confronting the challenging task in handling layoffs during a financial crisis in Nepal,



Handling layoffs during a financial crisis is challenging for both employers and employees, and it necessitates a strategic and thoughtful process to navigate the complexities. One of the foremost measures that businesses should prioritise is transparent communication. It is imperative to clearly articulate why the company is undergoing layoffs and the anticipated impact on the organisation.

## ASHISH AGRAWAL

Director, Taurus Pharma and Sympho Tech



adopting a strategic approach is essential to navigate the complexities and ensure the best outcomes for both the organisation and its employees. The first critical step involves meticulous assessment of the company's finances and future projections. Understanding the financial landscape is paramount in making informed decisions about the necessity and scale of layoffs. This analysis provides a foundation for developing a comprehensive

strategy that aligns with the company's long-term viability. Identification and streamlining of non-essential areas or functions come next. This process involves a careful examination of the various components of the organisation to identify areas that may be redundant or less critical to the core functions. Streamlining these non-essential aspects helps optimising resources and minimising the impact on crucial operational areas.

A strategic approach also entails identifying vital skills and talents within the workforce. This step is pivotal in making nuanced decisions about layoffs, ensuring that the organisation retains critical skills necessary for its continued success. By conducting a thorough assessment of the workforce, companies can prioritise retaining individuals whose skills are integral to the core functions and long-term goals of the business.

Developing a comprehensive and transparent communication plan is indispensable during this process. Open and honest communication with employees about the reasons behind the layoffs, the criteria used for selection, and the company's future plans is crucial in maintaining trust and morale among the remaining workforce. Transparency fosters a sense of understanding and solidarity even in challenging times.



The reasons for initiating lay-offs, whether temporary or permanent, should align with the parameters defined by the Labour Act, ensuring a solid legal foundation for the employer's actions. Moreover, procedural compliance emerges as a cornerstone in this endeavour, demanding an unwavering commitment to adherence to lay-off guidelines.

## DHARMADHIR ACHARYA

Associate, Pioneer Law Associates



Providing outplacement services or referrals for impacted employees is a tangible way to demonstrate commitment to the well-being of the workforce. It may include assistance with job searches, resume building, and other resources to support employees in their transition to new opportunities. Such measures not only contribute to the welfare of the affected employees but also enhance the company's reputation

as a responsible employer. Outsourcing non-essential (supportive) services to outsourcing agencies is another strategic move. By entrusting certain functions to external agencies, the organisation can maintain focus on its core competencies while potentially reducing costs associated with in-house operations.

Lastly, fostering an accountability culture among employees is crucial. Encouraging employees to take

ownership of their processes and contribute proactively to the organisation's goals creates a sense of responsibility and resilience. This cultural aspect can be instrumental in helping the company navigate challenging times with a united and committed workforce. In essence, a strategic approach to handling layoffs in Nepal during a financial crisis involves a comprehensive assessment of finances, streamlining non-essential

functions, identifying key skills, transparent communication, provision of support services, outsourcing and cultivation of an accountability culture. By integrating these elements, companies can navigate layoffs with sensitivity and strategic foresight, aiming for the best possible outcomes for the organisation and its employees.



## What measures can businesses take to consider and address the perspectives of staff during layoffs, fostering a supportive and empathetic environment?

**Ashish Agrawal:** Handling layoffs during a financial crisis is challenging for both employers and employees, and it necessitates a strategic and thoughtful process to navigate the complexities. One of the foremost measures that businesses should prioritise is transparent communication. It is imperative to clearly articulate why the company is undergoing layoffs and the anticipated impact on the organisation. This openness fosters an environment of trust and understanding, even in difficult circumstances, providing employees with a sense of the broader picture. Dignity in the process is equally crucial. Employers must approach the situation with sensitivity, ensuring that the sentiments of employees are not hurt, and maintaining mutual respect throughout all conversations. This involves handling the entire process with empathy, recognising the human aspect of the decisions. Preserving the dignity of the affected employees is key to nurturing a positive and supportive environment.

Introducing an Employee Assistance Programme (EAP) is another valuable measure. Initiatives such as forums or databases facilitate placements or offer support during layoffs can be instrumental. These programmes act as a bridge, helping management and employees explore new opportunities and navigate the challenging landscape of workforce transitions. Skill development emerges as a proactive strategy. Offering training to employees to acquire

new skills that are relevant outside their current industry enhances their employability. This not only empowers individuals to explore diverse career paths but also aligns with a commitment to the long-term professional development of the workforce, even amid layoffs.

Having an employee representative involved in layoff decisions can contribute to a smoother transition. This representative can serve as a liaison between the employees and the management, ensuring that concerns are heard and addressed. Moreover, there should be a commitment to re-evaluate placement options for the affected employees if the situation improves or during future hiring phases. In conclusion, fostering a supportive and empathetic environment during layoffs in Nepal requires a multi-faceted approach. It includes transparent communication, preserving the dignity of employees, implementing assistance programmes, promoting skill development, involving employee representatives, and ensuring future placement possibilities. By incorporating these measures, businesses can navigate the challenges of layoffs with compassion and consideration for their workforce.

**Dharmadhir Acharya:** In the context of addressing the perspectives of staff during layoffs in Nepal, it is crucial for businesses to uphold a commitment to transparency, fairness and empathy throughout the process. During layoffs in Nepal, employees are entitled to specific terminal benefits, encompassing the encashment of accrued annual and sick leave to provide a financial cushion during the transitional period. Additionally, a crucial component involves layoff payments, calculated at the rate of one-month basic salary for each year of service, acknowledging the dedication and contributions of those

who have completed at least one year of employment. Furthermore, ensuring the payment of accumulated provident fund and gratuity (or Social Security Contribution Payment) recognises employees' long-term financial planning during their tenure, contributing to a more comprehensive and supportive approach to the layoff process.

Moreover, a noteworthy aspect is that retrenched employees are preferred if rehiring is required within two years of the layoff. This policy not only demonstrates a commitment to the well-being of the workforce but also helps in maintaining a positive employer-employee relationship. To effectively implement layoffs and foster a supportive environment, businesses must engage in clear communication with employees. This involves conveying the reasons and impacts of the financial crisis that necessitates the layoffs. The overall process should exude a sense of fairness, ensuring employees understand the rationale behind such decisions.

Transparency is key throughout the layoff process. Employees must be informed about the criteria and processes involved, allowing them to comprehend the situation and make informed decisions about their future. This transparency, in turn, contributes to building trust and goodwill among the remaining staff. Furthermore, businesses can extend their support beyond the mandatory benefits by actively assisting departing employees in finding alternative employment opportunities. This not only showcases a commitment to well-being of the workforce but also reinforces a sense of solidarity within the organisation.

In summary, addressing perspectives of staff during layoffs requires a comprehensive approach that encompasses legal entitlements, transparent communication, and ongoing support to facilitate a smooth transition

for both the departing and remaining employees.

**Sameer Ghorsane:** In addressing perspectives of the staff during layoffs in Nepal, fostering a supportive and empathetic environment is paramount and this involves a multifaceted approach. Firstly, communication stands out as a cornerstone. It's crucial to communicate openly and transparently with employees about the reasons behind the layoffs, the impact on the company and the considerations that led to this difficult decision. Transparent communication helps build trust and ensures employees understand the rationale behind the actions taken. Exploring alternatives to layoffs is another critical measure. It can include options like reassignment or relocation of employees to different roles or departments, or the implementation of reduced work hours. Additionally, extending outplacement support demonstrates a commitment to the well-being of the affected employees by providing assistance in finding new job opportunities or career paths. This not only helps individuals transition more smoothly but also contributes to maintaining positive relationships with the workforce.

Establishing channels for employees to provide feedback and express concerns is essential. Creating an environment where employees feel comfortable sharing their thoughts and concerns ensures that their voices are heard and considered. This feedback loop can provide valuable insights into the emotional state of the workforce and helps in tailoring support measures accordingly. Offering guidance and counselling is crucial to support individuals dealing with the emotional and financial challenges often accompanying layoffs. Providing resources such as career counselling, resume-strengthening programmes, skill development initiatives, and job-search assistance demonstrates a

genuine commitment to the professional well-being of the affected employees. These resources not only aid in the immediate aftermath of layoffs but also contribute to the long-term employability of individuals.

Implementing provisions for a hassle-free exit process is equally important. This involves ensuring that the exit process is conducted with sensitivity and efficiency. Prompt issuance of relieving letters and other necessary documentation helps easing the transition for the departing employees and contribute to a more positive and respectful conclusion to their tenure with the company.

In conclusion, considering and addressing the perspectives of staff during layoffs in Nepal requires a comprehensive and empathetic approach. This includes transparent communication, exploration of alternatives, outplacement support, channels for employee feedback, guidance and counseling, provision of resources, and a streamlined exit process. By incorporating these measures, businesses can navigate layoffs with a focus on empathy, support, and respect for individuals affected.

## What specific legal processes and compliance measures should companies prioritise when implementing layoffs in Nepal to ensure adherence to labour laws?

**Ashish Agrawal:** Ensuring that layoffs are conducted in compliance with the Labour Act of Nepal is of paramount importance to avoid legal complications and uphold adherence to labour laws. As someone deeply invested in the well-being of both employers and employees, I understand the significance of navigating

these processes with precision and fairness. One crucial aspect that companies should prioritise is providing advance notice, recognising that the notice period may vary depending on the specific circumstances and the nature of the employment. The Labour Act outlines guidelines for such notices, and adhering to these provisions is essential. This advance notice not only aligns with legal requirements but also allows employees adequate time to prepare for the impending changes.

Consultation with labour unions plays a pivotal role in the layoff process. Engaging in open and transparent discussions with the labour union regarding the entire process, the objectives behind the layoffs, and the anticipated duration is a legal requirement that fosters a collaborative approach. This consultation is not just a formality but a meaningful step toward building understanding and addressing concerns collectively. Maintaining fairness and non-discrimination throughout the layoff process is an ethical and legal imperative.

The Labour Act explicitly emphasises that the layoff process should be conducted without bias, ensuring that employees are treated equitably irrespective of their backgrounds or affiliations. This commitment to fairness not only aligns with legal obligations but also contributes to the overall integrity of the organisational practices.

Severance packages form a critical component of the legal compliance measures. Offering fair and appropriate severance packages is not just a legal requirement but also a demonstration of the organisation's commitment to supporting employees during challenging transitions. The Labour Act provides guidance on the calculation and provision of these packages, and meticulous adherence to these guidelines is essential.

In conclusion, the legal processes and compliance measures during layoffs in Nepal, guided by the Labour Act, necessitate a comprehensive and meticulous approach. It includes providing advance notice, engaging in meaningful consultation with labour unions, maintaining fairness and non-discrimination, and ensuring appropriate severance packages. By prioritising these measures, companies can navigate the complex legal landscape with integrity and adherence to the principles outlined in the labour laws of Nepal.

**Dharmadhir Acharya:** In navigating the legal intricacies of layoffs in Nepal, companies must adhere to Section 145 (1) of the Labour Act, which delineates the grounds for layoff. These grounds encompass financial hardship for the enterprise, a merger leading to additional employees, or the partial or complete closure of the enterprise due to other reasons. The layoff process commences with a mandatory notification. The employer is obligated to provide notice, at least 30 days prior to the layoff date, detailing the grounds, probable date and the likely number of employees affected. This notice is submitted to the Labour Office and the authorised trade union of the enterprise, or alternatively, to any active trade union or Labour Relation Committee (LRC) in the absence of an authorised trade union.

Following notification, consultation with the concerned trade union or LRC is imperative. Discussions should encompass alternatives to layoff and the grounds and conditions for selection of employees for layoff. The actual order of layoff must adhere to the hierarchy stipulated by the Labour Act. This hierarchy includes foreign nationals, employees with a history of misconduct, underperforming employees and those hired last in the same category of work. Layoff compensation is

a critical facet and employees are entitled to various payments upon termination due to layoff. This includes accrued Provident Fund, gratuity, accrued leave and a lump sum compensation amount at the rate of one-month basic salary for each year of service for employees who have completed at least one year of employment.

For service less than a year, compensation is proportionately paid. Looking ahead, Section 146 of the Labour Act addresses future contingencies. Retrenched employees must be given preference if the entity needs to hire within two years of layoff. The entity is obligated to issue a notice for hiring, and if retrenched employees do not respond despite the notice, the entity may proceed to hire other individuals. This framework aims to balance the interests of the company and the retrenched employees, ensuring a fair and transparent process throughout the layoff and potential rehiring phases.

### **Sameer Ghorsane:**

Navigating the legal landscape during layoffs in Nepal demands a meticulous and strategic approach to ensure compliance with labour laws and mitigate potential legal complications. First and foremost, it is imperative for companies to have a solid understanding of Nepal's labour laws and regulations related to layoffs. Seeking legal expertise to review and validate the layoff process is a prudent step, providing assurance that the company is in alignment with legal requirements and best practices. Adherence to the stipulated notice period and severance pay obligations is a non-negotiable aspect of the layoff process. It is crucial for companies to be well-versed in the specific legal requirements pertaining to these aspects and ensure full compliance. Moreover, adopting a compassionate approach involves extending severance benefits beyond the legal mandates. This not only emphasises the company's commitment to employee



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## SAMEER GHORSANE

Head - Business Intelligence and Growth, merojob.com



well-being but also reinforces an empathetic stance during challenging times.

Thorough documentation is key in navigating legal processes during layoffs. Companies should meticulously document the reasons for layoffs and the selection criteria applied. This documentation serves as a critical safeguard in the event of legal scrutiny, demonstrating that due process was followed and fair evaluations were conducted for

both employee retention and layoff decisions. Conveying information about an employee's layoff demands a delicate and counselling-oriented approach. Beyond legal requirements, extending the communication duration can be a thoughtful strategy. Allowing more time for discussions, questions or additional counselling sessions, if required, can contribute to a more compassionate and supportive environment.

This approach not only aligns with legal compliance but also underscores the company's commitment to treating employees with respect and dignity even in challenging circumstances. In essence, a strategic and legally compliant approach to layoffs in Nepal involves a comprehensive understanding of labour laws, legal validation of processes, adherence to notice periods and severance pay obligations, documentation of reasons

and selection criteria, and a compassionate communication strategy. By prioritising these legal processes and compliance measures, companies can navigate layoffs focusing on fairness, empathy and adherence to the regulatory framework.

## How can organisations effectively manage the outcome of layoffs in Nepal, preserving the company's culture and maintaining a positive employer brand to attract talent in the future?

### **Ashish Agrawal:**

Effectively managing the aftermath of layoffs in Nepal is a delicate process that requires a strategic and compassionate approach. From my perspective, it is crucial to recognise that employees serve as the organisation's ambassadors, and ensuring a positive aftermath is equally significant as facilitating a smooth exit process. First and foremost, valuing the contributions of each employee, irrespective of the scale, is a fundamental aspect. Recognition is a powerful tool, and acknowledging the efforts of departing employees in front of their teams can go a long way in preserving a positive organisational culture. This not only fosters a sense of appreciation but also communicates that every individual's work is valued and recognised. Maintaining open lines of communication during the exit process is vital. Leaders and management representatives should make themselves more available when exiting employees reach out to them. This accessibility contributes to a supportive environment, providing departing employees with the assurance that their concerns are heard and addressed. It also reflects a commitment to the well-being of the workforce, even during challenging transitions.

The role of management in facilitating referrals and recommendations is crucial for the faster placement of

exiting employees. Providing referrals can significantly impact the employability of these individuals, making their job search more effective. Along with helping departing employees, this proactive approach also contributes to maintain a positive employer brand. In the aftermath of layoffs, it is equally important to focus on the morale and motivation of the existing and retained employees. Job insecurity can create a sense of unease, potentially leading to decreased productivity and morale. As a response, motivating and encouraging the retained workforce becomes paramount. This can be achieved through various means such as team-building activities, recognition programmes and open communication about the organisation's future plans.

Moreover, ensuring that leadership remains visible and engaged during this period is essential. Leaders should actively communicate with the remaining workforce, addressing concerns, providing updates on the company's trajectory, and emphasising a collective commitment to moving forward. Transparent communication helps build trust and confidence, mitigating any uncertainty that may arise post-layoffs. In conclusion, managing the aftermath of layoffs in Nepal involves a holistic and people-centric approach. By valuing contributions, maintaining open communication, providing referrals, and focusing on the morale of the retained workforce, organisations can preserve their company culture and maintain a positive employer brand. These efforts not only contribute to the well-being of departing employees but also position the organisation attractively for future talent acquisition.

### **Dharmadhir Acharya:**

Effectively managing the outcome of layoffs in Nepal requires a conscientious approach to preserve the company's culture and uphold

a positive employer brand that can continue to attract talent in the future. Firstly, it's crucial for the employer to exercise mindfulness in determining the grounds and appropriateness of the layoff decision. This involves meticulous adherence to laid-out procedures and having compelling reasons for the mitigation measures undertaken. Transparent communication stands out as a cornerstone in navigating the aftermath. The organisation should communicate openly and honestly with the remaining workforce about the reasons behind the layoffs, the impact on the company and the measures taken to stabilise the situation. This transparency not only fosters trust but also helps in maintaining a sense of unity among the retained employees.

Support for departing employees is equally vital. Providing resources and assistance, such as outplacement services, can help departing employees in their transition to new opportunities. This not only reflects a commitment to the well-being of the workforce but also contributes to a positive employer brand, showcasing the organisation's ethical and caring approach. Emphasising retained talent becomes imperative in the post-layoff scenario. Acknowledging and appreciating the contributions of remaining employees helps boost the morale and reaffirms their value to the organisation. This positive reinforcement contributes to preserving the company's culture and ensuring a sense of continuity amid changes.

Introducing employee assistance programmes (EAPs) is another proactive step. EAPs can offer counselling services, mental health support and other resources to help employees cope with the emotional impact of layoffs. Fostering a supportive environment contributes to maintaining the well-being of the workforce, even in challenging times. Training and development

opportunities for the retained employees play a dual role. Not only do they enhance the skills and capabilities of the existing workforce, ensuring the organisation remains competitive, but they also send a positive message about the company's commitment to investing in its people, even during challenging periods. Lastly, reevaluating workload distribution is essential to prevent burnout among the remaining staff. Redistributing responsibilities and ensuring a balanced workload helps in maintaining productivity and preventing resentment among employees.

### **Sameer Ghorsane:**

Effectively managing the impact of layoffs in Nepal requires a nuanced approach that prioritises the well-being of the remaining employees, preserves the company's culture, and maintains a positive employer brand for future talent attraction. The first crucial step is to thoroughly assess the impact of layoffs on morale and the overall company culture. This involves understanding how the workforce perceives the changes and identifying potential areas of concern or discontent. To support the remaining employees, providing resources and assistance becomes paramount. It can include counselling services, mentorship programmes, and avenues for professional development. By demonstrating a commitment to the well-being and growth of the retained staff, the organisation reinforces its dedication to creating a supportive and positive workplace environment.

Leveraging the expertise of human resource consulting organisations, such as merojob.com, can be instrumental in navigating the post-layoff landscape. These services can assist in reforming company culture and values, aligning them with the goals of creating a positive employer brand. Professional development and training opportunities can be integrated to enhance

the skills of the existing workforce, contributing to both individual and organisational growth. Adopting a strategic hiring approach is also key. Ensuring the right talent is placed in the right roles at the right time involves a 'hire slow and fire fast' philosophy. This emphasises a careful and thorough hiring process to ensure a cultural fit for the company, coupled with a prompt response if an employee is not meeting expectations. This approach not only contributes to a positive employer brand but also ensures that the organisation remains agile in its workforce management.

Supporting career growth through individual development plans is a proactive measure. By collaborating with employees to identify and plan their professional development goals, organisations foster a culture of continuous learning and improvement. This not only enhances employee satisfaction but also contributes to the overall positive image of the company. Actively seeking employee feedback is an essential practice. This involves creating channels for employees to voice their opinions, concerns and suggestions. Employee feedback becomes a valuable tool for identifying areas of improvement, allowing the organisation to address concern promptly and tailor its strategies for a more positive and engaged workforce. Simplifying and streamlining key result areas and key performance indicators is a final but crucial step. This process is integral to cultural transformations, ensuring a more efficient and focused approach towards organisational goals and objectives.

By clarifying expectations and aligning individual and team objectives with the broader organisational vision, the company can foster a sense of purpose and direction among its workforce.

## What innovative steps can be taken to manage situations where companies are unable to distribute salaries to employees?

**Ashish Agrawal:** In situations where companies find themselves unable to distribute salaries in Nepal, I believe the key lies in open and transparent communication. One common mistake I have observed in management is attempting to conceal bad news. However, in my view, disappointment is far more preferable than disagreements. Employees are not only integral parts of the organisation but are also active contributors to the economy and industry. They are well aware of the prevailing conditions in their sector and if the industry is facing challenges, they will likely understand. It's crucial to be honest about the company's performance and the broader industry landscape. Recognising that employees have households to support is essential for empathetic management. During tough times, leaders should not shy away or hide from their employees. Transparent communication, even when the news is not positive, instills hope in the workforce, assuring them that the leadership is committed to navigating the challenges and ensuring the sustainability of the business.

Implementing partial salary payments is an innovative step that can help alleviate some of the financial burden on employees. This demonstrates a commitment to supporting the staff even when full salaries may not be feasible at the moment. Additionally, providing advances for medical emergencies, educational fees, or rent is a considerate measure that addresses immediate financial needs and fosters a sense of support. To manage cash flows effectively,

a strategic approach involves planning level or grade-wise payments. Starting with the bottom of the organisational pyramid and progressing in five-day intervals can help distribute financial resources more evenly. This approach acknowledges the financial hierarchy within the organisation while ensuring that employees at all levels receive timely and meaningful support.

Importantly, conveying to employees the importance of investing in running the business during challenging times is a crucial part of communication strategy. It aligns expectations and helps employees understand that the organisation is making strategic decisions to secure its future. This can instill a sense of shared responsibility among the workforce. In conclusion, managing situations where companies are unable to distribute salaries in Nepal requires a combination of open communication, financial support measures and strategic planning. By adopting these innovative steps, organisations will not only navigate challenging times more effectively but also foster a sense of trust and collaboration with their employees.

**Dharmadhir Acharya:** In situations where companies in Nepal find themselves unable to distribute salaries, it becomes imperative for employers to explore innovative measures to address the financial challenges while maintaining the well-being and motivation of their workforce. One innovative step involves the implementation of flexible compensation structures. This approach allows employees to have a say in their remuneration by providing them with options such as choosing between a traditional salary, additional time off, or alternative benefits. This flexibility not only considers the financial constraints faced by the company but also empowers employees to tailor their compensation to better suit their individual needs.

Another noteworthy strategy is profit-sharing, wherein employees receive a percentage of the company's profits during profitable periods.

This not only fosters a sense of shared success but also provides a financial incentive for employees to actively contribute to the company's growth and success. Profit-sharing arrangements can contribute to employee morale and motivation, even in challenging financial circumstances. Employee stock ownership plans (ESOPs) represent a creative avenue to address salary distribution challenges. By offering employees ownership stakes in the company, either directly or through stock options, companies can align the interests of employees with the long-term success of the organisation. ESOPs not only serve as a form of compensation but also instill a sense of ownership and commitment among employees, fostering a collaborative and mutually beneficial relationship. Furthermore, introduction of voluntary resignation schemes can also be considered.

This approach allows employees to choose to resign voluntarily in exchange for an offer made by the company. While this may be a difficult decision for employees, it can provide them with a more controlled exit strategy, potentially including severance packages or other benefits. In summary, when faced with challenges in salary distribution, innovative steps can include flexible compensation structures, profit-sharing arrangements, the implementation of employee stock ownership plans, and the introduction of voluntary resignation schemes. These measures not only address immediate financial constraints but also contribute to building a resilient and motivated workforce that remains engaged even in the face of economic uncertainties.

