

VOL 12 • ISSUE 10 • AUGUST 2024 • RS 100

# BUSINESS 360°

**LEGAL  
PROTECTIONS  
FOR GIG  
ECONOMY  
WORKERS IN  
NEPAL**

**ASSESSING  
THE MONETARY  
POLICY  
CALIBRATION**

**COALITION  
TO FOCUS ON  
ACCELERATING  
THE ECONOMY**

**CHAMPIONING  
TRANSFORMATIONAL  
TOURISM**

**RAJ GYAWALI**  
FOUNDER, SOCIAL TOURS  
KORA CYCLING CHALLENGE







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At the Olympic and Paralympic Games Paris 2024, focus will be on the athletes striving for gold. Shericka Jackson is currently the fastest woman in the world over 200m, and will be hoping to claim another medal on the greatest sporting stage. OMEGA is proud to support Shericka and all the athletes as they pursue their dreams. For the 31st time in history, our role as Official Timekeeper will ensure precision and expert performance at the critical moments that count.





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Political and economic turmoil creates both business destruction and opportunity is the insight of well-established business leaders. Instability is known to birth resourcefulness and innovation. And real entrepreneurs are those who are able to find opportunities in times of challenges and create and grow their business. While it also requires that extra level of competitiveness and efficiency, times of constraints also demand that you know what to keep and what to let go.

I often draw parallels of the business world from the code of the Samurai which is focused not just on strength and agency but on how the mind works. Here, winning is not just about how aggressive you are, instead, it concentrates on the mind, the place where our daily battles are fought. The Samurai's talk about building a resilient personality that can deal with uncertainty, contradiction and stress, but with a solid understanding of what they are doing and with a clear and unwavering focus on the goal.

Often quickly changing and volatile politics in a country demands that people in business have the fluidity and flexibility to adapt to different problems and policy changes. It requires a successful entrepreneur to be able to interpret changes from different points of view and reformulate strategies while assessing opportunities and threats.

Crisis also demands that you seize high value opportunities before your competitors do. It requires that you process changes and act decisively. The Covid 19 saw so many new businesses open and grow. What caught my attention the most was the deftness with which some people entered and exited from business while making profits and serving the need of the hour. Those who entered late and lingered longer had to contend with losses.

Most importantly, not all crises are equal, sometimes prolonged turmoil can go against the best business minds. Filling a market void is what business is all about. But a wrong idea, product or service, ahead or behind its time, can turn into your own battlefield.

Above all, the greatest win is when you are able to stay committed to your integrity and values in a challenging ecosystem in business, and in life.

A handwritten signature in black ink, appearing to read 'Charu Chadha', written over a horizontal line.

Charu Chadha  
editor

## BIZ INDICATORS

FOREX MARKET	19-Jul-24	21-Jun-24	Year ago
USD	133.86	133.65	131.35
GBP	172.93	167.61	169.92
Chinese Renminbi (Yuan)	18.41	18.41	18.18
Indian Rupee (INR 100)	160.00	160.00	160.00
Euro	145.60	142.89	147.08
Australian Dollar	-	-	-
GOVERNMENT SECURITIES	Lowest	Highest	Weighted Avg.
Discount rate of T-bill (Subject to latest issuance )			
Treasury bills (28 days)	2.74	2.96	2.91
Treasury bills (91 days)	2.92	2.96	2.93
Treasury bills (182 days)	3.01	3.06	3.04
Treasury bills (364 days)	3.15	3.20	3.18
PRICE INDICES	15-Jun-24	15-May-24	15-Jun-23
National Consumer Price Index (base year 2014/15 = 100)	168.09	167.58	161.36

Source: Refinitiv Eikon, Nrb

P = Provisional, R = Revised

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THERE ARE MANY CHALLENGES AND UNCERTAINTIES IN NEPAL'S PATH TO LEVERAGING THE IMMENSE OPPORTUNITIES THAT ARE PRESENT IN THE COUNTRY. WE ARE AS A COUNTRY GROWING AND WITH GROWTH COMES HURDLES AND OBSTACLES BUT WE BELIEVE WITH THESE OBSTACLES THERE ARE IMMENSE OPPORTUNITIES AS WELL.

**JAYADIN SHRESTHA**  
JOINT MANAGING DIRECTOR,  
ICTC

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JUNG WOO-SUNG

**LONGINES**



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IN THE LEAD

## CHAMPIONING TRANSFORMATIONAL TOURISM

**RAJ GYAWALI**  
FOUNDER, SOCIAL TOURS AND  
KORA CYCLING CHALLENGE

NEPAL'S TOURISM IS UNDENIABLY BRIGHT. GLOBAL TRENDS FAVOUR EXPERIENTIAL TOURISM, AN AREA WHERE NEPAL EXCELS. OUR SLOGAN, 'A LIFETIME EXPERIENCE', ACCURATELY CAPTURES THE ESSENCE OF WHAT NEPAL OFFERS. HOWEVER, TO REALISE THIS POTENTIAL, WE MUST ADDRESS THE UNDERLYING ISSUES AND INVEST IN DEVELOPING THE NECESSARY EXPERTISE.



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THERE ARE TWO PRIMARY APPROACHES TO WINNING OVER PEOPLE. MANAGERIAL LEADERS OFTEN RELY ON RESOURCES, SKILLFUL COMMUNICATION, AND PERSONAL CHARISMA. HOWEVER, TRANSFORMATIVE LEADERS DISTINGUISH THEMSELVES THROUGH A COMBINATION OF IDEOLOGY AND PRACTICAL IMPLEMENTATION. WHILE BOTH METHODS CAN BE EFFECTIVE, A LONG-TERM IMPACT IS MORE LIKELY ACHIEVED THROUGH A BALANCE OF VISION AND PRACTICALITY. SOLELY FOCUSING ON PRACTICALITIES MAY PROVE INSUFFICIENT."

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## HI 5

WHEN IT COMES TO TEAMWORK, IT'S NOT JUST A CONCEPT; IT'S THE VERY ESSENCE OF HOW THINGS GET DONE. THE ECOSYSTEM OF LEADERSHIP INVOLVES NOT JUST A LEADER, BUT FOLLOWERS, MISSIONS, GOALS, STANDARDS AND OBJECTIVES. TEAMWORK CAPTURES THIS ENTIRE DYNAMIC FAR BETTER THAN ANY SINGLE TITLE OR ROLE COULD. IT'S NOT ABOUT PLACING SOMEONE ON A PEDESTAL AS A LEADER. INSTEAD, IT'S ABOUT ACKNOWLEDGING THAT EVERYONE CONTRIBUTES TO THE OUTCOME.

**BHANU DABADI**  
COFOUNDER,  
MENTORLAB

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“REGULATORY FRAMEWORKS LIKE INDIA'S DATA PROTECTION BILL AND NEPAL'S PERSONAL DATA PROTECTION ACT WILL PLAY A CRUCIAL ROLE IN SHAPING DATA COLLECTION PRACTICES. THE FOCUS WILL SHIFT TOWARDS OBTAINING EXPLICIT USER CONSENT AND BUILDING TRUST THROUGH TRANSPARENT DATA PRACTICES. WE PRIORITISE COMPLIANCE WITH THESE REGULATIONS AND PRIORITISE RESPONSIBLE DATA COLLECTION PRACTICES THAT BUILD TRUST WITH CLIENTS AND CONSUMERS IN BOTH COUNTRIES”

**NISHANT SHEKHAR**  
VICE PRESIDENT - DATA ANALYTICS,  
HAVAS MEDIA INDIA

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“IN TODAY'S INFLUENCER MARKETING LANDSCAPE, EVALUATING INFLUENCERS GOES BEYOND FOLLOWERSHIP. AT HAVAS, WE USE HAVAS KLUG, AN ADVANCED METHODOLOGY ASSESSING INFLUENCERS ON OVER 23 VARIABLES, INCLUDING FOLLOWER QUALITY, NOTABLE FOLLOWERS, SUSPICIOUS FOLLOWERS, PAST BRAND ASSOCIATIONS, WORK CLOUD AND CATEGORY RELEVANCE. THIS ENSURES OUR SELECTIONS ARE DATA-DRIVEN AND ALIGNED WITH STRATEGIC GOALS. BY LEVERAGING HAVAS KLUG'S EXPERTISE, WE HAVE OBSERVED NOTABLE IMPROVEMENTS IN CAMPAIGN DELIVERY, PROVING THAT EVEN INFLUENCERS WITH SMALLER FOLLOWINGS CAN DRIVE SUBSTANTIAL ENGAGEMENT WHEN SELECTED BASED ON COMPREHENSIVE METRICS”

**ROHAN CHINCHOLI**  
CHIEF DIGITAL OFFICER,  
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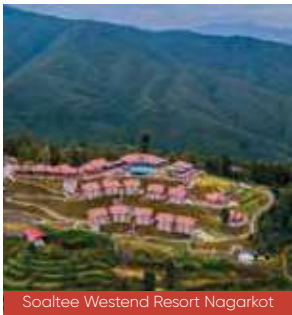
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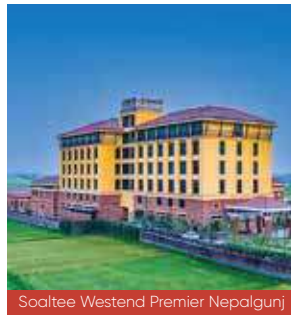
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# CHAMPIONING TRANSFORMATIONAL TOURISM

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## RAJ GYAWALI

FOUNDER, SOCIAL TOURS AND  
KORA CYCLING CHALLENGE

Raj Gyawali is a recognised name in Nepal's tourism industry, known for his focus on innovation, prioritisation of community involvement, and environmental responsibility.

As the Founder of Social Tours, a company lauded internationally for its commitment to responsible travel, Gyawali has been instrumental in promoting a model that benefits local communities and safeguards cultural heritage. With a background in tourism management and a deep-seated passion for sustainable development, he is a vocal advocate for practices that minimise tourism's ecological footprint while maximising its positive impact on local economies.

Gyawali's influence extends beyond Social Tours. He is an advisor at Karma Coffee where he helps integrate sustainability principles into their operations. Additionally, he offers his expertise as a consultant in sustainable tourism, guiding various organisations and projects seeking to strike a balance between tourism growth and environmental conservation. His commitment extends beyond tourism itself as he actively participates in initiatives promoting sustainable living and environmental stewardship in Nepal.

Gyawali is also the Founder of Kora Cycling Challenge which initially started as a hobby but has over the years become a calendar event. This year, the Kathmandu Kora had a record 5722 participants, a number that only promises to grow.

In this issue of **Business 360**, we spoke to Gyawali about what drives him to do what he does and what his work embodies.





When I started Social Tours, we were focused on responsible tourism, but now we are moving towards transformational and regenerative approaches. Responsibility is embedded in what we do, and we are constantly striving to take it to the next level. It's an internalisation process. The whole idea is about embedding these principles into our policies and practices.

**What inspired you to start Social Tours?**

It's an interesting story. I was originally in manufacturing, specifically in handicrafts. Around 1998, my partner at the time, who was British, brought a group of students from the UK, and we organised a cataract eye camp in the mountains. That experience made me realise the profound impact tourism can have. The idea that social work and tourism could be combined had always been on my mind, and that's how Social Tours came about. Although some people associate it with social media or social tourism, it's really about using tourism to do social good.

**What was the transition from manufacturing to tourism like?**

Interestingly, the transition wasn't very challenging. You have to remember that in manufacturing, you are selling a product internationally – I was selling to H&M, for instance. In tourism, you are still selling a product, just one that doesn't go away. So, my experience in export was very useful when I transitioned into tourism. Plus, I have always been interested in adventure, so it was a very easy transition for me.

**Social Tours is synonymous with responsible tourism. What does responsible tourism mean, and how does Social Tours embody that philosophy?**

That's a very interesting question because responsible tourism has evolved significantly over time. Initially, we had eco-tourism, followed by sustainable tourism, responsible tourism, and now we are entering an era of transformational and regenerative tourism. These might seem like buzzwords, but each has a distinct meaning. Eco-tourism involves a list of practices that are environmentally friendly. Sustainable tourism expands on this, incorporating environmental considerations along with cultural preservation and long-term sustenance of destinations. Responsible tourism takes it further by

placing the responsibility on both the company and the traveller to do the right thing. Transformational tourism impacts both the destination and the traveller profoundly, while regenerative tourism seeks to restore and revive traditional practices. It's a deeper transition at each stage.

When I started Social Tours, we were focused on responsible tourism, but now we are moving towards transformational and regenerative approaches. Responsibility is embedded in what we do, and we are constantly striving to take it to the next level.

It's an internalisation process. The whole idea is about embedding these principles into our policies and practices. For example, from the very beginning, we decided not to vertically integrate. In business, vertical integration means owning everything in the supply chain, but we chose to distribute the economic benefits throughout the community, as we see that as our responsibility. As a result, Social Tours still doesn't own any cars; we rent vehicles from the market to avoid adding to environmental burdens, even if our operations might inadvertently contribute to them. We have made significant decisions like no longer printing materials; when we did, we ensured they were recycled. It's about internalising these practices, not just putting them on paper, but going deeper and deeper into them. We also train our guides, engage with the industry to drive improvement, and lead by example. It's a continuous journey of trying to walk the talk, because even now, people can point out issues, and there will always be challenges. But as long as we are on a mindful path towards doing the right thing, that's the journey we are committed to following.

**How do you select and design the experiences that you offer to travellers?**

In tourism, every place has incredible depth. However,



tourism often spreads like wildfire – people tend to focus on what's already popular because it's the easiest route. If Everest is successful, everyone promotes Everest. If Annapurna or Kathmandu Durbar Square works, they stick to that. But if you dig deeper, you can develop truly immersive journeys that are unique. For example, we offer a food trail in Kathmandu that explores the ancient markets of Asan, then moves to Kirtipur for Newari cuisine. We peel back the layers of a place, and fortunately, the market is moving in that direction.



Travellers are seeking more unique experiences, and in Nepal, we are sitting on a gold mine. With 150 ethnicities, diverse landscapes from the Terai to the mountains, and an abundance of food varieties, there's so much potential. It's all about making the effort to delve deeper and reveal these layers. Almost everything here can be a tourism product – Nepal is a growing country, and even its people are tourism products, as travellers are fascinated by the stories of those who have achieved remarkable things, beyond just climbing mountains. For

me, all these elements are like ingredients, and the canvas we have to work with is amazing. Fortunately, those who come to Nepal are adventurers at heart, whether that's eating spicy food, exploring tough terrains, or trying rafting. Everything is an adventure here, and people appreciate the journey, whether it's visiting a bhatti for momos or learning about shamanism. It's not just in Kathmandu; these experiences are everywhere.

**Could you tell us about a memorable experience or feedback from a traveller that highlights the depth of a social tour?**

Oh, we hear that all the time. Often, travellers tell us that it was the trip of a lifetime, that they've never experienced anything like it before. Sometimes it's as simple as taking a cooking course – something basic, like learning how to make momos or dal bhat. They might say, "I knew how to make dal, but now I know exactly how to make it," and that has transformed their lives. It's a simple thing, but for some, reaching the top of

a hill or achieving a personal milestone on a high peak is a life-changing achievement. When we see people deeply connect with a journey and realise how tourism can truly be, and when we hear back that we've transformed their way of thinking about travel, that's when we feel fulfilled.

Recently, we have been working on a project focused on transparency. We are completely open with our travellers about how much money we make and who earns what; we call it financial transparency. Most of our



Nepal's tourism is undeniably bright. Global trends favour experiential tourism, an area where Nepal excels. Our slogan, 'A Lifetime Experience', accurately captures the essence of what Nepal offers. However, to realise this potential, we must address the underlying issues and invest in developing the necessary expertise.

travellers are shocked because no one else tells them where the money goes. But we do, and it's a transformational experience for them. It's like an open kitchen in a restaurant; you trust an open kitchen because it's transparent. People used to think that an open kitchen would be dirty, but in reality, it forces everything to be clean. We are applying the same concept to tourism, opening everything up, and it's a game changer – not just here, but globally.

**You are today known for Kora Cycling. What inspired you to start Kora, and how has it evolved over the years?**

Kora is a fascinating project that actually began with volunteering. Years ago, we collaborated with a UK-based company called Saga which brought over 50 volunteers aged 50+. The CEO wanted to send his 16-year-old son here, so he asked me to look after him. He mentioned the son had saved some money, so I suggested he earn his way around Nepal instead of relying on funds. We created a 50 km cycling route around Kathmandu, and the idea was that he'd fund his stay with the money raised from completing the ride. With his initial investment of around Rs 4.5 lakh, we started something akin to a charity. The first year was about route planning and testing it with him and a Nepali friend. We wanted to involve locals, so we encouraged a Nepali person to join the British participant, Max. That year, 35 people took part.

After sharing the experience on social media, we were overwhelmed by interest the following year. Anticipating 125 participants, we were astonished when 350 showed up. The next year, it was 1,000, then 1,700, and this year, an incredible 5,722 people joined from Nepal and even places like Singapore and Colorado. Clearly, there was a gap in the market for such an event.

Though Kora isn't about profit, it has become a yearly

highlight. We are now in talks with Lalitpur Metropolitan City to officially establish it as a city event. Cycling is healthy, sustainable, and a great alternative to motorbikes, so it aligns perfectly with the city's goals. Kora has expanded rapidly, with 15 locations last year and 20 this year. It's incredibly rewarding to see a hobby evolve into such a significant event.

**What does Kora mean?**

Kora is a Tibetan term for circumambulation, often performed around religious sites like Bouddha or Swayombhu. It's traditionally done in odd numbers. We chose the name because our route circled Kathmandu clockwise, encompassing numerous temples. While it's about more than just temples, the concept of circling a powerful centre aligns with the city's historical and spiritual significance. The idea of a circuit is also practical, as it simplifies logistics compared to linear routes.

**Are local communities involved in the Kora Cycling Challenge?**

We are gradually increasing local involvement. We work with the Lalitpur Metropolitan City and wards to get them engaged. Currently, communities like Kirtipur participate by throwing water and playing dhime baja (traditional drums) for participants, which is the kind of engagement we are aiming for.

The vision is for Kora to become a modern-day cycling festival, similar to a traditional jatra (festival). It has a fixed date (third weekend of July) and a consistent route with minor modifications for road construction or unforeseen issues. We also keep adding new routes, like this year's 140 km Kathmandu Valley circuit.

This consistency creates a layered effect. Kids can even guide lost participants because everyone knows the Kora route. Changing the route wouldn't achieve this, and it's



why we maintain a consistent path – a crucial step towards establishing jatra status.

**You mentioned Kora being organised internationally too. How does that work?**

Kora operates on a concept closer to copyleft than copyright. We design the event format, and anyone can follow it. It's a simple model – Bhaktapur, Jhapa, or even Singapore can adopt the format by following the same principles. Local organisers simply implement the existing template.

**What are your thoughts on the current state of tourism in Nepal?**

Nepal's tourism sector is a complex mix of immense potential and significant





hurdles. While the country undoubtedly possesses the raw materials for a thriving tourism industry – breathtaking landscapes, rich culture, and adventure opportunities – we are currently in a state of limbo due to fundamental shortcomings.

Strategically, policy-wise and operationally, we have made critical errors. Our outdated tourism law, from the 1972 Coronation era, is woefully inadequate for today's tourism landscape. The tourism ministry itself is primarily administrative rather than technical, ill-equipped to handle the complexities of modern tourism. Moreover, our human capital is misaligned. We have a surplus of trekking guides, cooks and housekeeping staff, but a critical shortage

of professionals in marketing, finance and tourism technology. This incomplete ecosystem hinders our ability to compete effectively.

Despite these challenges, the future of Nepal's tourism is undeniably bright. Global trends favour experiential tourism, an area where Nepal excels. Our slogan, 'A Lifetime Experience', accurately captures the essence of what Nepal offers. However, to realise this potential, we must address the underlying issues and invest in developing the necessary expertise.

It's frustrating to witness a country with such immense tourism potential held back by systemic problems. But I remain optimistic that with the right strategies and leadership, Nepal can overcome these

challenges and become a world-class tourism destination.

**How do you see sustainable tourism or for that matter, responsible tourism evolving over the years in our country?**

Sustainable tourism is already taking root in Nepal, driven by local communities taking ownership. The Pasang Lhamu Municipality managing the Everest region themselves is a prime example. They are setting guidelines, collecting funds, and developing the area on their terms. This local ownership is crucial for sustainable tourism. It ensures equitable wealth distribution, minimises environmental impact, and preserves cultural heritage. Policy support needs to accompany this ownership to provide guidance.

Nepal's rural tourism focus is another positive step. However, ensuring money stays within these communities remains a challenge. Recording, utilising local resources and empowering local government are key. Nepal is no longer solely Kathmandu-centric, and empowering provincial tourism further enhances sustainability. The main hurdles are capacity, will and demand. Achieving critical mass is essential – just like our Mayor Balen Shah's walking street project wouldn't work without sufficient participation.

**What are some trends in tourism that Nepal maybe overlooking? What advice would you give policymakers to ensure tourism grows in Nepal?**

I think Nepal does try to align itself to every trend that it sees, and that is essentially the problem of destination development in Nepal. One global trend is towards more and more experiential tourism - more experiences based, and Nepal is a goldmine for it. I just came back from a Shaman Festival in Temal. It's phenomenal, and this happens all over the country. Our country is a goldmine for experiential tourism but we do not focus, instead trying to grasp at every niche that is possible and every trend that comes by. If we focused on the brand identity that we identified for ourselves in 2019 – Lifetime Experiences – that's all that Nepal would have to do. Almost everything in Nepal is about lifetime experiences – I like to joke that the toilets at the airport when you arrive is a lifetime experience – it starts that soon. That is one brand promise we can deliver in Nepal – over and over again – every time people meet Nepalis, encounter our hospitality, climb a mountain, turn a corner and get another view, understand how Nepal lives with 150 different ethnicities in peace – it is a lifetime experience.



Transformational tourism is a concept that looks at tourism as a powerful vehicle of change, both to transform travellers and destinations. Done well, it educates travellers on how to travel and with minimal negative impact, changing their choices and thought processes for the better.

What Nepal's tourism needs to do, is just focus, and not get distracted by every niche that looks something to run behind. What policy makers need to do is to align the whole tourism eco-system to this brand promise, and it will be loud and effective.

**What are some new opportunities in tourism for young startups or new entrepreneurs?**

Currently, the biggest opportunity that Nepal has in tourism is about spread. Tourism has traditionally been concentrated in just a few areas, and our arsenal of tourism experiences is very small, while the potential is great. With federalism came more local control and more funds in local areas. The opportunity that this provides is creating these localised experiences, and marketing it online effectively. This will essentially lead to a good diversification of experiences to be had in Nepal, and these experiences can also be financially viable. The market exists – it just needs to be done. Another opportunity is for tertiary services in tourism – finance, marketing, IT, etc. We are very weak at this. Startups that provide professional services would be much in demand.

**How do you rate Nepal on current tourism sustainability practices?**

Nepal is a unique destination in terms of sustainable practices – if we say it's not there, it's not true, and if we say we are doing it well, that's not true either. Most of Nepal's tourism happens in rural areas, hence there is a good spread of money into the local economy – one of the crucial indicators of sustainable tourism. Our protection of nature vis-a-vis tourism, at least in national parks is also quite good. But while we have this, our mindless development of tourism, is a total disaster in sustainability. We mindlessly build roads that are unsustainable, towers on every hill, flood villages in the name of homestay tourism, and the amount of cultural

commodification is huge. So really, it's a case of not focusing on our inherent strengths and going even deeper and layering it in, but mindlessly developing and allowing any form of development to take place.

**What are some positive indicators in realising transformational tourism?**

Transformational tourism is a concept that looks at tourism as a powerful vehicle of change, both to transform travellers and destinations. Done well, it educates travellers on how to travel and with minimal negative impact, changing their choices and thought processes for the better. On the other hand, it positively impacts destinations and communities, not only economically, which is the easy bit, but through connections, regenerative practices, and also through change in thinking. This is probably the most powerful concept in tourism today.

**It's not always easy to align one's ideals with one's needs – monetarily especially. Which values guide your work (and life)?**

I am very aligned, or at least try hard to align myself to the concept of the control of greed. I even did a TEDx talk on that. Greed is a human tendency and we all have it. Somehow to drive us to achieve more, strive harder, etc. However, if we find ways to control greed, we end up living in a realm of sufficiency, to me, an ideal life to live by. Do just enough, and not more. However, to reach this, there are lifestyle choices one has to make. For example, we do not have a house that we own, nor do we own a car, and as a spin-off – we do not have debt either. But it's a conscious choice, and comes with its own set of issues. One has to be able to make certain of the lifestyle choices to live by one's ideals. This ideal, controlling greed and working towards sufficiency, guides my work and life too.