**Sameer Ghorsane:** When faced with the challenging situation of being unable to distribute salaries to employees, it's crucial to adopt innovative and compassionate measures to navigate the complexities and ensure the well-being of the workforce. Firstly, transparent communication becomes the cornerstone of this process. In accordance with labour laws, the company should openly communicate its financial challenges to employees, providing clear information about the situation, adherence to notice periods, severance pay and other relevant regulations. This not only fosters trust but also ensures compliance with legal obligations. Exploring the possibility of temporary salary reduction or deferred payment options is a strategic step. Initiating transparent

conversations to formalise agreements related to payments or compensation allows for a collaborative approach. During these discussions, exploring various possibilities such as partial payments or the postponement of remuneration can provide a degree of flexibility to both the company and its employees.

Considering alternative compensation methods like equity or profit-sharing is an innovative approach. While it may not directly address the immediate salary distribution issue, it aligns the interests of employees with the company's long-term success. This can be particularly relevant if traditional salary structures pose significant challenges during financially constrained periods. Providing resources on financial management

and counselling services is a proactive measure to help employees navigate the challenges of unpaid salaries. It can include offering guidance on budgeting, financial planning and accessing external resources for additional support. By providing these resources, the company demonstrates a commitment to the well-being of its employees beyond the immediate salary concerns.

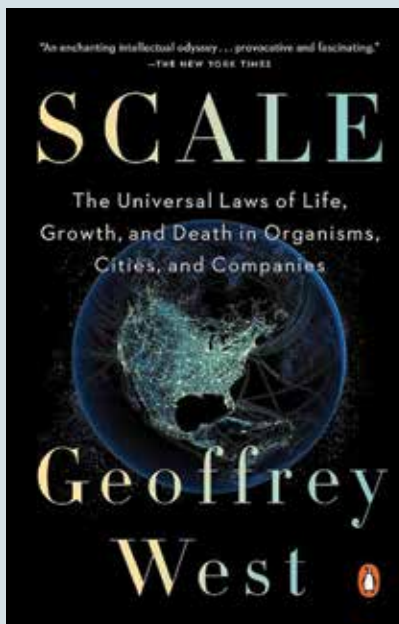
Consulting legal and financial experts is crucial in formulating a viable solution. Engaging professionals well-versed in labour laws and financial management ensures that the proposed measures align with legal requirements and are financially sustainable for the company. This comprehensive approach not only mitigates legal risks but also contributes to the

development of a robust and ethical solution. In conclusion, managing situations where companies are unable to distribute salaries in Nepal requires a combination of transparent communication, innovative compensation approaches, and proactive support measures. By adopting these strategies, companies can navigate challenges while prioritising the welfare of their employees and maintaining a foundation of trust and collaboration. **B**

## BOOKS OF THE MONTH

### Scale: The Universal Laws of Life, Growth, and Death in Organisms, Cities, and Companies

Author: Geoffrey West



Visionary physicist Geoffrey West is a pioneer in the field of complexity science, the science of emergent systems and networks. The term “complexity” can be misleading, however, because what makes West’s discoveries so beautiful is that he has found an underlying simplicity that unites the seemingly complex and diverse phenomena of living systems, including our bodies, our cities and our businesses.

Fascinated by aging and mortality, West applied the rigor of a physicist to the biological question of why we live as long as we do and no longer. The result was astonishing, and changed science: West found that despite the riotous diversity in mammals, they are all, to a large degree, scaled versions of each other. If you know the size of a mammal, you can use scaling laws to learn everything from how much food it eats per day, what its heart-rate is, how long it will take to mature, its lifespan, and so on. Furthermore, the efficiency of the mammal’s circulatory systems scales up precisely based on weight: if you compare a mouse, a human and an elephant on a logarithmic graph, you find with every doubling of average weight, a species gets 25% more efficient—and lives 25% longer. Fundamentally, he has proven, the issue has to do with the fractal geometry of the networks that supply energy and remove waste from the organism’s body.

West’s work has been game-changing for biologists, but then he made the even bolder move of exploring his work’s applicability. Cities, too, are constellations of networks and laws of scalability relate with eerie precision to them.

Recently, West has applied his revolutionary work to the business world. This investigation has led to powerful insights into why some companies thrive while others fail. The implications of these discoveries are far-reaching, and are just beginning to be explored. Scale is a thrilling scientific adventure story about the elemental natural laws that bind us together in simple but profound ways. Through the brilliant mind of Geoffrey West, we can envision how cities, companies and biological life alike are dancing to the same simple, powerful tune.

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# NEW YEAR SILVER BULLET

HOW NEPAL CAN CREATE A NEW FUTURE VIA EDUCATION AND IT



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

As we herald in the New Year, we declare personal and professional resolutions for the coming months. But resolutions are easier said than done. No wonder we end up repenting what we have decided so solemnly over the years.

Apparently, governments, politicians, law makers, bureaucrats, administrators also work out objectives for the country's socio-economic progress. Like us, the biggies too often fail to achieve their highly publicised goals.

Is it because resolution-making has become a ritual for the commoner and a tool of deceit for the powers that be? Or is it because we pay little attention to applicability, efficacy and viability of commitments?

We have seen this happening in Nepal and numerous other countries which lack financial and intellectual capital. Yet, we remain fascinated with capital-intensive infrastructure projects for which funds and expertise are sought from

external agencies. We continue to be rated as a lower-income country by the World Bank despite some progressive measures during the last few years. In fact, the country could have done better had it not been plagued by debilitating political instability ever since it embraced democracy in 2008 after a bloody civil war. The last 16 years are infamous for political squabbling and deception rather than good governance.

In fact, Nepal's miserable economy has remained afloat because of remittances from over four million Nepali youth engaged in low-level, semi-skilled, menial and hazardous jobs primarily in West Asian countries. This inflow accounts for over 30% of Nepal's gross domestic product. There is

no authentic data on earnings of large portions of Nepali citizens working in open-border neighbour India. The absence of a considerable number of able-bodied males has compelled Nepal to switch to a net importer for agricultural products and other food items since the 1990s. With such a bleak backdrop, surveys predict that low-income Nepal may become a lower middle-income country by 2030, with ifs and buts continuing to dog the progress.

So, why don't we abandon the routine path and opt for education, training and skill-development in a big way for Nepal's deliverance.

In a well-researched piece in Brokenchalk.org, Ximeng Zhang aptly states: "...To achieve its aim of achieving



Though it is not a silver bullet for all challenges Nepal faces, top priority to quality education can serve as the fastest and most economical change agent. The massive advantage is the country's small population of around 30 million, unlike most of its neighbours.





middle-income status by 2030, education is of paramount importance. According to data collected by the World Bank, Nepal has come a long way to raise its adult literacy rate from 21% in 1981 to 71% in 2021 and its youth literacy rate from 30% in 1981 to 94% in 2021. However, despite the promising increase, educational challenges persist in Nepal, hindering its national progress in providing accessible and quality education to its citizens... Such barriers and challenges include deep-rooted discrimination based on gender and caste, insufficient accommodation for people with different mother tongues, poverty-related difficulties, low quality of education, a lack of basic infrastructure for girls and children with disabilities in school, as well as a lack of a school monitoring and accountability system." But the literacy rate has risen to 73% by 2023.

Though it is not a silver bullet for all challenges Nepal faces, top priority to quality education can serve as the fastest and most economical change agent. The massive advantage is the country's small population of around 30 million, unlike most of its neighbours.

As per Nepal's education challenges, Nobel laureate Abhijit Banerjee's extensive research in development economics provides valuable insights. Banerjee emphasises that addressing the root causes of educational disparities is essential for sustainable progress. Nepal's diverse topography, economic variations and cultural intricacies necessitate a nuanced approach. A World Bank report underscores the need for targeted interventions in teacher training, infrastructure development and curriculum innovation in sync with the requirement of current job market and entrepreneurship.

Learning from the experiences of countries that have successfully navigated similar challenges is crucial. Bangladesh's strides in female education, for instance, offer practical insights. South Korea's educational reform stands out as an exemplary model. It successfully prioritised teacher development, curricula revamp to foster critical thinking, and embracing technology in classrooms. Finland's education system, renowned for its excellence, places emphasis on equality and student well-being. The holistic approach went beyond mere academic achievements.

Positioning Nepal as a destination for IT and technology outsourcing through labour arbitrage can be a game-changer. The nation can attract foreign investments, creating a sustainable economic ecosystem by leveraging skilled workforce. Countries like Singapore and Luxembourg have shown that small size economies are no deterrent to global recognition. However, the nations can be a catalyst for innovation and economic growth.

Estonia, with a population of only 1.3 million, strategically invested in digital education, transforming itself into a hub for tech innovation. Blessed with an untapped potential, Nepal can become an island of expertise through skill development, leading to reduced dependence on remittances and a surge in international prestige.

With its breath-taking landscapes and warm hospitality, Nepal can also emerge as a preferred destination for mountaineering and hospitality training. Highlighting sustainable tourism, Bhutan exemplifies how a small, landlocked nation can turn its natural assets into a source of economic strength. New Year Resolution: Let IT-propelled education drive Nepal to unattained heights. **B**

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# “WHEN FOREIGN INVESTMENTS BECOME POLITICAL ISSUES THEN NOBODY WILL COME TO INVEST”

Axiata Group Berhad which had a controlling share in Ncell through Reynolds Holdings, a holding company registered in Saint Kitts and Nevis, offloaded its share from the holding company recently. This is the second time that the parent company has sold 100% stake in the holding company – first in 2016 by TeliaSonera to Malaysian Axiata Group Berhad, and the second time, in 2023, to the UK-based Spectrolite UK Ltd.

Following the offshore transaction of a holding company that has 80% stake in Ncell, there has been a furor in the government and among the public with several opposing views questioning the process, the legalities and what could be the message to foreign investors. Against this backdrop, the government has formed a panel to study the recent transactions and possibilities of tax evasion.

**Business 360** caught up with Gandhi Pandit, Founding Partner of Gandhi and Associates, to learn from a legal point of view what this transaction means and what are the possible implications for Nepal in the FDI context. Excerpts:

**Axiata Group Berhad recently offloaded its stake from Reynolds Holdings, which has 80% shares in Ncell. What could be the major impacts of this deal?**

This deal has brought about some confusion in Nepal which has been caused by widespread misinformation and disinformation. People were mindful of transactions made between TeliaSonera

and Axiata Group Berhad in 2016. Back in 2016, the Swedish telecommunication multinational, TeliaSonera, had sold its 100% stake of Reynolds Holdings – a holding company registered in Saint Kitts and Nevis (a tax haven in the Caribbean Islands) that held 80% shares in Ncell. At the time, Reynolds Holdings was sold at \$1.365 billion (Rs 143 billion) and the intention of offshore transaction was to evade capital gains tax (CGT). In the recent deal, Axiata Group Berhad has sold cent percent stake of Reynolds Holdings at \$500 million (Rs 6.65 billion) to Spectrolite UK Ltd, which shows there is no capital gain for the seller. In this context, the implicit intention of offloading the share of Reynolds Holdings is not concerned with the issue of evading tax. I do foresee that the intention of this deal could be to prevent the government from taking ownership of Ncell (including infrastructure) after six years after the expiry of the licence period.

**As per the deal, Ncell is now owned by Spectrolite UK Ltd – owner of Reynolds Holdings and Sunivera Capital Ventures; what does this deal mean for Ncell?**

We should understand the shareholding structure of Ncell first. Ncell is a Nepali telecommunication company, the controlling 80% of its stake is owned by Reynolds Holdings. The foreign investor company or parent company initially established a holding company – Reynolds Holdings – in Saint Kitts and Nevis that purchased 80% stake of Ncell instead of directly investing in Ncell

through a parent company. Reynolds Holdings has not sold its shares from Ncell, however, the holding company itself is reportedly sold to another owner, Spectrolite UK Ltd. Another 20% stake of Ncell is taken by Sunivera Capital Ventures, a company registered in Nepal. In this aspect, there is no change in the ownership structure of Ncell inside Nepal. If Reynolds Holdings has to sell/offload its share from Ncell, it must take permission from Nepal Telecommunications Authority (NTA) – the telecommunication sector regulator, Department of Industry and the Office of the Company Registrar. However, it doesn't require to comply with Nepali law for the share transaction of the holding company. They are complying with the law of Saint Kitts and Nevis. The sale of the shell company – Reynolds Holdings – means the controlling authority has been transferred to Spectrolite UK Ltd. Further, in the transaction of shares of Reynolds Holdings, the purchaser, Spectrolite UK Ltd, has said that it has taken responsibility for settling any of the liability including taxes. This is why there is no issue with Ncell itself.

**If they don't have to comply with Nepali laws in the offshore transaction of a holding company, then how did the Government of Nepal recover capital gains tax from the holding company's share transaction in 2016?**

In some areas Nepali laws have extended jurisdiction, for example in capital gains tax (CGT). Even though the

transaction was made outside the country it impacted/affected the value of Ncell. That is why, even though transaction took place outside the country, CGT had to be paid in Nepal. And that is not an issue today because both the seller and buyer have agreed that CGT will be taken care of by the buyer.

**Then why has the government formed a panel to ascertain if there are any tax evasion issues?**

The panel will not come up with anything new. They might look into whether shares of Ncell have been sold or not. In this respect, the statement issued by the Office of the Company Registrar states that no transactions have taken place in their record. So, what investigation is the panel going to do? Regarding CGT, if you are selling the property or share below the previous purchase price, you don't have to pay CGT. In my understanding, the licence period of Ncell is only six years.

In the next six years, the purchasing company can't make \$1.365 billion as there has been a slump in the business of telecom companies due to massive use of VoIP applications like Messenger, Viber and WhatsApp, among others, and this tempted the owner, Axiata Group Berhad, to sell its stake in Reynolds Holdings, which has 80% shares in Ncell, at a substantively lower rate.

**Why do parent companies not invest in Nepal?**

There are some weaknesses in our laws. Foreign Investment

There are some weaknesses in our laws. Foreign Investment and Technology Transfer Act, Article 20 allows any foreign company to make investments in Nepal provided that they get approval from the Department of Industry. FITTA doesn't make any distinction between offshore company and parent company. Parent companies are the real investors who inject capital and technology. The weaknesses in the law provides room for the parent companies to invest through holding companies established in tax havens like Reynolds Holdings to invest in Ncell. Investors from the USA, UK and European countries normally do not invest in developing and underdeveloped countries directly. They normally establish shell companies in tax havens



**Gandhi Pandit**  
Founding Partner, Gandhi and Associates

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companies established in tax havens like Reynolds Holdings to invest in Ncell. Investors from the USA, UK and European countries normally do not invest in developing and underdeveloped countries directly. They normally establish shell companies in tax havens like the Bahamas, Saint Kitts and Nevis, and Panama, among others and invest in different countries through the offshore company. It is because

the laws are very liberal in those tax havens.

Parent companies in the developed countries are highly regulated in their own countries and they have to follow strict compliances. If the parent companies directly go to developing countries for investment, a lot of liabilities arise if something goes wrong there. The liability might be unlimited in many ways like breaching environmental laws

of any kind. In order to avoid that kind of situation and minimise risks they establish shell companies.

**The parliamentary committees namely, Public Accounts Committee and Finance Committee, were not informed by the parent company regarding the purchase of the holding company. What are your observations on it?**

They might have been dragged into it due to the

difficulty faced by Nepal to recover CGT from previous transactions. Second, if any telecommunication service provider holding a licence is a foreign investor and its holding ratio of share is 51% and above at the time of expiry of licence then the property of that service provider will automatically come under the ownership of the government of Nepal after expiry of the licence.

If Reynolds Holdings holds the existing 81% share for next six years (licence expiry period), the government of Nepal will take over the property of Ncell. And if Reynolds Holdings offloads its majority/controlling share to a Nepali company before the expiry of the licence then the government cannot take over the property of Ncell. Parliamentary committees have been looking into these two issues on whether Reynolds Holdings offloaded the share and evaded tax.

**What if the parliament passes a new law to prevent the transfer of share to Nepali companies at the time of licence expiry?**

If the parliament brings in the new law, that can be enforced only for transactions made after the enforcement of the law. We cannot judge on the basis of retrospective laws. Likewise, FITTA has a provision that the country will not introduce any law that will affect foreign investments. The law has provisions of non-discrimination between domestic and foreign investment and non-nationalisation of investment. If the parliament brings such a law, it will dampen the investment climate. We are promoting foreign investment, so we cannot be offensive towards foreign investors investing in the country.

**Axiata Group Berhad while exiting from Reynolds Holdings, which holds 80% stake in Ncell, blamed the deteriorating investment climate in Nepal due to political**

**instability and slowdown in economy. Do you think the comments are valid?**

These are false allegations. The company has made a huge profit in Nepal. I strongly feel that the government should condemn this statement. They were happy with the profit generated in Nepal, but when it comes to taxes and offloading their investment, they cannot blame the country in such a way. I am not saying that we are perfect in terms of creating conducive investment climate; we have issues to deal with but these are our internal issues. A foreign investor exiting from Nepal cannot make such harsh remarks. This is against their ethics.

**Is it unusual to see politicians, parliamentarians and campaigners (of political patronage) interfering with the share transaction issue of Reynolds Holdings?**

Instead of the government dealing with this issue legally, different actors are trying to deal with this issue politically. There is already an authority to deal with the issue. Even Nepal Telecommunications Authority is trying to find out what actually happened; the issue was already discussed in the domain of the parliamentary panel. The parliament has the right to investigate but without waiting for how the authorities are dealing with it, the parliamentary panels are proactively meddling in the issue. The parliamentary panels may not have any ill intention, but, prima facie, it spreads the message that Nepal is dealing with foreign investment politically. As a constitutional body, the parliament should watch and investigate issues cautiously. They cannot act like politically motivated/persuaded entities.

Nepal's parliament cannot bar parent companies from offloading their share from holding companies. If we are pursuing foreign investment, we should not deal with them politically or through other means. We should deal according to the law and by

the concerned authorities. We should strengthen and make our institutions effective and efficient for it. When foreign investments become political issues then nobody will come to invest.

**Though Spectrolite UK Ltd – which owns 100% stake of Reynolds Holdings that holds 80% stake of Ncell – and its Nepali partner Sunivera Capital Venture, which owns 20% stake, are separate legal entities, they belong to members of the same family. In this regard, can we say that Satish Lal Acharya and family are the owners of Ncell?**

Prima facie people may explain it that way. After purchasing Reynolds Holdings, Satish Lal Acharya, owner of Spectrolite UK Ltd, holds 80% share in Ncell and his wife Bhavana Singh Shrestha, who owns Sunivera Capital Venture, holds the remaining 20% stake. Even though they are members of the same family, from the legal perspective, the companies they run are separate legal entities. Spectrolite UK Ltd does not hold Ncell's share directly.

**Do you think it would be easy for Spectrolite UK Ltd to sell a majority stake of the holding company to Nepali nationals/companies?**

In my understanding, they might offload shares of the holding company to Nepali companies to prevent the government from taking Ncell's property after the expiry of their licence as per the existing legal provision.

**The government is hosting the Nepal Investment Summit this year and has announced it will amend laws and regulations, and ease the procedures for foreign investment. What are your suggestions to the government to take into consideration during the summit in the wake of Axiata Group Berhad's allegations?**

First, the government should be clear on why it is hosting the summit. Will the government be able to confidently answer all the

questions raised by potential foreign investors; this will be the benchmark for Nepal on whether it will be able to pursue foreign investment or not.

There are rumours outside Nepal that making investment in Nepal is easy, but the exit policy is very difficult. The obstacle in profit repatriation of foreign investment companies should be eased out. Further, large scale investments are not coming, even if they want to come, as the environment is not conducive for that.

We are not following the project financing law that allows non-recourse financing. In non-recourse financing, if the company makes a profit, they will pay the lender and if the company goes away from the business, the lender can't go to their shareholders to recover the money. In big projects, if you make shareholders liable then nobody will invest. That is why we should introduce the sophisticated project financing law.

Further, we have some weaknesses in FITTA that recognise foreign investment as equity investment and not debt. Debt can be brought but they don't get equal protection like equity holders enjoy. In order to develop bigger projects, there must be a reasonable debt-equity ratio. If you are not providing protection to the lender then why will they come? Neighbouring India and China have sophisticated project financing laws in place. Along with project financing law, the government should also pay attention to country rating (sovereign credit rating), and amending tax and labour laws to pursue foreign investment. In addition, the issues of hedging and viability gap funding (VGF) being raised by private investors for a long time should be duly addressed by the government.

Nepal is a proper country to make investments in various areas but we have to make our legal regime more prudent in this regard to pursue more foreign investment. **B**

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**Asish Thakur**  
Chairman and Executive Director, Glocal

# “TRADITIONAL APPROACHES ENTRENCHED IN RULES AND REGULATIONS POSE A SIGNIFICANT CHALLENGE. THE RIGIDITY OF THESE APPROACHES INHIBITS INNOVATION AND ADAPTABILITY, ESSENTIAL ELEMENTS FOR STAYING RELEVANT IN THE RAPIDLY EVOLVING GLOBAL LANDSCAPE. THERE IS A PRESSING NEED FOR A MORE FLEXIBLE AND DYNAMIC EDUCATIONAL SYSTEM THAT CAN RESPOND EFFECTIVELY TO THE EVOLVING NEEDS OF STUDENTS AND INDUSTRIES. FURTHERMORE, THE ABSENCE OF A PROPER MAPPING AND NEEDS ASSESSMENT FOR HUMAN RESOURCES IN NEPAL EXACERBATES THE CHALLENGES”

Asish Thakur is a dynamic young individual driven by the vision to bridge the gap between education and employability. He founded Glocal, a pioneering organisation that offers a comprehensive array of trainings, engagement and empowerment programmes including the transformative initiative, Glocal Teen Hero, a platform dedicated to appreciating and recognising the commendable achievements of teenagers. Notably, this initiative expanded beyond Nepal, marking the first franchising programme of its kind in the region.

Thakur has also served as the immediate past advisor to the Chief Minister of Bagmati Province, played a pivotal role as the National Convener of the Nepal Britain Chamber of Commerce and Industry - Youth Chapter, and is a Forbes Fellow recognised by Forbes Media in 2018. He has participated in prestigious programmes such as the Study of the US Institutes (SUSI) and the Global Entrepreneurship Summer School in Munich, where he was invited by the State Department of the United States and the Strascheg Centre of Entrepreneurship, respectively. His commitment to youth development is further exemplified through his involvement in the Next Gen

Democracy Leaders Network programme, where he was invited by the Government of India.

A fervent believer in the power of collaboration, Thakur continues to be a driving force in the realm of education, entrepreneurship and youth empowerment. In this edition of **Business 360**, we speak to him about the education system and the progress and pitfalls of investing in the education business. Excerpts:

**What, in your view, are the most pressing challenges facing the current education system in Nepal, and how do these challenges impact the overall development of the nation?**

The current education system in Nepal is confronted with a myriad of challenges that significantly impact the overall development of our nation. One of the most prominent issues is the lack of globalisation in the education context. This deficiency hampers our ability to integrate with the global education landscape, hindering the exposure and adaptability of Nepali students to international standards and advancements.

A critical concern is the mismatch between the skills imparted through our education system and the actual requirements of the job market. This discrepancy renders

many graduates unproductive for employment, contributing to a cycle of unemployment and underemployment.

The disconnect between educational curricula and the dynamic demands of industries underscores the urgency for a comprehensive revamp of our educational framework.

Traditional approaches entrenched in rules and regulations also pose a significant challenge. The rigidity of these approaches inhibits innovation and adaptability, essential elements for staying relevant in the rapidly evolving global landscape. There is a pressing need for a more flexible and dynamic educational system that can respond effectively to the evolving needs of students and industries. Furthermore, the absence of a proper mapping and needs assessment for human resources in Nepal exacerbates the challenges. Without a clear understanding of the skills required by the job market, educational institutions struggle to tailor their programmes to meet the demands of the workforce. This misalignment perpetuates the gap between education and employment, leaving many graduates ill-equipped for the professional world.

Distrust among stakeholders, including educational institutions

and the government, adds another layer of complexity. A lack of collaboration and communication among these entities impedes progress and reform in the education sector. Bridging this trust deficit is crucial for fostering a cooperative environment that can effectively address the pressing issues faced by the education system. A glaring consequence of these challenges is the diminishing faith among students in the opportunities available within the country. Many students opt to leave Nepal in pursuit of better educational and employment prospects abroad, leading to brain drain that deprives the nation of its talented individuals. The lack of connectivity between education and job opportunities within the country further exacerbates this issue, resulting in a slow hiring process for industries, decreased productivity, and, in the long run, economic imbalances due to talent disparities.

The multifaceted challenges facing the education system in Nepal demand a comprehensive and collaborative approach for reform. Addressing issues such as globalisation, skills mismatch, adherence to traditional approaches, needs assessment, and stakeholder distrust is imperative for creating an education system

that not only meets the aspirations of students but also contributes to the overall development and prosperity of the nation.

**Do you think Nepal truly has the potential to become an education hub for the region considering young Nepalis are constantly going abroad for quality education? Is this a dream being sold by politicians or a truth that has been shackled by lack of commitment and initiative by the government?**

It is certainly possible, and there seems to be lack of commitment, rather efforts towards it. We have a good climate, better security, good lifestyle for young people in Nepal and we could surely utilize it by adding more value toward quality of education and quality of living standards for the students from the region to Nepal.

People from every country travel to other countries in quest of job, education, life and so on, it's normal. As increasing number of students of Nepal are going out, we should focus more on how to retain them here with better quality of education and life. This will also surely help in getting students from abroad. But the main thing is that all the stakeholders need to work effortfully and tirelessly towards building the education ecosystem in Nepal.

**What are the pros and cons of being in the education business?**

Everyone is kept in the same basket, there are good doers and bad doers in every industry and we all should learn that education is an industry too, until and unless we don't practice education as a sector of business or industry, it will not flourish well. Earning profits while providing quality education should not be viewed badly.

We have been running one of the first Technical and Vocational Educational Training (TVET) College in Nepal and we are not allowed to charge anything more than a fixed amount, an amount that was fixed nine years ago,

however, the operating cost including salaries in this time have increased manifolds but as per the rule, we cannot charge anything more than what was decided nine years ago.

Like any other business, education also has operating costs and other expenses, moreover, the income tax is the same as other businesses. So, it needs to be consciously looked into. Educational institutions can only become more competitive and provide better quality and innovative education when they operate in a system that is fair and free.

**How easy or difficult is it to attract FDI in education?**

It's not impossible but it lacks vision from the regulators and the effort. Nepal officially offers 100% FDI in education, but when it comes to implementation, the process from FDI approval to licences are all so difficult that most investors lose interest.

For instance, IIT Madras came to Nepal and wanted to open their international campus and it hasn't worked out yet. They came to Nepal as their first choice two years back, they have in this time already opened their campus in Zanzibar which is now operational.

So, investors are there but the process is far from smooth.

**There are many controversies and challenges that often make headlines such as nursing colleges offering fake degrees, a cap being set on fees to be charged by schools, and so on. What is this owed to?**

Lack of credibility and transparency. We must also note here that as a society we tend to report and talk about controversies without in-depth investigation. For instance, in any village, a community medical assistant popularly known as CMA and Auxiliary Nursing Midwives popularly known as ANM used to be trained for these roles within 18 months at a cost of approximately Rs two lakhs. They would easily get employed. However, with

the rise in controversies, this has come to a full stop. And now, there is already a shortage of nurses in the country. It has also been made mandatory that all the nursing colleges operating in the country must have their own 100-bed hospital. This is a huge cost where the return on investment isn't there. However, if nursing colleges could tie up with existing hospitals, it could still create the human resources required. We need rationale thinking, we need policy makers who understand the needs and can assess the economic impact of their decisions.

**What specific initiatives or policies do you believe are essential for improvement in the education system?**

The role of the government is pivotal when it comes to shaping and developing the education sector. It serves as the lynchpin for implementing policies that not only keep us abreast of global educational standards but also address the diverse needs of our society. One of the key responsibilities of the government is to ensure that our education system remains on par with or, ideally, ahead of the globalised educational landscape. A critical aspect of government involvement is the formulation of policies that seamlessly integrate technical education, academic education, skills development and human resources planning in Nepal. These policies should be cohesive, addressing the multifaceted requirements of our society and economy. A holistic approach that encompasses diverse educational streams is essential to produce a workforce that is not only academically proficient but also equipped with the practical skills demanded by industries.

To foster a more dynamic and globally competitive education system, the government should actively encourage the participation of expertise from varied sectors and the global

community. Providing space for experts to contribute to educational development ensures a well-rounded and contemporary approach that reflects the evolving needs of the job market and society at large. Being open to change and increasing adaptability is paramount for the government's role in shaping the education sector. The rapidly evolving global landscape demands flexibility in our educational frameworks. This adaptability is crucial to incorporate innovations, technological advancements, and best practices from around the world, keeping our education system relevant and effective.

While the government should focus on policy-making and the development of education frameworks, it is equally important to strike a balance with implementation. A robust monitoring system can ensure that policies are effectively executed, but there should also be a recognition of the value that the private sector brings to the table. Allowing the private sector to play a significant role in the development of educational infrastructure and its operationalisation can inject innovation, efficiency, and a diversity of perspectives into the education system.

The government's role in shaping and developing the education sector in Nepal is multifaceted. It involves proactive policy-making, a focus on global competitiveness, integration of diverse educational streams, openness to expertise, adaptability to change, and a balanced approach to implementation through collaboration with the private sector. Embracing these principles can pave the way for a more dynamic, inclusive and effective education system that caters to the needs of the nation's present and future.





**How do you define success in the education sector, and what key performance indicators (KPIs) will you be tracking to evaluate the impact of your initiatives on both students and the community?**

In my perspective, defining success in the education sector goes beyond traditional measures and encompasses a multifaceted approach that reflects the broader impact on individuals and the community. Success, to me, in education involves more than just academic achievements; it extends to the tangible and positive outcomes that education can bring to individuals and society at large. One key indicator of success in education is employability. The ultimate goal of education is to prepare students for the workforce and success is reflected in their ability to secure meaningful employment that aligns with their skills and aspirations. Employability is a direct measure of how well education equips individuals for the

challenges and opportunities of the professional world.

Another significant indicator is the development of new businesses. Education should not only produce job seekers but also foster an entrepreneurial spirit that contributes to economic growth. The establishment of new businesses by individuals who have benefited from education indicates a successful alignment between educational initiatives and economic development. Furthermore, the expansion of existing business communities is an important metric. A successful education sector should contribute to the growth and sustainability of businesses, creating a thriving economic ecosystem. This expansion reflects the positive impact of education on local industries and the broader community.

Success in education also manifests in the cultivation of a better-cultured society marked by peace. Education plays a pivotal role in shaping

individuals' values, fostering cultural awareness, and promoting social harmony. A society that values and celebrates diversity, respects cultural differences and embraces peace can be considered a testament to the success of educational initiatives. Reducing the need for individuals to seek education and job opportunities abroad is another indicator of success. If individuals find quality education and fulfilling employment within their own communities, it not only contributes to local development but also prevents brain drain. Success, in this context, is keeping talent within the country, creating a positive cycle of growth and development.

Finally, I view education as a significant contributor to the Happiness Development Index for a better society. Beyond economic indicators, success in education should contribute to the overall well-being and happiness of

individuals and the community. A fulfilled and content society, where individuals find purpose and satisfaction through education, signifies a successful education sector. In evaluating the impact of initiatives on students and the community, I would track these key performance indicators rigorously. Employability rates, the establishment of new businesses, the expansion of existing business communities, societal harmony and cultural development, decreased reliance on seeking education and employment opportunities abroad, and the overall happiness and well-being of the community would be crucial benchmarks. By regularly assessing these KPIs, we can gain insights into the effectiveness of educational initiatives and ensure that they are aligned with the broader goals of individual and societal advancement. **B**

# TWO STRATEGIES FOR MAKING BETTER FINANCIAL CHOICES IN 2024

## How to transform from a grasshopper into an ant.



PATRICK CARROLL IS THE MANAGING EDITOR AT THE FOUNDATION FOR ECONOMIC EDUCATION.

The Aesop Fable known as 'The Ant and the Grasshopper' offers a profound commentary on life and work. Its moral is at once

striking and compelling, regardless of the reader's background.

One version of the fable goes as follows:

One bright day in late autumn a family of ants were bustling about in the warm sunshine, drying out the grain they had stored up during the summer, when a starving grasshopper, his fiddle under his arm, came up and humbly begged for a bite to eat.

"What!" cried the ants in surprise, "haven't you stored anything away for the winter? What in the world were you doing all last summer?"

"I didn't have time to store up any food," whined the grasshopper; "I was so busy making music that before I knew it the summer was gone."

The ants shrugged their shoulders in disgust.

"Making music, were you?" they cried. "Very well; now dance!" And they turned their backs on the grasshopper and went on with their work.

The ants give a tough response, to be sure, but you can see where they are coming from. The grasshopper wasted his time making music when he should have been working. It was rather audacious of him to ask for a handout after doing nothing to help himself.

In addition to the carelessness (some might even call it laziness) ascribed to the grasshopper, another reason people become needy is because they are profligate spenders. Thus, we could imagine an alternative version of the fable where the grasshopper is destitute

because of his lack of thrift. Note how the virtue of the ants consists not only in their efforts to produce wealth, but also in their diligence to 'store it away for the winter'.

The moral in both cases is that people who make poor choices should not expect the help of those who make better choices. While many recognize it as a human duty to help those in need no matter how they became needy, our sense of justice can't help but be offended when those who are lazy and improvident ask for help from those who are industrious and frugal. If justice means anything, it means reaping what you sow.

### The Grasshopper's Struggle

Upon reading this story, everyone recognises that it is better to be an ant. Nobody wants to be a grasshopper. And yet, many people routinely find themselves in the position of the grasshopper, facing hard times and asking for help such as charity or government handouts. Why is that?

One common response is that the people who are facing hard times are not really grasshoppers. True, they are asking for help, but they are in that position because of bad luck, not because of their own poor choices.

This is certainly true of many people, and private charity efforts should be made on their behalf. But bad luck does not explain every situation. There are many

There are many people who are struggling primarily because of their own bad personal choices. And for those people, the question remains, why don't they make better choices? Part of the answer seems to be a lack of self-discipline. Many people know what the right thing to do is, but they lack the willpower to do it.

people who are struggling primarily because of their own bad personal choices. And for those people, the question remains, why don't they make better choices?

Part of the answer seems to be a lack of self-discipline. Many people know what the right thing to do is, but they lack the willpower to do it. They know they should get a job and show up on time, they know they should stop spending money on frivolous things, but when it comes time to actually make those choices, the motivation just isn't there.

So how can you turn that around if that's you? Here are two ideas.

### 1) Consider the Cost

One thing that can be a significant motivating force is reflecting on the costs of your decisions. If you are considering indulging in laziness or lavish spending, take stock of exactly what you would be giving up by making that choice.

When it comes to a job, choosing to avoid work means sacrificing a steady income and the considerable degree of comfort and autonomy that comes with it. But it's worse than that, because you are also losing your time. Time on the job is time investing in your knowledge and skills, things that will help you advance in your career. So, the cost of not working today is not just the lost income. It's also the lost opportunity to



become competent and respected. Five years from now, with the right work ethic and attitude, you could be applying your skills and making stuff you're proud of while working at your dream job. Or, you could be no farther along than where you are today. Think about that every time you have to make the decision whether to go to work.

There are also considerable costs to spending money on things you don't need. Money saved collects interest, after all; and if you know anything about compounding, you know that a little bit of money saved today will make a huge difference down the line. So, when you are tempted to eat out or buy those latest clothes or that sleek car that you don't really need, think about how much emptier your bank account will be for that purchase, not just today, but years later when the missed opportunity for compound interest amounts to much more than the number on the price tag.

The point is, reflecting on the costs of our choices can do a lot to knock some sense into us. So, with every decision, ask yourself, "What future am I setting myself up for by making this choice?" "Is that the future I want?"

## 2) Form Better Habits

Many of our choices are not conscious decisions. Instead, they are things that we choose automatically, from habit. These habitual choices are often far more significant than the 'big' moments and decisions. Who we are in the world is largely a matter of the daily and weekly rhythms that characterise our lives, not one-off events. As Jordan Peterson wrote in *Beyond Order*, "Your life is, after all, mostly composed of what is repeated routinely."

The cool thing is, we get to choose our habits. If you are in the habit of sleeping in, you can get to bed earlier, set an alarm clock, and change that habit. If you are in the habit of going out for dinner or going to the mall on weekends, you can change those habits too.

One great way to get rid of bad habits is by replacing them with better ones. If you have a habit of going out for dinner, try having people over for dinner instead. If you're in the habit of going to the mall on weekends, consider going for a hike instead (it's a remarkably similar activity when you think about it, just with better scenery and fewer temptations).

**Many of our choices are not conscious decisions. Instead, they are things that we choose automatically, from habit. These habitual choices are often far more significant than the 'big' moments and decisions. Who we are in the world is largely a matter of the daily and weekly rhythms that characterise our lives, not one-off events.**

When we are intentional about the habits we create, we can take control of our lives. So don't just let life happen to you. Take charge. Exercise agency. Show your habits who's boss.

### Becoming an Ant

The natural inclination for most of us is to be a grasshopper, to avoid work and live beyond our means. But that doesn't mean that becoming an ant is a matter of white-knuckling it our whole lives. By choosing to consider the cost and create better habits, we can make the path of the ant our default disposition, and over time it will become easy and natural as well as rewarding.

Not only are we materially better off by becoming an ant, we also get a real sense of pride and accomplishment. In fact, we might even indulge in a touch of righteous indignation when some grasshopper inevitably asks for a piece of our hard-earned stash. "Hey, I made deliberate sacrifices to get where I am!" we have earned the right to say. "Why should I take a hit to make up for your bad choices?" **B**

Source: [fee.org](http://fee.org)

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

# RAMPANT INFLATION AND RISING COST OF LIVING CRISIS

**Adapting is the only way out in absence of a focused economic masterplan to navigate the immediate challenges**

*Text: Sabasta Rauniar*



**R**ampant inflation and the rising cost of living are a reality that is plaguing the life of the common Nepali. Nepal Rastra Bank estimated that the Consumer Price Inflation remained at 4.95% on a year-on-year (y-o-y) basis compared to 7.38 % a year ago based on the five months' data in mid-December for fiscal year 2023/24. However, this national average is not the same for all regions of Nepal. Inflation rates for the Kathmandu valley stand at 5.42%, Terai at 4.26%, Hills at 5.42% and in the mountains at 7.46% in the review month.

The most important thing to note however is that rising cost of living disproportionately affects those who are poorer.

#### **Food Security**

According to the Annual Household Survey conducted by the Central Bureau of Statistics in 2015/16, "Food is the major expenditure item in both urban and rural areas in 2015/16 having a proportion of 59.8% in rural and 44.9% in urban area." The Global Food Security Index 2022, created by the Economist Impact, ranks Nepal 13 out of 113 countries regarding food availability but places us at 85th in affordability. Speaking to individuals shopping at a vegetable store leads to a singular opinion that the kitchen is getting more expensive.

For many rural Nepalis, the most immediate sting comes from rising food prices. A study by Nepal Rastra Bank entitled "The Impact of Food Inflation on Poverty in Nepal" by Min Bahadur Shrestha, PhD and Shashi Kant Chaudhary estimates that "A food price hike of 10% will push one million new consumers into overall poverty, while 6.7 million existing poor populations would experience even harder lives."

In Nepal's mountain regions, which account for over 6% of the country's population, high altitude and limited arable land leads to dependence on imported food transported over long distances at an increasing

cost. This, coupled with limited income opportunities, affects mountain communities making them highly vulnerable to food price shocks. Recently, several restaurants in the village of Gorakshep inside the Sagarmatha National Park witnessed an uptick in menu rate. A comparison can be made through the basic boiled egg, priced at around Rs 300 per egg, a significant contrast to Kathmandu, where a single boiled egg does not cost more than Rs 30. While all foodstuffs may not be subject to such a massive increase, any increment makes things unbearably expensive. Remote locations often lack access to diverse and affordable food options. This dependence on local markets makes them vulnerable to price fluctuations, particularly for essential staples.

Despite shrinking yields, there are rising costs. For many rural Terai communities, subsistence farming has been a cornerstone of food security. According to a study conducted by the International Fund for Agricultural Development, approximately 84% of Nepalis live in rural areas and depend on subsistence agriculture for their livelihoods and to provide food for themselves. However, rising fertilisers, seeds and fuel costs are making it increasingly arduous to maintain yields. It is compounded by extreme weather patterns, driven by climate change, further jeopardising harvests. While the fertile plains offer more agricultural potential, the densely populated Terai heavily relies on purchased food. Rising prices can quickly push large swaths of the population into food insecurity, particularly those in poverty. A sudden spike in the price of rice or wheat can have devastating consequences for families already struggling to make ends meet.

A mixed picture emerges when looking at the hilly region. Urban areas, with better access to markets and diverse food options, are somewhat shielded from the immediate impact. However, rural hill communities, often reliant

on subsistence farming and facing limited income sources, experience significant hardship due to rising food costs.

Urban residents may have access to wide range of food options but are not immune to rising costs. Food deserts, areas lacking access to supermarkets and fresh produce stores, are a growing concern in many cities.

#### **Transport and Lack of Infrastructure**

Fueling frustration, primarily due to rising fuel prices, is another vital concern in rural areas. Access to essential goods and services are limited in rural areas, and inflation can exacerbate this. Transportation costs to reach markets or healthcare facilities can rise, and shortages of essential goods might occur due to disruptions in supply chains.

The isolation amplifies costs. The Kalimati Fruits and Vegetables Market Development Board, the largest wholesale market for agricultural products in Nepal, receives goods from throughout Nepal. Binay Shrestha, Information Officer, said, "Inadequate roads and limited public transportation in rural areas translate to higher logistical costs for transporting goods to the market. These additional expenses eat into profits, making it harder for rural producers to compete and access fair prices. Especially since they have to compete with imports from India and China, whose produce is preferred by the public due to proper post-harvest measures. On top of that, market access bottlenecks plus lack of proper storage facilities and cold chains in rural areas lead to post-harvest losses, further reducing the already limited surplus available for trade. It limits income and hinders diversification into higher-value crops. It is most common in the hilly and mountainous regions where road infrastructure is more gruelling to create and maintain."

Transportation woes are not exclusive to rural areas. Urbanites face rising public

transport fares and fuel costs, adding to the daily financial strain. For many urban dwellers, transportation costs are a significant burden. With price increases to the public transport systems, many have struggled with budgeting for their daily commute. Urban infrastructure often struggles to keep pace with population density. Overcrowded roads and ports lead to delays and inefficiencies, raising transportation costs and impacting the timely delivery of goods. There are also some sellers who upcharge many urban citizens.

"We have also implemented a system where the public can access the daily updated prices of goods through our website. While this does stop the sellers from artificially inflating prices at the Kalimati market itself, we do not have the capacity to monitor what goes on outside the market at local stores. Better provisions for monitoring and reporting scalpers who inflate the price artificially are necessary. There are no entities like us in other parts of Nepal. Maybe there needs to be some more to monitor in integral parts of the country," says Shrestha

#### **Land and Rent**

According to the Annual Household Survey conducted by the Central Bureau of Statistics in 2015/16, "For rent, rural households are spending 9% of their total expenditure which is more than double spending for rent by urban households at 18.7%." Rising housing costs are a primary concern for urban dwellers, particularly renters. As apartments and rooms experience inflation-driven price hikes, many struggle to keep up with the pace. The survey further states, "There are currently 13.1% of households that reside in rented houses, which is 24.6% in urban and 2.5% in rural areas."

Rising costs of living are impacting rent and land prices in both urban and rural areas, but the nature of the squeeze is far from uniform. The demand always outpaces

the supply. Cities are magnets for opportunity, drawing in job seekers and investors alike. This influx in population has created a housing crunch, with demand for apartments and rentals far exceeding supply. Landlords, capitalising on this scarcity, push rents skyward, with rent in Kathmandu expected to rise by 10% every two years.

As wages struggle to keep pace with inflation, housing costs become increasingly burdensome for urban dwellers. Many are forced to downgrade living spaces, share accommodations, or even relocate to more affordable suburbs. The perception of urban real estate as a safe haven during economic uncertainty fuelled a buying frenzy. This influx of investment capital further inflates land prices, making homeownership an increasingly distant dream for many. In conversation with the public, this problem was especially experienced by the youth, especially students who had migrated to Kathmandu for their education. "Our living situations end up being a struggle, leaving us no time to study properly," lamented a student from Charikot.

Rising urban costs are driving some residents to seek refuge in the countryside. This influx of demand puts pressure on rural land prices, particularly in areas with scenic beauty or recreational potential. As land values rise, some rural landowners opt to sell their holdings for development, leading to the conversion of agricultural land into housing estates or commercial ventures. It can disrupt traditional livelihoods and threaten food security. While some rural areas experience a land price boom, others remain stagnant or even see decline. It can exacerbate existing inequalities, leaving communities struggling to attract investment and retain residents.

Rise in the cost of living is one primary reason for majority of Nepali citizens leaving the

country. The opportunity to combat rising cost of living through remittance is a story that most Nepali families are familiar with. Same reasons can also be attributed to the phenomena of internal migration. A study entitled "Outmigration and Land-Use Change: A Case Study from the Middle Hills of Nepal" by Bhawana KC notes that the primary reason for rural to urban migration of farmers ends up being the lack of access to markets, low value for agricultural products, labour shortages and expensive labourers, high production costs and unprofitable farming in rural areas.

Sabita Bhattarai, Communication and Documentation Officer of Maiti Nepal, says, "The majority of people who are trafficked are lured with the allure of escaping the poverty of their current situation which they cannot cope with due to the rising cost of living. A lot of the mobility is also intra-national where a lot of minors end up leaving rural areas for the mirage of urban freedom. The rising cost of living with no upward social mobility pushes them to migrate to urban areas where the lack of accessible necessities forces them to get into prostitution and other difficult positions."

### Wage or Income

Many rural Nepalis depend heavily on agriculture or seasonal wage labour which are always low or fixed wages that barely match inflation. The Ministry of Labour, Employment and Social Security has fixed the monthly minimum wage at Rs 17,300. It accounts for a base pay of Rs 10,820 and dearness allowance of Rs 6,480 accounting for inflation. However, this does not occur at a suitable pace with the wage being reviewed only every two years as per existing provisions. The review also does not guarantee an increase.

The 2021/22 census reports the total number of farm population is 19,477,955. Thus, 67% of the population works in an industry mostly localised in the rural Terai. Inflation always hits rural incomes harder, especially those relying on agriculture or fixed wages. Inflationary pressures on agricultural inputs and declining crop prices leave them squeezed from both ends. Crop prices may not keep pace with rising costs of inputs like fertilisers or fuel, and wage increases in farm jobs might be slow or non-existent. Many are forced to cut back on food or send their children out to work instead of going to school.

Urban residents may have more diversified job opportunities that offers more inflation-linked adjustments. However, it may also not be true with salary hikes not matching inflation, especially for low-wage earners. Additionally, the urban cost of living, including rent and commuting expenses, can inflate faster than incomes.