**What inspires you to do what you do each day?**

What inspires me? I need to have fun in what I do. This does not have to be in massive doses, but even in tiny doses of fun. This keeps every day fresh and enjoyable.

**As a tourism entrepreneur, what is the impact you wish to make?**

As a tourism entrepreneur, I hope the way I run my business becomes inspirational, and exemplary and it has a positive impact all around – to the traveller and to the destination. I also hope that the business is dynamic, moving with the times, and constantly evolving. That's what I can hope for.

**What other organisations are you involved in?**

Beyond Social Tours, I wear many hats. I consult for provincial governments, like Sudurpaschchim, helping them develop tourism products. In the Everest region, I also offer consulting services. Additionally, I collaborate with a Norwegian company to create unique tourism experiences around the world. This global approach allows me to share my expertise and passion for responsible tourism on a wider scale.

Currently, two projects hold my main focus. Stomp Software promotes transparency and ethical practices in tourism. On the other hand, resonate. travel is a global platform that empowers local communities by showcasing their stories as the driving force for tourism, moving away from reliance on international guidebooks. This platform integrates sustainability as a core principle.

Finally, my wife's project, Karma Coffee, operates under the principles of a circular economy. Their coffee shop embodies sustainability by using local materials and even incorporates National Geographic learning materials to highlight their practices. All these endeavours, including Social Tours, work together seamlessly towards a more responsible and impactful tourism industry in Nepal. **B**



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# IMPACT OF MERGERS AND ACQUISITIONS ON BANKS



**ASHOK SHERCHAN**  
Chief Executive Officer, Prabhu Bank



**RATNA RAJ BAJRACHARYA**  
Former Chief Executive Officer, Global IME Bank



Nepal's banking landscape has undergone a substantial transformation due to the wave of mergers and acquisitions (M&As) spurred by regulatory mandates to increase minimum capital requirements. While these consolidations have undoubtedly brought about certain benefits, their overall effectiveness is a complex issue with both positive and negative implications.

On the positive side, M&As have significantly enhanced the capital adequacy of the banking sector, bolstering its resilience against economic shocks. By amalgamating operations, banks have achieved economies of scale, leading to improved efficiency and cost reduction. This, in turn, has enabled them to invest more in technology, human capital, and product development, thereby strengthening their competitive edge. Moreover, the expanded branch networks resulting from mergers have increased access to financial services for a larger population.

However, challenges and criticisms also abound. Integrating disparate organisational cultures, systems, and processes can be a formidable task, often leading to disruptions in service delivery and customer dissatisfaction. Job losses are an inevitable consequence of M&As, which can negatively impact employee morale and public perception. Furthermore, a reduction in the number of banks due to consolidation can lead to decreased

competition, potentially resulting in higher interest rates and reduced choice for consumers.

While there is evidence to suggest that some merged banks have exhibited improved financial performance and market share, the overall impact on competition and interest rates remains inconclusive. Some studies indicate increased market concentration, while others argue that efficiency gains outweigh competitive concerns. Additionally, the long-term effects of M&As on financial inclusion and credit accessibility require further investigation.

In conclusion, M&As have been a significant catalyst for change in Nepal's banking sector. While they have undoubtedly strengthened the industry in certain aspects, their overall effectiveness depends on various factors and the specific circumstances of each merger. To maximise the benefits and mitigate the risks, careful planning, execution, and post-merger integration are essential. Moreover, ongoing monitoring and evaluation are necessary to assess the long-term impact of these consolidations on the banking sector and the broader economy.

To get a deeper understanding of the decisions to encourage mergers and acquisitions, in this edition of **Business 360**, we spoke to prominent bankers **Ashok Sherchan**, CEO of Prabhu Bank and **Ratna Raj Bajracharya**, Former CEO of Global IME Bank.



# OPINION

## Could there have been alternative strategies to mergers and acquisitions to address the challenges faced by banks in recent times?

**Ashok Sherchan:**

Another strategy to mergers and acquisitions for capital enhancement is the injection of new capital through existing or new shareholders. The chances of that working are not as good, which led to the central bank deciding to prioritise mergers and acquisitions. The options available for capital enhancement are these, M&As, injections of new capital, and if available converting reserves into capital. Which is why many banks, because of the size of the markets and keeping in accordance with the Rastra Bank, proceeded with mergers and acquisitions.

**Ratna Raj Bajracharya:**

This depends on the basic objective considered for a merger. When enhancing the business, volume is the prime concern, and there are little alternative strategies available. Mergers ensure the fastest means to attain higher volumes of business with expanded reach at once and market share. However, if the concern is enhancing capital to sustain and expand current business volume, alternative strategies could have been explored.

## Mergers entail banks taking on both the good and the bad of each other. How has that affected the functioning of your bank?

**Ashok Sherchan:** M&As have both benefits and harm, this is a worldwide truth. In the past we have merged with around ten big and small institutions. At times, these decisions were primarily positive, some cases were negative. Our previous merger left us with some negative effects. This happened because of the quality of the assets. While it is taking up precious

time and resources, we have been trying to manage the consequences.

Other than that, there are also cultural consequences. With M&As, there can be clashes in the two different work cultures. No two work environments are the same. There could be differences in the quality of the staff. The processes and functioning are guaranteed to differ. The same is true for the customer bases. Whoever is leading takes up the responsibility of integrating everyone into a coherent system. This always takes up time and focus. So, the benefits of M&As is not always immediate and sometimes has to be seen as a long-term investment.

**Ratna Raj Bajracharya:**

Banks and financial institutions (BFIs) have been operating in the same market and have a sound understanding of competitor status, particularly regarding assets quality and management practices. These are further authenticated through DDA exercises. In many cases, the 'bad' side is relegated through the swap ratio itself. Despite being prepared, there may surface some issues that were not thought of or anticipated. However, the merged organisation has to move on with all these being addressed equitably. A blame game benefits no one.

## How do mergers impact customer service levels, waiting times, and branch accessibility?

**Ashok Sherchan:** More often than not, the customer base that has been acquired, are the ones who benefit due to the leading organisations having lower interest rates, larger market share, more branch locations, and faster processing times. But in some cases, if the bank that is leading has higher interest rates and costs it would end up costing the customers so much more. There are two very clear sides to this. In some cases, the customers benefit while the banks suffer, in other cases it is the opposite. The

ultimate goal of M&As is for the size of the bank to increase and for it to be a less risky endeavour that is stress free which will eventually go on to benefit both the customers and the banks.

**Ratna Raj Bajracharya:**

When two competing BFIs merge, it would not be appropriate to consider that the customer service level would deteriorate presumably due to mixing of staff from both the organisations. Since both the merging institutions are primarily providing the same type of services, it would be fair to understand that all staff have equally been trained and appropriately placed by erstwhile organisations as well. A concern as to providing "accommodation" in terms of work culture might need articulation. In the post-merger period, this should be the primary job of top management, supported by clear strategies and immediate implementation in which getting support of all managerial level executives would become the prerequisite. This can very well be served by proper communication and balanced behaviour.

I have not come across any changes in the level of customer service due to the merger. Rather, with the expanded branch network, the customers benefit largely due to increased accessibility. With respect to differences in "service fee" structures of merging institutions, some adjustments will be inevitable in order to make them "uniform". In this respect, largely the lower-end fee structures are applied throughout. Regarding interest rates, the fixed deposit rate on existing deposits continues till their maturity. Saving accounts are adjusted/merged with similar nature and priced products. Some products from other institutions may have to be continued due to specific features/rate. Lending rates may be subject to change due to change in the "base rate". However, where the base rate goes up impacting the borrowers of another institution, some adjustment in the "premium rate" may be warranted.

These all are normal "adjustments" and need not be construed as complications arising from merger.

## How have mergers impacted the banks' capital adequacy ratio and overall financial stability?

**Ashok Sherchan:** A bank's capital adequacy can indicate wealth and stability but it can also raise questions about whether the funds are being properly utilised and not just hoarded. If it is not used for business, it displays stagnation in the bank. If no loans are being given out, no revenue is being created. The ideal is to utilise the capital and be capable of generating a revenue off of it. However, that is also dependent on the situations at hand. The Covid 19 pandemic led to a significant portion of the population not being able to pay back their loans. The government's policy impacts the capital adequacy ratio regularly as well. The external environment plays a huge role in a bank's stability. External factors often see a bank's assets being eroded. But this erosion recovers in the long term. Similarly, mergers and acquisitions may have a short-term impact on the financial stability but we make sure to resolve those issues in the long term.

**Ratna Raj Bajracharya:**

Capital adequacy depends on the 'available capital space' brought in by the merging institution. Where both the institutions are running with a high level of tight capital position, the merger would provide no benefit in improving the capital adequacy. But it may still benefit the shareholders on account of available 'distributable reserves' either institution may be contributing to the capital structure. Likewise, the financial stability will surely be enhanced with an expanded capital base. The security position and sustainability improve with increased level of capital base (in absolute amount) notwithstanding the enhanced liabilities matching the capital adequacy ratio.



A bank's capital adequacy can indicate wealth and stability but it can also raise questions about whether the funds are being properly utilised and not just hoarded. If it is not used for business, it displays stagnation in the bank. If no loans are being given out, no revenue is being created.

## ASHOK SHERCHAN

Chief Executive Officer,  
Prabhu Bank



### Have mergers led to an improvement in the banks' return on assets (ROA) and return on equity (ROE)?

**Ashok Sherchan:** Some M&As have an immediate high-level return, whereas some display their benefits only in the long term. Sales could improve, asset policy could see some changes, the financial environment may improve, borrowers may start repaying their loans, all of this would lead to an improvement on the ROA and ROE. As dependent as it is on the bank's internal functioning, it is doubly dependent on external factors. If the country's situation

improves, if the government makes good decisions and investments, then the banking sector improves as well.

**Ratna Raj Bajracharya:** In the initial period, improvements in profitability are less likely. The combined business profitability will average the ROA and ROE and hence dilute returns for the institution having higher ROA or ROE during the pre-merger period. However, the effect of merger will be reflected in increased business volume and profitability due to restructuring of business modules as well as better management of expenses by avoiding duplications and benefit of margin of scale.

### Are you seeing desired increase in market share?

**Ashok Sherchan:** Market shares increase automatically after M&As. The institution being merged brings its own businesses and assets, which support the existing business. The size of the market share sees an immediate increase. The assets, number of customers, and size of the institution sees an immediate increase following a merger, among other things.

M&As are also followed by a diversification in the businesses and assets a bank is involved in. Following a merger a bank absorbs all the businesses in different segments that the other banks are involved in, creating a more

diverse and stable portfolio for the bank.

**Ratna Raj Bajracharya:** Due to the combination of businesses of merging institutions, increase in market share comes along automatically. However, some of the credit files are bound to switch to another BFI due to promoters' cross exposure. Some customers still may prefer leaving. Hence, maintenance of the acquired market shares and their growth, either in lending or deposits, would depend on the business strategies and market penetration. Merger would provide an increased platform in terms of reach and customer base. But, a change in management perception and brand building are the factors that would have an impact on enhancing the business,



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## RATNA RAJ BAJRACHARYA

Chief Executive Officer,  
Global IME Bank.



including increasing the market share. The promotion of hitherto vibrant products/services (and brand value) of the merging institutions will provide scope for revenue diversification. With regard to cross selling and diversification, providing adequate orientation to the staff of either organisation would become crucial. Otherwise, they would die out in the absence of proper ownership among the employees.

### Has it expanded the banks' product and service offerings as anticipated?

**Ashok Sherchan:** The most important thing a customer receives from us would be the reduced interest rates we offer. The factor of our size increasing also gives customers the luxury of being a part of a more stable and richer group. It helps in many customers being able to get investments for various businesses that the bank may not have the expertise to deal with before the mergers. The customers of the bank being acquired also receive access to our well established digital and mobile banking services among others. To make sure that our customers keep getting better and better services we

will make sure to innovate and improve our assets, stability and services. We also hope to contribute to our banking sector and society in any positive way we can.

**Ratna Raj Bajracharya:** Devising and launching new products is a regular feature of all BFIs. The merger would provide benefits in terms of having multiple products, including the boarding of the most successful flagship products of either institution. Post-merger period, continuation of such products would definitely be prioritised keeping the interest of various segments of customers in mind.

Lastly, mergers in itself are not a foolproof medicine for addressing business expectations. Banking is a service industry, heavily regulated and depending on public faith. Managing people always carries the highest value for proper service delivery, as well as business growth with due regulatory compliances. Mergers will benefit, making the organisation larger in one go. But sustaining the same with equal vigour of all will make it successful quicker. **B**



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# ASSESSING THE MONETARY POLICY CALIBRATION



Text: Pushpa Raj Acharya

**N**epal Rastra Bank (NRB), the central regulatory and monetary authority, has envisioned addressing the challenges of the economy by issuing an accommodative Monetary Policy for Fiscal Year 2024/25. The stance of any Monetary Policy is determined by two key factors: the economic situation of the country and the financial health of banks and financial institutions (BFIs).

“Monetary Policy 2024/25 overlooked the financial health of BFIs through which the policy measures are executed. It failed to strike a delicate balance in addressing the challenges of the economy without adversely impacting financial stability,” said Nara Bahadur Thapa, former Executive Director of Nepal Rastra Bank.

“Derailed from the reforms undertaken in recent years to strengthen financial stability in the country, NRB has set aside its primary role and introduced

an expansionary Monetary Policy at a time when solvency issues are a concern for the BFIs,” he added.

The solvency indicators of commercial banks are alarming. The Capital Adequacy Ratio (CAR), which includes two components – common equity tier 1 (CET1) capital, or core capital, and secondary capital – requires a minimum of 11%. NRB has slightly increased CET1 to 9%, incorporating a 0.5% counter-cyclical capital buffer from mid-July 2024. Among these two components of the Capital Adequacy Ratio, CET1 is crucial. Currently, 10 out of 20 banks in operation have solvency concerns.

“CET1 is crucial from a regulatory perspective, and the central bank must enforce prompt corrective action if banks fail to comply with regulatory requirements. This will hinder the banks’ ability to expand their business (credit),” according to Thapa.

Previously, some banks were barred from distributing

post-tax profits (dividends) to shareholders despite being profitable. Given the magnitude of their shortfall in regulatory capital, these banks will primarily be barred from paying dividends. Additionally, they will be restricted from loan expansion, which is the major source of earnings for banks.

To avert this adverse situation, Nepal Rastra Bank has allowed banks to issue debentures up to 100% of their core capital to ease capital constraints. Moreover, the Monetary Policy has introduced measures, such as including certain regulatory reserves in Tier 2 capital. However, bankers have expressed concerns that these measures will not sufficiently address the pressure on CET1, making it difficult to achieve the credit expansion target for the private sector.

## **12.5% credit expansion target for private sector**

In light of the flexible policy measures, the Monetary Policy 2024-25 has set a 12.5%

credit expansion target for the private sector, compared to a meagre credit growth of around 5.6% in the previous fiscal year 2023/24 and 3% in fiscal year 2022/23. The slowdown in credit expansion adversely affected BFIs’ profitability.

Rameshore Prasad Khanal, former Finance Secretary and a seasoned economist, warned that if NRB does not intervene in time with cautious monitoring of credit expansion, the situation could become extreme. He cited the example of NRB’s flexibility during the Covid 19 pandemic when measures like refinancing schemes, loan rescheduling, and restructuring facilities led to an ‘asset price bubble.’ Khanal emphasised that careful monitoring is crucial to prevent a similar situation where credit flows into unproductive sectors, risking financial sector stability.

During FY 2020/21, BFIs’ credit expansion of around 27% to the private sector spurred a boom in the stock market and real estate. To correct that situation, NRB implemented contractionary Monetary Policies in the following two fiscal years – FY 2021/22 and FY 2022/23. “The slowdown in the economy is mainly due to the hard landing from the soft policy measures taken during the Covid 19 pandemic, exacerbated by import restrictions and a slump in construction activities,” said financial sector analyst Anal Raj Bhattarai. He noted that “NRB, however, has tried to revive construction activities by offering loan rescheduling and other facilities to the construction sector, which has been hindered by delays in settling outstanding dues by the government.”

Chandra Prasad Dhakal, President of the Federation of Nepalese Chambers of

Commerce and Industry (FNCCI), expects that the desired credit expansion in the economy will help address the challenges posed by the demand shock. “The target of expanding private sector credit by up to 12.5% is encouraging given the dismal growth in credit expansion during the previous two consecutive fiscal years,” Dhakal remarked. Reportedly, the country’s private sector is optimistic about the various facilities offered to the construction sector, the productive sector and priority sectors, including MSMEs.

#### Monetary stimulus package for contractors

The Monetary Policy has introduced several measures to support the construction sector including a loan restructuring facility for contractors for the next five months, the avoidance of blacklisting due to bounced cheques, and the relaxation of

allows these guarantees to be categorised as regular loans, thereby reducing the interest rate burden on contractors.

Moreover, blacklisting has been reformed to only apply to the specific party in a joint venture that is responsible for a bounced cheque, rather than blacklisting the entire joint venture, as was previously the case. “This short-term stimulus is expected to support the rebound of the construction sector. Once this sector bounces back, it will have a multiplier effect on the economy by addressing the ongoing slowdown,” said AD Lama, Senior Vice President of the Federation of Contractors Association of Nepal (FCAN).

#### Safeguarding MSMEs from volatility of interest rates

The Monetary Policy has introduced a safeguard mechanism to protect micro, cottage, small and medium

“At least, the central bank has provided interest rate protection as a remedy to help revive them.” Singh further emphasised that the country cannot ensure macroeconomic stability without a thriving MSME sector.

Additionally, the Monetary Policy has announced plans to review the ticket size of MSME loans, currently set at Rs 10 million. The central bank has also agreed to revisit the list of eligible industries under this category, potentially including ancillaries of agro-based industries, ICT, tourism and other productive sectors utilising domestic raw materials. Previously, MSMEs with a capital base of Rs 20 million, including those in agriculture and industries relying on domestic raw materials, were eligible under this scheme. Expanding the list of eligible industries and revisiting the ticket size could improve credit flow to the MSME sector.

NRB’s target for MSME credit flow has largely remained unmet. The central bank had initially mandated that 15% of credit be directed to MSMEs by mid-July 2024. However, due to the Covid 19 pandemic and the resulting economic slowdown, which adversely affected BFIs’ credit flow, NRB has extended the deadline to mid-July 2027. By this cutoff date, BFIs are required to allocate 15% of their total outstanding portfolio to MSMEs.

As of mid-July 2024, the average credit flow to MSMEs from the 20 commercial banks in operation hovered around 9.43% of their total portfolio of Rs 4,486.15 billion.

#### Compromise on prudent regulatory practices

The Monetary Policy 2024/25 has been criticised for compromising prudent regulatory practices. The policy relaxed capital fund and loan loss provisioning requirements. Notably, the loan loss provision for ‘pass’ loans (considered good loans) was reduced from 1.2% to 1.1%, potentially boosting bank profits.

Additionally, the policy lowered risk weights for credit sales and purchases, expanded the Regulatory Retail Portfolio

(RPP) limit from Rs 20 million to Rs 25 million, and adjusted Tier 2 capital calculations while maintaining a cap at double the Tier 1 capital amount.

Furthermore, the policy eased credit classification rules. Loans from temporarily closed businesses with consistent debt servicing can now be classified as ‘pass’ loans. Loss loans (bad loans) with regularised debt servicing are reclassified as ‘watch list’ loans for six months before becoming ‘pass’ loans. The watch list category requires only a 5% loan loss provision.

The central bank signalled a review of bank account suspension rules based on bounced cheques and related credit information and blacklisting provisions. Venture capital and private equity funds are now exempt from blacklisting even if their investee companies default, aimed at encouraging investment in these sectors.

Banks and financial institutions have been permitted to include credit and interest recovered until mid-August 2024 in the income statement of the previous fiscal year (ending mid-July 2024).

Reduced loan loss provisioning directly increases bank profits. By hastily lowering provisioning requirements and relaxing credit classification, Nepal Rastra Bank has prioritised short-term gains for banks and borrowers at the potential expense of long-term financial stability. This could lead to a surge in non-performing loans (NPLs). These policy changes mask the true extent of NPLs which are particularly concerning given the International Monetary Fund’s call for audits of Nepal’s top ten commercial banks.

While the central bank has introduced some reforms under the IMF’s Extended Credit Facility, such as working capital guidelines and asset classification measures, it has delayed the implementation of the working capital guideline for a year. Additionally, the Monetary Policy has allowed banks to adjust credit through variance analysis until the end of the fiscal year.

To address the growing NPL issue, the Monetary Policy

credit ratings for mobilisation in the construction sector, especially at a time when the government has been unable to settle the outstanding dues of contractors.

Additionally, the policy allows for the renewal of bank guarantees if a contract is not completed within the desired timeframe. Previously, if a bank guarantee – typically a non-fund-based transaction – was not realised by the due date, it would be reclassified as a fund-based transaction, categorised as a forced loan, and subjected to high interest rates. The Monetary Policy now

enterprises (MSMEs) from interest rate volatility. While fluctuations in the base rate may still occur, MSMEs are shielded by a fixed interest rate with only a two-percentage-point premium above the base rate.

Recognising MSMEs as the backbone of the economy, NRB has focused on minimising their cost of funds. “MSMEs have been particularly vulnerable following the Covid 19 pandemic, with many forced to close down,” said Umesh Prasad Singh, President of the Federation of Nepali Cottage and Small Industries (FNCSI).

has proposed establishing an asset management company. However, the policy's simultaneous removal of margin lending thresholds for institutional investors and introduction of profit-boosting provisions for banks has raised concerns about 'regulatory capture' and fuelled stock market gains.

### Merger and acquisition among MFIs prioritised

The Monetary Policy has emphasised the consolidation of microfinance institutions (MFIs) through mergers and acquisitions. It has also indicated plans to regulate interest rates and service charges levied by MFIs. Additionally, the policy has

the country has gross foreign exchange reserves of \$14.72 billion (Rs 1,967.19 billion) by the end of mid-June 2024, which are adequate to cover goods and service imports of 12.6 months.

Against this backdrop, the Monetary Policy has announced to offer foreign exchange facility of up to \$50,000 to import goods using draft and telegraphic transfer as a mode of payment from the earlier restriction of \$35,000 and up to \$100,000 to import under Document Against Payment and Document Against Acceptance compared to the earlier \$60,000. Besides, the foreign exchange facility for travellers against the submission of visa and ticket

upper and lower ceiling of the interest rate corridor at 6.5% and 3%, respectively. The cash reserve ratio and statutory liquidity ratio remains unchanged. SLR has to be maintained at 12% for Class 'A' banks and 10% for Class 'B' and 'C' financial institutions. The money supply target is 12%, while private sector credit growth is projected to be around 12.5%. With loan rescheduling facility mainly for contractors and borrowers of MFIs as well as soft measures in loan classification and marginal reduction in loan loss provisioning, the Monetary Policy is accommodative as compared to the previous fiscal years.

Nepal Rastra Bank Governor, Maha Prasad Adhikari, has said that some flexibilities have been provided to the borrowers and banks given the available space. "At present, we have a solid foreign exchange reserve and the banking system has ample liquidity," he said, adding, "Price stability and a drop in inflation have increased the appetite of consumers."

Analysing the current outlook, the central bank has made a slight downward revision to the bank rate and policy rate and increased the private sector credit growth at 12.5%, or around Rs 650 billion in FY 2024/25, according to Governor Adhikari. "Recognising that Monetary Policy should be supported by macroprudential norms, NRB has cautiously provided some relaxation without compromising on prudential norms. This Monetary Policy is cautiously accommodative, aimed at channelling banking resources to the productive sector, providing support to the construction industry, and easing restrictions on the banking sector to facilitate the anticipated credit growth," he clarified.

### Private sector hails Monetary Policy 2024/25

The private sector has hailed the Monetary Policy as it has considered most of their demands. "The

downward revision of the policy rates was anticipated to support minimising the cost of production and enhance competitiveness. The policy rate must be reflected in the bank rates," Confederation of Nepalese Industries (CNI) said in its press statement. "As far as the solvency of banks and financial institutions is concerned, the central bank should initiate measures to address the pressure on Tier 1 capital and hold the counter cyclical capital buffer until the situation has eased out," CNI added.