While food and housing remain primary concerns, the impact of inflation also extends to leisure and entertainment. With shrinking discretionary spending, urban residents, once able to enjoy occasional outings or meals outdoors, now find themselves cutting back on these seemingly non-essential expenses. Speaking to many urban residents, even meeting up for a coffee feels like a luxury they can't afford.

### Conclusion

Shraddha Gautam, Advisory Board Member of Nepal Economic Forum, notes that our country relies heavily on imports, especially since it is landlocked with a low industrial base. "The infrastructure bottleneck and high transport cost already cause the cost of doing business to skyrocket. On top of that, the import tariffs and duties levied on various

raw materials necessary for key industries, makes the cost of doing business that much more expensive, in the end raising the cost of the products for the consumers.

The government needs to take a long term perspective by focusing on building infrastructure and key strategic industries. And this must be done with the intension of creating jobs and raising living standards for the people. Creating an enabling environment for businesses and supporting the entrepreneurial ecosystem will go a long way in achieving this."

Taking into account global trends like the effects of the pandemic on global supply chains, price fluctuations that wars can cause on major commodities, any decrease in remittance and the ripple effects of changes in the monetary policies of major economies are all compounded by the country's immense dependency on imported goods.

The government never ends up securing enough control. With its currency pegged to the Indian Rupee, Nepal's influence over its own rates of inflation ends up being minimal, changes in Indian policies having drastic consequences here.

The latest World Economic Situation and Prospects report for 2024 conducted by the United Nations Department of Economic Affairs posits that inflation is geared to decrease in the upcoming year, finally ending the upsurge due to the Covid 19 pandemic. However, numerous international events including the Ukraine-Russia war, threaten to disrupt the expected stability. In light of it all, Nepal Rastra Bank, whose primary duty is inflation control and maintaining monetary stability, does not seem to have enough control to do much else but adapt. **B**

# सगरमाथा सिमेन्ट

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# Startups In Nepal: Key Policy Considerations



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Promoting a conducive business environment in Nepal requires well-defined policy guidelines, tax incentives, and robust legal and regulatory systems. Despite the burgeoning entrepreneurial ecosystem, the absence of a comprehensive definition for startups within existing laws poses a challenge.

The current framework, articulated in the Startup Enterprise Loan Scheme Procedure, 2079 (Procedure), identifies startups as enterprises employing novel innovations and creative ideas operated by entrepreneurial groups. These entities are engaged in development, production, operation and distribution of goods, services or processes with the potential for significant progress. Clarifying and enhancing the legal framework is imperative to foster the growth of startups in the country.

The Procedure delineates a range of sectors, including but not limited to agriculture,

forest-based enterprises, tourism promotion, science and technology, IT-based ventures, health and education-related initiatives, automobile industry, and businesses focused on waste management and environment. These sectors serve as permissible domains for startup industries to establish and operate their businesses.

The Procedure outlines eligibility criteria for startups to apply for concessional loan scheme, focusing on factors such as registration and operation duration (not more than seven years), limited paid-up capital (up to Rs 50 lakhs), a maximum of 10 employees, fixed capital constraints (excluding land and building) capped at Rs 2 crores, gross annual income restricted to Rs 50 lakhs. Further prerequisites include utilising information technology, dedicating at least 5% of the budget for product

development and registration of intellectual properties.

The draft Startup Policy published by the Ministry of Industry, Commerce and Supplies also replicates the same criteria, although the policy remains under discussion and has not enacted.

With specific reference to startups, the government, in its 15th five-year plan for fiscal year 2076/77 to 2080/81, first outlined the establishment of a fund to support setting up startup businesses, providing them with concessional loan facilities. In fiscal year 2076/77, the annual budget initially allocated a budget worth Rs one billion for concessional loans to startups based on projects. This allocation for concessional loans was continued in subsequent budgets, earmarking Rs 50 crores as seed capital for startups. In the budget speech of 2078/79, the government

announced establishing a one-window policy for registration and renewal of startups, policy-level facilitation for foreign direct investment (FDI) in startups, and creation of a challenge fund of Rs one billion. Furthermore, in the subsequent years' budget programmes, seed capital programme persisted, along with concessional loan facility-based specific criteria. Additionally, arrangements were in place to secure capital through venture capital funds, and establishing business incubation centres in all provinces was initiated. Finally, in the current budget, the government announced the establishment of Kathmandu Incubation Centre and to build an entrepreneurial ecosystem where Private Equity and Venture Capital funds (PEVCs) will be incentivised to invest in startups. For that purpose, the government has allocated Rs







1.25 billion support to startups for this fiscal year.

Despite repeated announcements in annual budgets, the establishment of challenge funds, incubation centres and business accelerators are yet to materialise, posing a significant challenge for startup businesses in Nepal, particularly in accessing finance. Lack of policy-level coordination and a dedicated legal framework to facilitate startups in Nepal is a primary hindrance. Inaccurately categorising startups can lead to confusion in distinguishing them from other micro, medium and small enterprises (MSMEs). It will affect the preferential treatment concerning benefits, concessions and facilities crucial for startups. Consequently, a distinct classification for startups in the Industrial Enterprises Act is necessary.

Regarding tax benefits, while the Income Tax Act 2058 has introduced tax holidays for startups with an annual turnover of up to Rs 10 million based on innovation and technology on their income for the first five years from the commencement of transaction, the Inland Revenue Department (IRD) has not defined the criteria for availing this tax exemption.

Establishing a distinct classification of startup businesses is pertinent, especially concerning the infusion of foreign investment, including of non-resident Nepalis (NRNs), into startups. Existing constraints, such as sectoral restrictions, minimum foreign investment threshold, and absence of operationalisation of automatic routes for foreign investment in startups, impede the entry of international funds. Moreover, the inflexibility within various laws reduces the traction of startups to PEVCs in terms of entry and exit rights, including limitations in securities laws for achieving Initial Public Offerings (IPOs). To enhance

INACCURATELY CATEGORISING STARTUPS CAN LEAD TO CONFUSION IN DISTINGUISHING THEM FROM OTHER MICRO, MEDIUM AND SMALL ENTERPRISES (MSMEs). IT WILL AFFECT THE PREFERENTIAL TREATMENT CONCERNING BENEFITS, CONCESSIONS AND FACILITIES CRUCIAL FOR STARTUPS. CONSEQUENTLY, A DISTINCT CLASSIFICATION FOR STARTUPS IN THE INDUSTRIAL ENTERPRISES ACT IS NECESSARY.

regulatory oversight, exit procedures for foreign PEVCs should be regularised, aligning with domestic funds through registration and regulation by the Securities Board of Nepal (SEBON).

Policy level changes in vital sectors, including national agriculture, telecommunications, biotechnology, industrial, transportation, information technology, are essential for fostering the growth of startups. The establishment of a dedicated one-window policy for registration, renewal, operation, annual compliance completion and cancellation is

imperative to alleviate multiple regulatory challenges they face. Additionally, implementing a streamlined process for fast-track business incorporation and exit mechanisms is crucial. Relaxed labour law compliance is also required. For instance, a waiver to comply with Social Security Fund registration requirements for startups in the initial years would be beneficial. Furthermore, the current framework places emphasis on tech-based startups, neglecting entrepreneurs who aspire to establish businesses in traditional sectors in Nepal. The government should exercise prudence by facilitating all entrepreneurs, including those in non-tech-based ventures.

As Nepal stands on the brink of graduating from Least Developed Country, the significance of a significant contribution from startups and MSMEs to the country's GDP cannot be overstated.

To facilitate this transition, there is a pressing need for cross-sectoral liberalisation and strategic measures aimed at enhancing access to finance for startups. Key considerations include permitting FDI investment in startups, providing seed capital and tax subsidies, establishing challenge funds, offering grants and concessional loans and introducing startup bonds akin to energy bonds. Additionally, setting minimum criteria for eligibility for fundraising through IPOs, encouraging impact investing, including climate financing options, are crucial steps that can contribute to the survival and growth of startup businesses in Nepal. These measures collectively pave the way for a thriving entrepreneurial ecosystem, playing a pivotal role in economic development journey of Nepal beyond the LDC status. **B**

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# Commodity Market Outlook 2024

B360 Correspondent

As we enter 2024, we can look back to what has been an eventful year for the commodity markets. Russian invasion of Ukraine and the supply-chain issues from the pandemic had influenced prices upwards and ushered in a new market dynamic in 2022. However, a subdued economic outlook turned a thriving market into calm waters. In 2023, traders were excited by the prospect of rising oil prices. But the demand equation pulled down the commodity market indices. After numerous years of turbulence and uncertainty, commodity markets are still searching for a sustainable balance between supply and demand.

## Precious Metals

Gold opened the year at \$1,822.79 per ounce and quickly climbed the charts to reach the highest price of \$2,080.07 per ounce. The market corrected with the value slumping till September. However, the markets skyrocketed once again during the last three months reaching \$2,146.36 per ounce on December 3. Silver commenced at \$23.95 per ounce and maintained a mixed trend throughout the year. It closed at \$23.78 per ounce. Platinum started the year at \$1,071 per ounce and closed at \$988.84 per ounce. Palladium treaded a bearish trend ending the year at \$1,096.50 per ounce, the lowest since November 2018.

Rising inflation in the United States has provided tailwinds for the bullion. Since the currencies depreciate on the back of inflation, traders turn to gold to preserve their investment increasing demand for gold and driving prices higher. In 2024, market experts believe that the outlook for gold is positive over the short to medium term due to

geopolitical factors. Analysts believe gold to be an integral asset to hold as interest rates peak and the timing and the extent of the rate cuts remain uncertain. Other precious metals will be driven by two factors. Firstly, the growth of the Electric Vehicle (EV) market will push the market upwards. However, the weakening demand from the construction sector will form a vital headwind factor.



## Base Metals

Copper was at a crossroads in 2023. The base metal started at \$3.8093. The prices observed a sideways trend, ending the year at \$3.8720. Real estate prices in China, the largest consumer of the base metal, continued to deteriorate and more than 50% of the real estate projects are expected to face delays. The demand for housing in the Eurozone is also forecasted to decrease in 2024 due to interest rate hikes, further limiting the demand for base metals. On the contrary, the EV market will support the demand for industrial metals in the new year. Lifting the demand for copper, lithium, nickel and others, the global registration of batteries is forecasted to grow by 35% to 13.5 million units.

## Energy

Opening at \$80.40 per barrel, crude oil had a rollercoaster ride with an initial uptrend and then a downtrend to end the year at \$71.38 per barrel. In 2024, the prices are forecast to further trend downwards owing to the slowing global energy demand. The ongoing real estate crunch and the moderate economic growth in China will curb energy demand countering

According to Brazil's National Supply Company, the soybean planting area is expected to rise by 2.5% in 2024. Likewise, supply of corn is forecasted to be driven by larger output in the United States on better-than-expected yields. The developing El Nino weather pattern is a primary concern that could negatively affect output and hike prices. The El Nino weather patterns exert extreme weather

conditions ranging from drought to flooding. Dry weather in India and Thailand has recently damaged sugar harvests resulting in global shortages and driving the prices

to a 12-year high. Meanwhile, Australia observed its driest month in October in over 20 years leading to a fall in crop yields in one of the world's largest wheat-exporting countries.

the expected resurgence in oil consumption from other bullish factors. The energy market has remained the most unpredictable. The energy product has witnessed several upticks due to a series of output cuts by OPEC+ members and rising supply concerns on the back of the Israel-Hamas war. Volatile geopolitical factors with a possibility of an escalation of the war could increase the unpredictable nature of supply and prices. European natural gas prices are set to decline due to the higher-than-average storage levels. Interestingly, prices decreased by 68% in the first ten months of 2023 until they rallied by the year-end.

## Agriculture

With an improved outlook for grain supply, the average prices are forecast to continue moderating into 2024.

## Conclusion

The new decade has witnessed many dark events from the Covid pandemic to wars in Ukraine and Gaza. Market pundits opine that even if such chaotic events fail to emerge in 2024, volatility will remain high as all categories of the commodity markets are yet to adapt to previous swings in the supply and demand dynamics. Every year has had a headlining act in the global commodity market. 2024 could yet have the most unpredictable one. **B**

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# beed's take on the market



During the review period of November 27 to December 27, 2023, the Nepal Stock Exchange (NEPSE) index rallied by 174.17 points (+9.18%) to close at 2,070.84 points. It reached its highest point on December 20, at 2,141.88 points. While the market had seen a slight dip at the beginning of the review period, it showed a strong upward movement overall. The favourable movement in investor confidence was due to alterations in central bank policies, specifically the easing of margin lending and a beneficial decrease in bank interest rates via the first quarter review of the Monetary Policy for the current fiscal year 2023/24. The total market

volume during the review period increased by a whopping 475% to reach Rs 73.56 billion.

During the review period, all 10 sub-indices landed in the bullish zone.

Hydropower sub-index (+18.12%) was the biggest gainer as the share value of Molung Hydropower (+Rs 216.3), Mid Solu Hydropower (+Rs 175) and Mandu Hydropower (+Rs 154) increased substantially. Manufacturing and Processing sub-index was second in line as it witnessed a rise in the share prices of Himalayan Distillery (+Rs 226), Ghorahi Cement Industry (+Rs 118.4) and Shivam Cement (+Rs 71).

Non-Life Insurance sub-index (+13.04%) followed

**Table 1 Sub-indices during the review period**  
(November 27 to December 27, 2023)

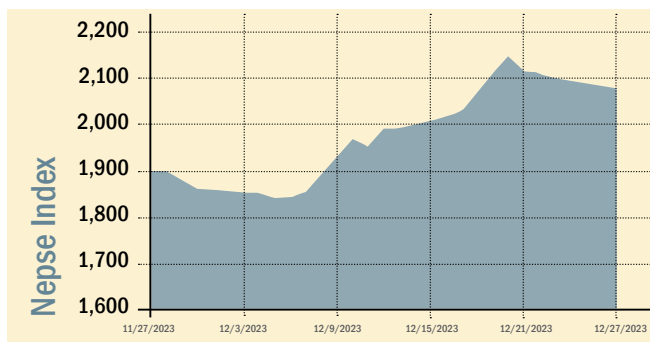
	November 27, 2023	December 27, 2023	% Change
NEPSE Index	1,896.67	2,070.84	9.18%
<b>Sub-Indices</b>			
Commercial Bank	1,175.76	1,197.96	1.89%
Development Bank	3,716.69	3,979.27	7.06%
Hydropower	2,026.47	2,393.71	18.12%
Finance	1,675.16	1,778.49	6.17%
Non-Life Insurance	10,072.89	11,386.50	13.04%
Others	1,420.04	1,566.92	10.34%
Hotels and Tourism	5,096.32	5,619.88	10.27%
Microfinance	3,312.48	3,678.48	11.05%
Life Insurance	10,475.51	11,412.08	8.94%
Manufacturing & Processing	4,977.54	5,858.45	17.70%

Source: Nepal Stock Exchange

suit with growth in the share prices of Rastriya Beema Company (+Rs 1,700), Nepal Insurance (+Rs 223) and Prabhu Insurance (+Rs

180.9). Likewise, Microfinance sub-index (11.05%) also rose as share value of BPW Microfinance (+Rs 476), Dhaulagiri Microfinance (+Rs

**Figure 1 NEPSE Index during the review period**  
(November 27 to December 27, 2023)



Source: Nepal Stock Exchange

401) and Mahila Microfinance (+Rs 242.8) went up.

Similarly, other sub-indexes (+10.34%) went up as share prices of Nepal Republic Media (+Rs 148.1), Sonapur Minerals and Oil (+Rs 121.8) and Nepal Telecom (+Rs 74) increased. Likewise, Hotels and Tourism sub-index (10.27%) saw a rise in the share values of City Hotel (+Rs 151.8), Taragaon Regency (+Rs 119.1) and Kalinchowk Darshan (+Rs 66).

Life Insurance sub-index (+9.94%) followed suit with an increase in share value of Sun Nepal Life Insurance (+Rs 117.2), Reliable Nepal Life Insurance (+Rs 115) and Life Insurance Co Nepal (+Rs 88). Development Bank sub-index (+7.06%) also witnessed a growth in the share prices of Karnali Development Bank (+Rs 44.9), Garima Bikas (+Rs 27.8), and Muktinath Bikas (+Rs 26.4).

Finance sub-index (+6.17%) witnessed an increase in the share value of Reliance Finance (+Rs 35), Multipurpose Finance (+Rs 33.1) and ICFC Finance (+Rs 29). Finally, Commercial Bank sub-index (1.89%) saw the least growth with an increase in share prices of Everest Bank (+Rs 29), Siddhartha Bank (+Rs 23.8) and Sanima Bank (+Rs 14).

### News and Highlights

Nepal Rastra Bank (NRB) has reduced bank rates from 7.5% to 7%, while policy rates remained at 5% in the first quarter review of the Monetary Policy for FY 2023/24.

Additionally, risk weights for real estate loans and share mortgage loans exceeding Rs 5 million, lowered to 125% from the previous 150%. Further, five new brokerage firms will be joining NEPSE. The entrants include Himalayan Securities Ltd, a subsidiary of Rastriya Banijya Bank; Magnet Security and Investment Company; Prabhu Stock Market, and Sunrise Securities. While the initial three companies will enter the market soon, the latter two will follow suit after a certain period.

The Securities Board of Nepal (SEBON) has approved the Initial Public Offering (IPO) of Sarbottam Cement under Manufacturing and Processing worth Rs 1.29 billion for the general public. It will be the first company to determine the IPO price via a book-building process in Nepal. Global Capital IME has been appointed its issue manager. SEBON has included IPOs of three hydropower companies under preliminary review: Bikash Hydropower (Rs 445 million),

Ridge Line Energy (Rs 580 million) and Laughing Buddha (Rs 657 million). Prabhu Capital is appointed the issue manager for the former two and Nabil Investment Bank for Laughing Buddha. It has also included the IPO of Orchid Holdings worth Rs 1.15 billion under Hotels and Tourism with Laxmi Capital designated as its issue manager. Additionally, Hospital for Advanced Medicine and Surgery, worth Rs 324 million, with Muktinath Capital as its issue manager, has been placed under SEBON's preliminary review.

### Outlook

During the review period, NEPSE observed a significant uptrend with recovery across all subsectors, signalling a positive trajectory. This was attributed

to NRB's policy changes, including relaxed margin lending and real estate loans, coupled with reduced interest rates. Recent developments, such as NRB's review and addition of new brokerage firms, have contributed to a positive market trend. While the outlook remains cautiously optimistic, investors require monitoring market events within a specified range. **B**

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“We started this organisation to create a favourable environment for young people to collaborate and think about the society, the challenges we face in everyday life, and the solutions that can contribute to the development of this country. The main idea was to use technology for good”



**PRADIP KHATIWADA**  
FOUNDER AND EXECUTIVE DIRECTOR,  
YOUTH INNOVATION LAB



Pradip Khatiwada is the Founder and Executive Director of Youth Innovation Lab, an organisation that believes in ‘technology as a tool for social change’. Before founding YI-Lab, he was the National Coordinator for National Volunteering Programme, where he managed over 5,000 volunteers in the aftermath of the 2015 earthquake. He also participated in the anti-plastic bag movement, advocating for the plastic bag ban that was implemented recently. He is a key player in the technical development of Nepal’s integrated disaster information management system BIPAD portal and the official Covid 19 portal.

Khatiwada has spoken at various global platforms, including the UN General Assembly and Global Dialogues. He has also led the UINSPIRE Alliance, a global network of youth scientists from 14 countries, working on science, engineering, technology, innovation in disaster risk reduction and climate change.

Khatiwada’s interest in disaster risk reduction and technology led him to pursue his degrees from Tata Institute of Social Sciences, India in Disaster Management and Livelihood Recovery, and from Tribhuvan University in International Relations and Diplomacy. He says, “After working in technology and disaster risk reduction for many years, I realised the power of data behind the geographic information that we usually call maps. That inspired me to start this kind of lab.”

In 2017, Khatiwada launched Youth Innovation Lab, which aims to bring science to people and policy through innovation. The organisation focuses on six thematic areas: digital mapping, information management system, research and publication, digital survey and mapping, training and capacity development, governance and policy.



THE DATASETS THAT WE HAVE WORKED ON ARE A VALUABLE RESOURCE FOR THE GOVERNMENT. IF YOU NEED TO DO A POST DISASTER NEEDS ASSESSMENT AND NEED QUICK DATASETS, WE HAVE ESTABLISHED DATASETS OF MULTIPLE HAZARDS IN MANY PLACES

Khatiwada says, “We started this organisation to create a favourable environment for young people to collaborate and think about the society, the challenges we face in everyday life, and the solutions that can contribute to the development of this country.” He adds, “The main idea was to use technology for good.”

He shares some of their achievements: “We published a book called ‘Our Female Representatives’ for the first time in Nepal, which included information about government representatives, even the less known ones. We could not continue this project for long, but it was a significant accomplishment for us.” Khatiwada also developed an Integrated Disaster Information Management System, called BIPAD portal, which was initially monitored by the Ministry of Home Affairs, but now is managed by the National

Disaster Risk Reduction and Management Authority. It is one of the largest GIS database repositories of all kinds of disaster-related datasets in the form of maps, charts, data, etc. that the government hosts. “To make sense of these datasets, we devised the VisRisk-Visualisation of Risk platform. This simplifies the complex geographic information with time-lapse maps to show to the local government. This platform also gives us global recognition and we were invited to speak at different platforms about it,” he shares.

Another portal that he helped create was the Human Rights Information Management System. “The government does not use it now but we were the first to develop a portal in this region,” he shares. YI-Lab has also launched a platform called ‘COVID 19 monitor.net’. When the government first announced the Covid situation in Nepal, the platform was already up and running, and countries like Japan, Indonesia, Malaysia, India also used it. “We developed covid19.ndrrma.gov.np, a platform to monitor quarantine and other health infrastructure during the pandemic,” he informs.

“As the situation demanded, we shifted our focus to the ground level and partnered with the World Food Programme to map the trails and infrastructure of Dolpa and Kalikot districts,” says Khatiwada.

He says, “I am inspired by exploring local areas, getting in touch with local people and understanding their priorities in life. Being part of this tech company, my job is to communicate this scientific information to the policymakers, students and general public.”

To bridge science and the public in an innovative way, YI-Lab is currently working on creating mural art of scientific information. “We started this

project from Rajapur, Bardiya where our team drew the entire VisRisk on a school wall to help students understand how to navigate the flood risk in their area through practical visualisation of different scenarios and overall mapping,” he states, adding they also went to communities to bring complex scientific information to the household level. “We received a global resiliency award for this project,” he says.

“We also run a fellowship programme that places young engineering graduates in different municipalities,” he shares, adding the fellows work with local government officials to develop policies, guidelines and data collection methods. This fellowship programme has been implemented in more than 70 VDCs and municipalities.

Regarding the operation of YI-Lab, Khatiwada says they have a core team of GIS, coding, design and technical experts. “Our approach is driven by the Research and Development department. Unlike many institutions that focus only on product development, we invest a lot of time in research and development. This makes us different from others,” he says.

“Initially, the biggest challenge was trust. When I had long hair and a beard, many people judged my idea based on my appearance. Working on innovation is tough in Nepal as many reputed leaders have dismissed the idea that we wanted to work on,” he says. Khatiwada says he is happy to have brought a lot of positive changes in the data world. “The datasets that we have worked on are a valuable resource for the government. If you need to do a post disaster needs assessment and need quick datasets, we have established datasets of multiple hazards in many places,” he states. **B**

# Adopting Biometrics In Nepal



The need for robust and secure identification methods in a rapidly evolving technological landscape has become paramount. Biometrics, the measurement and statistical analysis of people's unique physical and behavioural characteristics, has emerged as a cutting-edge solution. At its core, biometrics is the science of measuring and analysing biological data to establish and verify an individual's identity. Physiological biometrics involves the analysis of physical attributes. Fingerprint recognition, one of the oldest and most widely adopted methods, relies on the distinct patterns found on fingertips. Iris and retina scans capture the unique features of the eyes, such as blood vessel patterns or iris characteristics.

Facial recognition technology, another prevalent method, analyses unique facial features for identification. While not as commonly employed, DNA matching stands out for its unparalleled accuracy. On the other hand,

behavioural biometrics focuses on an individual's behavioural patterns.

Voice recognition systems, for instance, analyse unique voice characteristics, including pitch and tone. Keystroke dynamics scrutinise typing patterns, while signature dynamics and gait analysis involve the study of an individual's unique way of signing or walking, respectively.

Nepal is progressively integrating biometric technology into various aspects of its society. One notable application is in the domain of national identification. The government has implemented biometric systems to enhance the accuracy and security of identification processes, particularly while issuing national identification cards and passports. Along with reinforcing the nation's security infrastructure, the move also streamlines bureaucratic procedures, contributing to more efficient and reliable citizen identification.

In addition to national identification, the financial sector in Nepal is witnessing a surge in the adoption of biometrics. Banks and financial institutions have leveraged biometric authentication for secure and seamless financial transactions. The application includes using fingerprint recognition and other biometric methods to authenticate individuals accessing their bank accounts, making transactions, or using mobile banking services. Integrating biometrics in the financial sector aligns with global trends in modernising and digitising financial services. As Nepal embraces the advantages of biometric technology, it stands at the forefront of leveraging these innovations to strengthen national security and the efficiency of essential services.

The applications of biometrics span multitude sectors. In security, biometric authentication has found extensive use in access control systems for buildings, data centres and secure facilities.

The reliability and uniqueness of biometric traits such as fingerprints and iris scans make them ideal for securing physical spaces. Mobile devices have integrated biometrics for user authentication, providing a convenient and secure alternative to traditional passwords. Smartphones commonly employ fingerprint or facial recognition technology, enhancing the overall security of these devices. The financial sector has embraced biometrics for secure authentication during transactions. Voice recognition and fingerprint scanning have become commonplace in mobile banking applications, ensuring secured financial interactions.

In healthcare, biometrics plays a crucial role in patient identification and securing sensitive medical information. Fingerprint scanning, for instance, is employed in medication dispensing systems to ensure accurate and secure administration. Border control and immigration processes have also benefited





from biometric technology. Airports and immigration checkpoints use facial recognition and fingerprint scanning to streamline identity verification, enhancing security and efficiency. In workplace environments, biometrics is utilised for time and attendance tracking. It ensures accurate record-keeping and prevents fraudulent practices like buddy punching.

Biometric systems offer several advantages that contribute to their widespread adoption. One notable benefit is their high accuracy rates, reducing the likelihood of false positives or negatives. The security offered by biometrics is robust, as the unique nature of biometric traits makes it challenging for unauthorised users to gain access. Moreover, biometric authentication is often more convenient than traditional methods.

Individuals need not remember complex passwords or carry additional items, making the authentication process smoother and more user-friendly. The difficulty in forging or replicating biometric data provides a high level of non-repudiation, further enhancing security measures. Biometric systems can also be seamlessly integrated into existing security infrastructure, making them a practical choice for organisations looking to strengthen security measures.

Despite the numerous advantages, biometrics also faces challenges and concerns that need careful consideration. Privacy issues arise due to the collection and storage of sensitive biometric data. The permanence and uniqueness of this data raise ethical questions about individual privacy. Security risks are also a concern, as the hacking or unauthorised access of biometric databases could compromise sensitive information.

Standardisation poses another challenge; the lack of standardised protocols for



THE NEWLY ESTABLISHED DEPARTMENT OF NATIONAL ID AND CIVIL REGISTRATION, OPERATING UNDER THE HOME MINISTRY, NOW OVERSEES THE ISSUANCE OF THESE NATIONAL IDS, A ROLE PREVIOUSLY HELD BY THE DISTRICT ADMINISTRATION OFFICE. AS OF NOW, THE INITIATIVE HAS DISTRIBUTED 133,000 CARDS, COLLECTING BIOMETRICS FROM 11.4 MILLION PEOPLE ACROSS THE COUNTRY THROUGH ITS 122 STATIONS IN 77 DISTRICTS

biometric systems can hinder interoperability and limit widespread adoption. Cost considerations play a significant role, particularly for large-scale deployments. Implementing and maintaining biometric systems can be expensive, posing a barrier for some organisations. Cultural and social acceptance also influence the success of biometric technology. Resistance from individuals due to privacy concerns or cultural factors may hinder the adoption of these systems.

While biometrics has been widely adopted and offers numerous advantages, it is crucial to recognise alternative identification methods that address diverse preferences and

concerns. Traditional methods such as personal identification numbers (PINs) and passwords remain prevalent, offering a familiar and widely accepted means of authentication.

Additionally, emerging technologies like blockchain-based decentralised identity systems and tokenisation are gaining traction as alternatives. These alternatives focus on providing secure and privacy-centric identification solutions, catering to individuals who instill reservations regarding collection and storage of biometric data. The dynamic landscape of identification technologies encourages ongoing exploration and development, ensuring the diverse range of options is available to meet evolving needs and preferences of individuals and organisations alike.

In 2008, recognizing the need to combat fraudulent voting, the Election Commission in Nepal initiated a comprehensive biometric data collection effort. This initiative involved the capture of photos and fingerprints, leading to the distribution of voter ID cards equipped with these biometric details over several years. In 2018, the government of Nepal, backed by a pilot program funded by the Asian Development Bank, officially launched a national ID distribution campaign. This milestone was marked by presenting a card to a 101-year-old woman in Panchthar district and distributing cards to government employees at Singha Durbar, the central secretariat. The ambitious plan aimed to digitally integrate various aspects of citizen information such as driving license, vehicle ownership certificate, banking services, tax payment systems, and voter ID card into a single, unified card. However, in February 2019, the Ministry of Home Affairs made a significant shift, abandoning the original phased distribution plan

and opting for a nationwide rollout. This decision coincided with the introduction of the National Identity Card and Civil Registration bill which sought extensive personal information.

The newly established Department of National ID and Civil Registration, operating under the Home Ministry, now oversees the issuance of these national IDs, a role previously held by the District Administration Office. As of now, the initiative has distributed 133,000 cards, collecting biometrics from 11.4 million people across the country through its 122 stations in 77 districts. Over 1.2 million cards have been printed, reflecting a significant step towards the project's objectives. However, the endeavor has incurred substantial costs, with Rs four billion already spent on distribution and data storage. To fully implement the national ID card project, an estimated Rs 20 billion is deemed necessary. This transition represents a comprehensive effort by the government to streamline citizen identification and services, despite the challenges and financial commitments associated with such a monumental undertaking.

In conclusion, biometrics represents a transformative approach to identification and security. As technology continues to advance, the integration of biometrics into various aspects of our lives is inevitable. While challenges persist, ongoing research and innovation promise to address concerns, making biometrics an integral part of the future of authentication and security. Whether in securing physical spaces, streamlining financial transactions, or ensuring the privacy of sensitive information, biometrics is poised to play a central role in shaping the future of identification and security. **B**

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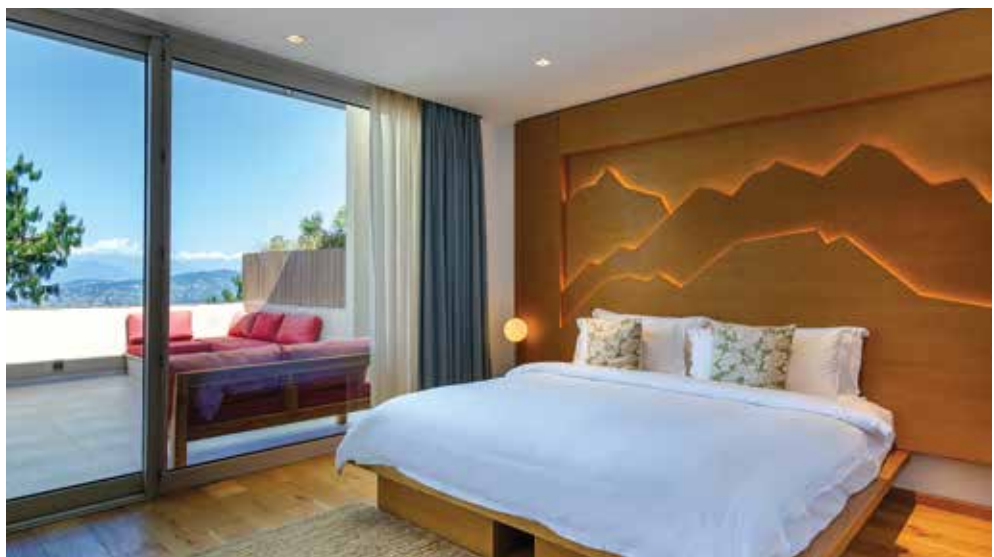


right from the moment you step into the lobby till the time you leave the property enriched in your objectives of the meeting and satiated in the hospitality and personalised attention you receive at the resort.

“The Terraces offers exceptional meeting and conference facilities. We curate experiences that our customers can truly enjoy,” says Suman Shrestha, General Manager of the property. He asserts, “We focus on meeting guest expectations and the convenience of the organiser with planning everything down to the smallest detail. We know that our personal approach has ensured that any meeting held with us meets the highest standards of hospitality anywhere”.

The Terraces has also become a popular destination for exclusively curated social events such as anniversaries, intimate weddings and family celebrations. Shrestha says, “Our property and our hospitality is designed to turn your special occasion into lifetime memories.” **B**

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**“People talk about sustainability but only a very few want to work for it. We work with leading organisations who value their employees and the environmental impact of what they are doing. We work with those who also value our partnership. Leading organisations doesn’t mean the largest organisation. In fact, most Steelcase customers across the regions are not necessarily the largest organisations, but they are organisations that want to acclaim that accolade one day”**

Tirthankar Basu is the Managing Director of Steelcase for India and SAARC region. He has an educational background in engineering, and research and development. Before Steelcase, Basu was working with Wipro.

“I am an electrical engineer and I have also done my MBA but fate directed me to a career in sales,” he shares, adding that interacting with different people and finding solutions are what make his work exciting.

Basu was recently in Kathmandu to inaugurate the opening of a flagship Steelcase dealer showroom when **Business 360** caught up with him to learn about the company and the market and trends for office furniture in general. Excerpts:

**Could you tell us about Steelcase?**

Steelcase is 115-year-old and one organisation that has been repeatedly recognised among the top 10 in North America for businesses that have strived for innovation and grown over the last century. One of the key strengths is our ability to always look into the future. And another is design and thinking. Many people in the industry feel they can design anything and the customer will buy it but at Steelcase, we do things differently. We look into what the customer needs and we try to deliver on that. We do a lot of research and we work with the customers and the fraternity which has helped us stay ahead of the competition. At Steelcase it is all about looking ahead



**Tirthankar Basu**  
Managing Director  
Steelcase – India and SAARC

and being ready for anticipated demand. We have been leaders in this industry for the last 50 years. We lead the segment of the corporate furniture industry. In terms of our footprint, we have a presence in North America, Europe and APAC

(Asia and Pacific). Our journey in APAC commenced in the 1970’s with Japan. We have been in India for 20 years and have started moving into Nepal, Bangladesh, Pakistan, Maldives and Sri Lanka.

**How has the office furniture market evolved?**

Over the last decade, we have recognised that work does not necessarily have to be at the office. The young generation is comfortable working from a café too. Previously, we used to talk about the workplace or office but now it is a place where work happens. Hence, today, Steelcase have healthcare, a booming vertical for us because work also happens there. The other sector is education because that is where students and teachers work. For us, that is also a workplace.

The industry overall is exciting and it is growing. It is funny but I wish there was a shortage of talent. When there is a shortage of talent, then the employer gives their staff the best and this is where we come in. Otherwise, furniture does not really fall among the top three needs. We come in when there is a need for employers to give their employees something extra once the salaries, food and transportation are done right. So, the physical space where the work happens becomes important for the employer to differentiate themselves.

The furniture industry, I would say, has become more complex. People looking at us as just a manufacturer is not really exciting. We also offer consultations. When people don’t know how to design their space and make it dynamic, we offer our service. Similarly, when architects come to us and ask us to help them

understand what AI will do in the workplace, we help them with that too. Another aspect we look into is returning to office post-pandemic, which has become huge. In India, we still have large portions of city customers who mandate for their employees to return to the office at least three days a week. How does that workplace change from before Covid? Previously, going to the office was a given, nobody challenged that notion. Today, employees are getting incentives to return to the office three days a week. How will the work change? How will workplace change? That is an interesting aspect that we see right now.

**Could you elaborate on the market for Steelcase in the SAARC region and Nepal particularly?**

We are excited about the SAARC region and surprised with the kind of things that are happening. For instance, take Maldives as an example. It is a small island nation but interestingly, we do a lot of work with our channel partner, the government of Maldives, a progressive institution. We have not seen experiments of that scale or type in the entire Asia Pacific region. The government in Maldives is creating healthcare infrastructure using the best products and design which is Steelcase. It is investing in education where people train to get into a profession first. The Maldivian government said they didn't want students to feel like this was a free dole-out by the government but wanted them to feel respected and they wanted to give the best and partnered with us. This was very interesting as I hadn't heard such things from my customers. Therefore, I think in each of the countries, whether Nepal, Bangladesh, Sri Lanka and Pakistan, there is excitement. We have been in Nepal for just two years but have worked with a few big institutions like the Asian Development Bank, Daraz, Shanker Group and Jagdamba Group.

**What is the collaboration with Fusion like?**

One of the strengths of Steelcase is understanding the market and giving solutions rather than just bringing our existing portfolio and giving it to our partners. And to understand the market does take time. One aspect we are also proud of is that no other manufacturer conducts the amount and type of research that we do. This gives us an insight as to what is the right solution for the market and what is the market looking for. And we tweak our portfolio based on that.

I believe we have got a very committed partner in Fusion. They are a big business group and understand the value of the brand. The very fact that they decided to give us three floors of exclusive space shows that. We are here for the long term and we still have a long way to go.

**What differentiates Steelcase from other players in the market?**

Steelcase leads by design. Even in North America, we are a premium brand. When customers want to work with us, it is not that they are just buying furniture. They work with us because they believe that we are going to help them transition their workplace over a period of time.

People talk about sustainability but only a very few want to work for it. We work with leading organisations who value their employees and the environmental impact of what they are doing. We work with those who also value our partnership. Leading organisations doesn't mean the largest organisation. In fact, most Steelcase customers across the regions are not necessarily the largest organisations, but they are organisations that want to acclaim that accolade one day.

Competition actually helps us up our game every day. If there are no competition, there is no motivation to be the best. That's their only role I would say.

**How does Steelcase perform on the sustainability quotient?**

We are committed to it and we hold ourselves to very high standards. We have a lot of initiatives that are not mandated by law or policy. Sustainability is extremely interesting. Most people say sustainability is just for materiality like where you are outsourcing from or how you are manufacturing but for us sustainability goes beyond that. For example, if someone is building an office and I can't help the person understand the right solution or product depending on the type of work, then it will not work. They might still end up buying sustainable product/material but if the design is wrong then that product will never be used. Now, if you look at it from the entire value chain perspective you bought a sustainable product from a nearby store, the shortest distance possible to source it but since they had no consulting in terms of what is the right thing to use, the product will never be used and the entire investment will be a waste. We look at sustainability from that perspective. Do we understand? If we understood, are we able to communicate with the client? So, we consider these questions.

We never oversell. We would not sell the product which we think is not needed. For us, sustainability is not just a small part of the entire value chain, it is about the entire value chain. I would say more than sustainable, we are more conscious about where the product goes, how the product is manufactured and is the application right. And the most important thing, especially in Asia, 'what happens to the product?' Because there are certain settings of the office which will become irrelevant.

It's very convenient for me to say buy a new product but what will happen to the old product? I think we are focusing more on that. We believe that maybe such products can be used by NGOs or some non-profit organisations. So, Steelcase has tied up with a lot of such agencies. We are

working with an agency in India called Karmananda, focused on enabling and empowering differently-abled people. We provide them with necessary products and we don't charge them any fees. In this way we effectively use the products instead of scrapping them. It is the same thing for our customers too. We help them deploy their furniture to their choice of NGO. We also refurbish products and give them to our employees for work from home infrastructure.

**Future plans**

If we look at India and SAARC, we are focussed on healthcare now. Healthcare, especially in India, is a rapidly growing vertical. In the healthcare furniture sector, people are not really using performance products. People are not really studying and trying to understand what it means to have a consulting room. We are trying to get and work with top-notch players in the industry to make them understand that just like in any office space, it is important to understand the context of the consulting space. And we know how to design that space. That's a top thing. Education is another initiative we started a year back and we have had grand success. The third is e-commerce. We were never in e-commerce until we launched it during the Covid pandemic. It has been an outstanding success for us. What we realised is that when an employee comes to the office, they don't know how much effort an organisation has put into giving them the necessary infrastructure. They don't even know the cost of the product they are sitting on. During the pandemic, when they had to buy their own furniture, they became aware of the facts. We saw that e-commerce is one of the mediums to reach out to users who want to buy the best. These are the top three market reach initiatives that we are working on. Apart from this, we are working on expanding our manufacturing base in India. We are trying to manufacture more products in India so we don't depend on imports. **B**

## Total trade deficit decreases 3.3% to Rs 461.94 billion

As per the current Macroeconomic and Financial Situation of Nepal based on four months' data ending mid-November, 2023/24, published by Nepal Rastra Bank (NRB), the year-on-year (y-o-y) consumer price inflation moderated to 5.38% in mid-November 2023 compared to 8.08% a year ago.

Food and beverage category inflation stood at 6.01% whereas non-food and service category inflation stood at 4.89% in the review month. Under the food and beverage category, y-o-y consumer price index of spices sub-category increased 36.46%, sugar and sugar products 14.59%, fruits 14.01%, cereal grains and their products 12.02%, and milk products and eggs 11%. The y-o-y consumer price index of ghee and oil and vegetable sub-category decreased 14.23% and 5.35%, respectively in the review month.

Meanwhile, under the non-food and services category, y-o-y consumer price index of recreation and culture sub-category increased 12.84%, miscellaneous goods and services 10.76%, education 8.92%, furnishing and household equipment 5.27%, and clothes and footwear 4.96%. The y-o-y consumer price index of transportation sub-category decreased 1.86% in the review month.

The NRB report states that in the review month, y-o-y consumer price inflation in Kathmandu Valley, Terai, Hill and Mountain region stood at 6%, 4.42%, 6.07% and 8.79%, respectively. Inflation in these regions was 7.56%, 8.52%, 8.03% and 6.68%, respectively a year ago.

During the review period, merchandise exports decreased 7.7% to Rs 50.57 billion compared to a decrease of 33.3% in the same period of the previous year. Destination-wise, exports to India dropped 14.5% whereas exports to China and other countries increased

307.9% and 4.7%, respectively. Exports of zinc sheet, particle board, juice, readymade garments, polyester yarn and thread, among others increased whereas exports of palm oil, soyabean oil, tea, woolen carpets, rosin, among others decreased.

In the review period, merchandise imports decreased 3.8% to Rs 512.50 billion compared to a decrease of 18.1% a year ago. Destination-wise, imports from India and other countries decreased 2.5% and 27.7%, respectively while imports from China increased 34.4%. Imports of readymade garments, MS wire rod, bars and coils, electrical equipment, textiles, aircraft spare parts, among others increased whereas imports of crude soyabean oil, gold, petroleum products, crude palm oil, MS billet, among others decreased.

The report adds that the total trade deficit decreased 3.3% to Rs 461.94 billion during the review period. Such deficit had decreased 15.9% in the corresponding period of the previous year. The export:import ratio decreased to 9.9% in the review period from 10.3% in the corresponding period of the previous year.

During the review period, merchandise imports from India against payment in convertible foreign currency amounted to Rs 53.84 billion. Such amount was Rs 42.69 billion in the same period of the previous year.

Meanwhile, remittance inflows increased 26.4% to Rs 477.96 billion in the review period compared to an increase of 20.4% in the same period of the previous year. In US dollar terms, remittance inflows increased 23.1% to \$3.60 billion in the review period compared to an increase of 10.8% in the same period of the previous year.

In the review period, the number of Nepali workers, both institutional and individual, taking first-time approval for foreign employment stood at 137,475 and the number taking approval for renew entry stood

at 68,841. In the previous year, such numbers were 196,735 and 87,428, respectively.

The central bank report further mentions that the current account remained at a surplus of Rs 96.38 billion in the review period against a deficit of Rs 37.79 billion in the same period of the previous year. In US dollar terms, the current account registered a surplus of \$725.1 million in the review period against a deficit of \$296.1 million in the same period last year.

Capital transfer decreased 46.6% to Rs 1.59 billion and net foreign direct investment (FDI) remained a positive of Rs 3.64 billion. In the same period of the previous year, capital transfer amounted to Rs 2.97 billion and net FDI amounted to Rs 429.2 million.

The Balance of Payments (BoP) remained at a surplus of Rs 147.11 billion in the review period against a surplus of Rs 20.03 billion in the same period of the previous year. In US dollar terms, the BoP remained at a surplus of \$1.11 billion in the review period against a surplus of \$149.6 million in the same period of the previous year.

Gross foreign exchange reserves increased 10.2% to Rs 1,696.78 billion in mid-November 2023 from Rs 1,539.36 billion in mid-July 2023. In US dollar terms, gross foreign exchange reserves increased 8.9% to \$12.75 billion in mid-November 2023 from \$11.71 billion in mid-July 2023.

Of the total foreign exchange reserves, reserves held by NRB increased 10.8% to Rs 1,490.83 billion in mid-November 2023 from Rs 1,345.78 billion in mid-July 2023. Reserves held by banks and financial institutions (except NRB) increased 6.4% to Rs 205.95 billion in mid-November 2023 from Rs 193.59 billion in mid-July 2023. The share of Indian currency in total reserves stood at 21.8% in mid-November 2023.

Based on the imports of four months of 2023/24, the foreign exchange reserves of the

banking sector are sufficient to cover the prospective merchandise imports of 13.6 months, and merchandise and services imports of 11.3 months.

## 16th Periodic Plan draft: GDP target to exceed Rs 80 trillion



The draft of the 16th five-year plan (2081/82-2085/86) encapsulating the main goal of economic development with good governance, social justice and prosperity has come to a final stage. In formulating the 16th plan, the National Planning Commission (NPC) has already collected inputs and recommendations from all provinces and local levels.

As per NPC sources, the new periodic plan to be made public by February 12, will go for implementation from mid-July 2024. The plan is being framed in a different style than the previous editions, it is claimed. The draft has been prepared incorporating interventions with strategies and periodic plans. It includes transformative strategies on 14 themes, main intervention programmes and quantitative targets.

The themes are enabling economic bases and rapid economic growth, enhancement of production, productivity and competitive capacity, productive employment, decent jobs and sustainable social security, among others.

Likewise, the draft has come up with thematic areas including quality infrastructure and integrated transport management system, modern, sustainable and managed urbanisation and settlement development, gender empowerment, social inclusion and mobilisation, provincial and local economy strengthening and balanced development, poverty and inequality mitigation and building an equitable society.

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Among other areas encompassed in the draft are effective public finance management and capital expenditure capacity enhancement, facilitation after Least Developed Country (LDC) graduation, sustainable development goals (SDGs) and green economy.