Besides, CNI has strongly backed the establishment of Asset Management Company stating that it is the need of the hour considering the rise in non-performing loans and non-banking assets. CNI further advised the central bank for a cautious revisit of the provision on bounced cheques and blacklisting including the suspension of bank accounts.

Similarly, the Confederation of Banks and Financial Institutions Nepal (CBFIN) has said that the execution of the Monetary Policy will stimulate economic growth by boosting private sector confidence and maintain financial sector stability.

CBFIN hailed the Monetary Policy's announcements, including the review of the capital adequacy framework, reduced provisioning for pass loans, and the inclusion of certain regulatory reserves in Tier 2 capital. "Moreover, the policy rate reduction, increased threshold for regulatory retail portfolio, a special package for the construction sector, removal of the cap on institutional investor margin lending, support for startups and innovative sectors, a one-year deferral for credit adjustment variance analysis in working capital guidelines, and revised MSME loan ticket size thresholds are expected to contribute significantly to economic recovery," according to CBFIN. **B**

## NRB HAS SET A TARGET TO TAME INFLATION TO BELOW 5%, WHICH IS ALMOST IMPOSSIBLE TO ACHIEVE, SAY EXPERTS. THE AVERAGE INFLATION RATE HAS BEEN AROUND 7% IN THE LAST THREE DECADES AND TAMING INFLATION IS NOT SOLELY IN THE CONTROL OF NRB.

introduced loan restructuring facilities with adjusted interest rates for borrowers facing repayment difficulties.

### NRB revisits stringent criteria for foreign exchange facility

Nepal Rastra Bank has revisited the stringent criteria for providing foreign exchange facilities. NRB, as the custodian of foreign exchange reserves, had taken a stringent measure including cent percent cash margin while opening letter of credit (L/C) for import. Besides, with the support of the government, 10 types of commodities were restricted for import due to the decline in foreign exchange reserves about two-and-a-half years back. NRB has revisited the stringent criteria for providing foreign exchange facilities along with the improvement in foreign exchange reserves due to increased remittance inflow and decline in imports. According to the central bank,

will be revisited along with the amount that can be spent from the convertible currency accounts maintained in Nepali banks. Furthermore, various service imports and transactions related to remittances, travel and trade will be granted sufficient foreign exchange access.

### Taming inflation below 5% almost impossible

Nepal Rastra Bank has set a target to tame inflation to below 5%, which is almost impossible to achieve, according to experts. The average inflation rate has been around 7% in the last three decades and taming inflation is not solely in the control of Nepal Rastra Bank as other variables such as supply-side constraints and imported inflation could influence dominantly.

### Monetary Policy is cautiously accommodative

Monetary Policy has kept



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# BANKS' PROFITS SURGE BY 13.4% AMIDST RISING NON-PERFORMING LOANS

Text: Pushpa Raj Acharya



Commercial banks earned a combined net profit of Rs 64.15 billion in the Fiscal Year 2023/24, a 13.4% increase from the net profit of Rs 56.57 billion reported by 20 commercial banks in the Fiscal Year 2022/23. Ten commercial banks saw their net profits rise while the remaining ten have reported a decline.

Commercial banks (Class 'A' banks) have booked relatively sound profit with a surge of 13.4% in fiscal 2023/24 as compared to the previous fiscal 2022/23. Twenty commercial banks in operation have secured Rs 64.15 billion profit in FY 2023/24 compared to Rs 56.57 billion of the previous fiscal, according to the financial statements disclosed by the commercial banks.

Credit growth in FY 2023/24 has almost doubled to 5.6% against a meagre 3% credit growth in FY 2022/23. Interest income from credit is the main source of earnings for banks and financial institutions (BFIs) and retarded credit growth hits banks hard. Nepal Rastra Bank – central regulatory and monetary authority – had projected private sector credit growth of 11.5%, however,

credit growth remained far below the projection due to a slump in credit demand due to the slowdown in economic activities, according to Sunil KC, President of Nepal Bankers' Association (NBA) and CEO of NMB Bank.

"Bank's profits declined as they have to set aside more funds as loan loss provisioning as the amount of loss loan (NPL) has increased by 0.53 percentage points in the last one year," he said.

Further, credit did not increase as anticipated as big borrowers are already overburdened with debt and have no appetite for taking more credit from BFIs.

Banks were focused more on recovery rather than credit expansion in FY 2023/24. The economic downturn adversely affected the recovery of banks. Non-performing loans shot up to 3.54% from 3% of the previous fiscal year. Credit

expansion capacity of banks and financial institutions (BFIs) declines when the NPL goes up.

Despite the challenging situation, three commercial banks have generated profit of above Rs 5 billion. They are Nabil Bank (Rs 7.06 billion), Global IME Bank (Rs 6.01 billion) and Nepal Investment Mega Bank (Rs 5.19 billion). Other two banks in the top five are Prabhu Bank (Rs 4.48 billion) and Prime Commercial Bank (Rs 3.77 billion).

Nepal Investment Mega Bank, Prabhu Bank and Prime Commercial Bank have generated sound profit despite their high NPL of 4.95%, 4.78% and 4.67%, respectively.

The bottom five banks in terms of profit of FY 2023/24 are Machhapuchchhre Bank (Rs 1.25 billion), Citizens Bank (Rs 1.34 billion), NIC Asia Bank (Rs 1.38 billion), Nepal Bank (Rs 1.65 billion) and Nepal SBI Bank (Rs 2.01 billion).

Total credit mobilisation of commercial banks till end of fiscal 2023/24 hovers at Rs 4,515.45 billion, which is almost near to the country's Gross Domestic Product (GDP) of Rs 5,704.84 billion.

## Rising NPL and its adverse impact on the economy

Rising NPL has exposed the recovery challenges for banks and financial institutions. NPL increased exponentially from merely 1.33% in mid-July 2022 to 3.4% in mid-July 2023 and it further expanded to 3.54% as of mid-July 2024. The consistent rise in NPL has vindicated concerns of the International Monetary Fund (IMF) regarding the asset quality of BFIs. IMF has been urging the central bank for loan reclassification.

Many believe that the reported figure significantly understates the actual NPL situation. One key criterion



practices of NPL monitoring, IMF, through its Extended Credit Facility (ECF) programme, has asked Nepal Rastra Bank to audit the asset quality portfolios of the top 10 banks through internationally renowned audit firms. If the audit report paints a bleak picture of asset quality, then a substantial re-capitalisation might be required.

However, bankers have said that the rise in NPL is due to consistently high interest rate of BFIs and downturn in economic activities. Once the economy rebounds, recovery is expected to improve. NBA President KC remarked that the accommodative Monetary Policy for FY 2024/25 could help the economy bounce back in the near-term and subsequently recovery of loans will also improve. However, he admitted to the fact that over indebtedness of borrowers should be cautiously taken care of.

Against this backdrop, while coming to the end of FY 2023/24, commercial banks have not been able to recover Rs 159.84 billion which is a substantial amount. Constraints in credit recovery adversely affect the health of BFIs. Not only the operating efficiency but the lending capacity will also deteriorate.

In consideration of this, Nepal Rastra Bank should take immediate actions to lower the NPL. NRB, however, has announced to formulate the draft Bill for establishing Asset Management Company (AMC) to manage and enhance recoveries of distressed assets which have been removed from the banking system.

The loans mobilised by banks is the money of the depositors which banks will have to ultimately return. Rising NPL could create distrust among the people regarding banks and the financial system of the country as a whole. On the other hand, the government might have to use scarce resources for re-capitalisation in banks. "Banks contribute to attaining economic growth by mobilising credit to the private sector and rising NPL deteriorates the lending

capacity of banks," according to Dr Chiranjibi Nepal, former Governor of Nepal Rastra Bank. "The central bank has to quash the imprudent lending practices of the banks and penalise those who avail credit with ill intention and use it improperly," he stated.

Otherwise, genuine borrowers, mainly entrepreneurs could be deprived of credit and ultimately the country has to suffer as production and jobs will decline, according to Nepal.

#### Rising NPL hits profit of banks

Rising NPLs not only erode bank profits but also pose significant risks to financial sector stability if left unchecked. Banks with substantial loan portfolios are grappling with high NPL rates. NRB officials have urged these banks to adopt prudent lending practices, highlighting risky sectors and instances of imprudent lending. Bankers have been summoned for discussions to address these concerns.

Among 20 commercial banks in operation, Everest (0.71%), Sanima Bank (1.73%), Nepal SBI Bank (2%), Standard Chartered Bank (2.14%) and Siddhartha Bank (2.22%) have the lowest NPL. However, Laxmi Sunrise Bank (4.72%), Prabhu Bank (4.78%), Himalayan Bank (4.91%), Nepal Investment Mega Bank (4.95%) and Kumari Bank (4.95%) have high NPL. Considering the outstanding loan portfolio, Global IME Bank has the highest NPL of Rs 16.74 billion, followed by Nepal Investment Mega Bank with Rs 15.82 billion, Nabil Bank with Rs 14.86 billion, Kumari Bank with Rs 14.05 billion and Laxmi Sunrise Bank with Rs 12.19 billion. These five banks carry 46.08% share in total NPL of commercial banks.

In fiscal 2023/24, banks generated a profit of Rs 64.15 billion, however, the NPL of commercial banks shot up to Rs 159.84 billion. This situation is quite alarming and has raised the eyebrows of policy makers and public intellectuals. **B**

for determining NPL is loan ageing. A loan downgraded from the 'pass' category to 'watchlist' requires a 5% loan loss provision if repayment is delayed for one to three months. If overdue for three to six months, it becomes 'substandard' with a 25% provision. Further delay of 6-12 months classifies the loan as 'doubtful', necessitating a 50% provision. Loans overdue for more than a year are categorised as 'loss' with a 100% provision.

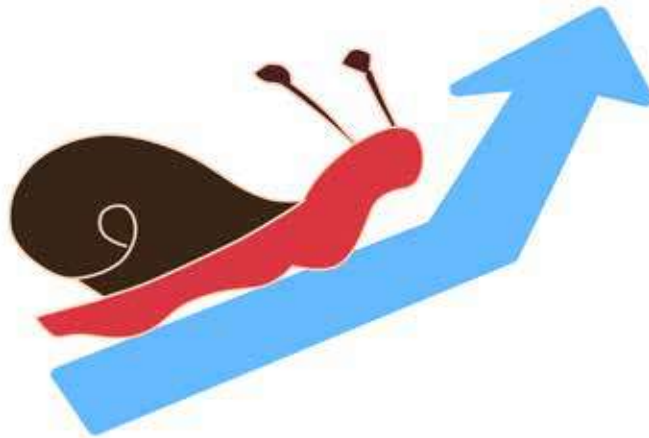
Loans are currently classified by computers based on repayment status, which is believed to underestimate non-performing loans (NPLs). BFIs have not traditionally classified loans as 'doubtful' or 'loss' based on improper usage. Accurate NPL calculation requires on-site inspections by both BFIs and Nepal Rastra Bank to verify loan utilisation. NRB officials acknowledge that relying solely on regular debt servicing without verification can lead to misleading information and harm both lenders and borrowers.

Considering the imprudent

#### Banks' loan portfolio, NPL and Profit

Bank	Total Loan [Rs in billion]	NPL [Rs in billion]	Profit [Rs in billion]
Nabil Bank	386.12	14.86	7.6
Global IME Bank	383.22	16.74	6.01
Nepal Investment Mega Bank	319.75	15.82	5.19
Kumari Bank	283.94	14.05	2.3
NIC Asia Bank	283.36	9.66	1.38
Rastriya Banijya Bank	260.86	9.52	3.39
Laxmi Sunrise Bank	258.35	12.19	3.03
Himalayan Bank	242.81	11.92	2.83
Prabhu Bank	234	11.18	4.48
Agricultural Development Bank	205.04	7.05	3.65
Nepal Bank	203.45	6.67	1.65
NMB Bank	202.55	6.62	2.33
Siddhartha Bank	201.08	4.46	3.01
Prime Bank	190.39	8.89	3.77
Everest Bank	187.3	1.33	3.7
Sanima Bank	165.01	2.85	2.38
Citizens Bank	155.15	6.31	1.34
Nepal SBI Bank	132.25	2.64	2.01
Machhapuchchhre Bank	132.2	4.79	1.25
Standard Chartered Bank	88.62	1.89	3.3
Total	4515.45	159.84	64.15

(Source: Financial statements of commercial banks, FY 2023/24)



# COALITION TO FOCUS ON ACCELERATING THE ECONOMY

*Text: Pushpa Raj Acharya*

**T**wo major political parties, Nepali Congress and CPN (UML), have formed a coalition government with an agreement to lead the government alternately until the next general election. Under this arrangement, CPN (UML) Chair KP Sharma Oli, who was appointed Prime Minister on July 14, will lead the government for the next two years, after which he will be succeeded by Nepali Congress President, Sher Bahadur Deuba.

A coalition government between these two major political parties is a rare occurrence. In the recent past, they collaborated in the government to bring the Constitution in 2015, ending a decade-long political transition.

Reportedly, during this period, the two major political forces have agreed to resolve the political impasse and accelerate the economy to address the growing public discontent. Frequent changes in government have become a common phenomenon in

Nepal. However, the political deadlock intensified as the third-largest party, CPN (Maoist Centre), with 32 seats in the House of Representatives, was leading the government. Then Prime Minister Pushpa Kamal Dahal 'Prachanda' made frequent changes to his Cabinet and faced a vote of confidence in parliament five times in one-and-a-half years until he was ousted on July 14, 2024.

"The erstwhile Prime Minister and the government couldn't make any impactful intervention for the effective delivery of public services and execution of development projects because he was preoccupied with safeguarding the shaky position of the prime minister," said Pradeep Kumar Gyawali, Deputy General Secretary of the ruling party, CPN (UML).

"The complete anarchy and political gimmicks of the coalition partners have done nothing but spread disappointment among the public. The widespread disappointment has led

to rampant outmigration, resembling a mass exodus. Against this backdrop, the two longstanding parties must create an environment that retains people in the country by fostering opportunities, encouraging private sector growth, and ensuring good governance," he added.

## **Seven-point agreement**

Prime Minister Oli, while facing the vote of confidence in parliament, revealed the seven-point agreement with the Nepali Congress. The coalition government of both parties will implement these agreements, which are considered the fundamental framework for the government.

The seven-point agreement includes the formation of a government of 'national consensus' under Article 76 (2) of the Constitution, inviting other political parties to join the government to protect national interests, ensure political stability, control corruption, and expedite development projects. The

national consensus government will prioritise amending the Constitution and drafting new laws by reviewing the strengths and weaknesses encountered during its enforcement, aiming to guarantee political stability.

The third point of the agreement focuses on the economy. It seeks to accelerate economic activities by creating a favourable business environment, encouraging both domestic and foreign direct investment (FDI), including investment from the Nepali diaspora, to generate adequate and decent employment opportunities and end the economic downturn in the country.

Additionally, the agreement stipulates that the CPN (UML) Chair and the Nepali Congress President will lead the government alternately until the next general election. The current government will serve for the next two years, after which Nepali Congress President, Deuba, will lead for one-and-a-half years.

The national consensus government will also develop a




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common minimum programme to protect national interests, control corruption, ensure good governance and expedite development projects. The government, led by the two major political parties with equal status, will bring other political parties into the coalition. Finally, the provincial governments will be formed based on the spirit of the national consensus government and development efforts at the provincial level will be accelerated.

Though the opposition is weak in parliament due to the coalition of the two major political parties forming the government, this coalition provides the government with the advantage of quick decision-making. It enables the government to push forward development projects by addressing their challenges, boost private sector confidence, curb bureaucratic delays and advance various bills towards conclusion. A crucial element of the peace process is also progressing, with the endorsement of the Bill to amend the Enforced Disappearances Enquiry, Truth and Reconciliation Commission Act by a majority vote.

“However, if this strong government, backed by two major political parties, fails to deliver, there will be complete chaos in the country. This government has no other option – it must deliver at any cost,” said Gagan Thapa, General Secretary of the Nepali Congress.

### **Actions speak louder than words**

Prime Minister Oli has instructed the ministers and secretaries of all ministries to deliver tangible outcomes starting next month. The government, which has been heavily criticised for its sluggishness, has decided to operationalise two new international airports – Gautam Buddha International Airport (GBIA) and Pokhara Regional International Airport – by offering incentives on airline tickets and fuel to airlines operating from these airports.

The private sector has made significant investments in hotels, hospitality, and tourism infrastructure, anticipating an increase in tourist flow and business activities with the operation of GBIA. However, both GBIA and Pokhara International Airport currently lack sufficient international flights.

“Thai AirAsia has been granted permission to operate four flights a week from Bhairahawa to Thailand. We are working to fully utilise Pokhara and Bhairahawa international airports for international flights,” Prime Minister Oli announced on the social media platform X. “A task force has been formed to present an airport operation plan. This will reduce the pressure on Tribhuvan International Airport.”

Prime Minister Oli has also instructed concerned agencies to resolve the dispute over dedicated and trunk line electricity tariffs between Nepal Electricity Authority (NEA) – the sole power off-taker in the country – and industries, as this dispute has led to power cuts in the industrial sector.

Additionally, PM Oli has praised the initiatives taken by the Ministry of Health and Population (MoHP), stating that cancer treatment will be expanded to all provinces following the endorsement of the Procedure to Expand Cancer Treatment, 2024. Cancer treatment will be available at Bhaktapur Cancer Hospital, Sushil Koirala Cancer Hospital (Nepalgunj), Koshi Provincial Hospital, Narayani Hospital (Birgunj), BP Koirala Memorial Cancer Hospital (Bharatpur), Pokhara Academy of Health Sciences, Surkhet Provincial Hospital, and Seti Provincial Hospital (Dhangadhi).

### **Governance, amiable foreign relations, and accelerating development are on priority**

Prime Minister Oli is avoiding making grand promises. Instead, he has instructed the early and timely completion of development

projects and urged the government to address the issues faced by investors and the private sector. “Rather than making promises, the government is focused on completing ongoing projects on time, boosting private sector confidence, improving public service delivery, and creating jobs,” said Yubaraj Khatiwada, the Prime Minister’s Development Advisor. “The government will ensure a level playing field, with investor- and taxpayer-friendly policies to spur growth,” he added.

Recent measures include an accommodative Monetary Policy to ease credit flow to the private sector and the time-bound execution of the budget – both are early interventions by the government. Prime Minister Oli and Deputy Prime Minister and Minister for Finance, Bishnu Prasad Paudel, have monitored the progress of the Kathmandu-Terai fast track, with the prime minister observing the breakthrough of the tunnel at Bakaiya Rural Municipality-12, Dhedre, on August 5.

“The main objective of this coalition is to ensure the government runs for the full tenure of the House of Representatives. Due to the political deadlock, there was a risk of parliament dissolution or other unwanted situations,” remarked Gyawali, Deputy General Secretary of CPN (UML). He added that a stable government provides policy stability, ensures better governance, controls corruption, pushes forward bills and necessary legislative amendments, and maintains amicable foreign relations. “Obstructions in implementing the government’s annual budget have had a costly impact on the economy. Development expenditure has slowed to a crawl for some time now,” Gyawali concluded.

He further emphasised that implementing the budget is crucial for stimulating private sector investments. Frequent changes in tax rates, revisions in investment conditions, the lack of a level playing field, and

the intimidation of the private sector have severely impaired the investment climate in the country. Promoting entrepreneurship, particularly among youth, will be advanced as a campaign, creating a favourable environment for innovation, skills development, ICT, and digital technologies, and leveraging the demographic dividend, according to Gyawali.

“The government will introduce effective interventions to transform the current subsistence agriculture model and reduce the country’s dependency on imported agricultural commodities,” he added.

Moving forward, strengthening governance and improving foreign relations are also key focuses of the coalition government. “The nexus between administration and judiciary has fostered a corrupt mindset in society, victimising innocent and decent people,” said Gyawali. “The government must address rampant corruption, the influence of powerful networks within state agencies, and the partiality and ineffectiveness of anti-corruption bodies, which pose significant challenges to ensuring good governance.”

Most importantly, Nepal has lagged on the international stage. Strengthening relations with the international community has been a low priority in recent years. The coalition government reportedly plans to reinforce the foundation of Nepal’s foreign policy – non-alignment, balanced relations and the five principles of peaceful coexistence, which include mutual respect for sovereignty and territorial integrity, non-aggression, non-interference in each other’s internal affairs, equality and mutual benefit, and peaceful coexistence. The issue of the border with neighbouring India will be resolved through diplomatic dialogue, and a common foreign policy among all political parties will be developed with a focus on national interests. **B**

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## Nishant Shekhar

Vice President - Data Analytics,  
Havas Media India

Nishant Shekhar, Vice President of Data Analytics at Havas Media India is a data-driven marketing leader with over a decade of experience. He leads the Data and Analytics division at Havas Media Group, India, where he builds advanced analytics solutions. With a proven track record of using data to grow businesses, win pitches, and develop custom solutions for clients, Shekhar has also implemented training programmes to enhance the organisation's understanding of analytics.

Through his career at BARC, Publicis, Omnicom and Havas, Shekhar has played a pivotal role in establishing data analytics divisions. He has been at the forefront of driving data-led projects across multiple categories, including e-commerce, FMCG, consumer durables, automobiles and beverages. His work has impacted key global and Indian brands such as Volkswagen, TATA Motors, Ferrero, AbinBev, Diageo, Nivea and Reckitt, to name a few.

Shekhar was recently in

Kathmandu as a resource person for a programme titled 'Learning Curve', organised by Catalyst in conjunction with **Business 360**. Here, he shares the importance of data and how it can be leveraged to uncover consumer behaviour. Excerpts:

**How do you leverage data and analytics to uncover consumer behaviour insights and target audience segments effectively in the Indian and Nepali markets, and what tools or methodologies do you find most valuable in this process?**

In today's data-driven world, understanding consumer behaviour is paramount to business success. By harnessing the power of data analytics, we can gain invaluable insights into the India and Nepal markets. We explore how a multi-faceted approach to data acquisition, analysis and interpretation can help you develop effective marketing strategies tailored to these dynamic regions. The factors to be considered are:

**Data Acquisition**  
**Multi-Source Strategy:**

# “REGULATORY FRAMEWORKS LIKE INDIA’S DATA PROTECTION BILL AND NEPAL’S PERSONAL DATA PROTECTION ACT WILL PLAY A CRUCIAL ROLE IN SHAPING DATA COLLECTION PRACTICES. THE FOCUS WILL SHIFT TOWARDS OBTAINING EXPLICIT USER CONSENT AND BUILDING TRUST THROUGH TRANSPARENT DATA PRACTICES. WE PRIORITISE COMPLIANCE WITH THESE REGULATIONS AND PRIORITISE RESPONSIBLE DATA COLLECTION PRACTICES THAT BUILD TRUST WITH CLIENTS AND CONSUMERS IN BOTH COUNTRIES”

We collect data from diverse sources like website analytics, social media, purchase history, loyalty programmes, surveys and market research to gain a comprehensive understanding of the customer journey.

## Mobile-First Focus:

Recognising the mobile-dominant landscape, we prioritise app usage data, in-app purchases and mobile web analytics to grasp on-the-go consumer behaviour.

## Data Analysis Techniques

**Segmentation Expertise:** Segment audiences based on demographics, psychographics and behavioural data to identify distinct customer groups.

## Social Listening

**Power:** Leverage social listening tools to track brand mentions, analyse competitors and understand consumer sentiment for real-time campaign adjustments.

## Predictive Capabilities:

Machine learning is used to anticipate future customer behaviour, predict purchase likelihood and personalise product recommendations.

## India and Nepal Considerations

**Language Acumen:** Adapt content and communication strategies to cater to the diverse languages spoken in both countries.

## Value Proposition Focus:

Understand price sensitivity and prioritise highlighting value propositions and affordability in marketing messages.

**Cultural Sensitivity:** We respect cultural nuances and tailor marketing campaigns accordingly for a positive brand experience.

## Data Privacy

**Compliance:** We adhere to data privacy regulations in India and Nepal, prioritising ethical data practices.

Syndicated research/survey tools, such as Global Web Index (GWI), TGI, YouGov, etc allow us to get a lot of information at geographical, infographics level. They also provide a deep understanding of what does the TG watch/listen, what they are interested in consuming along with their consumption behaviour.

**Can you share examples of successful data-driven campaigns or initiatives that have been executed in India, highlighting how data analysis and interpretation have contributed to the success of these campaigns?**

India’s vast and diverse market presents unique challenges and opportunities for marketers. By harnessing the power of data and analytics,

brands can navigate this complex landscape effectively. We always explore how data-driven strategies can be leveraged to achieve marketing success in India.