The plan is being made with some objectives and ambitious goals. NPC has said it is a strong aspect this time to include some transformative strategies and interventional programmes. In the coming five years, the government has aimed at securing a GDP size of about Rs 30 billion. Inflation is expected to be contained within 6.5% in the coming five years, while federal spending on GDP ratio will reach 32% from the present 26%.

The government has also set lofty ambitions for domestic production and productivity. To increase domestic production, 17 industrial estates will be brought into operation, 140 industrial villages will be announced and the number of SEZs will be increased to three. The current power generation of 2,800 megawatts will reach approximately 11,800 MW by the end of the periodic plan.

By the end of the five-year periodic plan, the country has aimed at exporting electricity worth Rs 41 billion per year so that the energy sector will have a 4% contribution to the reduction of the entire trade deficit.

Moreover, the draft has set a target of limiting the maternal mortality rate to 85 per 100,000 live births against the existing 151, with around 10% annual budget in the health sector. It aims to achieve 100% literacy rate for children of five years and above, ensuring that educational institutions with internet access reach 100% and so is in case of access to electricity.

NPC Spokesperson and Joint Secretary, Yamlal Bhoosal, however, said the targets may be revised and presently, NPC is integrating submissions it received from various areas and in-depth discussions with

experts and specialists from the respective fields are awaited.

The plenary of the NPC held in the first week of August endorsed the Approach Paper of the 16th Five-Year Periodic Plan (2081 /82- 2085/86). It has been drafted with 'Good Governance, Social Justice, and Prosperity,' as its vision. "To establish good governance in the political, administrative, and judicial sectors have been outlined as its objectives."

It has set the strategy of 'identifying, addressing, and eliminating structural barriers seen in development endeavours to achieve good governance, social justice, and prosperity through structural transformation.' A strategy will be adopted to promote the interrelation and operational capacity among all levels and bodies concerned in regard to the implementation of the periodic plan. Similarly, policy formulations and development endeavours will be based on study, research and facts.

Commitment has been made to strengthen the primary sector and secondary sectors, and stability of service sector to strengthen overall economic bases. An accountable financial system will be developed by expanding the scope of revenue, and inclusive mobilisation and stability of external sectors will be achieved by focusing on financial resources and production and employment creations, the paper stated.

The draft has the policy of ensuring the reliability of sources and timely, quality and cost-effective supply systems for the enhancement of production and productivity. Likewise, the paper highlights the production and mobilisation of skilled, efficient and energetic workforce as per market demand. Its strategies include human capital building, assuring the production of skilled and efficient human resources through the utilisation of demographic dividends at all levels and job opportunities will be amplified.

Meanwhile, the current 15th plan sets a target of

achieving an average annual economic growth rate of 9.6% based on fundamental values. However, assessing the progress until the last fiscal year 2022/23, the growth has shrunk to 2%. Similarly, the 15th plan aims to reduce multidimensional poverty from the existing 17.4% to 11.5%. It has a target of achieving 0.624 in the human development index, and until the last fiscal year, it reached 0.602.

### NRB Governor Adhikari participates in high-level seminar on climate change issues conducted by IMF



Nepal Rastra Bank (NRB) Governor, Maha Prasad Adhikari, participated in the 'High-level Seminar on Climate Change Issues for Governors and Financial Sectors Policy Makers' organised by the International Monetary Fund (IMF) in Bangkok, Thailand on December 12 and 13. Around 80 people from 13 countries including central bank governors, deputy governors, monetary sector officials and IMF representatives of the Asia-Pacific (APAC) region participated in the programme.

Speaking at a session titled 'Transition Challenges and Scaling Up Climate Financing', Adhikari said that Nepal is at a high risk and informed that NRB has made a policy arrangement related to climate change to support the implementation of the mitigation, adaptation and transitional policy adopted by Nepal to reduce the risk of climate change and also consider the impact on the financial sector.

Adhikari informed that the guideline on Environmental and Social Risk Management (ESRM) has been issued for Nepal's banks and financial institutions (BFIs) to protect

the financial sector from the effects of climate change and is in line with the policy of low carbon emissions. He opined that it is necessary to assess the impact of climate change on the financial sector and stressed the role of IMF in this. Noting that Nepal has adopted a policy to reduce carbon emissions to zero by 2045, and for the implementation of the policy, a total of \$47 billion worth of green investment is required, he said that overall capacity and financial management are challenging for climate change mitigation and adaptation.

On the sideline of the seminar, Governor Adhikari

held a bilateral meeting with Governor of the Central Bank of Sri Lanka, P Nandalal Weerasinghe. The central bank governors of the two countries discussed the exchange of supervisory information and international electronic payments.

### Finance Minister Mahat says government making every effort to revive economy



Finance Minister Prakash Sharan Mahat has said the domestic economy is reviving following the continuous efforts of the government and it will reach a decisive mode very soon.

At an interaction with mediapersons at the Ministry of Finance on December 13, Mahat shared that the economic reform programmes incorporated in the annual policies and programmes, budget and monetary policy for the current fiscal year have begun showing positive results.



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He added, “When I took up office, many economic indicators were not so positive. Some problems certainly emanated due to the strict policies adopted to manage the effects of the easy monetary policy adopted during the Covid 19 pandemic. But overall, the economic indicators are becoming positive. The share market has picked up a positive rhythm and transactions of real estate are on the rise.”

The minister, however, admitted that it will take some more time to achieve growth in production and employment. “The economy will take a decisive form and the basis for it is being built,” he expressed his confidence.

According to Mahat, some decisions were made regarding monetary policy after continuous cooperation between the Finance Ministry and Nepal Rastra Bank which led to a reduction of interest rates in banks and financial institutions (BFIs). Furthermore, the government is attempting to address the problems of debtors, he said. He also said that the economic reform programme followed by the monetary policy had slowly begun showing results.

“Various procedures have been devised to implement monetary policy while some are in the process of formulation. The process of awarding contracts is also progressing rapidly which is expected to increase capital flow in the market. Our policies and priorities in the sector of foreign assistance have been changed,” he mentioned.

“We have expressed our intention to seek support for those projects capable of yielding expected results and donor agencies have responded positively,” he said. According to the finance minister, the government is internally preparing to introduce more programmes for economic reforms in the budget for the next fiscal year.

He mentioned that no economy is free from challenges in the world, and said that in the case

of domestic economic scenario, the problems were accumulative and instant solutions were not possible. “However, we hope they will be addressed gradually. We are not content with our current achievements but are committed to ensuring that the economy is moving in a positive direction.”

According to the minister, the government is making efforts to fix a ceiling to the current expenditures and to promote capital expenditures. The first quarter of the current fiscal year recorded a rise in revenue collection. The revenue collection increased by 7.57% in the first three months of the current fiscal year. Specifically, customs revenue saw a significant increase of 13%, VAT rose by 7.19%, and income tax recorded a 12% increase during this period. The government is dedicated to intensifying economic and budget system reform programmes and establishing high-level coordination between the government and private sector.

He added the government is working to reflect positive indicators of economy in consumption and investment, to promote fiscal responsibility in government spending, remove obstacles in government investment, ensure housing for Jajarkot earthquake survivors, create more jobs at home and achieve the expected economic growth.

It may be noted that the government has announced the Third Investment Summit on April 21 and 22, 2024. Some policy and legal reforms will be carried forward for the event. The government is at work to make the summit comparatively beneficial and ensure the involvement of investors in the potential areas to replace imports, said Minister Mahat.

“An atmosphere conducive to investment will be built while making and implementing policies and laws related to economic reforms in the long term. The government has adopted a policy of

attracting domestic and foreign investments focusing on the development of hydropower, the commercialisation of tourism and agriculture and the creation of abundant opportunities in the information technology sector,” he said.

On the Ncell share sale and purchase, the minister said any activities beyond the periphery of laws of Nepal will not be allowed. “The company that started operation abiding by the law of the country cannot detach itself from following the law. The regulatory bodies should seriously look into the issue. We will collect taxes from the Ncell as per laws,” he said.

## Governance Lab concludes two-day ‘National Symposium 2023’



The Governance Lab (Govlab) successfully concluded the National Governance Symposium 2023 set against the backdrop of Nepal’s significant milestones, including its graduation from Least Developed Country status.

The theme for the symposium was ‘Governance Innovations for Inclusive Development’, which featured thought-provoking sessions concentrating on political, economic and social inclusion where experts emphasised innovative prospects and interventions for inclusion and collaborative governance approaches in Nepal.

Governance Lab Chairperson, Pukar Malla, addressed the inaugural session of the event. Mukta Singh Lama-Tamang, Central Department of Anthropology, Tribhuvan University gave the keynote remarks. Rita Thapa, Feminist Activist, Founder of Tewa and Nagarik Aawaz; Bhim Prasad Dhungana,

Mayor of Nilakantha Municipality, and President of Municipality Association of Nepal; Baikuntha Aryal, Chief Secretary, the Government of Nepal presented special remarks.

“The National Governance Symposium is a platform that brings together diverse voices from Nepal’s development sector,” said Pukar Malla. He opined that these kinds of events play a pivotal role in bridging the possible gaps between policymakers, the executors, and the public which contributes to identifying practical solutions and pathways for inclusive development.

“The event aimed at celebrating achievements and fostering collaborations among various stakeholders

for inclusive development in Nepal’s federal transition,” stated Nisha Onta, Executive Director of Governance Lab.

The symposium brought together key stakeholders in the nation’s federal transition. The symposium was supported by the Ministry of Federal Affairs and General Administration, Ministry of Finance, National Planning Commission, and the Office of the Prime Minister and Council of Ministers.

The event was organised in collaboration with Daayitwa and Nepal Leadership Academy.



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## Government, World Bank launch \$103.84 million Nepal Quality Health Systems Programme



The Nepal Quality Health Systems Programme was jointly launched on December 1 by the Additional Health Secretary, Dr Tanka Barakoti and World Bank Practice Manager for the Health, Nutrition and Population Global Practice, Feng Zhao.

The programme aims to improve the readiness of the health system for delivery of quality healthcare, enhance coverage of health insurance, and strengthen health emergency preparedness and response capacity at the provincial and local levels.

The five-year programme is financed by a \$100 million concessional loan from the International Development Association and a \$3.84 million grant from the Health Emergency Preparedness and Response Trust Fund.

“The Nepal Quality Health Systems Programme supports three critical reform agendas envisaged by the Government of Nepal on its journey towards universal health coverage: quality of healthcare, financial protection in health, and resilient health systems,” said Dr Barakoti.

The programme will be implemented by the Ministry of Health and Population with the coordination of the Health Insurance Board at the federal, provincial and local levels in Koshi and Gandaki provinces to help achieve the strategic objectives of Nepal’s Health Sector Strategic Plan, 2023-2030. These include enhancing efficiency and responsiveness of Nepal’s health system, promoting sustainable financing and social protection in health, and promoting equitable access to quality health services.

“We are delighted that we can support the Nepal Quality Health Systems Programme to help Nepal build a responsive, inclusive and resilient health system – a key driver of Nepal’s Green, Resilient, and Inclusive Development (GRID) agenda,” said Zhao.

The financing agreements for the programme were signed in October by the Government of Nepal and World Bank.

## FNF hosts webinar on Energy Transition and Energy Security in South Asia



The Friedrich Naumann Foundation for Freedom South Asia held a discussion on sustainable energy solutions titled ‘Energy Transition and Energy Security in South Asia’, on December 15. The panelists for the discussion were Lydia Powell, Head at the Centre for Resources Management, Observer Research Foundation, India; Shafiqul Alam, Lead Energy Analyst at the Institute for Energy Economics and Financial Analysis, Bangladesh; and Hitendra Dev Shakya, Former Managing Director of Nepal Electricity Authority, Nepal. The discussion was moderated by Arpita Nepal, Founder and Director of Research at Samriddhi Foundation, Nepal.

To set the tone of the discussion, an introductory video was played that focused on the dynamic landscape of South Asia where the winds of change are blowing through the energy sector, fueled by a global shift towards energy chains and how these countries are now working to redefine their energy policies and infrastructure.

A video message from Torsten Herbst, Member of the German Bundestag representing the Free Democratic Party, was then played. He currently chairs the Committee on Transport and Digital Infrastructure and concurrently serves as a Deputy Member of the Budget Committee. Herbst stated that all countries wanted to achieve climate neutrality and the issue was about access to affordable energy. He emphasised the need for poorer countries to have a secure and reliable energy supply. He also mentioned how the Russia-Ukraine conflict had made Germany aware of the necessity to diversify energy sources and not rely on only one source. Herbst stressed on the need to increase the share of renewable energy and also to look for different sources because that makes it easier when you have a crisis or shortcoming from one supplier for one source of energy.

The keynote speaker for the webinar was Maximilian Luz Reinhart of the FNF, who is an economist with a dedicated focus on environmental and energy economics. Reinhart spoke about the key drivers that we have to consider when talking about energy, climate protection and also about geopolitical tensions. He talked about the ideas that he had gained at the COP28 that was recently held in Dubai through talks with different experts on the area of energy. He shared that the renewables give a great chance to diversify energy. He also stated that we tend to only talk about solar and wind energy when it comes to renewables but other forms of energy should also be looked into. He said that he fears there is not enough attention being given to the dominance of certain actors in the production of photovoltaic and wind turbines. He stated it is not enough to diversify only with regard to energy sources, but also with regard to where you get the production from. The final aspect that he raised concern about was cyber

security. He said that if you focus on renewable energy, these networks are always very smart technology efficient and it makes it very easy to tamper with them. This, said Reinhart, need not be a threat only from state players but also from terror organisations and criminals.

The panel discussion started with Arpita Nepal, the moderator, mentioning that the debate we are having in South Asia right now is very timely because Bhutan, Nepal and India are seeking to meet almost 50% of their energy requirements through renewables by 2030. She highlighted that Bangladesh has gone one step further and set an aim to reduce its carbon emissions by 22% before 2030. Nepal further shared that at the International Energy Agency’s World Energy Investment Summit in 2023, the investment in renewables was targeted to be \$1.7 trillion this year and it is still being evaluated on whether those investment demands have been met. However, she shared at the other end of the spectrum, The Economist has come out with a very interesting perspective that the world is talking about green transition and climate commitments but people are still exploiting natural resources for storage.

Lydia Powell began her discussion by highlighting that India had been focused on shifting towards renewable energy but after the Ukraine crisis there has been a real emphasis on coal-based power generation. Powell shared the emphasis has gone back to energy security and India doesn’t want to depend on imported energy sources. It wants to be self-reliant and increase domestic production of resources.

Shafiqul Alam provided a snapshot of the energy supply pattern in Bangladesh stating that the contribution of renewable energy is meagre in the whole energy value chain. Alam shared that after 2008 Bangladesh went through a transition. Previously, more



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than 90% of the power system operated on natural gas, however, due to dwindling natural local gas supply it had to quickly ramp up the power system capacity through other means. He stressed that the Ukraine crisis has made it clear that the current power system model that Bangladesh is following is very fragile, highly import dependent. And that's why the interest within the government has increased with plans to harness 40% green energy for power generation. However, he shared, this does not necessarily mean all will be renewable energy as per the recently improved and approved integrated energy and power system master plan. He mentioned there is another plan which states that by 2041 it should be 40% renewable energy. He shared the government has also appointed a Danish firm to conduct a detailed feasibility study for a 500-megawatt offshore wind power plant.

Hitendra Dev Shakya shared that the forest cover in Nepal is increasing and is now 45% of the total land mass. About the country's hydropower potential, he stated that Nepal has 2,800 MW operating right now. Talked about the restricted transmission access and cross-border market access. Shakya also shared that a study had shown solar energy to have about 30,000 MW hour potential. However, it needed battery storage. He also spoke about geothermal energy which has not been investigated yet.

### Greener Investment, Charged Future: Aloi celebrates fifth anniversary



Aloi, a software company that is working on digitally monitoring loan expenditure and repayment through verified merchants and deposit points, organised a programme titled 'Greener Investment, Charged Future: Celebrating Nepal's Electric Mobility' on December 22.

Around 130 people including representatives of various microfinances, banks, cooperatives, NGOs, INGOs, Aloi partners and media partners attended the event partially funded by the National Geographic Society.

Aloi CEO and Co-Founder, Tiffany Tong, delivered the welcome speech. She said, "Aloi's vision is supported by three pillars, one is that we make sure there is commercial sustainability, finding commercial solutions to commercial problems, focusing on the businesses, especially the micro-businesses and finding win-win solutions. The second pillar is technology and data, and the third is green investment."

Guest speaker, Saroj Nepal, National Programme Coordinator, UN Capital Development Fund, said, "We work for the promotion of financial inclusion and inclusive digital economy in Nepal. We have been supporting tech businesses and working to expand businesses from marginalised sectors. Every year, UNCDF publishes an inclusive digital economy scorecard through which we look for how the digital economy in any country is growing under four pillars — policy, innovation, infrastructure and skills." He emphasised the importance of digital knowledge among people and stressed the need to convert financial literacy to

digital financial literacy.

Aloi Chief Product Officer Riway Ranjitkar said, "Till now we have provided training in financial literacy to 2,250 individuals among which 90% are women. We are planning to expand this training model by providing more digital training materials."

The event featured a panel discussion titled 'Powering Sustainable Futures: Intersections of Finance and Electric Mobility in Nepal'. Federation of Nepalese National Transport Entrepreneurs (FNTE) President Bijay Bahadur Swar; EV Transportation Entrepreneur Indra Maya Shrestha; Nepal Rastra Bank (NRB) Deputy Director Prahlad Giri; Head of Retail Lending at Nabil Bank, Chandani Shrestha; Upaya City Cargo representative Melisha Rajopadhyaya were the speakers for the discussion. The discussion was moderated by Bhusan Tuladhar, Chief of Party, USAID Clean Air at FHI 360.

### NAS-IT elevates Nepal's tech profile as 17th member of APICTA



Nepal Association for Software and IT Services Companies (NAS-IT) announced its membership in the Asia-Pacific ICT Alliance (APICTA), presenting Nepal as the 17th member economy within this significant global alliance. The Asia Pacific ICT Alliance, a community of collaborative ICT organisations that are nominated by member economies, welcomed NAS-IT into its alliance. APICTA aims to foster technological innovation and the development of domestic ICT solutions for the global marketplace, through their prestigious annual awards programme.

APICTA membership opens avenues for NAS-IT to access international networking, and knowledge-sharing opportunities as well as participation in the APICTA ICT Awards; a platform that honours exceptional ICT achievements around the region. In an era where technology transcends borders, this affiliation strengthens Nepal's position in the global ICT arena. This partnership will enable Nepal's ICT products to compete with regional member economies boosting innovation, cross-cultural exchanges, and the nation's technological growth. Along with international recognition, Nepali IT companies will have various investment and market expansion opportunities.

Richan Shrestha, President of NAS-IT, expressed, "As a proud member of APICTA, we look forward to being a part of this active community and to using this platform to further the interests of both our country and the broader Asia-Pacific region. This is a crucial step for us in boosting Nepal's technological strength."

### ADB approves \$166 million financing package to boost local economy in Nepal

The Asian Development Bank (ADB) has approved a \$166 million financing package to boost the local economy in Nepal by building climate and disaster resilient cities that promote sustainable tourism and provide residents with a better quality of life.

The Urban Resilience and Livability Improvement Project aims to contribute to the economic growth, resilience and livability of Devdaha, Lumbini Sanskritik, Sainamaina, Siddharthanagar and Tilottama municipalities, as well as Janakpur Sub-Metropolitan City and Pokhara Metropolitan City. ADB will strengthen the municipalities' resilience to climate and disaster risks through infrastructure development by constructing



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150 km of stormwater drainage, rebuilding 100 km of roads, and 45 km of footpaths – responsive to the needs of children, women, the elderly and people with disabilities. It will establish bicycle lanes to promote clean and healthy mobility.

“This project supports the government’s current National Urban Development Strategy to improve planning and investments in urban corridors and drive sustainable economic growth. It also continues ADB’s long-term engagement with Nepal to strengthen municipal governance and improve basic services delivery,” said ADB Senior Urban Development Specialist Laxmi Sharma. “ADB’s support will help the concerned municipalities to design climate-resilient urban infrastructure, develop tourism potential and strengthen institutional capacity to achieve their full economic potential and sustainable growth.”

The project will support the development of tourism to boost the local economy. It will improve historical, cultural and natural heritage sites in each project municipality and incorporate gender equality and social inclusion-responsive features to increase opportunities for women and disadvantaged groups’ access and socioeconomic benefit. It will promote biodiversity conservation and beautify public areas, including greening parks and open spaces, including the Siddharthanagar Dandha river corridor.

The project will build the capacity of municipalities and the Department of Urban Development and Building Construction on financial management and revenue generation, urban resilience planning and ecosystem management. It will also support community internships and skills improvement programmes, particularly for women and disadvantaged groups.

## Ministry of Finance and Daayitwa sign MoU to promote inclusive economic growth



The Ministry of Finance and Daayitwa have signed a memorandum of understanding (MoU) to collaborate on research regarding varied topics related to the economy and exchange knowledge to promote economic development and prosperity. This agreement opens a wider channel for youth engagement for evidence-based policy decisions, creates a platform to build state capabilities for effective policy implementation, and fosters collaboration through governance innovation for inclusive economic growth.

The MoU was signed by Tirtha Raj Baral, Under Secretary, Economic Policy Analysis Division (EPAD) of the ministry, and Susit Dhakal, Executive Director of Daayitwa in the presence of EPAD Joint Secretary Baburam Subedi, Chairperson of Daayitwa Dr Pukar Malla, along with other Finance Ministry officials and Daayitwa representatives.

As stated in the agreement, the MoU will create opportunities for an exchange of knowledge between the ministry and youth and policy scholars through platforms like the Daayitwa Nepal Public Policy Fellowship (DNPPF). Additionally, the collaboration also institutes possibilities of in-depth research, study, and discussions on the ministry’s priority areas. The agreement also mentions the provision of capacity-building training through the Public Finance Training Centre.

## PM Dahal lays foundation stone of ‘Women Entrepreneurs Green Industrial Park’

Prime Minister Pushpa Kamal Dahal laid the

foundation stone of ‘Women Entrepreneurs Green Industrial Park’ to be constructed in Panchkhal Municipality-7, Kavrepalanchok district on December 13. The park is being constructed on the initiative of South Asian Women Development Forum (SAWDF) in collaboration with the Ministry of Industry, Commerce and Supplies and Panchakhal Municipality.

Addressing the programme, PM Dahal said green energy has huge potential in Nepal and emphasised properly capitalising on the potential of clean energy. He further said green energy will be put on priority while embarking on the new era of the green revolution. Finance Minister Prakash Sharan Mahat pledged to arrange budget for the Women Entrepreneurs Green Industrial Park in the next fiscal year and shared that the government is scaling up the park construction in all seven provinces.

Panchkhal Municipality Mayor, Mahesh Kharel, said the park aims to promote women’s entrepreneurship and the initiative will be fruitful in adding value to local production. The park will have a training centre, storehouse, cold storage, packaging, processing, drying and grading of agriculture products.

SAWDF President, Pramila Acharya Rijal, shared that a total of 50 micro, small and medium enterprises (MSMEs) related to agricultural production and tourism-centric services will be established in the park.

## NIC Asia Capital introduces digital platform for SIP investors of NADDF

NIC Asia Capital has unveiled a seamless and hassle-free digital investment platform for systematic investment plan (SIP) investors of NIC Asia Dynamic Debt Fund (NADDF). This one-of-a-kind platform is specifically designed to offer mutual fund

investors an effortless online avenue to enroll in the SIP plan, purchase units, make scheduled SIP payments and monitor investments in NADDF.

NIC Asia Capital’s initiative on fostering and promoting a digitised investment ecosystem as well as providing access to investments to Nepali investors residing in Nepal and across the globe has been evident through its launch of a dedicated web-based platform, enabling investors to buy units, register for SIP, make scheduled SIP payments, and keep a track of their investments regularly.

### Start your SIP



This initiative is poised to revolutionise mutual fund investments, providing a user-friendly, hassle-free, and convenient investment journey.

By prioritising a customer-centric approach, NIC Asia Capital aims to create a sustained wealth creation experience. Leveraging its extensive reach and distribution capabilities, coupled with a secure and trustworthy transaction system, the platform ensures seamless digital financial product access for Nepali investors.

Investors can either log in to the website or scan the QR Code to start their investment journey and make their payments through eSewa, Khalti, Connect IPS, IME Pay and NIC Asia MoBank.





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## NCC, Russian Federation to take initiative to establish Kathmandu-Moscow direct flight links



Nepal Chamber of Commerce (NCC) officials on December 15 met with business representatives of the Russian Federation who were on a visit to Nepal. In the meeting, NCC officials discussed joint investment and business partnerships between the two countries.

NCC President Rajendra Malla stressed that joint initiatives should be taken to establish a direct flight link between Kathmandu and Moscow. "Hundreds of Nepali students have gone to Russia to study engineering, medicine and other subjects, while 10,000 Russian citizens visit Nepal annually," he mentioned and stated that diplomatic relations between Nepal and Russia are strong. He opined that if air link between the two countries can be established, it will benefit both countries. He emphasised expanding economic cooperation and business partnership between the two countries by expanding direct flight links citing the operation of two other international airports – Pokhara International Airport and Gautam Buddha International Airport, apart from Tribhuvan International Airport. Malla said Nepal has high potential for investment in agriculture, tourism, industry, and IT sector and added that NCC will take initiatives to ensure the return of Russian investment.

## FNCCI demands high-powered commission to sort out disputes over dedicated power line

The Federation of Nepalese Chambers of Commerce and Industry (FNCCI) has called

for the establishment of a high-powered commission to deal with and resolve disputes regarding dedicated and trunk lines of electricity.

Issuing a press statement on December 25, FNCCI said the government and private sector are well aware of the issues and stressed the necessity of a high-powered commission to effectively resolve the disputes.

Through the statement, FNCCI has urged Nepal Electricity Authority (NEA) to refrain from cutting off power supply to industries, requesting the restoration of power to those that have already faced disconnection until the issue is sorted out. According to FNCCI, numerous industries may face closure, causing adverse impact on employment and revenue collection if the matter is not addressed promptly.

The organisation has expressed hope that the government will prioritise the concerns of the private sector, particularly amid the existing economic crisis, and take proactive measures to address the issues.

## NCC urges Finance Ministry to amend directives on sales of promoter shares



Nepal Chamber of Commerce (NCC) has expressed its concern over the provision that does not allow a director of an organisation to sell the shares of the organisation he owns for one year even after leaving the position.

Mentioning that Sub-section 6 of Section 14 of the Directives on Good Corporate Governance of a Body Corporate issued by the Securities Board of Nepal (SEBON), 2075 does not allow

a director of an organisation to purchase or sell the owned shares for up to one year after leaving that position, NCC has drawn the attention of the government to amend this arrangement.

NCC officials including President, Rajendra Malla, met with Finance Secretary, Krishna Hari Pushkar, at the Ministry of Finance on December 12 and said that the directive issued by SEBON is impractical. Malla opined that when a businessperson cannot sell his movable property then this creates an obstacle in business, diversification of business and also essential household work.

The statement issued by NCC read, 'We request the government to amend the provision of not allowing to buy and sell any type of share of the same organisation until a person holds the position of director and for one year after leaving that position, and suggest to make arrangements to allow sale of shares up to 50% of the share ownership while holding the position of director'.

## Hydropower development with sustainability and stability standards necessary, say experts

Experts have stressed the need to maintain sustainability and stability standards for Nepal's hydropower development. In the executive leadership development workshop on 'Business Value of Hydroelectricity Sustainability Standards' held in Lalitpur on December 8 under the regular programme 'Friday Forum' of Independent Power Producers' Association, Nepal (IPPAN), experts said sustainability and stability are important for the country, community and future energy development.

They highlighted that the standards of hydropower sustainability can attract foreign investment including climate and carbon funds, and stated that this will strengthen the environmental, social and

governance (ESG) aspects of hydropower development.

IPPAN President, Ganesh Karki, suggested that attention should be paid to the sustainability of hydropower for the well-being of the community and environment. He underscored that Nepal is the leader in the adoption of hydropower sustainability standards. He said some hydropower projects in Nepal, Canada, Brazil and other countries have already received gold certificates. He said, "It is also necessary to meet the sustainability standards of hydropower to attract FDI."

In the programme jointly organised by USAID, Hydropower Sustainability Alliance (HSA), NORAD and Bizbell along with IPPAN, Karki said that for the sustainability of hydropower, we need to collaborate with the government, international community and private sector and added that IPPAN is ready to move forward with a common vision.

Addressing the workshop, Bizbell Founder and International Hydropower Association (IHA) Vice Chair Sushil Pokharel said that three projects from Nepal have received standard certificates and stressed that they should continue as a campaign. He made a presentation on how hydropower projects in Nepal will proceed and how certified projects will be eligible to get cheap funds from international organisations.

HSA Deputy Executive Director, Alain Kilajia, said that it has become mandatory to go to the sustainability standard in the face of climate change. He gave an example of the impact of climate change in different countries and made a presentation about the positive impact on ESG by increasing business value and meeting the standards of sustainability.

USAID Chief of Party, Robert Kremer, also said that Nepal's hydropower projects should be brought to sustainability standards. He said there is public participation in Nepal's projects and more



attention should be paid to ESG.

Hydroelectricity Investment and Development Company Ltd (HIDCL) CEO, Arjun Kumar Gautam, said that as Nepal has set a target of generating 28,000 MW of electricity in 10 years, at least \$30 billion foreign investment will be required to achieve this target. He said that even if the return on hydroelectric projects is below 1% or 2%, it does not matter, however, ESG matters must be looked into.

Dolma Impact Fund Executive Director, Bidhyabaridhi Sigdel, said that Nepal should follow the criteria of sustainable development to attract investment from big funds like the Climate Fund and Green Fund. He opined that after Nepali projects get gold certificate, clean energy of Nepal can be connected with carbon trade.

### Ncell transforming to become Nepali-origin owned company

To shed light on recent developments on shareholding in Ncell, the company issued a statement stating that the company is becoming 100% Nepali-origin owned company and now its focus is to create value for Nepali consumers, contributing towards the government in achieving the aspirations of Digital Nepal through operations of Ncell.

Through the statement, shareholder of Spectrlite UK, Satish Lal Acharya, who is of Nepali origin said, "Axiata ran a competitive process for the sale of its shares in Reynolds Holdings (a St Kitts company), with Spectrlite emerging as the winner amongst several bidders. The pricing and structure of the transaction was determined through a willing buyer and seller basis. As per the agreed deal structure, Axiata is set to receive a base payment, along with additional benefits in the form of profit-sharing for the next five years, extending until 2029. The transaction places

the enterprise value of Ncell at approximately \$400 million, to be realised gradually over time contingent upon the company's performance. Beyond the financial aspects, this transformative deal signifies the evolution of Ncell towards a greater Nepali-origin ownership and management."

The company stated that Axiata has provided comprehensive details of the transaction in their press releases, ensuring transparency. Ncell has till date fulfilled its tax obligations, as verified by the tax office. Additionally, any taxes applicable to this deal will be handled in strict accordance with the laws of Nepal. Ncell is committed to upholding tax compliance throughout this process, reassuring stakeholders of its responsible financial practices.

The statement added Ncell is currently in discussions with Nepal Telecommunications Authority to secure the necessary consents.

While changes are occurring at Ncell, customers can rest assured that this will have no impact on the quality of services provided, it said. The company remains fully committed to delivering high-quality services to all its customers.

The statement concluded that Ncell is poised with a strong commitment and capability to diversify its digital services, enriching the lives of millions of Nepalis. The imperative for ongoing expansion of network infrastructure, beyond mobile connectivity, further underscores the significant opportunities that lie ahead for the country. As Ncell embarks on this transformative journey, it is not merely adapting to change but actively contributing to the digital evolution of Nepal.

### Finance Minister Mahat inaugurates 'Startup Fest 2023'

Finance Minister Prakash Sharan Mahat inaugurated Startup Fest 2023 organised by

the Confederation of Nepalese Industries Young Entrepreneurs Forum (CNIYEF) in Kathmandu, on December 23.

Addressing the inauguration session of the Startup Fest, Finance Minister Mahat stated that digital platforms have been established as a tool to best utilise the capacity, qualification, imagination and dedication of youths. He added this sector has offered immense potential not only for business but for every area. He said those engaged in production have easily obtained access to the market through digital platforms. "They can increase their income at a low cost," he added.



Mahat stated that the government has taken the IT policy to its practical implementation through this year's budget and said that only a nominal tax has been put in place. He expressed hope that through this step, the digital commerce will make big strides.

Minister Mahat said that the IT sector has played a crucial role in the country's economic development and added that a large volume of software is being exported from the country.

CNI President, Rajesh Kumar Agrawal, said, "The theme for this year's fest, 'Innovate, Accelerate and Connect' encapsulates the essence of what we aim to achieve – a platform where ideas transcend boundaries, where challenges are opportunities in disguise, and where the entrepreneurial spirit knows no bounds", he added. He urged young entrepreneurs to embrace the challenges and move forward and reminded them that failure is not the end, but a lesson, a valuable guide on the path to greatness.

On behalf of CNI, Agrawal expressed commitment to

fostering an environment where startups flourish.

### MetLife Nepal GM Shrestha appointed President of AmCham Nepal



American Chamber of Commerce in Nepal (AmCham Nepal) has appointed Nirmal Kajee Shrestha, General Manager of MetLife Nepal, as its new President for the next term. With a distinguished career in the financial services industry, Shrestha brings a wealth of knowledge and strategic insight to his new role.

As the GM of MetLife Nepal, Shrestha has played a pivotal role in steering the company towards success and fostering positive relationships within the business landscape. He is also the past chairman and founding member of Life Insurers Association Nepal (JEBISAN).

His appointment comes at a crucial juncture, as Nepal continues to attract foreign investments and cross-border collaborations become increasingly vital for economic growth. Shrestha's leadership is anticipated to drive initiatives that promote trade, investment and economic cooperation between the United States and Nepal.

## Pioneer Moto Corp launches Nissan X-Trail e-Power



In commitment to a more sustainable future, Nissan launched the all-new fourth-generation X-Trail in Nepal on December 22. Since the introduction of X-Trail in 2001, more than seven million units have been sold globally, making it one of the world's most popular family adventure vehicles.

Launched at a starting price of Rs 18.7 million, Nissan X-Trail furthers the brand's commitment to introduce innovative mobility solutions and offers customers class-leading versatility, elevated exterior and interior designs, advanced safety and improved levels of capability.

Sandeep Sharda, Managing Director of Pioneer Moto Corp, the official distributor of Nissan in Nepal, said, "We are delighted to launch the all-new X-Trail e-Power in Nepal, a vehicle that combines the best of both worlds – electric driving with a petrol engine backup. The X-Trail e-Power is a perfect choice for customers who want a spacious, comfortable, and versatile SUV that is also eco-friendly, efficient and fun to drive. The X-Trail e-Power is a testament to Nissan's vision of enriching people's lives through innovative mobility solutions."

Raghunath Nair, Head Exports CBU & South Asia Business, said, "Nissan's e-Power technology has been incredibly well received by our customers globally, and we are excited to be able to offer this efficient, EV-like drive experience in Nepal. We've always felt that e-Power needs to be driven to be believed. With the all-new X-Trail e-4ORCE launch in Nepal will be happy to give our customers of Nepal, an important market of South Asia, to do just that."

For this new iteration, Nissan has drawn on the well-established DNA that runs through all three of the previous generations of X-Trail: robust, SUV styling with intuitive technology, flexible utility, and an advanced powertrain with all-wheel drive capabilities. The new X-Trail will be available in seven-seater configurations.

## The Nepal Distilleries to introduce premium brand liquor of 40 UP

The Nepal Distilleries, Nepal's first spirit producer company, is set to introduce a premium brand spirit of 40 US Proof (UP) in the market.

The 40 UP spirit has alcohol by volume (ABV) of 34.23%. Manufacturers are attracted towards liquor of 40 UP as the excise duty on such products is lower compared to 25 or 30 UP beverages. Due to low excise duty, the price of spirit in this segment is also consumer-friendly.

The Nepal Distilleries General Manager, Suvash Lamichhane, informed that preparation to bring the premium spirit brand to the market has reached its final stage with a commitment to have a strong presence in this segment. Lamichhane said, "The demand for premium spirits in the 40 UP segment is high in the Nepali spirit market. Therefore, we have thoroughly studied the market to see how we can provide premium spirits to our consumers at a very reasonable price."

The Nepal Distilleries has been producing mainly 25 and 30 UP spirits. The company's best products include Khukri Rum and Nude Superior Vodka. The popular brand 'Khukri Rum' is the most exported spirit from Nepal to various countries. It has been contributing to earning foreign currency for a long time.

## Steelcase opens flagship dealer showroom in Kathmandu

Steelcase, the global design and thought-leader in the world of work, announced the opening of its flagship dealer showroom in Kathmandu on December 4. Partnering with Fusion, Steelcase range of furnishing and brands are showcased in the multi-level showroom in Nepal, as part of the company's commitment to develop its footprint in Asia.

Following the opening of Steelcase's Hyderabad showroom earlier this year, the launch of the showroom in Nepal is a testament of the company's commitment to expanding its presence in SAARC and growth in business opportunities it recognises in Nepal. The launch of the new showroom provides local and international businesses access to the latest Steelcase research, insights and solutions from around the world as well as a comprehensive portfolio of workplace solutions produced in India and globally.

Tirthankar Basu, Managing Director - India and SAARC, said, "We are happy and proud to be here in Nepal. Our dealer partners are a worldwide community of local experts, and we are excited to be here as partners with Fusion. Together, we look forward to help create places that help work better."

The new three-storey showroom houses the latest and extensive collection of Steelcase office chairs and furniture. Iconic chairs including Think, Gesture and Personality Plus, as well as workstations, are on display at the Maitighar Mandala showroom in Kathmandu. A selection of ancillary collection – the company's community of industry-leading furnishings brands with classic, modern and innovative works by renowned designers globally such as Orangebox, Grado and m.a.d. are also showcased.

"We are pleased to partner with a global powerhouse,

bringing in future of office space and help Nepal work better," said Hitesh Golchha, Founder of Fusion. "Our partnership with Steelcase will contribute to more seamless solutions and limitless possibilities in Nepali workplaces. Steelcase is the only business that offers warranties ranging from eight years to life. We are excited to welcome current and new clients into our new facility and aid them in finding the finest solution that meets their needs," he added.

## Tigg releases Tigg Restro and Tigg Retail



Tigg, an accounting software used by over 1,500 businesses, has introduced additional modules. Now, it not only helps with accounting but also offers services for managing restaurants, cafes and retail stores. Tigg, created by BIC Technologies, is certified by the Internal Revenue Department and can be easily used for handling restaurant and retail tasks. Businesses can now enjoy enhanced features designed specifically for their needs.

With more than two dozen businesses in the remote districts of Karnali Pradesh using accounting software for free, CEO, Ramesh KC, stated that Tigg aims to digitise small and medium enterprises, providing a single platform for managing restaurants, small marts, wholesale, and retail shops, introducing new features.

"Our goal with Tigg is to make SMEs digital," said KC, adding, "Tigg offers a free demo of the software for restaurant, cafe or mart business owners. Additionally, we provide free training for

business owners.” Tigg has implemented a free online training system for everyone interested in using the software. With the recent public launch of new services, Tigg is currently offering up to 40% discount on the purchase of Tigg accounts, retail and resto services.

Tigg Restaurant offers features like table management, order processing, kitchen order system, multiple location support, order facility from handheld devices, POS integration in hardware and other special features. This comprehensive suite of tools instills confidence in restaurant owners, particularly when overseeing operations across multiple establishments.

Similarly, Tigg Retail makes it easy to manage wholesale stores or mart businesses. It allows businesses to monitor and manage their various stores or marts online. Tigg Retail includes features like sales order processing, barcode printing and scanning, receipt printing, product management and real-time analysis.

Tigg being cloud-based software, can be operated online from anywhere said Prarthana Saakha, Co-founder. She adds that BIC Technologies is an ISO/IEC 27001 Information Security Management Systems (ISMS) certified company, that ensures the security of customer data. Tigg has been designed to make technology easily accessible and convenient for small and easy businesses.

## Citroën eC3 revolutionising Nepali automotive landscape



Shangrila Motors, the authorised distributor of Citroën vehicles in Nepal, recently introduced a new electric model, Citroën eC3,

a seamless fusion of French-born and Made-in-India craftsmanship. Standing out as the perfect mid-range option among the high and low-range alternatives, this compact SUV is shaping the landscape of sustainable transportation in the Nepali EV market.

Citroën is revolutionising the Nepali automotive landscape with the introduction of the Citroën eC3, which has won the 2023 World Urban Car of the Year at the 19th World Car Awards ceremony held at the New York Auto Show. The Citroën eC3 is the perfect mid-range electric ride seamlessly blending cutting-edge technology with affordability. Its arrival has shifted market dynamics, offering a compelling choice for individuals seeking a reliable and efficient electric vehicle.

Range anxiety is one of the issues that is frequently tied to electric automobiles. But the Citroën eC3 allays those concerns. With the best-in-class range of 320 km (according to MIDC Cycle) on a single charge, one can enjoy long and uninterrupted drives through Nepal’s picturesque routes with utmost comfort. Furthermore, the battery can be charged from 0% to 80% in just 56 minutes, which offers convenience and flexibility.

The Citroën eC3 is powered by a 29.2 kWh battery, which leads the segment as the first to offer 100% DC fast charging and comes with regenerative braking that effortlessly charges itself every time you apply a brake. The fully automatic drive, featuring an advanced e-toggle and automatic gearbox, provides automatic control for a truly comfortable and silent driving experience. With an impressive power output of 42.5 kW, the Citroën eC3 delivers not just power, but also a thrilling and eco-conscious drive, leaving a minimal carbon footprint.

Likewise, the Citroën eC3 sets an unparalleled standard in safety with cutting-edge features like ABS, ESP and multiple airbags. It boasts an appealing aesthetic that

seamlessly blends style with sustainability.

It offers a battery warranty of seven years or 140,000 km, vehicle warranty of three years or 125,000 km, and motor warranty of five years or 100,000 km providing peace of mind for your electric driving experience.

Citroën’s electric revolution addresses affordability by offering 20% down payment, with remaining 80% on bank loan at a competitive 9.49% interest rate. This makes the purchase not just an eco-conscious choice but also a smarter financial one as well.

## FBPWN conducts training on gender justice and good governance



The Federation of Business and Professional Women Nepal (FBPWN) conducted a three-day orientation training to enhance the capacity of local government officials and stakeholders of Jumla and Nuwakot districts.

Chairpersons, chief administrative officers, heads of agriculture and women development branches, officials of local women cooperatives, and local social administrators of Guthichaur Rural Municipality in Jumla, as well as Kispang Rural Municipality of Nuwakot district, participated in the training. The training was conducted at the TEWA organisation’s Deepyogini Centre in Dhapakhel, Lalitpur from December 14 to 16.

The three-day training, provided for local government officials, social mobilisers and local cooperative managers, aimed to promote gender justice, governance and women empowerment. It was conducted under the Advancing Women in Agroforestry Business Enterprise programme with the support of DFAT/

ANCP/ASSI SI Aid Project.

The training aimed to enhance the capacity of local government officials and social operators on gender issues and empowerment, good governance and gender budgeting. Discussions held in coordination with TEWA Founder, Rita Thapa, focused on gender issues and gender justice.

Sangram Singh Lama made a presentation on the topic ‘Peace’, Susan Risal, CEO of Nagarik Aawaz on Citizen Voice and Good Governance, Gender Planning and Gender Budgeting, Suchita Pyakuryal, Director of the Centre for Governance and Academic Affairs, focused on the decisive role of women in public administration for good governance.

## Zitelmann’s ‘Set Yourself Bigger Goals’ and Nepali version of ‘In Defense of Capitalism’ launched

WeRead, a new publishing branch of Kathalaya, has launched two books on December 12: ‘Set Yourself Bigger Goals’ and ‘In Defense of Capitalism’ by German author Rainer Zitelmann, the latter translated into Nepali.

Present at the event was Zitelman, a historian, sociologist, management consultant and real estate expert. The author shared that his book ‘In Defense of Capitalism’ has elaborated the disagreements on the view that capitalism leads to hunger and poverty, rich people become richer and the poor become poorer. The book further elaborates on the environmental destruction and climate change wars. “I come from Germany which was divided into two parts. East Germany had a socialist economic system while the West had a capitalist. Despite having the same culture and history, if we compare the carbon emissions then it was three times higher in East Germany than West Germany. If someone believes we have to abolish capitalism to solve the climate change problem, then I think that is a big no,” he argued. JANUARY 2024 | BUSINESS 360° 77

## TOP PICK

**“WHEN CONSIDERING A PURCHASE, I LOOK BEYOND THE PRODUCT AND ASSESS HOW WELL A BRAND’S VALUES RESONATE WITH MINE. I PREFER BRANDS THAT PRIORITISE ETHICAL PRACTICES, SUSTAINABILITY, AND A SENSE OF SOCIAL RESPONSIBILITY. THIS PERSONAL CONNECTION WITH A BRAND’S VALUES NOT ONLY INFLUENCES MY DECISIONS AS A CONSUMER BUT ALSO SHAPES MY PERSPECTIVE ON THE IMPORTANCE OF VALUES IN THE PRODUCTS AND BRANDS I ENGAGE WITH IN LIFE”**



**Shrida Shah**

Brand Activation Manager,  
Jawalakhel Group of Industries

“I approach life with a positive mindset. When things don’t go my way, I view it as a chance to learn and improve. On the other hand, every win motivates me to keep moving forward, and I am genuinely grateful for these moments,” says Shrida Shah, Brand Activation Manager at Jawalakhel Group of Industries.

“Every experience, whether a personal triumph or a professional challenge, weaves a unique story. Approach challenges with resilience and dedication, knowing each step is an opportunity for growth. I navigate the intricate dance of personal and professional life towards crafting a narrative that blends success, fulfilment, and positive impact on those around me,” she adds.

Shah is working with one of Nepal’s premier business conglomerates that manages multiple companies who manufacture and distribute alcoholic beverages. The company recently celebrated the 50-year anniversary of their iconic product, Ruslan Vodka.

Shah is a recognised name in the events industry. She worked previously with the Nepal Distilleries as Events Manager and was a huge part of the highly successful ‘Sundown Affair’ series of events for Khukri Rum.

She is also a Zonta Kathmandu member playing a central role in organising Zonta events for over five years. She co-owns an event management and party supply company called S&S alongside her partner Nikeeta Shrestha and they have worked with clients like DFID Nepal, FNCCI and Mitra Samaj.

In this edition of **Business 360**, Shah talks about her pick of top brands and how and why she aligns herself with certain brands.

#### Top apps you use

**WhatsApp:** It serves as my central communication hub, providing a secure and efficient channel to stay connected with colleagues, family, and friends. Creating work-centric groups enables smooth coordination within the team to ensure seamless project updates and decision-making processes. The robust end-to-end encryption safeguards privacy, solidifying WhatsApp as my preferred messaging app for personal and professional interactions.

**Instagram:** It is my visual diary, ideal for sharing moments and connecting with others. Its dynamic features and user-friendly interface make it my go-to for personal expression and content discovery. The platform's Stories and Explore features add real-time and diverse elements to my social interactions. Additionally, connecting with industry peers and influencers enhances collaboration and provides updates on industry trends.