## Leveraging Data for Marketing Success in India BUILDING THE MEDIA PLAYBOOK FOR GROWTH FOR QSR BRAND

**Challenge:** Post pandemic, Quick Service Restaurants industry has seen a heavy competitive heat. There were more brands, more offers and a greater variety of messages, added to greater advertising pressure. This scenario made gaining market share more difficult than ever for our client. The challenge for them was to do more with less budget to achieve the growth objective for FY23.

**Data-Driven Solution:** It was imperative for the brand to achieve high top of mind awareness (TOMA) when consumers were looking at eating out. The goal was to ensure the growth in both acquisition and retention while positively impacting the brand purchase metrics through their offerings. Havas Media Analytics team built more than 20 diminishing return and return on ad spend (ROAS) models on weekly revenue and weekly YouGov Brand Index metrics to educate the client on how to use ROAS targets for growth and what to expect with increasing budgets.

**Results:** Business Impact: Sales improved by 30%, AD generated revenue up by 16%, TV ROI increased by 25%.

## BRANDFORMANCE MODELLING TO REDUCE MISATTRIBUTION AND BUILD CONVERSION FOR A TWO-WHEELER TYRE BRAND

**Challenge:** They wanted to re-establish the brand with the new brand name with a dual task of building TOMA among the relevant consumers and reducing the misattribution for the brand to drive conversions.

## Data-Driven Approach

### Brand Tracking:

Introduced YouGov Brand Track for the brand to the client and incorporated the metrics

along with sales in driving the insights on building MROI.

**KPI Optimisation:** We understand the relationship between and then prioritise upper, mid and lower funnel KPIs that impact business performance.

### Nested Modelling:

Quantify the impact of marketing across the identified KPIs to help achieve business targets.

**Geo-Incrementality:** We built market prioritisation basis business, brand, distribution and marketing parameters.

**Econometrics:** Quantified the impact of media channels, IPL association, balance between impact vs continuity.

### Results: Business

**Impact:** 37% improved Reach to Recall, +46% improvement in awareness to usage, brand favourability increased by 24%, purchase intent increased by 26%.

**With evolving data privacy regulations and consumer expectations around data security, how does Havas Media ensure that data collection and usage practices are ethical and transparent, particularly in the context of operating in multiple markets?**

In an era marked by increasing data privacy concerns, Havas Media is committed to upholding the highest standards of ethical and transparent data practices. We always explore our comprehensive approach to data management, encompassing global consistency, user empowerment, robust security measures and a strong focus on data minimisation. Our commitment lies in safeguarding consumer data while driving business success. **We achieve this by:**

### Global Consistency:

Implementing a unified data privacy framework aligned with global best practices and local regulations.

### User Empowerment:

Prioritising transparency and providing users with control over their data through clear communication and consent management.

**Robust Security:**

Investing in advanced security measures to protect sensitive information and conduct regular audits.

**Data Minimisation:**

Collecting only essential data and adhering to strict data retention policies.

**Employee Education:**

Empowering our workforce with knowledge about data privacy and ethics.

**Strong Governance:**

Establishing clear accountability and oversight structures.

**How can we approach cross-border data analysis and insights generation for campaigns targeting audiences in both India and Nepal, considering the differences in demographics, consumer behaviours and cultural contexts between these two countries?**

Understanding the nuances between India and Nepal is crucial for successful cross-border marketing campaigns. Here we explore how data analysis can be tailored to these two unique markets. We delve into strategies for data collection, segmentation and analysis to uncover valuable insights that drive effective campaign development and execution. By focusing on local data sources, cultural sensitivities and regulatory compliance, we also demonstrate how to create campaigns that resonate with audiences in both countries.

**Our strategy includes:****Localised Data**

**Collection:** Gathering data specific to each country through diverse sources, including census data, local social media platforms and market research.

**In-depth Analysis:**

Separately analysing data from India and Nepal to identify distinct consumer trends, preferences and pain points.

**Cross-Border**

**Comparison:** Identifying shared opportunities and potential synergies between the two markets.

**Cultural Sensitivity:**

Incorporating language, cultural nuances and regulatory considerations into our analysis.

**How do you measure the effectiveness and return on investment of data-driven marketing campaigns in diverse markets, and what key performance indicators (KPIs) do you typically focus on to evaluate campaign performance and optimisation opportunities?**

Effectively measuring the impact of marketing campaigns in diverse markets like India and Nepal requires a tailored

approach that explores key performance indicators (KPIs), data analysis techniques and optimisation strategies to ensure successful campaign measurement and ROI. We delve into the importance of understanding market-specific factors, the role of A/B testing, and the significance of data privacy compliance in driving successful marketing initiatives across borders.

Our process involves defining clear campaign objectives to guide KPI selection, adapting metrics to account for differences in internet penetration, mobile usage, and consumer behaviour, comprehensively tracking brand awareness, lead generation, website traffic, sales and ROI, continuously optimising through A/B testing and multi-touch attribution, and adhering





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to local data privacy regulations to protect consumer data. By combining these elements, we deliver optimised campaigns which help us in achieving desired marketing objectives.

### **How do you stay abreast of emerging data analytics trends and technologies in the digital marketing space, and how do you incorporate innovative data solutions into your strategies to deliver impactful results for clients?**

In the rapidly evolving landscape of data analytics, staying ahead of the curve is essential for delivering exceptional results, which is why we foster a culture of innovation through continuous learning and experimentation.

## **UNDERSTANDING THE NUANCES BETWEEN INDIA AND NEPAL IS CRUCIAL FOR SUCCESSFUL CROSS-BORDER MARKETING CAMPAIGNS. HERE WE EXPLORE HOW DATA ANALYSIS CAN BE TAILORED TO THESE TWO UNIQUE MARKETS.**

Our approach encompasses industry immersion by staying updated on the latest trends and technologies through research, online courses and conferences, hands-on exploration by conducting proof-of-concept projects to test new tools and techniques, collaborative innovation by leveraging diverse expertise within our team to develop groundbreaking solutions, and client-centric innovation by tailoring solutions to meet specific client needs and challenges. We also prioritise rigorous testing and measurement by evaluating the impact of new approaches through A/B testing and KPI tracking, ensuring that our commitment to learning and growth results in the best outcomes for our brands.

### **What challenges do you face in data collection, analysis and interpretation and how do**

### **you adapt data and analytics methodologies to address these challenges and extract meaningful insights for clients?**

Data is crucial for modern marketing but unlocking its full potential comes with challenges. From ensuring data quality and privacy to extracting meaningful insights and turning them into actionable strategies, the path from raw data to impactful recommendations is a critical gamechanger.

One of the main challenges in data collection is maintaining data quality. We address this by using strong cleaning and validation techniques, ensuring the data we analyse is accurate and reliable.

Breaking down data silos by

integrating data from various sources, gives us a complete view of the client's data landscape.

For analysing large volumes of data, we use scalable cloud-based platforms and data warehouses that allow us to explore and gain deeper insights. We use techniques to identify and reduce bias, ensuring our insights are accurate and fair. Our data visualisation specialists then create clear and compelling visuals, making complex insights easy for clients to understand. Finally, we combine these data-driven insights with our strategic marketing expertise to develop recommendations that are tailored to drive client success.

Recognising these challenges and implementing effective strategies, ensure that data is handled rigorously and efficiently. We turn meaningful

insights into actionable recommendations, helping our clients make informed decisions and achieve their marketing goals.

### **Looking ahead, what do you see as the future of data-driven marketing, and how is your company positioning itself to leverage advanced analytics, artificial intelligence, or machine learning technologies to drive more sophisticated and targeted campaigns in these markets?**

The world of marketing is undergoing a data revolution leading to the exciting trends shaping the future of marketing in these regions. Havas Media is strategically using advanced analytics and artificial intelligence to craft targeted campaigns that resonate with audiences. The realm of data-driven marketing is undergoing a significant transformation in India and Nepal. Here's an analysis of the future trends, along with how Havas Media is strategically positioning itself to leverage advanced analytics, artificial intelligence (AI), and machine learning (ML) for sophisticated and targeted campaigns in these markets:

#### **A Booming Data Landscape**

Both India and Nepal are experiencing a data explosion. Surging internet penetration and smartphone adoption are leading to a significant increase in the amount of consumer data available. This necessitates advancements in data collection, storage and analysis capabilities to effectively manage and utilise this ever-growing resource.

#### **Navigating the Privacy Landscape**

Regulatory frameworks like India's Data Protection Bill and Nepal's Personal Data Protection Act will play a crucial role in shaping data collection practices. The focus will shift towards obtaining explicit user consent and building trust through transparent data practices. We prioritise compliance with these regulations and prioritise responsible data collection practices that build trust with

clients and consumers in both countries.

#### **The Rise of Vernacular Content**

With a multilingual population, catering to local languages will be paramount for success. Advanced analytics and AI can be instrumental in facilitating the creation and analysis of vernacular content. This allows us to develop more targeted and culturally relevant marketing campaigns that resonate with local audiences.

#### **Mobile-First Marketing Strategies**

As mobile continues to be the primary access point for the internet, mobile-first marketing strategies will be critical. We will focus on developing expertise in location-based targeting, in-app advertising and crafting personalised mobile experiences to reach consumers effectively on their preferred devices.

#### **The Power of AI-Driven Personalisation**

Advanced analytics and AI will pave the way for hyper-personalisation of marketing campaigns. This will involve tailoring content, offers and messaging to individual customer preferences and behaviours in real-time. By leveraging AI and machine learning, we can create highly targeted and impactful campaigns that resonate with each individual customer. Havas Media is establishing a Centre of Excellence focused on AI and machine learning, called CSA. This team will spearhead the development and implementation of advanced analytics solutions for our clients. By fostering innovation in this area, we can stay ahead of the curve and deliver exceptional value in these dynamic markets. The Centre of Excellence will drive the development of sophisticated and targeted campaigns that leverage the power of AI and machine learning. **B**





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**“IN TODAY’S INFLUENCER MARKETING LANDSCAPE, EVALUATING INFLUENCERS GOES BEYOND FOLLOWERSHIP. AT HAVAS, WE USE HAVAS KLUG, AN ADVANCED METHODOLOGY ASSESSING INFLUENCERS ON OVER 23 VARIABLES, INCLUDING FOLLOWER QUALITY, NOTABLE FOLLOWERS, SUSPICIOUS FOLLOWERS, PAST BRAND ASSOCIATIONS, WORK CLOUD AND CATEGORY RELEVANCE. THIS ENSURES OUR SELECTIONS ARE DATA-DRIVEN AND ALIGNED WITH STRATEGIC GOALS. BY LEVERAGING HAVAS KLUG’S EXPERTISE, WE HAVE OBSERVED NOTABLE IMPROVEMENTS IN CAMPAIGN DELIVERY, PROVING THAT EVEN INFLUENCERS WITH SMALLER FOLLOWINGS CAN DRIVE SUBSTANTIAL ENGAGEMENT WHEN SELECTED BASED ON COMPREHENSIVE METRICS”**



## **Rohan Chincholi**

Chief Digital Officer,  
Havas Media India

With over 16 years of experience in digital marketing, Rohan Chincholi, Chief Digital Officer at Havas Media India, is a seasoned expert who has been an integral part of Havas for more than 14 years. A TEDx speaker, Chincholi’s career highlights include setting up the digital chapter of Network Advertising and working on augmented reality with Blippar India.

In 2017, Chincholi rejoined Havas Media Group with a mandate to grow the digital

business across markets. He holds a distinction in Cyber Contracts and Cyber Crimes from NALSAR Institute, Hyderabad, and is a certified specialist in Cyber Law. His extensive client portfolio includes Tata Motors Commercial, DS Group, DeBeers, JBL, Harman, Voltas, Voltas Beko, ICICI Securities, Bira91, Swiggy-Instamart, Eurogrip Tyres, M3M, Carlelo, Magicbricks and Scaler, among others.

Chincholi’s impressive list of accolades includes being recognised in the Social Samosa 40 under 40 and Agency Reporter 40 under 40 lists. He has also been honoured as Havas APAC’s Planner of the Year and Staff of the Year in 2012. Currently, Rohan is spearheading the launch of CONVERGED in India – an identity-based audience planning platform with a third-party audience pool exceeding one billion in volume and over 13 taxonomies.

Chincholi was recently in Kathmandu as a resource person at a programme titled ‘Learning Curve’, organised by Catalyst in conjunction with **Business 360**. Excerpts of a conversation on the different aspects of digital marketing and emerging trends.

**How do you see the digital marketing landscape evolving and what emerging trends or technologies do you believe will have the most significant impact on brands and consumers?**

The digital marketing landscape is an ever-evolving spectrum of media, creative and technology, all working together to meet brand Key Performance Indicators (KPIs). Its complexity is enormous, but its ability to provide comprehensive end-to-end measurement and focus on Return on ad spend (ROAS) makes it the media of choice for most advertisers. Digital platforms are prioritised over traditional media due to their superior tracking capabilities and two-way interaction potential.

### **Key trends shaping the industry include**

**Video content over static imagery:** This preference driven by low-cost data and entry-level smartphones, enhancing engagement and reach is on the rise. Audio-Visual (AV) planning is increasingly focused on over-the-top (OTT) platforms, online video, and connected TV (CTV), e-commerce, reflecting evolving viewer preferences.

**The emphasis on e-commerce and Direct-to-Consumer (D2C):** With a renewed focus on driving online sales and revenue growth we are seeing heightened focus in this segment as well. Social commerce opportunities are maximised through strategic utilisation of social media platforms, key channels for customer interaction and transactions. Content creators and influencers are becoming primary drivers of brand visibility and advocacy, surpassing traditional branded content to enhance authenticity and audience connection.

Efficiency with Generative AI (GAI), a subset of AI, represents a significant shift in the industry, enabling content creation at the click of a button. This technology is scalable and effective for campaigns, positively impacting media efficiency by reaching relevant audiences with precision. While it offers tremendous potential for creativity and innovation, GAI also raises ethical concerns regarding originality, copyright, and potential misuse.

### **Age of experience:**

In India's dynamic e-commerce landscape, several online brands are investing significantly in creating immersive brand experiences to captivate and engage their customers. Nykaa revolutionises beauty shopping with personalised recommendations and virtual try-on features, while Lenskart enhances eyewear shopping through home eye check-ups and a virtual try-on option. Myntra brings fashion to life with celebrity collaborations and virtual fashion shows.

### **Influencer marketing:**

This pivotal digital trend is revolutionising brand-audience engagement. By leveraging influencers' authenticity and reach, brands connect with targeted demographics through trusted recommendations, enhancing engagement and conversion rates. This strategy provides access to high-quality content across platforms like Instagram, YouTube and TikTok. The rise of micro and nano influencers has refined targeting, resulting in more intimate audience connections.

### **As an expert, how do you tailor strategies and campaigns to resonate with the diverse cultural nuances and consumer behaviours in India? What are some key considerations marketers should keep in mind when targeting such markets?**

Navigating India's digital marketing landscape requires a nuanced approach that considers its vast cultural diversity and varied consumer behaviours. Here are key strategies for resonating with this multifaceted market:

**Regional Diversity:** With over 20+ official languages, localising content is crucial. Create campaigns in regional languages and tailor messaging to regional preferences. For instance, content in Tamil for Tamil Nadu can significantly boost engagement.

### **Festivals and**

**Celebrations:** Aligning campaigns with major festivals like Diwali, Holi, Eid and Christmas can enhance

relevance and impact. Respect cultural sentiments to avoid backlash and build positive brand associations.

**Urban vs. Rural:** The urban-rural divide influences technology access and consumer behaviour. Urban areas benefit from high smartphone penetration and social media usage, while rural strategies should prioritise mobile-friendly and offline-first approaches, using platforms like WhatsApp for broader reach.

**Consumer Behaviour and Trends:** Indian consumers are price-sensitive yet value quality. Implement value-driven pricing, offer promotions and emphasise trust through customer testimonials and influencer endorsements.

**Influencer Marketing:** Collaborate with regional influencers and micro-influencers to leverage their local following and authenticity, which can significantly influence purchase decisions.

**Digital Channels and Platforms:** Utilise popular platforms like Facebook, Instagram, YouTube and LinkedIn for diverse demographics. Integrate with e-commerce giants like Amazon and Flipkart and mobile payment solutions like Paytm and Google Pay.

**Content Strategy:** Engage audiences with culturally relevant storytelling, emphasising family, community and success. Invest in high-quality visual and video content, which are particularly effective in India.

**Data and Analytics:** Use behavioural insights and A/B testing to refine campaigns continually. Understanding consumer preferences through data helps tailor strategies for better engagement.

**Localisation of Products:** Adapt products to local tastes with specific variants and highlight local relevance through ingredients or craftsmanship.

**With the rise of mobile and social media usage, how important is it for brands to have a strong digital presence, and what strategies**

### **have you found most effective in engaging audiences through these channels?**

In today's digital era, having a strong online presence isn't just an option, it's a necessity. As people increasingly turn to their mobile devices for information, brands that aren't visible online risk losing valuable opportunities. A robust digital footprint starts with the basics: an informative website, active social media profiles, and a well-maintained Google listing. These elements form the cornerstone of discovery in a user's journey, often beginning with a simple online search.

Being mobile-optimised is crucial. With mobile devices being the primary means of accessing the internet, ensuring that your website and content are mobile-friendly is essential. This ensures a seamless user experience, preventing potential customers from bouncing off due to frustration with poorly optimised sites.

Social media also plays a vital role. A consistent and engaging presence, powered by diverse content and regular interactions, helps keep your brand top of mind. Tailoring ads and content to user preferences boosts interaction and conversion rates.

Encouraging user-generated content (UGC) can further amplify your reach. UGC not only travels farther but also holds a longer shelf life, as real customer experiences resonate more deeply with potential buyers.

Short-format content, such as bite-sized videos and quick, engaging posts, caters to the fast-scrolling habits of online users. By focusing on digital-first strategies, brands can effectively capture attention and drive higher engagement in today's fast-paced digital landscape.

For e-commerce-focused clients, integrating social commerce is a game-changer. Capitalising on social conversations through social listening and embracing conversational commerce can enhance engagement and drive sales, creating a dynamic and responsive digital presence.

**Can you share examples of successful digital marketing campaigns or initiatives that Havas Media India has executed in India, highlighting how data analytics, personalisation, or innovative technologies have driven positive results for clients?**

Havas Media Network India (HMNI) has launched India's first brand lift study on connected TV (CTV), in collaboration with MiQ and Samsung Ads. This study aims to showcase CTV's effectiveness in advertising by measuring its impact on key brand metrics like purchase intent, brand awareness and favourability.

India, with over 20 million CTV households, is experiencing rapid growth in advertising due to evolving media habits. CTV offers precise household-level targeting and personalisation, a significant advancement over traditional TV. Conducted by Kantar, the study found notable improvements in brand metrics for Samsung Ads' CTV campaign, including a 19% lift in online ad awareness, an 11% increase in brand favourability, and a 10% rise in purchase intent.

As a meaningful consumer connect initiative, during Durga Puja, our specialised agency Havas Play launched the 'Bhog Elo Ghorey' campaign for Swiggy, meaning 'bhog came home'. This heartwarming initiative, launched on October 1 to coincide with World Elderly Day, delivered traditional bhog (prasad) to Kolkata's senior residents unable to visit puja pandals. A touching film highlighted the joy of elderly devotees receiving bhog, featuring scenes from a central kitchen preparing the prasad, the enthusiastic involvement of priests, and the delighted reactions of seniors, emphasising the inclusive spirit of Durga Puja.

Another example of innovation is the scented mango ad our team conceptualised for Swiggy Instamart, featured on the front page of the Times of India. Celebrating mango season, this print advertisement used

sensorial advertising with a vibrant photograph of mango varieties and the headline, 'Read this ad with your nose'. Readers were invited to experience the mangoes' aroma through an olfactory illusion, creating a multisensory experience tapping into Synesthesia. The vivid imagery and scent aimed to evoke the sweet, tropical aroma of mangoes, enhancing their sensory appeal and making

engagement. For D2C brands, they optimise online storefronts, enhance user experience and use targeted marketing to drive sales and build loyalty. They leverage data analytics to understand consumer behaviour and refine marketing efforts. In marketplaces, they manage product listings, optimize Search Engine Optimisation (SEO), and utilise advertising to increase visibility and attract

**In your opinion, what are the unique challenges and opportunities for brands looking to expand their digital footprint in Nepal, and how can they leverage digital platforms to reach and connect with the country's growing online population?**

Expanding a brand's digital footprint in Nepal presents both unique challenges and opportunities. One key challenge is the relatively low internet penetration compared



online shopping from Swiggy Instamart more enticing.

**Given the increasing focus on e-commerce and online shopping, how do you help brands optimise their digital marketing efforts to drive sales and customer acquisitions through digital channels?**

Havas Market, HMNI's full-service e-commerce agency offers flexible one-stop solution combining media metrics and e-retail data, to help marketers drive growth.

Our e-commerce specialists boost sales for Direct-to-Consumer (D2C) brands and marketplaces through their expertise in digital strategy, data analysis and customer

buyers. Their ability to navigate both environments ensures effective customer reach and conversion, driving growth and maximising revenue.

**Conversion Rate Optimisation (CRO):**

Continuously test and refine website elements such as landing pages, CTAs, and checkout processes to improve user experience and reduce friction in the buying process.

**Data-Driven Insights:**

Utilise advanced analytics to understand customer behaviour, preferences and trends. This involves tracking key metrics such as conversion rates, customer lifetime value and cart abandonment rates to tailor marketing strategies effectively.

to more developed markets, which requires brands to strategise effectively to reach underserved segments. Goal is going beyond Reach frequency and more towards segment level activation

Additionally, infrastructure constraints and variable digital connectivity can impact user experience, necessitating mobile-first, bandwidth-optimised solutions. One example would be data connected to campaigns being critical lever to optimisation. We believe there is ground to cover in terms of data management.

Nepal's diverse cultural and linguistic landscape demands tailored messaging



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that resonates with various regional and ethnic groups. Content marketing could be very lucrative. Furthermore, navigating local regulations and economic conditions poses its own set of challenges, requiring brands to stay informed and adapt their strategies accordingly.

There are significant opportunities as well. The growing online population, particularly among younger demographics, presents a substantial market for digital engagement. With high mobile phone penetration, a mobile-first approach is crucial, focusing on mobile-optimised websites and apps.

Social media platforms

23 variables, including follower quality, notable followers, suspicious followers, past brand associations, work cloud and category relevance. This ensures our selections are data-driven and aligned with strategic goals. By leveraging Havas Klug's expertise, we have observed notable improvements in campaign delivery, proving that even influencers with smaller followings can drive substantial engagement when selected based on comprehensive metrics.

Havas Klug enhances influencer marketing impact by over 40%, proven through notable improvements with micro and nano influencers.

Reward, Entertain and Educate. By creating a grid based on these categories, we identify the most effective content strategies for each brand.

Our approach to storytelling is both organic and inorganic. Organic storytelling focuses on the natural, consistent narrative and sequence we create to position the brand effectively. In contrast, inorganic storytelling involves media interventions such as dynamic creative rotation and optimisation to enhance engagement and performance.

Regional language used in storytelling has proven to be a significant factor in elevating campaign performance. Tailoring content to local languages not only improves relatability but also drives better results.

We differentiate between brand and performance campaign storytelling, recognising that while their outputs may vary, both adhere to the core ethos of communication. Brand campaigns often emphasise long-term narrative and identity, while performance campaigns focus on driving immediate results. Both strategies are designed to resonate with audiences and reinforce the brand's message, ensuring a cohesive and impactful presence across all touchpoints.

**Looking ahead, what digital marketing strategies or innovations do you anticipate will shape the marketing landscape in the coming years, and how is Havas Media preparing to adapt to these changes to stay ahead of the curve?**

One of the most significant trends shaping the future of digital marketing is the continued rise of Artificial Intelligence (AI), with a particular emphasis on Generative AI (GAI). We are moving towards an era characterised by enhanced personalisation, automated processes and highly precise ad spend optimisation. GAI will enable real-time adjustments to campaigns based on AI-driven insights, thereby improving

their effectiveness and relevance. As a result, human efforts will shift from data collation to deeper analysis, allowing marketers to focus more on strategic insights and less on manual data handling.

Another key trend is the focus on data privacy and user consent. As regulations are tightened and consumer awareness around data protection grows, marketers must prioritise transparency and adopt ethical data practices. Privacy-first strategies will be essential for maintaining consumer trust and ensuring regulatory compliance.

Immersive technologies like Augmented Reality (AR) and Virtual Reality (VR) are set to revolutionise brand engagement and brand experiences. These technologies provide innovative avenues for interactive and experiential marketing, enabling consumers to explore and interact with products and services in new and engaging ways.

Social commerce is expected to continue its growth, integrating shopping experiences seamlessly into social media platforms. This trend will require brands to refine their social media strategies and leverage platform-specific features to drive conversions directly within social environments.

Havas Media is proactively adapting to these changes by investing in advanced AI and data analytics capabilities. We are enhancing our data privacy practices and developing strategies to ensure compliance with evolving regulations. Our focus is on integrating immersive technologies and optimising social commerce strategies to stay ahead of the curve. By embracing these innovations and trends, we aim to deliver cutting-edge solutions that drive success for our clients in the rapidly evolving digital landscape. **B**

## REGIONAL LANGUAGE USED IN STORYTELLING HAS PROVEN TO BE A SIGNIFICANT FACTOR IN ELEVATING CAMPAIGN PERFORMANCE. TAILORING CONTENT TO LOCAL LANGUAGES NOT ONLY IMPROVES RELATABILITY BUT ALSO DRIVES BETTER RESULTS.

like Facebook, Instagram and TikTok offer powerful channels for targeted advertising, influencer collaborations and community engagement.

The rise of e-commerce in Nepal also provides a chance for brands to tap into new revenue streams through localised e-commerce strategies and partnerships with local online marketplaces. Additionally, collaborating with local influencers, agencies and businesses can offer valuable market insights and enhance brand credibility.

**How do you approach influencer marketing in the Indian market, and what criteria do you consider when selecting influencers to collaborate with on campaigns?**

In today's influencer marketing landscape, evaluating influencers goes beyond followership. At Havas, we use Havas Klug, an advanced methodology assessing influencers on over

By focusing on comprehensive metrics rather than follower count, we ensure meaningful, impactful collaborations that resonate with our audience.

This holistic approach maximises the potential of influencer marketing, delivering better results and stronger brand-consumer connections.

**Can you tell us about the role of content marketing and storytelling in digital campaigns for brands and how do you ensure that content resonates with local audiences while aligning with brand objectives?**

At Havas, our proprietary research, known as Meaningful Brands, has been a cornerstone of our strategy for over 15 years. This study evaluates brands through three critical lenses: Personal, Functional and Collective. A key component of our research is the content angle, where we categorise online content into six broad buckets: Inform, Inspire, Help,



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# Legal Protections for Gig Economy Workers in Nepal: Navigating Current Gaps and Potential Reforms



**Smriti Phuyal** has been associated with Pioneer Law Associates since July 2023. She is a part of the Corporate Team. Her practice focuses on facilitating the team in research, legal drafting, preparing advisory opinion primarily concerning employment law, energy law and private equity.

The emergence of the digital age in Nepal has dramatically altered employment relationships. Such change has created significant legal uncertainty with regard to the application of employment rules in work and workers who primarily function through cyberspace. The use of technology in business organisations has paved a new way, making traditional employees less essential. New companies and business organisations in the customer service sector, driven by the concept of 'gig' economy, connect customers directly with individual service providers. The emergence of this new model in business has resulted in the relegation of employees to the status of temporary/self-employed workers, and thereby, making them dispensable. Through this article, the author tries to explore the current gaps in the labour jurisprudence with regard to gig workers in Nepal and the potential reforms to improve their condition.

## The concept of gig economy

The concept of gig economy is at a nascent stage in Nepal. The gig economy refers to an informal labour market which is connected and facilitated through the use of digital platforms. Generally, gig economy workers operate on a freelance basis, offering short-term or project-based services to clients as independent contractors. These gig workers work independently through digital platforms to find and get connected with clients. The

have come to the limelight. The first concern that needs to be addressed is the legal question of whether gig workers can be considered as 'employees'. Fitting into the legal definition of 'employees' is crucial to avail various statutory and social protection benefits under labour jurisprudence. The second concern is the policy issue regarding potential reforms required to protect the interests of gig workers while striking the right balance to protect the interests of the employers.



digital platforms connect gig workers with a diverse range of works including ridesharing, food delivery, freelancing, etc.

In Nepal, the gig economy market has grown significantly over the past half-decade, with a remarkable increase of about 67% as per the Online Labour Index. This growth has been exemplified by various local ride-sharing platforms like Pathao and inDrive, food delivery companies like Foodmandu, and online marketplaces such as Daraz.

## Gig economy and labour relationships: Navigating current gaps and potential reforms

With the exponential growth of the gig economy in the labour market, various legal and regulatory concerns

accident insurance, minimum wage, salary increment, compensation, provident fund, gratuity and paid leaves, leaving them in a vulnerable position. The Constitution of Nepal, 2015 safeguards the constitutional right of every individual to work in a safe environment. However, the protection mechanisms are often implemented only on paper, and only benefit formal workers, leaving informal workers, including gig workers, predominantly in a vulnerable situation.

## Misclassification of gig workers as self-employed workers

Those advocating for gig workers' classification as self-employed individuals often point to the facts that gig workers work through digital platforms, own their own work tools and materials, choose their working hours and schedule, in contrast with a traditional employer-employee relationship. However, the classification of gig workers under the category of self-employed workers has led to various heated discussions and debates around the world, questioning the employment status of gig workers. In this regard, opponents of such misclassification have argued that work done by workers when organised, directed and utilised by the company may result in classifying gig workers as employees even if they enjoy some degree of autonomy. It is, therefore, very crucial to determine if gig workers are employed under the control and direction of the company. Control and direction of the employer plays an important role in determining if gig workers can be classified as employees.

## The gig economy: Currents gaps in the labour market in Nepal

### Lack of legal clarity

There is currently no legal definition of a gig worker in Nepal, and this lack of clarity has created challenges surrounding their employment status. While Nepali labour laws have various provisions that protect employees, there is no clarity if gig workers can be classified as employees to avail the said statutory protections. The legal provisions only benefit workers in the formal sector and have left workers in the informal sector at risk. The majority of workers in the informal sector such as gig workers are excluded from benefits incorporated by the laws such as health and



In the gig economy, it is an undisputable fact that online platforms allow gig workers to choose their working hours and schedules as per their convenience. However, a certain degree of freedom exercised in their mode of work does not distort the dependency relationship of gig workers with the company, which is much like the traditional employer-employee relationship. The company still controls the work of gig workers by allowing clients to evaluate the performance of such workers, which can influence decisions on dismissals. Mere freedom to workers in some aspects of work does not make workers self-employed. This principle has been supported by the Karnataka High Court in the Dunzo Duel case, which held that delivery executives, who were under the control and supervision of Dunzo, shall be considered to be employees and are entitled to minimum wages, overtime and other statutory benefits. Further, the US regulatory body is also advocating to classify gig workers as employees based on the six factors economic realities test which include, (a) opportunity for profit or loss depending on managerial skill; (b) investments by the worker and the potential employer; (c) degree of permanence of the work relationship; (d) nature and degree of control; (e) extent to which the work performed is an integral part of the potential employer's business; and (f) skill and initiative. In legal vacuum, Nepali lawmakers may look to how other prominent common law countries are developing and applying legal principles to deal with the specific matter.

**Gig economy: Potential reforms Collaboration with multiple stakeholders to establish regulation:**

The issues pertaining to the gig economy in Nepal are complex and multifaceted, which require special attention from multiple stakeholders. The Government of Nepal, business

organisations, lawmakers and worker representatives can collaborate to develop policies and programmes that facilitate fair and equitable working conditions for gig workers. They can frame a special regulation to incorporate gig economy workers within the scope of employment law, so that they can avail various statutory benefits like traditional employees.

**Skills development programmes:**

With the increase of gig economy in the market, it is very pertinent for gig workers to stay abreast with new developments and emerging trends. For this, they can be engaged in various skills development programmes, training sessions, mentorship and networking events to remain competitive in the market.

**Collective action and advocacy:**

History has witnessed that when workers have been boxed into vulnerable positions because of existing legal vacuums, they have resorted to advocacy tactics like unionising, protesting, striking and engaging in awareness campaigns, to raise their concerns to the forefront. If the concerns regarding gig workers' labour protection aren't given urgent attention, it will come as no surprise if similar collective action takes shape in the Nepali context.

**Conclusion**

The gig economy market is constantly growing in Nepal, with the emergence of the digital age. However, the lack of legal protection has become a significant issue that needs to be taken into account to ensure equal protection and fair compensation to gig workers. The gig economy not only provides new opportunities for workers in Nepal but also promotes the country's economic growth. It is, therefore, very crucial to create a fair and equitable legal framework to protect the rights and interests of gig workers. **B**

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# IN HIGH SPIRITS



**ABHISHEK TULADHAR**  
CO-FOUNDER, BARC



**ADARSHA MAN TAMRAKAR**  
CO-FOUNDER, BARC

Tucked away atop an unassuming office building in Kathmandu's BlueStar Complex, Barc has rapidly become a hidden gem in the city's nightlife scene. This speakeasy cocktail bar, with its sleek, contemporary style and cosy lighting, provides the perfect ambiance for delightful outings. Barc's unique cocktails, sophisticated décor and Lo-fi Jazz playlist create an inviting atmosphere where great conversations flourish.

Barc's inception is a tale of passion and reinvention, brought to life by its dynamic co-founders, Abhishek Tuladhar and Adarsha Man Tamrakar. Tuladhar's journey from a financial career with KPMG in Singapore to becoming a celebrated mixologist began in 2016. His extensive travels exposed him to a myriad of

unique bars, sparking a passion for mixology. This led him to the European Bartender School in London, where he earned a certificate in advanced bartending and mixology. During his course, Tuladhar won a competition with his original cocktail 'Ohh La La', which remains a standout at Barc.

Driven by a desire to introduce high-quality cocktails to Nepal, Tuladhar founded 'Bar Stories By Abhishek', a venture that brought cocktails to people through pop-ups and private events across the country. His mission was to change the local perception of cocktails, offering a diverse range of drinks that cater to various palates. Signature creations like Khattu, Bloody

Nepali, Indian summer, and Love Me Long Time have since become local favourites.

Tamrakar, on the other hand, transitioned from a career in civil engineering and construction to the hospitality industry, driven by his passion for food. After completing his MBA, he worked with the Taj Group of Hotels in India and KGH Group of Hotels in Nepal. An experimental cook and food photographer, Tamrakar shares his culinary creations on Instagram @foodjournal\_adarsha. His travels have exposed him to authentic local foods from various countries, inspiring him to create fusion dishes using local produce and ingredients.

Barc's menu reflects this fusion of global and local influences. The food is mainly Pan-Asian bar food inspired by

Japanese, Thai, Korean, Nepali and Chinese cuisines. Local ingredients like Illam aged Kanchan cheese, sukuti (dry meat), buff tongue, and jimbu (Nepal aromatic leaf garlic) are used to create dishes that are bar-friendly and loved by Nepalis. Popular dishes include momo with chilly oil and sukuti on crackers, offering a variety of flavours and textures.

The cocktail menu at Barc is a testament to creativity and craftsmanship. Featuring an extensive selection of signature and classic cocktails, the menu is organised by key local ingredients – like titaura (hog plum), khattu (liquorice), and aila (a Newari spirit) flavour profiles, and drink types. Standout drinks like the Bloody Nepali and Coco Clarity

showcase the innovative use of local and international flavours, setting a high standard for mixology in Nepal.

Barc's excellence has not gone unnoticed. Ranked #100 in Asia's 50 Best Bars in 2023, Barc's dedication to innovation and quality earned it the #39 spot in 2024, along with the title of 'Best Bar in Nepal'. This recognition has spurred the duo to continually strive for excellence, aiming to establish Nepal as a destination for world-class bars.

A distinctive feature of Barc's success is its vibrant guest shift programme. Over the past year, Barc has hosted more than 15 bar takeovers, inviting top mixologists from renowned bars in Singapore, Japan, India, Taiwan, Sri Lanka, China, UAE and Thailand. These one-night-only events offer Barc's patrons a chance to experience unique cocktails from around the world, highlighting diverse flavours, textures and techniques. This cultural exchange enriches Barc's offerings and provides its team with invaluable learning opportunities. Additionally, Barc's team has participated in bar takeovers in countries like Thailand, India, Hong Kong, Singapore, Malaysia, Laos and China, further expanding their horizons and bringing international flair back to Kathmandu.

Barc also values sustainability, using plant-based straws and implementing zero-waste policies in their recipes. For example, their Bitter Gourd cocktail utilises every part of the vegetable, with the remaining pulp dehydrated for garnishes. Ingredients are repurposed across both drink and food menus, minimising waste and maximising flavour.

Despite facing challenges such as limited availability of certain liquors and high alcohol prices, Barc has continued to thrive. Government policies affecting alcohol imports pose additional hurdles but these have not deterred the team. Barc recently expanded with Barc +, a chic and cosy space designed for private events, and is exploring innovative concepts to further enhance Nepal's bar scene.

The success of Barc is a testament to the vision and dedication of Tuladhar and Tamrakar. By blending global experiences with local flavours, they have created a unique and unforgettable experience for their patrons. As Barc continues to innovate and expand, it is poised to elevate Nepal's cocktail culture to new heights, establishing itself as a landmark in the world of mixology. **B**

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# Commodity Market: Half Yearly Review

B360 Correspondent

With seven months of 2024 behind us, it is apt to present the half-time report of the commodity market. Given the plethora of news and events driving the markets, it was a volatile first half especially in the precious metals and energy bracket. Prices surged to new highs with copper, gold and cocoa attaining all-time highs, and natural gas soaring 74%. Prices pulled back in June but continued a bullish rally in July with growing concerns that the US economy was slowing down.

## Metals

Initially, precious and base metals remained relatively stable amid excess supply and weak demand in advanced economies. Following a pronounced bearish trajectory in 2023 reflecting declining demand across major economies, metals stabilised but observed a notable bullish rally from March onwards. Gold having opened at \$2,062.68 per ounce, soared to reach an all-time high of \$2,483.78 per ounce in July, an appreciation of 20.42%. Having opened at \$23.79 per ounce, silver jumped to \$32.51 per ounce in May before experiencing back-to-back bearish months. Copper prices scaled an all-time high of \$5.1845 in May before correcting in the last two months. Copper skyrocketed due to concerns in supply coupled with signs of resilience in global economic activities. Metals are expected to remain relatively unchanged in 2024 before rising steadily in the next year given a strong rally in global industrial activities and strong demand driven by the growing production of technologies especially in renewable energy.

## Energy

Energy products observed



considerable volatility with intensifying concerns about the conflict in the Middle East, the tight supply situation in response to OPEC+ production cuts and a growing global industrial activity. Recent decreases in US supply and revised hawkish projections from the International Energy Agency (IEA) shifting from a predicted surplus to a modest deficit have further boosted market confidence. Geopolitical developments in the Middle East and disruptions in Russia's refinery sector have escalated concerns about broadening instability in the oil supply. After a bearish 2023, crude oil started 2024 at \$71.65 per barrel before climbing to \$87.63 per barrel in April. Following the hike, prices stabilised, and they have since traded around a range of markets. Crude oil prices are forecasted to average around \$84 per barrel in 2024 before tapering to \$79 per barrel in 2025.

Natural gas has observed an interesting year so far. Prices

opened at \$2.639 per MMBtu following which the energy product spiralled downwards to reach \$1.505 per MMBtu in March. The prices have traded upwards since then. The value of natural gas reflected robust supply and deteriorating demand due to mild weather forecasts. As per analysts, the prices are forecasted to remain significantly depressed in 2024 due to excess global supply levels and paradigm shifts in trade patterns. In 2025, a reversal is expected with prices expected to rise as a result of an uptick boosted by strong exports.

## Agriculture

Agricultural commodities declined in the first quarter due to favourable supply scenarios and growing exports from the Black Sea region. However, unfavourable weather conditions, due to El Nino, pushed cocoa and coffee to record high by April. Prices are expected to observe a marginal decline in 2024 and 2025 driven

by increasing supplies and less than influential El Nino.

## Conclusion

The commodities complex will be exposed to a confluence of forces in the remaining months of 2024. Weather-related volatility could have effects on commodity supply chains which would be bullish for gas, oil and agricultural prices. Central banks could impose upside risks for gold and silver. With the momentum of gold purchases fading, there could be an influx of other factors pushing the metals on a bullish momentum. Also, with the price forecasts not factoring in further conflict escalation, risks remain stemming from the possibility of conflict in the Middle East and its consequent impact on energy production and exports. The second half of 2024 looks like a winner-takes-all scenario with bullish and bearish factors all inevitably grabbing the limelight in a push towards the finishing line, i.e. end of 2024. **B**



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# Beed's take on the market

During the review period of July 1 to July 29, the Nepal Stock Exchange (NEPSE) index grew significantly by 622.39 points (+30.53%) to close at 2,661.09 points. It reached its highest point on July 28 at 2,681.56 points. The review period was marked by strong upward movement as investors enthusiastically awaited the monetary policy for the current fiscal year 2024/25. Further, the response to the new provisions in the monetary policy has been encouraging as the market continues to grow. The total market volume during the review period increased by a whopping 120% to reach Rs 210.21 billion. (See Figure 1)

During the review period, 11 of the sub-indices landed in the green zone. The Commercial Bank sub-index (+47.38%) was the biggest winner as the share value of Nabil Bank (+Rs 197), Nepal SBI Bank (+Rs 151.6) and Everest Bank (+Rs 146) increased substantially. Trading sub-index (+30.93%) followed suit with a rise in share prices of Salt Trading Corporation (+Rs 1,505) and Bishal Bazar Company (+Rs 529).

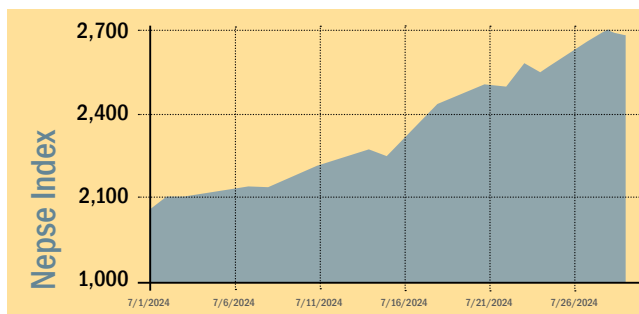
Development Bank sub-index (+28.68%) was next in line as the share value of Excel Development Bank (+Rs 146), Shine Resunga Development Bank (+Rs 136.5) and Green Development Bank (+Rs

128.1) went up. Similarly, Life Insurance sub-index (+27.85%) saw an increase in share prices of Life Insurance Corporation Nepal (+Rs 299), Nepal Life Insurance (+Rs 259) and Asian Life Insurance (+Rs 177). Hotels and Tourism sub-index (+26.73%) witnessed a rise in share values of Chandragiri Hills (+Rs 352.9), Taragaon Regency Hotel (+Rs 284.5) and Oriental Hotels (+Rs 178.7). Finance sub-index (+26.29%) also grew with increased share prices of Nepal Finance (+Rs 659), Goodwill Finance (+Rs 181) and Janaki Finance (+Rs 169.1).

Non-Life Insurance sub-index (+25.83%) saw a rise in share values of Rastriya Beema Company (+Rs 5,350), Siddhartha Premier Insurance (+Rs 189) and Shikhar Insurance (+Rs 181.8). Hydropower sub-index (+25.21%) followed suit with increased share values of Asian Hydropower (+Rs 377), Mandakini Hydropower (+Rs 280) and Chilime Hydropower (+Rs 164.3).

Manufacturing and Processing sub-index (+22.63%) also saw significant increase with rise in share prices of Unilever Nepal (+Rs 6,100), Bottlers Nepal-Terai (+Rs 4,199) and Himalayan Distillery (+Rs 442.1). Others sub-index (+21.29%) was next in line with the increased share values of Muktinath Krishi (+Rs 205),

Figure 1 NEPSE Index during the review period (July 1 to July 29, 2024)



Source: Nepal Stock Exchange

Nepal Telecom (+Rs 170) and Nepal Reinsurance (+Rs 150). Finally, Microfinance sub-index (19.93%) gained as the share prices of Upakar Microfinance (+Rs 850), Atmanirbhar Microfinance (+Rs 559) and National Microfinance (+Rs 380.5) climbed up. (See Table 1)

## News and Highlights

Nepal Rastra Bank (NRB), after a slight delay, unveiled its monetary policy for fiscal year 2024/25 which has taken an expansionary approach. The market has reacted positively to it, with increased trading volume and a circuit break on July 28; the first trading day following the policy announcement. The policy has abolished the ceiling of Rs 200 million for institutional investors on margin-lending by banks and financial institutions (BFIs), providing more flexibility and energising the market. It has also lowered the provision requirement for good loans from 1.2% to 1.1%, which is expected to increase bank profitability. Additionally, through the monetary policy guidelines, the NRB has allowed BFIs to include the interest income earned in mid-July to mid-August in their financial statements for previous fiscal year 2023/24.

On the initial public offering (IPO) side, SEBON has halted the IPO issue of Reliance Spinning Mills following accusations that it submitted

fake financial details during the approval process and for allegedly not listing dues amounting to Rs 753.68 million that it owed to Nepal Electricity Authority. Meanwhile, SEBON has approved the further public offering (FPO) of Suryodaya Womi Microfinance worth Rs 4.67 million. Kumari Capital Ltd has been appointed as its issue manager.

## Outlook

The market has been receptive to the new monetary policy provisions and its attempts at strengthening the capital market. In particular, BFIs are expected to experience improved profitability. However, investors remain vigilant of possible indicators of trend reversals. While the outlook remains cautiously optimistic, there is a need to monitor market events within a specified range.

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Table 1 Sub-indices during the review period

(July 1 to July 29, 2024)

	1 July, 2024	29 July, 2024	% Change
NEPSE Index	2,038.70	2,661.09	30.53%
Sub-Indices			
Commercial Bank	1,067.79	1,573.71	47.38%
Development Bank	4,001.43	5,149.09	28.68%
Hydropower	2,556.24	3,200.62	25.21%
Finance	2,423.90	3,061.14	26.29%
Non-Life Insurance	10,391.84	13,075.91	25.83%
Others	1,593.20	1,930.80	21.19%
Hotels and Tourism	5,238.93	6,639.42	26.73%
Microfinance	4,464.98	5,354.68	19.93%
Life Insurance	9,773.22	12,495.31	27.85%
Manufacturing & Processing	6,354.32	7,792.43	22.63%
Trading	2,825.32	3,699.22	30.93%

Source: Nepal Stock Exchange

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\*Source Euromonitor International Limited; Personal Accessories cat.  
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# Digital Marketing Tools for Tourism



As an already valued tourism destination, it is important that Nepal adapts to effective digital marketing strategies in its promotion. By utilising evolving digital tools and establishing a robust online presence Nepal can broaden its reach to potential travelers across the globe.

A website today must feature high-quality images, engaging content, and easy navigation to enhance the user experience. Multilingual support can cater to a global audience, making it accessible to non-English speakers and broadening its reach.

Social media platforms are powerful tools for engaging with potential tourists. Platforms like Instagram, Facebook, Twitter and TikTok offer opportunities to showcase Nepal's beauty through captivating visuals and stories. Regularly posting high-resolution images, travel tips and engaging content can attract followers and encourage

them to share their experiences.

Collaborating with travel influencers and bloggers who have a significant following can further amplify the reach and credibility of these promotional efforts. Search Engine Optimisation (SEO) is crucial for ensuring that Nepal's tourism content reaches the right audience. SEO involves optimising website content with relevant keywords related to Nepal's attractions, adventure activities and cultural experiences. By improving the website's ranking on search engines like Google, potential travellers searching for destinations and experiences in Nepal are more likely to find and visit the site.

Content marketing is another effective strategy for attracting and retaining tourists. Creating engaging and informative content such as travel guides, blog posts and videos provides valuable insights into Nepal's attractions. Storytelling, through

personal travel experiences or highlighting local culture and traditions, can create an emotional connection with the audience. Regularly updating content and sharing it across various platforms helps maintain interest and keeps potential travellers informed.

Digital advertising through platforms like Google Ads and Facebook Ads allows for precise targeting of potential tourists based on their interests, demographics and online behaviour. Running targeted advertising campaigns can effectively reach individuals interested in travel, adventure or cultural experiences. Crafting compelling ad copy and utilising eye-catching visuals can capture attention and drive traffic to the tourism website or booking platforms.

Engaging with online travel communities and forums is a valuable strategy for promoting Nepal. Participating in discussions, sharing information about Nepal's

attractions, and responding to queries helps build credibility and generate interest. Platforms like TripAdvisor, Reddit and travel-specific forums offer opportunities to connect with potential travellers and provide them with firsthand insights into what Nepal has to offer.