**Evernote:** It is my go-to for seamless note-taking, aiding in organisational efficiency. This versatile app serves as my digital notepad, allowing me to capture ideas, maintain to-do lists, and sync essential notes effortlessly across all my devices. Its features contribute to enhanced productivity and streamlined organisation in both work-related and personal contexts.

**Calm:** Incorporating mindfulness into my routine is important, and Calm helps me achieve that. It offers guided meditations, sleep stories, and relaxation exercises, contributing to my overall well-being.

#### Top startups in Nepal

Pathao Nepal operates in the ride-sharing and logistics sector. With the rising demand for efficient transportation solutions, Pathao Nepal will continue to expand its services, offering a convenient and reliable option for commuters. Diversifying into

other logistics segments could further contribute to its growth.

Fonepay is a standout startup in Nepal, recognised for its innovative digital payment solutions and versatile services, covering everything from bill payments to QR-based transactions. The platform's widespread merchant adoption enhances accessibility, fostering the adoption of digital payments across businesses. Crucially, Fonepay actively contributes to financial inclusion by providing user-friendly options, aligning with Nepal's journey towards a cashless economy.

#### Favourite clothing brands

My favourite clothing brands are chosen based on a combination of style, comfort, and sustainability. I appreciate:

**Uniqlo:** Offering simplicity and quality at affordable prices, Uniqlo's minimalistic designs and durable fabrics make it a go-to for everyday wear.

**US Polo Assn:** It is a favourite clothing brand for its casual and sporty style. I appreciate its comfortable and affordable options that effortlessly blend into my everyday wardrobe.

**Patagonia:** Known for its commitment to sustainability, Patagonia's outdoor clothing aligns with my values, and the quality ensures longevity.

Ultimately, I choose brands that not only align with my aesthetic preferences but also share values of quality and sustainability, creating a wardrobe that mirrors my personal style and values.

#### A perfume you use

Sauvage by Dior. I gifted that to myself.

#### Most used electronic gadget

Has to be my iPhone 13 Pro

#### Favourite way to unwind and recharge after a busy day

After a busy day, I find my balance and recharge through a mix of activities. Whether playing basketball, going for long drives, enjoying parties, watching movies, or meditating, each element adds its unique flavour to my relaxation routine.

It's a diverse mix that ensures I unwind and recharge in a way that suits my mood and energy levels.

#### Favourite company globally

One of the companies that truly inspires me globally is Apple Inc. What captivates me is Apple's unwavering dedication to innovation and design excellence. The seamless fusion of cutting-edge technology with a focus on user experience is not just remarkable but personally resonant. Apple doesn't just produce products; it creates a lifestyle and a community around its brand. The consistent ability to set industry standards and push the boundaries in the tech world invariably connects with my passion for staying at the forefront of trends. It's a testament to the power of visionary leadership and a customer-centric approach; values I aspire to embrace in various aspects of my life.

#### What role do brand values play in your purchasing decisions?

Brand values play a significant role in my purchasing decisions. I believe a brand's values reflect its integrity and commitment to principles that align with my own. When considering a purchase, I look beyond the product and assess how well a brand's values resonate with mine. I prefer brands that prioritise ethical practices, sustainability, and a sense of social responsibility. This personal connection with a brand's values not only influences my decisions as a consumer but also shapes my perspective on the importance of values in the products and brands I engage with in life.

#### Is expensive necessarily better?

Personally, when it comes to balancing luxury and affordability in my purchasing decisions, I consider a nuanced approach. While luxury items may offer exclusivity and premium quality, I also weigh the value, functionality, and overall experience of the product. I don't adhere to the belief that 'expensive is necessarily better.' Instead, I prioritise

finding a harmonious blend where a product aligns with my preferences, lifestyle, and budget. This philosophy influences my choices, ensuring I make decisions based on a holistic assessment rather than a price tag alone.

#### Most important qualities when choosing a brand

When choosing a brand, the most important qualities are quality, sustainability, and customer service. Quality ensures that the product meets or exceeds my expectations, providing value for my investment. Sustainability has become a significant factor as I increasingly prioritise eco-friendly practices and ethical considerations in my choices. Exceptional customer service is vital for a seamless and positive interaction with the brand. These aspects collectively shape my preferences, influencing the brands I choose to support and integrate into my lifestyle.

#### Does your personal branding align with any specific brands?

Absolutely, I believe my personal branding and image align with brands that share values such as authenticity, innovation, and a commitment to social responsibility. I am drawn to brands that prioritise quality, creativity, and sustainability. This alignment is reflected not only in the products I choose but also in the lifestyle and ethos that resonate with me. As a consumer, I seek brands that mirror my values, contributing to a sense of authenticity and connection in the choices I make.

#### Things to remember before choosing a brand

Choosing a brand is personal; I seek values that align and prioritise high quality. Reputation, affordability, authenticity, and innovation matter. Exceptional customer service and consistent messaging are key. Understanding a brand's market positioning reflects my values. Clear return policies and accessibility enhance satisfaction. In my world, brand selection is a personal journey, reflecting dedication to authenticity, quality, and values. **B**



**Brijesh Lacoul**

Managing Director, East West Enterprises  
Chairperson & Founder, Food For Life Nepal

**“MY DREAMS HAVE EVOLVED. WHILE ENDEAVOURING TO EXPAND MY BUSINESS IN THE MEDICAL INDUSTRY, I HAVE TRIED MY BEST TO GIVE BACK TO SOCIETY. IN 2015, WE FOUNDED FOOD FOR LIFE NEPAL, ADDRESSING CLASSROOM HUNGER AND CONTRIBUTING TO BETTER EDUCATIONAL OUTCOMES. WHAT BEGAN AS A MODEST INITIATIVE TO FEED 18 SCHOOL CHILDREN HAS GROWN INTO NEPAL’S LARGEST NGO-RUN SCHOOL MIDDAY MEAL PROGRAMME, BENEFITING OVER 10,000 CHILDREN DAILY. FOR SOME, THE MEALS THAT WE PROVIDE ARE THE ONLY MEAL WHILE FOR SOME OTHERS IT IS EVEN A TAKEAWAY MEAL FOR THEIR FAMILY MEMBERS AT HOME. MY WORK HAS CHANGED THE COURSE OF MY LIFE, AND IT HAS MOULDED ME TO BE MORE EMPATHETIC AND ANALYTICAL.”**



Brijesh Lacoul is a third-generation entrepreneur with a remarkable 16-year journey in the medical business supplies and equipment industry. He has not only propelled his company to the forefront of the industry but is also dedicated to raising healthcare standards.

The East West Group has become synonymous with innovation, introducing cutting-edge medical equipment in Nepal. Its vision led to the introduction of SIEMENS, DentsplySirona, Straumann, 3D systems, Varian, DGShape Roland, Agfa, etc, and advanced medical imaging technologies (MRI, CT, Brain Suite, Bi-plane Cathlab, Intraoral Scanner, Dental Cone-Beam Computed Tomography Systems, CAD/CAM, CEREC etc.), revolutionising healthcare accessibility in the country.

Since 1981, East West Group expanded its entrepreneurial footprint with Nepal's first CT-Scan and Nuclear Medicine Imaging installed in Bir Hospital, Kathmandu, The Metro Imaging Centre, Kathmandu with its first SIRONA CBCT, Healthy Smiles with the first intra-oral scanner CEREC, Thamel Dental Clinic - a fully digitalised facility with single visit dentistry rarely seen even in developed countries. This state-of-the-art technology showcases East-West Group's commitment to providing the latest in medical and dental care technology to the people of Nepal.

Lacoul studied his postgraduate in Electronics Engineering from Assumption University, Thailand. He is fond of reading books, travelling, and learning new ways to improve life. In this edition of

Business 360, he shares with us the five experiences that have impacted his work and life.

#### **My family, my inspiration**

Inheriting a legacy in the medical business from my grandfather and my uncle who have been instrumental in guiding me to become an entrepreneur and their encouragement to join the family business has helped me become the person I am today. I am grateful for their presence in my life, which has inspired and disciplined me to personally run my own business. My family members have made many sacrifices for me, and I have inherited their traits of being a man of grit, ethics, strategic planning, foresight, and taking calculated risks. I am ever grateful to my mother for all her invaluable support and her presence by my side has made my achievements meaningful.

#### **Spirituality gives me meaning and purpose**

Spirituality has broader dimensions beyond yoga and meditation and is the essence of my personal growth and spiritual enlightenment. I have drawn profound inspiration from the Bhagavad Gita, a classic, timeless wisdom which covers different topics of duty, business, society, politics, war, relationship, universe, the Supreme, Lord Krishna, and many more. With approximately 700 verses, it is a guideline to life that can change an individual's paradigm and give a deeper insight of life and after. My spiritual knowledge has made me practice a life of simple living and high thinking.

I would like to put forward my heartfelt gratitude to my spiritual masters, His Divine Grace AC Bhaktivedanta Swami Prabhupada, Founder

of International Society for Krishna Consciousness (ISKCON), His Holiness Jayapataka Swami Maharaj and His Grace Patri Prabhhu. They are all transformational spiritual leaders, and with their sacrifices in the field of spirituality, thousands of individuals have been enlightened with the weapon of knowledge.

#### **Living for others**

My dreams have evolved. While endeavouring to expand my business in the medical industry, I have tried my best to give back to society. In 2015, we founded Food For Life Nepal, addressing classroom hunger and contributing to better educational outcomes. What began as a modest initiative to feed 18 school children has grown into Nepal's largest NGO-run school midday meal programme, benefiting over 10,000 children daily. For some, the meals that we provide are the only meal while for some others it is even a takeaway meal for their family members at home.

Our organisation has seen remarkable growth since its inception in 2015. I attribute this success to the dedication of my team, and it's clear that our resilience, sound working ethics, and dedication have made significant impacts on the lives of many children.

My work has changed my life course well, as it has moulded me to be empathetic and analytical. My work is a testament to the positive impact that one person can make in society.

#### **Growth starts within oneself**

I believe our mentality and our thoughts have a direct impact on our performance. We should neither be too optimistic nor too pessimistic, but realistic. Since we are

living in this dynamic tech-world, we have the tendency to undermine the value of organic growth. We believe that everything should come under the click of our fingers. Growth firstly requires vision, then planning, implementing and consistency. One may fail, but it's not how hard you fall but how fast you rebound. It has taken East West Enterprises and Food For Life Nepal almost a decade to reach its new benchmarks, and I have learnt that growth requires the proper time to run its own course of resilience before success. If my eastern cultural values of interdependence, sacrifice, and respect for others have been instrumental in my growth, then reading books and thinking rationally are my tools for my continual self-improvement.

#### **Clarity of purpose**

I believe clarity of purpose is essential for success. Referring to the story from the Bhagavad Gita where Arjun, who was initially hesitant of his duty, and later realises the reason behind his presence on the battlefield with the help of Lord Krishna. I am a keen learner of the Bhagavad Gita, and it has helped me see the 'why' behind my work. It is true that knowing 'what' and 'why' is necessary to achieve our goals. In fact, research shows that people who have a clear sense of purpose and direction are more likely to achieve their goals with confidence and self-worth.

It is important to live a life with deeper values than with the superficial trappings of success; and enjoy all we do. Often taking time for yourself and taking recreational recess can also help you rejuvenate your purpose. The truth is that you can spend your life any way you want, but you can spend it only once. **B**

## SET AN EXERCISE GOAL



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

Many people set fitness goals based on current trends, a style icon they appreciate, peer pressure, what they think their special someone would like them to look, etc. Nothing wrong with it if it gets you to exercise in an effective and regular way, but if you are pushing yourself to do

something that is not what you really want, you are not going to last in the gym. In fact, chances are that you will struggle with not just exercise but also self-esteem issues. You are likely to get into spurts of exercise, change your diet randomly, maybe see some result, put on more weight, face health issues, and simply struggle to keep going.

I also often come across people who share that they just can't find the motivation. They know why exercise is good for them and they know what they need to know, they even sign up for classes, and then it's just gone. The intent is there but the action is not. And I always say, set goals that reflect what you want and not what you think you should want.

Choose a healthy lifestyle because you believe in it. Eat consciously. Live with awareness. Choose things that are actually good for you. Temptations will always be round the corner, it's okay to indulge once in a while but to choose to live in a way that harms your body and your mind is something I fail to understand.

To get started and to stay on an exercise plan, set goals. It's the most important aspect of your fitness routine. People who set goals have a far better chance of achieving them than those who do not. Goal setting helps your performance. It provides you direction, motivation and progression.

Always make sure your goals are real to you

which means that it doesn't overwhelm you but feels like something you can achieve with some effort. When you are setting fitness goals ensure that they are specific, time bound, challenging but achievable. The key is to be sensible and to find a balance. It also helps to enjoy what you do. If you aren't already there, learn to enjoy exercise. Understand that it's not just about losing weight or overcoming a disease, fitness is an attitude. Fit people are not just healthier and stronger but they are happier and better equipped to combat stress.

Good nutrition and regular exercise have huge benefits; it's time to put on the running shoes. **B**

ALWAYS MAKE SURE YOUR GOALS ARE REAL TO YOU WHICH MEANS THAT IT DOESN'T OVERWHELM YOU BUT FEELS LIKE SOMETHING YOU CAN ACHIEVE WITH SOME EFFORT. WHEN YOU ARE SETTING FITNESS GOALS ENSURE THAT THEY ARE SPECIFIC, TIME BOUND, CHALLENGING BUT ACHIEVABLE.





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# THE OPPORTUNITIES AND CHALLENGES OF DOING BUSINESS IN INDIA



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

**There seems to be a lot of stress in corporate India, among executives...**

The problem is, you ask the chaprasi on the street – he is stressed about his job. You ask the housewife with two children – she is stressed with one husband and two children. You ask the prime minister – well, he looks stressed. Stress is about the way you are. You have not understood how to use these fantastic mechanisms – the human body and mind. You have not read the user manual.

**What do you think corporate India can do for better employer-employee relationship in this downturn?**

Recently, a major company in South India came to me with a problem. It wanted to cut off 10% of its employees. So, I said, go and talk to the remaining 90% of the employees and ask if they are willing to take 10% less salary for a certain period while you use this time to retrain and rejig the 10% for a different capability. The employees did not refuse. This whole hire-and-fire thing is a very western thing. In India, somebody who works



for us for life means he will not go anywhere. We develop a bond with him. If you do not experience any humanity working in your office, you are going around like a robot. Naturally you will talk about work and life.

**In corporate India, there are deep divisions within business families. How do you think these can be resolved?**

There was a time when we always looked up to somebody in the family as an elder. What he said was the law. We have to some extent lost that. I think a whole lot of new companies are establishing proper systems – property management, wealth management and succession plans. But family-owned businesses sometimes fail to do this.

**How do you think corporate-government relationships can improve? At the moment the government is putting pressure on corporates charging them with tax evasion, etc.**

You should not make doing business into an obstacle course. You settle that one thing, then you can enforce every law. When there is a big question mark on that, asking the industry that runs its own infrastructure and generates its own electricity to pay taxes –

you can't just say, "I will collect taxes." You can't use guns like the invaders did.

**What about political funding? Many politicians extract money in the name of funding their parties. Isn't it a means to put pressure on corporates?**

These things will happen because in this country you can't run a business largely by law. You have to please somebody. When payback time comes, you have to pay. We should be able to run business in this country without going to a minister or prime minister. There are a few states that are managing to have clear laws now.

**Can India dream about catching up with a developed nation like America?**

The United States of America is almost three times the size of India with one-fourth the population. The amount of natural resources in America is tremendous. Almost 21% of the world's fresh water is in America. You cannot compare yourself with America, it is waste of time to even aspire for those things. We should look at how to nourish and educate properly our 1.4 billion people and develop their enormous skill. We can take the world by exporting half our population.

Even today, everybody says it is always best to be treated by an Indian doctor in America.

**Where do you think India stands vis-à-vis other emerging countries like China on development? Do you think we have done enough?**

We have definitely not done enough, no question about that. China is way ahead of us. Let us not even compare the two. Taking one billion people from abject poverty and putting them on par with developed nations – something which can take over 200 years – doing it in a matter of 35 years is not a small achievement.

But we have the strength of individual enterprise. Tomorrow, if the challenges of doing business in India are taken away – all the laws are simplified, corruption is taken away and people are given a free hand – you will see India will surge ahead. Everybody will want to do business with India, not with China. When you are dealing with China, you don't know what you are dealing with. You may be thinking you are dealing with somebody who makes plastic toys but you are actually dealing with the Communist Party. So, in India we have this advantage, but this is like they have colds and fevers but we have got cancer. We have got to fix it. **B**

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ANYTHING CAN HAPPEN, FOR BETTER OR WORSE. LEADERS NEED TO BE AWARE OF THE CHANGE, ANTICIPATE THE CHANGE, AND THINK CRITICALLY ABOUT THE ENVIRONMENT. THEY NEED TO PREPARE THEMSELVES. THEY CANNOT PREDICT THE FUTURE BUT THEY CAN ALWAYS VISUALISE THE POSSIBLE SCENARIOS AND OUTCOMES. THEY SHOULD CALCULATE AND PLAN ACCORDINGLY. THOSE ORGANISATIONS THAT CAN ADAPT TO CHANGE WILL ALWAYS SUCCEED. THOSE THAT ARE SLOW TO RESPOND TO CHANGE WILL FALL BEHIND”



Binod Atreya is the Managing Director of Banking, Finance and Insurance Institute of Nepal. He has worked with Nepal Rastra Bank (NRB) for over three decades in various departments such as Micro Credit Promotion and Supervision, Corporate Planning, Bank Regulation, General Services, and Bankers Training Centre. He also helped develop a five-year strategic plan for NRB. After leaving the central bank, he became the CEO of Nepal Bank Ltd for three years.

Atreya also conducted supply and demand analyses for the financial inclusion roadmap of Nepal and worked as the National Project Director for the UNNATI - Access to Finance initiative, supported by the UN Capital Development Fund and the Government of Denmark.

Currently, he serves on the boards of CARE Ratings Nepal and Surya Life Insurance Company. He is also the leader of the Management Association of Nepal (MAN) International Relations Sub-Committee and a member of the Confederation of Nepalese Industries (CNI) Infrastructure, Banking, and Finance Sub-Committee. He played an active role in the early formation of Nepal Infrastructure Bank Ltd. In addition, he has been involved in various projects of the United Nations Development Programme in the Republic of Maldives, Marshall Islands, and the Republic of Palau. His areas of

## **BINOD ATREYA**

**MANAGING DIRECTOR, BANKING, FINANCE AND INSURANCE INSTITUTE OF NEPAL**

expertise include public-private partnership, entrepreneurship development, microfinance, strategic planning, financial literacy policy, financial sector reform, management and administration, research and training.

In this edition of **Business 360**, Atreya speaks about various aspects of leadership. Excerpts:

**As someone who has been in various reputed positions, how do you define leadership?**

A leader is someone who gets things done through their subordinates and influences them positively. Leadership is also about guiding and teaching the team to achieve the organisation's goals and objectives. For me, leadership is always about making an impact: creating more leaders from the team, passing on the legacy, and setting a culture for future generations.

**Is leadership inborn or acquired?**

Leadership is a skill that you can learn and improve depending on the environment you live in. An environment that challenges your leadership can help you grow, develop and learn the qualities you need to be a good leader. For example, my team and I recently attended a conference on Nepal Banking, Financial Services and Insurance (BFSI) 2023, where we met ministers, senior government officials and ambassadors. This platform exposed us to a new knowledge system that enhanced our leadership ability. Leadership also thrives in a dynamic working environment. If you work in the same position in an organisation for a long time, your leadership quality may not be as high as those who have worked in different positions in the same organisation.

**How can one win over people or create influence?**

Trust is the first step to influencing and winning over your staff. Working in an office means working in a group, and you need to empower each other. When your staff feel empowered and trusted,

they will do their best to make an impact and bring out the necessary changes. Today's youth are tech savvy and want everything fast – fast promotions, fast results. We cannot change how they are groomed, but we can adjust our environment to make them more comfortable. The new generation will not enjoy traditional ways of working. Therefore, I suggest we reinvent our working modality. Finally, if you want to win over your people, give them responsibility. Set them goals and reward them occasionally, and see how they deliver the best results.

**One incident that tested your leadership ability...**

I have faced many leadership challenges in my career. One of them happened when I worked at NRB and had to liaise with the government, trade union and management. When I joined Nepal Bank Ltd, the non-performing asset (NPA) level was around 35% and deposits were about Rs 12 billion. It was a daunting task to lower the NPA level. I delegated some authority to the department heads and advised them to negotiate with a certain percentage and proceed with the recovery. This strategy helped me fulfil the responsibility I was assigned. By the time I left the job, the NPA level had dropped to 3%.

**When should a leader pass on the baton?**

Two years ago, I suffered a heart attack. I underwent surgery and spent six days in the hospital. Then I had to rest at home for another six weeks. But I didn't stop working. I worked from home. Everyone in my family urged me to quit my job as I am getting older but I was so passionate about my work that I couldn't quit.

Later, I visited London for work purposes. A 92-year-old speaker, in a wheelchair, said, "Professionals never retire." That sentence made me think a lot and I decided not to step back unless I really felt it from within. Therefore, I believe there is no fixed time to pass on the baton. You can keep

working as long as you have a zeal for it.

**Your leadership mantra**

Leadership today prepares you for leadership tomorrow. You can achieve this by giving your team full responsibility and accountability. This is what I do with my team so that they can take over my role when I am not around. If you want your team to grow, let them make decisions and do things on their own without asking you. If you always expect your team to consult you before making any decision, they will never learn. You just need to say: "Make your own decisions, learn from your mistakes, but don't repeat them."

**What would you suggest to effectively lead a team?**

Hard work is essential for success. You also need to be committed, set an example and spread positivity. For example, if you are a leader and you expect your staff to be punctual but you are always late, what kind of impression are you making? Your staff should be motivated and inspired by your work ethic. You should also foster a culture of peer-to-peer learning. Every team member has strengths and weaknesses. Leaders should help them maximise their strengths and overcome their weaknesses.

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

Change is the only constant in this world. Every day, something happens that affects something else. You can see in the recent news, a new Covid variant has emerged. Countries like Singapore are under stress. There is geo-political instability between countries like Russia and Ukraine, supply chain disruption, financial instability, and the aftermath of Covid 19.

My point is that anything can happen, for better or worse. Therefore, leaders need to be aware of the change, anticipate the change, and think critically about the environment. They need to prepare themselves. They cannot predict the future but they can always visualise the possible scenarios

and outcomes. They should calculate and plan accordingly. Those organisations that can adapt to change will always succeed. Those that are slow to respond to change will fall behind. You never know what will affect the organisation in what ways, so the organisation must be flexible and make timely decisions.

**What leadership style do you follow?**

My leadership style varies depending on the context. Sometimes I need to be more directive, and other times more flexible. In my work environment, I have witnessed my team members taking responsibility, which is a sign of leadership potential. I sense a strong desire among my staff to become leaders.

**A leader you look up to**

My father is my role model. He was a school teacher. When I was a kid, he taught me many valuable lessons that have shaped my life. He introduced me to the wonders of culture, the universe, the stars, the land, and more. I gained a lot of wisdom from the stories he shared with me. I always remember his words: "You don't need to accomplish great things in life, just be a good human." Those teachings have stayed with me and kept me humble.

**What would you advise young emerging leaders?**

The first thing they need to realise is that they all have leadership potential and they need to discover it. Secondly, they need to have self-confidence and consider their homeland before moving to another country. The respect they get in their own country is much greater. Remember, the only person who succeeds is the one who sees the positive side more often. Young people also need to learn that they should not be too indecisive and change their minds frequently. A clear mindset will help them achieve anything. **B**



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