Email marketing remains a powerful tool for nurturing leads and maintaining engagement with potential tourists. By building a subscriber list through the website or social media channels, tourism boards and businesses can send targeted emails with updates on new attractions, special offers and travel tips. Personalised email content, tailored to the recipient's interests and previous interactions, enhances the effectiveness of these campaigns.

Monitoring and analysing performance are crucial for measuring the success of digital marketing efforts. Tools like Google Analytics and social media insights provide valuable data on website traffic, engagement rates and conversion rates. Regular analysis allows for data-driven decision-making and optimisation of marketing campaigns, ensuring that strategies are continually refined and improved. Collaborating with local businesses, such as hotels, restaurants and tour operators, can enhance the effectiveness of digital marketing campaigns. Joint promotions, cross-marketing efforts and shared content provide a more comprehensive view of Nepal's tourism offerings. By working together, local businesses can create a unified message and provide a seamless experience for travellers, from planning their trip to enjoying their stay. **B**





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# Where Do We Stand On Consumer Rights?



**Kaatya Mishra** Kaatya Mishra is an ESG and impact investment Analyst at Global Equity Fund Limited. Her professional focus centres on climate justice, sustainability, and women's empowerment, reflecting her commitment to creating a more equitable and sustainable future.

In Nepal, negligence in consumer protection is a pressing issue, along with the weak legal framework. The Constitution of Nepal, through Article 44, consists of consumer rights as a fundamental right, ensuring access to quality goods and services and the right to compensation if these rights are violated. However, the enforcement of these rights often falls short, with widespread unfair practices in the market creating a stark contrast between the legal promises and the reality faced by consumers. Although the Parliament of Nepal promised the establishment of consumer courts, which is intended to address grievances and deliver swift justice, the process has been in development for years without any real progress.

The Department of Commerce, Supplies and Consumer Protection recently imposed fines on 204 firms for violations of the Consumer Protection Act, 2019. The Act stipulates penalties ranging



from Rs 200,000 to Rs 300,000 for offences such as tampering with product quality, creating artificial scarcity, or mislabelling goods. But, the Act's framework raises concerns about victim compensation. In cases where negligence has led to fatalities, severe injuries or long-term disabilities, and where some corporations continue to operate without significant repercussions, one must question whether the current penalties and legal measures are adequate.

I will outline three cases of the very many that occur on a regular basis to illustrate my point.

The first case is the electrocution incident in September 2023 of a guest in a hotel swimming pool. The victim remains in coma eleven months later, with minimal signs of recovery. The hotel's negligence in maintaining proper electrical safety is a glaring fact but the victim's family is still seeking legal justice.

In a very recent tragic aviation incident, eighteen people were left dead with one sole survivor, the pilot who is currently undergoing treatment for serious injuries. The flight was supposed to be a maintenance ferry, carrying only the pilot and essential technical staff. However, a significant number of unrelated individuals were on board, raising serious concerns about regulatory oversight and breach of safety protocols.

From date expired products to adulterated food and water there have been multiple cases reported over the years, endangering consumer health. The blatant disregard of food safety standards highlights major failures in business practices and regulatory oversight.

The cases mentioned here are some examples of 'they knew and failed to'. There are, unfortunately, many more cases.

Nepal needs to implement several key reforms to enhance disaster management and corporate responsibility. Amending existing laws to address corporate negligence more effectively is crucial, as current penalties and regulations are inadequate. The Companies Act should be updated to enforce stricter punishments and clearer safety standards, with regulatory bodies proactively enforcing disaster management guidelines. Additionally, the judicial process for corporate disaster cases must be expedited, with stronger penalties and measures to fast-track urgent cases and incentivise judges to resolve them promptly.

Promoting a culture of risk prevention within industries is essential. Industry leadership should actively support safety standards, conduct regular seminars and communicate policies effectively. **B**

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## NRB unveils Monetary Policy for FY 2024/25

Nepal Rastra Bank (NRB) has unveiled its monetary policy for the fiscal year 2024/25 on July 26. In the new monetary policy, the NRB has made adjustments to both the bank rate and the deposit collection rate.

Making public the monetary policy, NRB Governor Maha Prasad Adhikari stated that the upper limit of the interest rate corridor's bank rate has been reduced from 7% to 6.5%. Additionally, the policy rate has been lowered from 5.5% to 5%. However, the deposit collection rate – set at 3% and representing the lower limit of the interest rate corridor – remains unchanged.

Continuing its commitment to providing liquidity support, the central bank said it will maintain the provision of a permanent liquidity facility at the bank rate. Moreover, the conditions for accessing this liquidity will be made more flexible. The existing requirements related to the mandatory cash ratio and statutory liquidity ratio for banks and financial institutions (BFIs) will also persist.

Governor Adhikari stressed that the flexible monetary approach aims to invigorate the economy, considering the prevailing context of stable prices and external factors. Simultaneously, NRB's regulatory framework prioritises financial stability, encouraging lending to the productive sector and enhancing credit quality.

## Monetary policy is balanced and timely: CBFIN

The Confederation of Banks and Financial Institutions Nepal (CBFIN) has declared that the monetary policy issued by Nepal Rastra Bank is balanced and timely, addressing the country's current needs. In a press statement, the umbrella organisation of commercial banks, development banks and finance companies in Nepal

stated that the monetary policy is based on an objective study and analysis of the economic and financial sectors, private sector expectations, and the global environment. The policy aims to revive the private sector's morale and confidence, revitalising economic activities that have been stagnant. It includes measures for stability and sustainable development, instilling hope and trust.

Key aspects of the policy include revisions to the Capital Adequacy Framework, reductions in bad loan loss provisions, and allowing some reserves in the regulatory reserve to be counted as Tier 2 Capital. The policy rate has been reduced, the limit for the Regulatory Retail Portfolio (RRP) has been raised, and relief has been provided to construction entrepreneurs. It also facilitates loans to the agriculture and innovation sectors and includes 'variance analysis' in Working Capital Loans Guidelines. The CBFIN expressed hope that these measures will help revive economic activities.

The policy also strengthens microfinance institutions and establishes a separate mechanism for the regulation and supervision of savings and credit cooperatives, boosting confidence in the financial system. The CBFIN welcomed initiatives for the Asset Management Act and the growing use of digital systems in banks and financial institutions (BFIs), including studies related to artificial intelligence (AI) and identifying potential risks.

CBFIN believes that the infrastructure and institutional structures necessary to fully operationalise the national payment switch will positively impact the economy.

The practical and effective implementation of the monetary policy aims to create a viable business environment and job opportunities, as outlined in the five-year plan and fiscal policy. The central bank must implement flexible

monetary policies to ensure stability and sustainable development.

Given the failure of last fiscal year's monetary policy to achieve credit expansion goals, it is crucial to adopt more flexible policies to relieve pressure on liquidity and capital adequacy, ultimately achieving stability and sustainable development, CBFIN said in the statement.

## CNI welcomes new monetary policy

The Confederation of Nepalese Industries (CNI) has expressed support for the monetary policy for fiscal year 2024/25, aimed at revitalising the economy after three years of sluggish performance. Nepal Rastra Bank is attempting to stimulate the economy by revising its previous policy of reducing overall demand. CNI has welcomed these efforts to rejuvenate economic activity.

Lowering the policy rate is seen as a positive step, as it reduces production costs and increases competitiveness. However, the central bank must ensure that the policy rate is effectively reflected in the bank rate. It is commendable that the upper limit of the interest rate corridor is maintained at 6.5% and the policy rate at 5%. However, with banks and financial institutions (BFIs) under pressure from 'Tier 1 Capital', the central bank must adopt policies that facilitate achieving the target. The monetary policy did not address the need to suspend the Counter Cyclical Capital Buffer (CCB) to support Tier 1 Capital. Without reconsideration, achieving the target of 12.5% credit expansion in the private sector is unlikely. In a press statement, CNI suggested postponing the current 0.5% CCB as it is inappropriate in the current situation.

CNI has appreciated the central bank's commitment to study the existing base rate regime to make the monetary diffusion mechanism effective and maintain competition in

loan interest rates. CNI has recommended abolishing the provision regarding the base rate.

The reduction in overall demand has significantly impacted the productive and construction sectors. The measures taken to support the construction sector's re-establishment are positive. CNI believes that the monetary policy's approach to the construction sector will make it dynamic and help the economy. However, the manufacturing sector showed a 2% decline in the third quarter of 2023/24 compared to the same period in 2022/23. CNI has urged attention to the fact that if the struggling productive sector is not encouraged, further relaxation may be necessary.

Although reducing the existing 1.20% loan loss provision on good loans to 1.10% is positive, it is not sufficient. CNI has suggested that the central bank should aim to reduce the loan loss provision to no more than 1%. Increasing the limit of the Regulatory Retail Portfolio (RRP) from Rs 20 million to Rs 25 million is seen positively by CNI, as it will help reduce Non-Performing Loans (NPLs) and their provisioning by BFIs. The commitment to establish an Asset Management Company to manage passive and non-banking assets of BFIs is also positive.

Extending the time period to adjust loans through variance analysis mentioned in the Working Capital Loans guidelines is positive, but it will be effective from July 16, 2025. Given the extreme contraction in market demand and the adverse situation faced by industrial businesses, the provision of Working Capital Loans should be postponed for now.

CNI has suggested carefully reviewing the existing credit notification and blacklisting directives to amend provisions such as blacklisting based on cheque dishonour and banning banking transactions.

## CIM discusses impacts of monetary policy on economy



Chamber of Industries Morang (CIM) recently organised a programme to discuss the monetary policy for fiscal year 2024/25, announced by Nepal Rastra Bank. Industrialists, bankers and chartered accountants examined the potential impacts of the new monetary policy on the economy. CIM President, Rakesh Surana, emphasised that despite sufficient liquidity in banks, laxity in credit flow necessitates extending the provision of Variance Analysis in the Working Capital Loans Guidelines from July 2025 specifically for micro, domestic, small and medium industries. He noted that removing the Rs 200 million cap on share mortgage loans would help stimulate the economy.

Surana also praised NRB's commitment to establishing an Asset Management Company to manage passive and non-banking assets of banks and financial institutions (BFIs), reducing the upper limit of the interest rate corridor from 7% to 6.5%, and lowering the policy rate from 5.5% to 5%. He appreciated the regulatory measures to address complaints from microfinance institutions and protect customer interests.

However, Surana expressed concerns over the policy's silence on regulating loan transactions and addressing issues faced by large manufacturing industries. He suggested reviewing existing credit information and blacklisting instructions, particularly regarding the blacklisting and banking transaction bans for cheque dishonour as outlined in Article 83. He advocated for similar leniency for manufacturing

industries as provided to banks and construction entrepreneurs.

Santosh Budhathoki, President of Nepal Bankers' Association, Koshi Province and Provincial Head of NMB Bank, opined that the policy will benefit the construction sector and stock market. He hoped for NRB circulars to boost loan demand amid the economic recession.

Dinesh Kumar Pokharel from Saptakoshi Development Bank emphasised the policy's focus on maintaining economic stability and increasing market demand, considering the potential decrease in consumer demand due to emigration. Chartered Accountant, Tirtha Yadav, criticised the policy for not addressing job creation and not providing immediate relief to large industries, which are crucial for new job creation. He urged the inclusion of such measures in the policy.

CIM Immediate Past President, Suyash Pyakurel, welcomed the regulation of the microfinance sector in the monetary policy, expressing optimism compared to previous policies. CIM Senior Vice-President Nanda Kishor Rathi and Vice President (Employer Sector) Bipin Kabra voiced concerns about the policy facilitating youth emigration and stressed the need for policies that protect both banks and industrialists.

The programme saw participation from CIM executive committee members, industrialists, Director of NRB Koshi Directorate, heads of various BFIs, chartered accountants, and other stakeholders.

## Nepal Chamber says monetary policy relatively cautious and flexible

Nepal Chamber of Commerce has described the monetary policy for the fiscal year 2024/25 as relatively cautious and flexible. In a press release, the chamber stated that while some aspects of the monetary policy, announced by Nepal Rastra Bank are

positive, certain issues remain unaddressed.

The chamber has lauded the reduction in the bank rate and policy rate as a positive move. "The bank rate has been reduced from 7% to 6.5%, and the policy rate has been set at 5% from 5.5%. This will facilitate a reduction in interest rates," the press release states.

NCC has also positively noted the provisions made in the monetary policy to revive the construction sector, which has been experiencing a slowdown.

It has emphasised the need for effective coordination between the current fiscal year's budget and monetary policy to stimulate the economy. The provision to reduce the current 1.20% loan loss provision on good loans to 1.10% has been considered positive.

The chamber has also welcomed the provision to review the existing Credit Information and Blacklisting Directive to amend provisions such as blacklisting based solely on dishonoured cheques and freezing accounts to restrict banking transactions.

While the removal of the current Rs 200 million credit limit to encourage institutional share trading is positive, NCC has expressed disappointment that the demand to maintain a 100% risk weight for credit flows above Rs 50 million has not been addressed.

Similarly, the chamber has noted that the demands to maintain a 100% risk weight for loans above Rs 50 million to further boost real estate transactions and to maintain a valuation limit of 80-20 ratio have not been met.

## Consumer price inflation moderates to 4.17%, trade deficit down 1.7% to Rs 1,314.44 billion

According to the Current Macroeconomic and Financial Situation of Nepal based on 11 months' data ending mid-June, 2023/24, published by Nepal

Rastra Bank, the year-on-year (y-o-y) consumer price inflation moderated to 4.17% in mid-June 2024 compared to 6.83% a year ago. Food and beverage category inflation stood at 5.76% whereas non-food and service category inflation stood at 2.94% in the review month.

Under the food and beverage category, y-o-y price index of vegetable sub-category increased 16.02%, pulses and legumes 11.76%, cereal grains and their products 7.32%, sugar and sugar products 6.98% and non-alcoholic drinks 5.95% in the review month. The y-o-y price index of ghee and oil sub-category decreased 5.51% in the review month.

Under the non-food and services category, y-o-y price index of miscellaneous goods and services sub-category increased 12.47%, education 5.64% and clothes and footwear 3.46% in the review month. The y-o-y price index of communication sub-category decreased 0.48% and transportation 0.18% in the review month.

The y-o-y consumer price inflation in Kathmandu Valley, Terai, Hill and Mountain region stood at 4.25%, 3.82%, 4.63% and 4.77%, respectively in the review month. Such inflation in these regions was 7.19%, 6.93%, 6.28% and 6.39%, respectively a year ago.

During the review period, merchandise exports decreased 3% to Rs 139.26 billion compared to a decrease of 22.7% in the same period of the previous year. Destination-wise, exports to India decreased 4.5% while that to China increased 57.7%. Similarly, export to other countries decreased 1.7%. Exports of zinc sheet, particle board, juice, readymade garment, and oil cakes among others increased whereas exports of palm oil, soyabean oil, woollen carpet, brans, tea, among others decreased.

Similarly, in the review period, merchandise imports decreased 1.8% to Rs 1,453.70 billion compared



to a decrease of 16% a year ago. Destination-wise, imports from India decreased 3.1% while from China it increased 34.8%. Likewise, import from other countries decreased 3.1%. Imports of transport equipment, vehicle and other vehicle spare parts, readymade garments, electrical equipment, aircraft spare parts, textiles, among others increased whereas imports of crude soyabean oil, gold, hot rolled sheet in coil, crude palm oil, rice/paddy, among others decreased.

The total trade deficit decreased 1.7% to Rs 1,314.44 billion during the review period. Such deficit had decreased 15.2% in the corresponding period of the previous year. The export-import ratio decreased to 9.6% in the review period from 9.7% in the corresponding period of the previous year.

The NRB report states that remittance inflows increased 19.3% to Rs 1,327.51 billion in the review period compared to an increase of 22.7% in the same period of the previous year. In US dollar terms, remittance inflows increased 17.3% to \$9.98 billion in the review period compared to an increase of 13% 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 422,936 and taking approval for renew entry stood at 262,705. In the previous year, such numbers were 459,415 and 260,262, respectively.

As per the report, the current account remained at a surplus of Rs 200.39 billion in the review period against a deficit of Rs 79.53 billion in the same period of the previous year. In US dollar terms, the current account registered a surplus of \$1.51 billion in the review period against a deficit of \$613.2 million in the same period last year.

In the review period, capital transfer decreased 25.7% to Rs 5.46 billion and

net foreign direct investment (FDI) remained a positive of Rs 8.16 billion. In the same period of the previous year, capital transfer amounted to Rs 7.35 billion and net FDI amounted to Rs 4.65 billion.

Meanwhile, balance of payments remained at a surplus of Rs 425.67 billion in the review period against a surplus of Rs 224.9 billion in the same period of the previous year. In US dollar terms, the BOP remained at a surplus of \$3.2 billion in the review period against a surplus of \$1.71 billion in the same period of the previous year.

The central bank report shows that gross foreign exchange reserves increased 27.8% to Rs 1,967.19 billion in mid-June 2024 from Rs 1,539.36 billion in mid-July 2023. In US dollar terms, the gross foreign exchange reserves increased 25.7% to \$14.72 billion in mid-June 2024 from \$11.71 billion in mid-July 2023.

Of the total foreign exchange reserves, reserves held by NRB increased 30.2% to Rs 1,752.77 billion in mid-June 2024 from Rs 1,345.78 billion in mid-July 2023. Reserves held by banks and financial institutions (except NRB) increased 10.8% to Rs 214.42 billion in mid-June 2024 from Rs 193.59 billion in mid-July 2023. The share of Indian currency in total reserves stood at 22.3% in mid-June 2024.

Based on the imports of 11 months of 2023/24, the foreign exchange reserves of the banking sector are sufficient to cover the prospective merchandise imports of 15.1 months, and merchandise and services imports of 12.6 months.

### PM Oli pledges policies to boost private sector and drive investment

Prime Minister KP Sharma Oli has said the government will adopt policies to boost the morale of the private sector and encourage investment.

In a meeting on July 16 with the office-bearers of

the Federation of Nepalese Chambers of Commerce and Industry (FNCCI), Prime Minister Oli stated that the development of the country is not possible without the promotion and expansion of private sector and made it clear that the new government will adopt a policy to facilitate and encourage entrepreneurs.



According to a press statement issued by FNCCI, Prime Minister Oli expressed the commitment to take special initiatives for the advancement of the private sector as it is essential to improve the economy.

Deputy Prime Minister and Finance Minister Bishnu Prasad Paudel was also present at the meeting.

On the occasion, the delegation led by FNCCI President, Chandra Prasad Dhakal, said that the regulatory bodies related to businesses and enterprises needed to coordinate with each other and encourage investment. The delegation proposed the establishment of an Economic Reforms Commission or a similar mechanism, under the leadership of the Prime Minister, to address economic challenges effectively.

### CNIYEF hosts 9th learning session on organic farming



The Confederation of Nepalese Industries Young Entrepreneurs Forum

(CNIYEF), in collaboration with Janata Agro and Forestry Ltd (JAFL), successfully conducted its 9th Learning Session in Kathmandu. The event saw participation of 50 attendees including entrepreneurs, CNIYEF members, board members, and startups from the agricultural sector. Israeli Ambassador to Nepal, Hanan Goder Goldberger, was chief guest of the session. Prominent attendees included Pawan Golyan, Chairman of Golyan Group; CNI President Rajesh Kumar Agrawal; and CNIYEF President Anurag Goyal.

Themed 'The Potential of Organic Farming in Nepal', the session featured insightful presentations and discussions on the future and benefits of organic farming in the country. The speakers for the event were Prem Bahadur Lama, Director at JAFL, Pawan Golyan and Hanan Goder Goldberger. Lama, founder of Ashapuri Organic Farm, shared his personal journey and the health benefits of organic food. Diagnosed with cancer in his 50s, Lama found little improvement from modern medications and turned to organic foods, which led to significant health improvements. His testimony underscored the importance of organic farming and its potential to inspire healthier living worldwide.

Golyan then presented a comprehensive slide detailing the potential organic crops that could thrive in Nepal. He emphasised JAFL's openness to collaboration with entrepreneurs in the

agricultural sector, offering opportunities for investment, venture partnerships and

product purchases. His presentation highlighted the significant economic potential and benefits of organic farming.

Ambassador Goldberger's presentation showcased how Israel, despite limited rainfall, has managed to have 2% of its agro entrepreneurs supply enough food for the entire country and export surplus produce. He highlighted the innovative farming methods used in Israel and proposed that Nepali entrepreneurs visit the excellence centres in India to gain advanced farming knowledge. He also shared success stories of Nepali entrepreneurs who have thrived after learning agricultural skills in Israel.

During the interactive session, startups raised pertinent questions regarding the facilitation of export processes and strategies for land acquisition. The discussion also addressed the potential positive impacts of incorporating organic foods into daily diets.

### CNI Survey: 13.53% contraction in demand for manufacturing industries

The demand for manufacturing industries has contracted by an additional 13.53% in the third quarter of the fiscal year 2023/24. The latest Industry Status Report (ISR) survey conducted by the Confederation of Nepalese Industries (CNI) has revealed a decrease in demand for manufacturing industries compared to the same period in the previous fiscal year.

Last year, the demand in the manufacturing sector had declined by 3.04% compared to the same period the previous year. During this period, the combined demand for manufacturing and service industries has decreased by 2.64%.

There has also been a decline in the income of industries. The industries participating in the survey reported a 3.87% decrease in

income compared to the same period last year. In the previous quarter, they had reported a 1.87% decrease in income. Due to the decline in demand and revenue, 65.57% of the total industries participating in the survey indicated that they have no plans for new investment in the coming quarter.

Industries are still using generators for production. Moreover, 54.39% of the industries participating in this survey reported that they still use generators, which has increased production costs by 12.89%.

The industries participating in the survey reported that they obtain 42.74% of their total working capital from loans, which is 2.71% higher compared to the previous quarter. The average interest rate on such loans is 11.28%

### NCC officials meet PM Oli, urge for sustainable economic policies



A delegation of Nepal Chamber of Commerce (NCC), led by its President Kamllesh Kumar Agrawal, recently met with the newly appointed Prime Minister KP Sharma Oli at his official residence in Baluwatar, Kathmandu.

NCC President Agrawal submitted a 43-point suggestion to PM Oli aimed at stabilising policies and revitalising the economy.

During the meeting, held to congratulate Prime Minister Oli, NCC emphasised the need for sustainable economic policies. "Over the past four years, Nepal's economy has grappled with challenges arising from the Covid 19 pandemic and the Russia-Ukraine conflict, both of which have reverberated through global supply chains and contributed to an economic slowdown," the NCC officials highlighted.

In the meeting with PM Oli, NCC President, Agrawal, called for effective coordination between the current fiscal year's budget and the monetary policy. NCC officials also highlighted the imbalance between demand and supply and the private sector's struggle to attract investment despite liquidity in banks and financial institutions (BFIs), according to the statement issued by NCC on July 22.

To address these pressing issues, NCC proposed maintaining permanently low single-digit interest rates – a measure to promote economic growth. Additionally, they stressed the importance of facilitating loans to the private sector. NCC also urged the immediate suspension of the Working Capital Loans Guidelines to simplify entrepreneurs' access to capital during economic downturns.

In real estate, the NCC suggested maintaining 100% risk weightage for loans

exceeding Rs 5 million. They recommended adjusting the appraisal ratio in real estate lending from the current 70-30 split to an 80-20 distribution.

Rajesh Kazi Shrestha, Chairperson of NCC Advisory Council, underscored the role of policy facilitation in driving production growth and job creation within the private sector. He emphasised the need to foster a favourable industrial and commercial environment to prevent youth migration.

In response, Prime Minister Oli assured NCC officials that entrepreneurship development and job creation remain top priorities for the present government. He expressed commitment to bolstering Nepal's economic situation through well-considered policy decisions. The head of the government encouraged NCC members to invest confidently and actively engage in commercial activities.



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## NYEF conducts 20th AGM, Kushal Sundar Shrestha elected as President



Kushal Sundar Shrestha has been elected as the President of the Nepalese Young Entrepreneurs' Forum (NYEF).

The 20th annual general meeting (AGM) of NYEF, which concluded in Kathmandu on July 19, saw the formation of a new executive committee under Shrestha's leadership.

The newly elected NYEF President will serve a one-year term. The AGM took place with a focus on the organisation's core values. During the meeting, discussions centred around reviewing activities from the previous year – aimed at providing entrepreneurial knowledge and experience to students – as well as reports on active startups, social impact initiatives, and strategies for increasing NYEF's membership. Impressively, over 7,000 entrepreneurs and students have benefited from NYEF's programmes.

The 11-member executive committee includes Sahara Joshi (Immediate Past President), Nivita Pradhan (First Vice President), Aabhushan Jyoti Kansakar (Second Vice President), and Reecha Shrestha (Vice President-Women). Other executive members include Sudip Ghimire, Bilasha Shrestha, Krishna Sapkota, Pavitra Bahadur Gautam, Yunesh Raj Shrestha and Subin Shrestha.

Abhimanyu Golchha elected President of NYEF Kathmandu

The Nepalese Young Entrepreneurs Forum (NYEF) Kathmandu successfully concluded its sixth annual general meeting on June 28, in Kathmandu. During the AGM, Prarthana Saakha's presidency concluded, and

the newly elected President, Abhimanyu Golchha, along with a committed team of executive members, was introduced.

Golchha, the newly elected president, is the Executive Director of Golchha Group. He expressed his commitment to continuing the organisation's focus on improving the entrepreneurial landscape and giving a platform for young entrepreneurs to drive positive change.

The executive members of NYEF Kathmandu include Prarthana Saakha as Immediate Past President; Appa Sherpa as First Vice President; and Anubhav Shrestha as Second Vice President. Likewise, Cheteze Tamang, Ichhya Malla, Nirdesh Dwa, Saurabh Shrestha, Vedika Murarka, Sandeep Sharma, Surakshya Adhikari, Santosh Pandey and Nikhil Agrawal have been elected as executive members.

## NYEF Biratnagar Chapter concludes 20th AGM; elects Shubham Bhattarai as new President



Nepalese Young Entrepreneurs' Forum (NYEF) Biratnagar Chapter held its 20th annual general assembly during which a new executive committee led by Shubham Bhattarai was unanimously elected. Bhattarai will serve as the President of the NYEF Biratnagar Chapter for the next one year.

During the AGM held on July 5, Sanjiv Sigdel was elected as First Vice President, Roman Kattel as Second Vice President, Samyam Shrestha as Treasurer, and Ritesh Khanal as Programme Coordinator. Utkrishta Bhattarai will take on the role of Learning Session Coordinator, while Arnesh

Shrestha has been elected as the Biratnagar Chapter Coordinator. Avishek Kedia will serve as the Communication Coordinator, Ankita Giri as Legal Advisor, Navin Jhunjhunwala as an Executive Member, and Sangita Dhamala as Secretariat Head.

Chief Guest at the AGM, Koshi Province Chief Minister Hikmat Kumar Karki, emphasised the crucial role of youth in building a strong economy and ensuring economic development and stability. He cited examples of young entrepreneurs who have successfully established global market monopolies through creative thinking. Karki expressed that young people are the backbone of the country's development. Karki also pledged the provincial government's support for promoting entrepreneurship among startups, youth, women and individuals with diverse abilities. The goal is to create an entrepreneurial-friendly environment by harnessing the skills of the youth.

## Minister Paudel commits to creating government positions for CAs



Deputy Prime Minister and Minister of Finance, Bishnu Paudel, has stated that the government is positive about creating positions for Chartered Accountants (CAs) in government agencies. Addressing the swearing-in ceremony of the President and Vice President of the 10th Council of the Institute of Chartered Accountants of Nepal (ICAN) on July 20, he pledged to work towards a quick resolution on this matter.

"I have a positive outlook on your demand for creating positions for CAs in relevant state agencies. It might take a

few months, but as the Minister of Finance, I will take the initiative to fulfil this demand," he said.

He noted that ICAN is an institution connected to the government in one way or another and that the effectiveness of the institution is linked to the country's accounting system. He added that the government is committed to maintaining a vibrant and close relationship with this institution.

Minister Paudel emphasised that improving the tax system, financial transparency, accountability, and dutifulness are prerequisites for the country's progress. He mentioned that the government is ready to cooperate with the institution for financial transparency.

Auditor General, Toyam Rai, extended best wishes to the newly elected members of the 10th Council and the newly appointed President and Vice President for their tenure. He stated, "ICAN has been supporting the Office of the Auditor General for a long time, and cooperation between the two institutions is necessary in the future." He congratulated those who passed the Public Finance Management (PFM) course and expressed confidence that it would contribute to the country's accounting system.

Governor of Nepal Rastra Bank, Maha Prasad Adhikari, commended the institution for working according to international standards and wished it success in making the accounting system more transparent in the future.

The newly appointed President of ICAN is Pravin Kumar Jha.



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## NIBL Equity Partners invests in Delish Dairies



NIBL Equity Partners, a leading private equity firm fostering sustainable businesses registered with SEBON under the Specialised Investment Fund Regulations 2019 and managed by NIMB Ace Capital Ltd, a SEBON approved Fund Manager, signed a definitive agreement on July 15 to invest Rs 95 million in Delish Dairies. This partnership will fuel Delish Dairies' ambitious vision of establishing itself as a national leader in modern, high-quality dairy products.

NIBL Equity Partners recognises Delish Dairies' dedication to excellence. Their 'Delish' brand of Greek yogurt exemplifies their innovative spirit, while their 'Panchami' line upholds cherished local favourites. This investment underscores Delish's revolution in the Nepali dairy landscape.

NIBL Equity Partners has decided to invest in Delish Dairies to enhance capabilities to meet the surging demand for the company's delectable products through the acquisition of technologically advanced machinery in their current factory in Chitwan, significantly increasing their current processing capacity to 10,000 litres of milk per day.

The investment has also been made to introduce exciting new dairy creations and strengthen distribution networks, bringing Delish products to a wider audience. The fund will also be utilised to construct a new, state-of-the-art factory in Fikkal, Illam dedicated to cheese production, aiming to replace reliance on foreign dairy imports. The investment will also support Delish Dairies' preparation for an Initial Public Offering to tap into domestic capital markets for further growth.

"NIBL Equity Partners is thrilled to partner with Delish Dairies," said Shivanth Pandé, CEO of NIMB Ace Capital Ltd. "Their commitment to quality, innovation and supporting local communities aligns perfectly with our mission. This investment is a catalyst for growth, benefiting Nepali consumers, job creation and the nation's overall economic development."

## Turkish Airlines showcases new luxurious Crystal Business Class suite



Turkish Airlines, the airline that flies to more countries than any other, has revealed the details of its brand-new state-of-the-art business class suite at the Farnborough International Airshow 2024 in Hampshire, UK.

The new Crystal Business Class suite marks a new era for luxury air travel for business passengers and is the first from Turkish Airlines to feature an adjustable suite door and privacy panel for enhanced in-flight privacy. New seats feature a generous 23-inch seat width boasting increased footwell space with direct aisle access for all guests with every window suite possessing full visibility.

In line with company's 'Flow' brand identity, new suites feature lighter and warmer colours, marble-style table and rose gold finishes. The suite continues to provide the very best amenities Turkish Airlines is known for to elevate guest experience, including adjustable ambient and reading lights, universal and Type C power outlets, wireless charger, noise cancelling audio jack, adjustable mirror, closed stowage ergonomic seat cushion and a 22-inch IFE screen.

The airline's new seats have been developed by its subsidiary, TCI Aircraft Interiors, to create a bespoke product unique to the airline and features elements with plush leathers and fabrics all sourced from Türkiye to emphasise the flag carrier's roots.

## Citizen Investment Trust concludes 29th AGM



Citizen Investment Trust (CIT) has recently concluded its 29th annual general meeting. CIT Chairman, Surya Bahadur Thapa, chaired the AGM.

The AGM approved 14% bonus shares and 0.7368% cash dividend based on the annual income statement for the fiscal year 2022/23. Additionally, the annual report for the fiscal year 2022/23, including the balance sheet, profit and loss account, and cash flow statement, covering the period from June 16 to July 16, 2023, was discussed and passed.

The decision to grant 14% bonus shares was influenced by a 55% increase in shareholders' shares over the past two years. According to details presented in the AGM, the net fund balance of CIT reached Rs 24.81 billion till July 15 of the fiscal year 2023/24. During that period, the CIT has invested Rs 236.8 billion.

## FENEGOSIDA requests customs duty adjustment



A delegation of Federation of Nepal Gold and Silver Dealers Association recently met with Deputy Prime Minister and Minister of Finance, Bishnu Paudel, and requested an adjustment in

customs duty rates.

Led by the association's Acting President, Diyes Ratna Shakya, the delegation informed the minister about the impact on Nepal after the Indian government reduced customs duty rates on gold and silver through its budget. The delegation requested that Nepal also adjust its customs duty rates accordingly.

India recently reduced the customs duty on gold and silver from 15% to 6% through its budget. However, Nepal, through its current fiscal year's budget, has increased the customs duty on gold to 20%.

Given the open border between Nepal and India, FENEGOSIDA argued that the imbalance in customs duty rates between the two countries could encourage illegal trade. They emphasised the need to reduce Nepal's current customs duty rate and align it with the Indian market.

In response, Minister Paudel assured the delegation that he would take their demands seriously and make a decision after necessary studies.

During the meeting, the business community made several other demands, including increasing the quota for gold imports. The delegation also urged the minister to allow the annual import quota to be flexible, enabling businesses to import a month's worth of gold at any time during the year. FENEGOSIDA also requested the Finance Minister to improve the system for importing gold and silver jewellery and increase the import limit for silver.

The delegation pointed out that while a 20% customs duty is imposed on raw gold imports, the duty on finished jewellery is higher. However, imports from SAARC countries are subject to a duty of only 9.5%, which could lead to excessive imports of gold jewellery. This, they argued, could result in significant revenue loss for the nation due to lower customs duties and threaten jobs created by the gold and silver industry. They called for a review of this, suggesting a minimum

25% duty on imported gold jewellery.

Similarly, they pointed out that while raw silver is subject to a 15% duty, finished silver jewellery is subject to lower duties of 6% and 10% for imports from SAARC and non-SAARC countries, respectively. This, they argued, would have a negative impact on the nation's revenue and the employment of local artisans. They suggested a minimum of 20% duty on imported silver jewellery. They also expressed that imposing luxury tax on precious metals might not be appropriate in the current context.

## Development banks to implement 'NFRS-9 Implementation Solutions'



Most development banks affiliated with the Development Bankers' Association Nepal have completed the purchase of 'NFRS-9 Implementation Solutions' required for implementing 'NFRS-9' and have initiated the necessary work by signing agreements with suppliers. The association has been informed that the remaining member banks have also initiated internal processes to complete this process soon.

Since NFRS-9 incorporates the methods and procedures for managing credit risk, its implementation involves a more prudent calculation of expected credit risk and the resulting potential losses. The expected credit loss is calculated based on the probability of default, loss given default, and exposure at default.

As NFRS-9 is to be implemented from the fiscal year 2081/82, Nepal Rastra Bank issued a guideline, Expected Credit Loss Related Guidelines, 2024, recently, applicable to all commercial banks, development banks, finance companies and microfinance institutions.

To implement NFRS-9,

the Development Bankers' Association Nepal had previously invited facilitators from 'E&Y' Sri Lanka and conducted a three-day training programme for senior executives, relevant departmental heads, and employees of its member banks twice.

To identify potential suppliers for the purchase of 'NFRS-9 Implementation Solutions', the finance subcommittee, executive committee, and CEOs of all member banks under the association conducted a meeting and studied presentations from domestic and foreign firms/companies. The conclusions of this study were shared with all member banks as suggestions.

The association believes that after the full implementation of 'NFRS-9', the calculation of expected credit losses and the provision for such expected losses will be more realistic, making it easier for member banks to manage credit risk.

## KU graduate Pradhan wins top prize at Falling Walls Lab 2024



The Falling Walls Lab Kathmandu 2024 took place for the first time in Nepal at Kathmandu University School of Management (KUSOM), in collaboration with the EnergiseNepal Programme, DAAD India, and the Falling Wall Foundation.

The event brought together more than 100 participants and 10 finalists who were carefully chosen to present their innovative solutions in concise three-minute pitches. These ideas were aimed at addressing global challenges and were showcased before a distinguished jury and an engaged audience.

Frienson Pradhan, a

biotechnology graduate from Kathmandu University, secured the top prize with his visionary concept titled 'Breaking the Wall of Pestilence: From Invasive Weed to Eco-Friendly Mosquito Control.' Pradhan will now represent Nepal in the prestigious Falling Walls Lab Final in Berlin, Germany.

Likewise, Anjana Tamang secured second place with her innovative approach, which involved integrating high-cost fibre machines with agricultural practices for sustainable community development. Gaurav Adhikari claimed the third prize for his idea focused on enhancing food security. The audience choice award went to Anup Godar for his proposal related to LEO Experiment and Research, highlighting the development of a sounding rocket.

## inDrive launches delivery service in Nepal

inDrive, a global mobility and urban services platform, is rapidly expanding in Nepal. The company's commitment

to providing fair prices sets it apart. Rather than relying on hope, inDrive delivers rides and offers delivery services at reasonable rates within Nepal.



Natalia Makarenko, Marketing Director of inDrive (APAC), emphasised their dedication to enhancing mobility in the Nepali market. Thousands of rides occur daily on the platform, with positive feedback from passengers. In 2023, inDrive experienced a remarkable 200% growth compared to the previous year. As of the first half of 2024, the platform has seen a 46% increase in rides. These metrics reflect the trust users and drivers place in inDrive.

inDrive is launching 'inDrive.Delivery' in Nepal. This service focuses on last-mile parcel delivery for items

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weighing 20 kg or less, available on the same day of booking. By addressing logistic challenges faced by small businesses and individuals, inDrive aims to contribute positively to the community.

Safety remains a priority for inDrive. The company continually develops unique safety technologies, including trip-sharing features and direct support. These efforts are tailored specifically to Nepal, an essential market for inDrive.

inDrive is a global mobility and urban services platform. The inDrive app which has been downloaded over 200 million times was the second most downloaded mobility app in 2022 and 2023. In addition to ride-hailing, inDrive provides an expanding list of urban services, including intercity transportation, freight delivery, task assistance and courier delivery.

### Ncell 'Biz Sadhain ON'

Ncell, Nepal's first private sector GSM mobile service provider, launched Sadhain ON or Always On by launching 'Biz Sadhain ON', designed specifically for Nepali businesses. This initiative marks another step towards a 5G future. 'Biz Sadhain ON' aims to help Nepali organisations and businesses including big and small and medium enterprises (SMEs) innovate and grow with the power of Sadhain ON that comes with features of no bill shock, carryover of unused resources, and worry-free month-long connectivity and bundled services.

Ncell has over 500,000 corporate users across 32,000 organisations all over Nepal. "The industry is evolving, and demand from companies is rising. Countries like Singapore, Dubai and our neighbour India are rapidly advancing due to innovations such as 5G, IoT, Cloud and AI. These innovations are revolutionising how businesses operate, interact with customers, and drive efficiencies. Ncell is working to provide these solutions in Nepal to address the pain points of enterprises

and help them grow. Some of such solutions are ready and some are in the pipeline," said Jabbar Kayumov, CEO and Managing Director of Ncell.

Customers can subscribe to five major monthly rental plans starting from Rs 499 and moving up to Rs 1,949. These plans offer higher resources – data, voice and SMS bundled with Lionsgate Play, one of the world's leading standalone, pure-play, publicly traded content companies, and the Mero Lagani App, which tracks share profit and loss.

The Rs 499 monthly plan includes 17 GB data, 600 minutes of all Nepal local calls, and 600 local SMS. The Rs 649 monthly plan provides 30 GB data, unlimited all Nepal local calls, and 650 local SMS. The Rs 999 monthly plan offers 60 GB data, unlimited all Nepal local calls, and 1,000 local SMS. For even bigger bundled services, customers can choose Rs 1,599 or Rs 1,949 monthly plans.

If a customer runs out of resources, they can continue browsing with 5 paisa per MB or Rs 50 per GB which is 20 times lower than the industry Pay As You GO (PAYG) rate. They can buy Booster Packs. For Rs 30, they get 1 GB data or 30 minutes of all Nepal local calls. For Rs 50, they receive 2 GB data or 75 minutes of all Nepal local calls.

They also get access to a Special Service Line 9007/9809007000 for customer care and privilege counters. Business/postpaid customers can upgrade to Biz Sadhain ON plans by dialing \*123#.

### Himalayan Everest Insurance bags two Insurance Asia Awards



Himalayan Everest Insurance has been awarded

'Domestic General Insurer of the Year - Nepal' and 'Strategic Partnership of the Year - Nepal' at the Insurance Asia Awards 2024 held in Singapore.

Sanjaya Aryal, Deputy General Manager of Himalayan Everest Insurance, said, "These awards inspire us to push boundaries, set new standards, and deliver exceptional services to our valued clients. We thank everyone who has been part of this remarkable journey and look forward to achieving even greater heights together."

Both these international awards celebrate the company's instrumental role in bringing financial inclusion to the masses through its digital portfolio and by leveraging strategic partnerships with leading digital product companies such as Ncell, eSewa and Khalti. These accomplishments solidify Himalaya Everest Insurance's position as a leader in the insurance industry and reaffirm its commitment to driving innovation and excellence.

### Merojob.com unveils AI powered Application Tracking System

Merojob.com, Nepal's leading online job portal, announced the integration of its new feature, Merojob AI, on July 16. Merojob AI is a groundbreaking AI-powered Application Tracking System (ATS) designed to streamline and enhance the application and recruitment process for employers.

Founded in 2009, Merojob.com has continuously evolved to meet the job market's needs, ensuring that the right opportunities reach the right people. For the first time in Nepal, the power of AI has been brought to the consumer level for the recruitment process as Merojob AI.

"In today's fast-paced world, efficiency is key, and Merojob AI is set to redefine the recruitment landscape," said Shailendra Raj Giri, Managing Director, MeroJob.

"By leveraging advanced AI technology, we are making the recruitment process more efficient and effective for everyone involved."

Merojob AI has brought extensively useful features into its platform for employers, from generating job descriptions to shortlisting candidates.

### Foodmandu announces third batch of Student Apprenticeship Programme



Foodmandu, Nepal's first and most popular food delivery company, has announced the third batch of its Student Apprentice Programme. This initiative is designed to provide students invaluable hands-on experience in marketing and entrepreneurship, bridging the gap between theoretical knowledge and practical application. Foodmandu has successfully conducted two Student Apprenticeship Programmes with the third edition taking place in August.

Inesha Bhattarai, Brand and Marketing Manager of Foodmandu, said, "We are excited to uphold our dedication to promoting young talent. By involving them in this project, we aim to provide the students with a platform to gain first-hand experience by inspiring creativity, driving innovation and deepening their understanding of the business world."

The Student Apprenticeship Programme spans one month, during which participants attend the office three days a week, where they gain practical

experience in creative thinking, planning, budgeting, logistics and customer interaction.

The previous programmes under this initiative involved students learning the practicality of marketing under the supervision and guidance from the Foodmandu team. The apprentices strategically planned and executed their project to increase the brand awareness and presence of Foodmandu by playing interactive games and distributing 'bags of happiness' filled with merchandise.

For the upcoming batch, Foodmandu plans to develop a comprehensive understanding of marketing strategies for the apprentices and their execution in real-world scenarios to focus on marketing and entrepreneurship, targeting new audiences.

### IME Electric included in 'Motul India Elite Club'

IME Electric, the authorised distributor of Motul Lubricants in Nepal, has been included in the 'Motul India Elite Club' within a mere six months of operations.

IME Group is involved in a broad spectrum of businesses like automobiles, banking, remittance, trading, IT, communications, technology, energy, tourism, hospitality, hotels, insurance, logistics, retail, infotainment, etc. IME Electric is one of the companies within IME Group and started operations of Motul lubricants in December 2023 and garnered international acclaim for its outstanding performance.

Recognised worldwide as 'The specialist in synthetic lubricants', Motul is a French company specialised in the manufacturing and marketing



of performance products.

Motul India recently hosted its Elite Club Conference in Prague, celebrating top-performing distributors from Nepal, India, Bangladesh and Sri Lanka. IME Electric stood out among its peers due to its remarkable achievements in the Nepali market, earning a coveted place in the prestigious

Elite Club by Motul India. The conference was held to recognise distributors/dealers demonstrating exceptional dedication and sales growth. This recognition underscores IME Electric's rapid ascent and impact on the lubricant industry in Nepal.

### Turkish Airlines named Best Airline in Europe at Skytrax Awards for ninth time



Turkish Airlines, the airline that flies to more countries than any other, has been named Best Airline in Europe by Skytrax at the prestigious 2024 World Airline Awards, also known as the Oscars of the aviation industry.

Held in London at the iconic Fairmont Windsor Park on June 24, the World Airline Awards saw several accolades being presented to the successful flag carrier. In addition to being recognised as the 'Best Airline in Europe', Turkish Airlines won two other top awards at the ceremony, including the 'World's Best Business Class Catering' and 'Best Airline in Southern Europe'.

Based on results from the independent surveys carried out by Skytrax, Turkish Airlines has been named best airline both in Europe and Southern Europe. These awards highlight the carrier's exceptional service quality across its extensive network, underscoring the airline's dedication to providing a seamless and comfortable travel experience for its passengers. Continuing to set the benchmark for in-flight dining and offering passengers an unforgettable gastronomic journey above the clouds, Turkish Airlines has secured 'World's Best Business Class Catering' award.

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**“DON’T BE AFRAID TO EXPERIMENT. THE WORLD IS VERSATILE, THE WAY AUDIENCES CONSUME BRAND CONTENT AND BRAND PERCEPTION HAS CHANGED. EXPLORE NEW AVENUES AND TRY DIFFERENT APPROACHES”**



**Rasana Dangol**

Head - Digital Media Strategy and Content  
V-chitra

Rasana Dangol is an advertising professional with over 15 years of experience specialising in communication strategy and brand building. Her expertise lies in bringing a deep understanding of how to create impactful campaigns that resonate with audiences.

Born and raised in Kathmandu, Dangol's career in media and advertising began out of curiosity and quickly evolved into a successful profession, where she discovered it to be a natural fit. Over these years, she has worked with a wide range of national and international brands.

Currently, Dangol is the Head of Digital Media Strategy and Content at V-chitra where she leads a team of talented professionals dedicated to brand building and marketing. She oversees the development and execution of innovative digital strategies to drive brand growth and drive business.

Dangol is also an avid film enthusiast. In this edition of **Business 360**, she shares her pick of top brands and why they resonate with her.

### Top 3 brands

- Livon: I've been using Livon for years and have worked with the brand for the past eight years. It holds a special place in my heart because it has to be one of the brands that taught hair acceptance; and that is quite hard to come by.
- Pathao: Pathao has been a game changer and a life changer for many people. This app has made life so much easier. I always refer to time as "pre - Pathao" and "post - Pathao". Imagine how different things were before it existed.
- Converse: I have always loved Converse. It's a timeless classic that never goes out of style. Converse is my go-to shoe for any occasion, any day.

### Your all-time favourite brand

It has to be Himalayan Java. It's great to see a homegrown brand like Himalayan Java thriving and competing with international brands. It's available everywhere, maintains consistent branding across its franchise chains, offers excellent customer service, and most importantly, has a fun communication and engaging social presence.

### Do you think expensive is better?

Not necessarily. Though I agree that in most cases, expense comes at a brand's value and trust, yet it's not always a direct correlation.

### How does advertising influence your purchase?

It definitely does influence my purchases. Being in the industry myself, I understand how it can create awareness and quickly convert people into considering a product if it's relevant to their needs and lifestyle.

### A company that has got its branding spot on

It's Netflix for me. Regardless of its content, branding wise, it is just spot on. The way it has evolved with time, changing consumer behaviour, accessibility of technology, it is amazing. The most admirable aspect is how they have managed to use multiple touch points of consistent communication in different formats. Also, the regionalisation of the communication, visual identity, and content selection are well executed. Be it outdoor advertising or social media, the brand tone is very consistent, very fun, and very user focused. It almost feels like the brand is talking to you personally. This level of branding takes time and work.

### Gadgets you use

I am not a tech-savvy person and don't always adapt to new technology quickly. I use a MacBook and an iPhone. These meet all my work and personal needs.

### Functionality or aesthetics

I am a huge fan of functionality and comfort opposed to aesthetics in many aspects. But sometimes, I get carried away into choosing aesthetics and make impulse decisions. Can't deny that fact!

### 3 things brands can do to retain customers

- Don't be a textbook "brand". Be a brand that is accessible to users/ consumers and builds a personal connection. Consumers admire and remember a brand that gives emotional payoff.
- A brand has to evolve with time and technology because your audience do too. Brands have to stay relevant to growing new audiences and cater to their needs as per their preferences.
- Don't be afraid to experiment. The world is versatile, the way audiences consume brand content and brand perception has changed. Explore new avenues and try different approaches.

### You would never buy a brand that

I love trying out new brands just because it's new. I try out and explore new brands all the time. If I like something, I stick with it. If not, I move on.

### A startup in Nepal that deserves recognition

Pretty Click: It's a brand that stands out. Starting as an online-based cosmetic store and expanding to multiple locations across Nepal is truly commendable. The way it has grown organically inspires me. It was ambitious to launch

a brand that offers quality products - both budget and luxury - accessible to Nepali consumers when the market was flooded with dupes and subpar items.

### Online or offline shopping

I do a lot of online shopping. The amount of trust I have on online shopping is unimaginable. While I have had both good and bad experiences, I don't allow the bad ones to deter me. I also shop offline when I have the time.

### 3 top online sites you use for purchases

- Daraz
- Pathao Food
- Many Instagram shops

### One thing you would never buy online

It's probably a laptop or high-value consumables.

### A brand you would never hesitate to recommend

Mheecha is a Nepali brand that is super convenient, durable, stylish, and offers great value for money.

### Would you ever buy a fake of your favourite brand?

No, I wouldn't. However, I admit to having done so in the past. This comes from the huge aspirations people draw from the brands. **B**

## “REFLECTING ON MY CAREER, I SEE IT AS A BLEND OF FORTUNATE CIRCUMSTANCES AND SEIZING THE RIGHT OPPORTUNITIES. THE EXPERIENCES AND LESSONS LEARNED DURING MY TIME IN BANKING HAVE BEEN INVALUABLE, AND THEY NOW INFORM HOW I GIVE BACK TO THE COMMUNITY. MY PROFESSIONAL GROWTH HAS BEEN MARKED BY A SERIES OF FORTUNATE ALIGNMENTS RATHER THAN A PRE-DETERMINED PATH, HIGHLIGHTING THE ROLE OF ADAPTABILITY AND RESPONSIVENESS IN CAREER DEVELOPMENT”

With over 25 years of experience in the banking sector, Bhanu Dabadi stands out as a pioneering force in leadership and mentorship. As the Co-founder of MentorLab, Dabadi has transformed his extensive career into a platform for nurturing future leaders and fostering personal growth. His journey began in Koshi province, emerging from a lower-middle-class background, and evolved through his roles as a teacher and into prestigious positions at Standard Chartered Bank, Grindlays Bank and NIC Asia Bank.

Dabadi's academic achievements are equally impressive, holding multiple master's degrees and a PhD from Kathmandu University. His leadership was instrumental during Nepal's first national bank merger and his dedication to training and mentoring is evident in his longstanding involvement with Toastmasters since 1998. Beyond his work with Mentor Lab, Dabadi remains deeply involved in academia as a teacher and mentor in various colleges, continuing to influence and inspire the next generation of professionals.

In this edition of **Business 360**, Dabadi shares the five things that have impacted his life and work.

### From traditional roots to new horizons

Growing up in a large family with seven siblings, I was immersed in traditional values and religious teachings. My parents, though not

formally educated, instilled in me a deep appreciation for spiritual and cultural practices. This foundation was complemented by my education in a Catholic school, where I was introduced to new perspectives and teachings.

My childhood was filled with rebellious adventures and a close connection to nature, exploring fields and playing with wildlife. These experiences were very different from the more controlled childhoods that kids have today.

Initially, I had no clear career goals, but exposure to new opportunities expanded my horizons. After leaving my village and moving to a hostel, I was introduced to television and broader media, which inspired me to dream of becoming an engineer or a doctor. However, due to financial conditions, I took a practical approach by working as a teacher and later in banking.

Despite not initially seeking a career in banking, it provided a stable foundation. I embraced the opportunity to return to my passion for teaching and mentoring after a successful 25-year banking career.

### Alignment of opportunities and timing

My journey in the professional world has been shaped more by serendipity and available opportunities

than by any deliberate planning. When I first entered the banking sector, I was hesitant and uncertain, often staying in the field simply because there were no better alternatives at the time. The initial reluctance turned into a long tenure, lasting 25 years, during which I climbed the ranks from an assistant to a senior manager in a national-level commercial bank.

The career path can be likened to stepping onto a conveyor belt that was already in motion. As I progressed, the banking industry was on an upward trajectory and my career advanced along with it. This upward movement wasn't the result of a meticulously crafted plan but rather a fortunate alignment of opportunities and timing. My roles and responsibilities in various banking institutions, including heading corporate communication, human resources and retail lending, presented challenges that refined my skills and contributed to my professional growth.

A significant turning point in my journey came from an unexpected source. Through my involvement with Toastmasters, I met Subrath, who later became my co-founder in MentorLab. This serendipitous meeting and subsequent collaboration led to the creation of MentorLab, an initiative aimed at reviving and valuing the mentor-mentee relationship. This project has

been immensely fulfilling and represents a significant shift from my previous career path, allowing me to contribute to people's learning and development in a meaningful way.

Reflecting on my career, I see it as a blend of fortunate circumstances and seizing the right opportunities. The experiences and lessons learned during my time in banking have been invaluable, and they now inform how I give back to the community. My professional growth has been marked by a series of fortunate alignments rather than a pre-determined path, highlighting the role of adaptability and responsiveness in career development.

### From celibacy to family life

Throughout my life, I have been deeply influenced by various spiritual philosophies, including those of Catholic Jesuit fathers and the sanyasis associated with Osho. I admired the celibate life dedicated to serving society and the detachment from worldly affairs. I even visited Buddhist monasteries and found their way of life fascinating. For a time, these ideals resonated with me, presenting a vision of life where personal relationships and familial bonds seemed secondary to spiritual pursuits.

However, as I grew older and experienced life's realities, I came to realise that living in isolation and celibacy, while



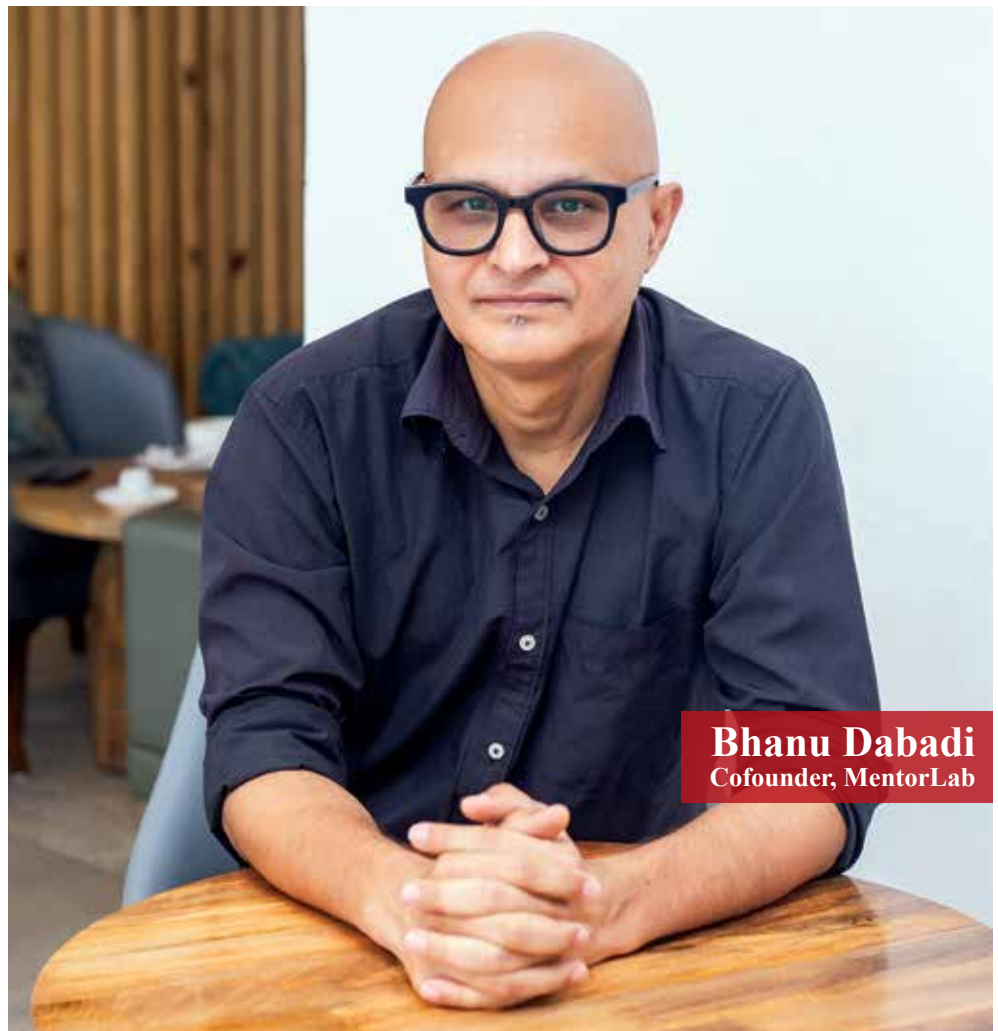
ideal in theory, often led to emotional dryness and a lack of genuine human connection. The decision to marry and build a family was a turning point for me. Today, I have two wonderful daughters and a loving wife, and reflecting on my journey, I see that this decision was profoundly wise. My family has brought me emotional richness and grounding that I didn't find in my earlier spiritual pursuits. The shared experiences, mutual support and the daily give-and-take of family life have made me feel complete and fulfilled.

The presence of my family has provided me with a unique sense of grounding and connection that enriches my life daily. I cherish these relationships deeply, appreciating the depth and complementarity they bring to my existence. My family has become an essential part of who I am, and I am profoundly grateful for the emotional support and joy they bring into my life.

#### **Everyone contributes to the outcome**

When it comes to teamwork, it's not just a concept; it's the very essence of how things get done. The ecosystem of leadership involves not just a leader, but followers, missions, goals, standards and objectives. Teamwork captures this entire dynamic far better than any single title or role could. It's not about placing someone on a pedestal as a leader. Instead, it's about acknowledging that everyone contributes to the outcome.

Think about a light bulb: it doesn't glow on its own. There's a whole system of electricity, wiring and mechanisms that make that simple glow possible. Similarly, in our world – whether it's in corporations, societies or families what we see as success or achievement is actually



**Bhanu Dabadi**  
Cofounder, MentorLab

the result of numerous, often unseen, contributions. For instance, in many families, the person who might appear to be the head, driving a car and wearing a suit, often gets the credit, while the detailed and crucial work done by mothers and wives might go unrecognised.

Leadership, for me, has been a gradual learning process built on the collective efforts of many. My achievements are not the result of my solo efforts but are a testament to the contributions of a whole team. The medals and accolades I have received are more about societal norms and less about individual triumphs.

True leadership is about recognising that every success is a team effort. It's essential to appreciate and credit everyone involved, rather than attributing accomplishments to just one or two people.

#### **Make a positive difference while you can**

When considering how I'd like to be remembered, I hold a perspective shaped by the transient nature of life. I believe that once a person has passed, their physical presence becomes irrelevant. The ritual of cremation and scattering ashes symbolises a return to the elements and serves as a poignant reminder of life's impermanence. In my view, it's pointless to dwell on the

deceased. Instead, we should focus on the living, prioritising and supporting those who are still with us. The true legacy lies in how we impact and inspire the people around us while we are alive, and how we contribute to their lives in meaningful ways. Once I am gone, my wish is for others to redirect their energy towards the living, helping them, and addressing their needs and aspirations. It's this approach that underscores the importance of living fully and making a positive difference while we can. **B**

## WHAT MATTERS IS HOW YOU FEEL, NOT HOW OLD YOU ARE



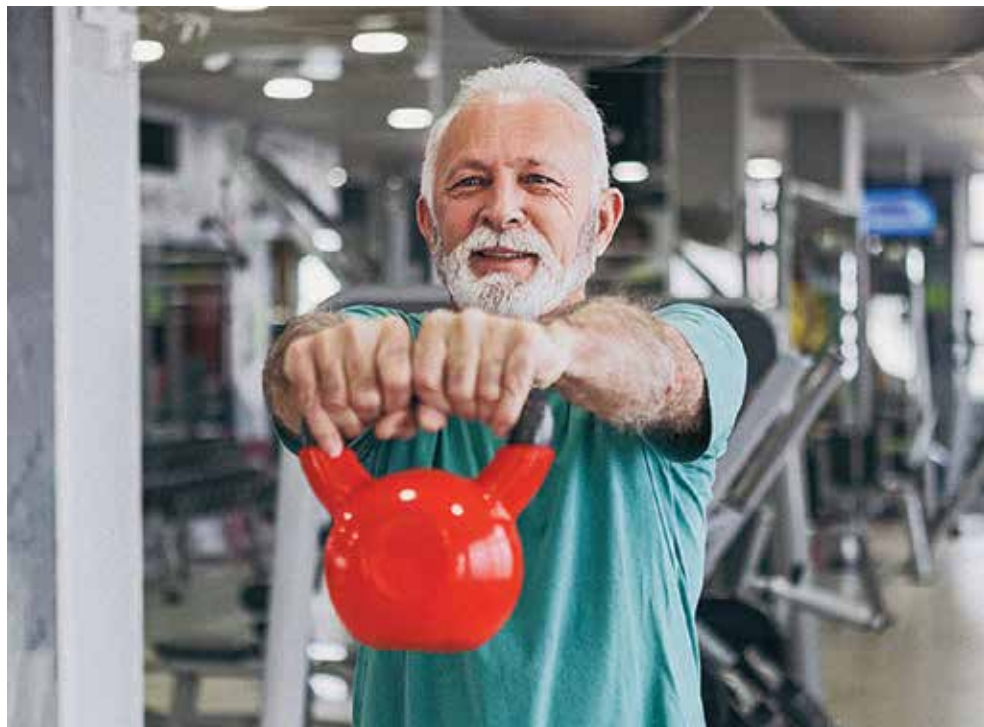
**Sandesh Palungwa Limbu**, Certified professional fitness instructor, founder of RAGE Fitness, and specialises in mixed martial arts.

As you age, you will begin to notice a lot of small changes that become bigger by the day: greying hair, dimpling, puckering, sagging of the skin, a few lines that were not there before, a widening waistline, perhaps even lowered levels of energy, slower reflexes and health issues.

As a culture we do not celebrate ageing. We do not recognise growing old as a privilege. But it really is. It is one of the greatest privileges to be able to live fully all the years of your life, engage actively and grow old.

Some years ago, I had returned to Nepal from Australia on a break, but ended up not going back. My father had suffered a heart ailment and what the doctors said did not look very good. I decided to stay back and help him regain health. He is a man of deep conviction and self-belief. He wanted to avoid surgery and he wanted to get well again. He found a balance with allopathic medicines, exercise and alternative therapies, and today – almost 12 years later – he is robust and active.

The most important thing I feel that he did was to tune into his body, to really listen and to understand it. With the passing years, you can either focus your energy on what you are supposedly lacking and be



**EXERCISE DOES FOR YOU WHAT NO PILL CAN EVER DO. WHATEVER YOUR AGE, AND EVEN IF YOU HAVE NEVER EXERCISED BEFORE, TRY IT.**

afraid of your bodily changes, or feel blessed to be alive and make the best choices for yourself.

Where your attention goes is where your energy will flow. Making conscious choices to a healthier body will not only make you stronger physically but also in mind and spirit.

Many men and women in their mid-thirties often wrestle with the uncertainties of the ageing process and even

dread it or live in denial often concealing their real age. A few simple things one can do is to take an honest look at yourself and ask yourself whether you really want to do something about it or are just unnecessarily pressured. Know that 40s, 50s, 60s, 70s are just numbers ... it can't be warded off but yes you can look and feel good at any age.

Ageing requires flexibility of thought – take charge of yourself and develop a positive self-image. As much as we dread another birthday, do you really want to be stuck at any one age. Instead enjoy each birthday and make it an opportunity to set new goals and new dreams.

As a fitness professional, I cannot but stress on the importance of exercise through all the years of our life. Exercise is not the fountain of youth, but staying on an

exercise programme through the years adds vitality to life. A good regimen influences all the various systems in our body. The most significant benefits are prevention and progression of diseases.

Exercise is also critical in maintaining muscle mass, healthy levels of fat, a good immune function, metabolic health, bone density, healthy body weight besides oxygenation which helps your skin look younger. Here I would like you to especially note that it is never too late to harness your body's capacity to get stronger and more functional.

Exercise does for you what no pill can ever do. Whatever your age, and even if you have never exercised before, try it. **B**



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THROUGH THE MYSTIC EYE

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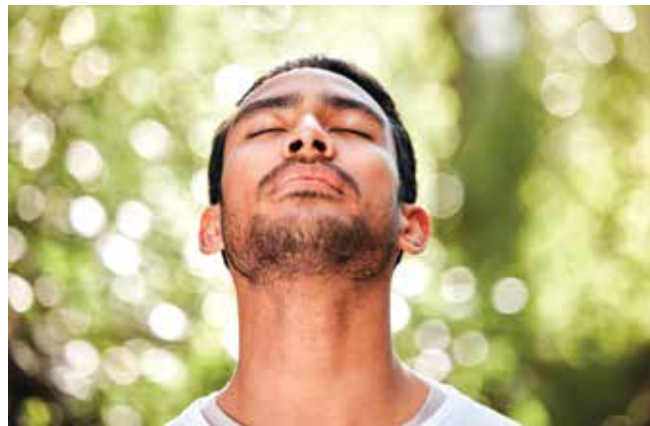


**Sadhguru.** Ranked amongst the 50 most influential people in India, Sadhguru is a yogi, mystic, visionary and a New York Times bestselling author. Sadhguru has been conferred the Padma Vibhushan by the Government of India in 2017, the highest annual civilian award, accorded for exceptional and distinguished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

When we talk about a spiritual process, we are not talking about jumping to conclusions and assuming things that we do not know. If you are straight enough to see, “What I know, I know. What I do not know, I do not know,” you are already a spiritual aspirant. This is the fundamental aspect of spirituality that “I am not so flaky in my head that I make up things. I am willing to come to terms with what I know and do not know.” Once you see this, the very nature of human intelligence is such that it cannot live with “I do not know.” It wants to know. Once wanting to know comes, seeking will come. Once the seeking comes, finding a way could happen. That is why, once you are on the spiritual path we refer to you as a seeker.

But right now, it looks like the whole world is against this simple “I do not know.” Whatever we do not know we just believe. Before you can barely pronounce your own name, you already know who god is, who his wife is, how many children he has, his address, his birthday, what he likes, what he does not like – you know the works.

Instead of giving you these silly suggestions and answers, if your parents and society had nurtured “I do not know” – that you actually do not know anything – where the hell you came from, where you will go, you do not know both – then every human being would have been a mystic on this planet. Because human intelligence cannot be satisfied by just eating, sleeping and living well. Naturally it wants to know. Some people think this is a



problem but it is the greatest possibility too.

Maybe you think I am taking away your gods! I am not taking away your gods. It’s like this, once, there were two young brothers who were very energetic. These boys are in constant trouble, and the whole neighbourhood is talking about them. The parents are very embarrassed that everyone’s talking about their children. So, they want to fix them. So, they decided to take these children to the local parish priest. They decided to take the young one first because together, they are very strong. They took the young boy into the priest’s office, made him sit down there and left. The priest walked in with his long robes, glanced at the boy, ignored him and walked up and down dramatically.

The priest was thinking up a strategy. Then he thought, “If I just remind this boy that God is within him, all his mischief will go away.” People who have never raised children in their life always have fantastic ideas. People who have raised children know there is no damn idea that works.

The priest believed if he just told the boy, “God is within you,” all his mischief would evaporate. So, suddenly, he stopped in midstride and with

was and said, “We are in real trouble.” The older brother asked, “Why?” He said, “They lost their God and they think we did it!”

So, I am not taking away your gods. I want you to know, if we work hard enough on you, we can make you believe just about anything – even the most ridiculous things on the planet. From the day you were born, if I told you my little finger is God, then when I raise my little finger, divine emotions will overflow. Or from the day you were born, if I went on telling you this same little finger is the very devil himself, terror will arise within you.

Once you believe something that you do not know just because a book or someone says so – with all due respect to all the books and the great men of the past – you destroy all possibilities of knowing. Suppose I tell you something that you do not know and which is not in your experience, the only choice you have is either to believe me or disbelieve me. If you believe me, you do not get any closer to reality. If you disbelieve me, you still do not get any closer to reality. If you want to get somewhere you have to be in touch with reality. Otherwise, you will not get anywhere, you will just hallucinate that you know things. “What I know, I know and what I do not know, I do not know.” This is a simple way to exist. If you cannot be straight with anyone in the world, that’s a social issue – it’s up to you. But if you want to progress spiritually, at least take one single step in your life: Be absolutely straight with yourself. **B**

a booming voice said, “Where is God?” The boy looked bewildered. He looked all over – because if he is somewhere, he must be in the priest’s office. Then the priest saw, “Okay, he is not getting it.” So, he wanted to give him a clue. He leaned over the table and pointed at the little boy. He is indicating to him, “there he is.”

Again, the priest asked, “Where is God?” The boy looked even more bewildered and looked under the table. Then the priest saw he was not getting it at all, so he walked around the table, came to the little boy, put his finger on the little boy’s chest and said, “Where is God?”

The boy just got up, bolted out of the room, ran to the place where his elder brother

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THERE ARE TWO PRIMARY APPROACHES TO WINNING OVER PEOPLE. MANAGERIAL LEADERS OFTEN RELY ON RESOURCES, SKILLFUL COMMUNICATION, AND PERSONAL CHARISMA. HOWEVER, TRANSFORMATIVE LEADERS DISTINGUISH THEMSELVES THROUGH A COMBINATION OF IDEOLOGY AND PRACTICAL IMPLEMENTATION. WHILE BOTH METHODS CAN BE EFFECTIVE, A LONG-TERM IMPACT IS MORE LIKELY ACHIEVED THROUGH A BALANCE OF VISION AND PRACTICALITY. SOLELY FOCUSING ON PRACTICALITIES MAY PROVE INSUFFICIENT.”

Hisila Yami is not just a politician; she is an architect of change who has played a significant role in shaping Nepal's political landscape. Born into a family with deep political roots, Yami's journey into politics was influenced by her upbringing and the legacy of her parents. Despite the challenges, especially during the civil war, she has emerged as a resilient leader with a mission-driven approach to politics.

Her understanding of leadership goes beyond the managerial; it is deeply rooted in ideology and the need for systemic change. In a world where individual charisma often overshadows collective decision-making, Yami advocates for the importance of structured political systems and the role of political parties in enacting meaningful change.

As Nepal navigates its economic and political challenges, Yami's insights offer a unique perspective on what it takes to lead a country through turbulent times. Her experiences highlight the complexities of leadership in a volatile political environment, the importance of history in shaping future leaders, and the need for a balanced approach that combines vision with practical implementation.

**What motivated you to enter politics?**

When I was growing up, people from various walks of life would often come to meet my father at home. Initially, I did not realise that he was a politician, I simply thought



**HISILA YAMI**  
POLITICIAN, AUTHOR, ACTIVIST, ARCHITECT

he was a different kind of Newar than the others, but we never had an environment that directly involved us in politics. It was only through these experiences that I began to sense our household was different from other Newar households. After my mother's death, when I went to Kanpur, India, to continue my studies, I started learning about the political system there. On completing my higher secondary education, I moved to Delhi for further studies, this is also where I met Dr Baburam Bhattarai. It was he who enlightened me about my father's political legacy and that's when I realised I came from a political background – not just through my father, but my mother was also a politician.

#### What defines a leader?

Leadership depends on context and perspective. In business, leadership is more managerial and follows a specific course whereas political leadership is mission-oriented, driven by ideology, and often volatile, it's not always a gradual process. It operates within the system, but sometimes it requires breaking the system involving various elements.

In politics, you are shaping policy and creating rules, so this form of leadership encompasses all others because it dictates how a country functions. If you are in the UN, for instance, you are influencing how the entire world operates within different systems and how they interact. I would say politics is the pinnacle of leadership. Many people refer to political leadership, but in reality, many political leaders are merely performing managerial tasks rather than doing what they should be which is initiating change, thinking outside the box, and taking risks.

Leadership is often discussed in the context of systemic governance. Recently, there's a growing trend of individuals claiming that political parties are ineffective and that individual leaders can achieve more. This is a misconception. Laws are enacted through collective decision-making within parties, and even businesses thrive on structured systems. Disregarding the importance of political parties and promoting individual leaders is counterproductive. For instance, Harka Sampang's focus on labour rights, while commendable, is insufficient for comprehensive governance. Effective leadership necessitates a structured system that operates in tandem with government processes. Relying solely on individual charisma, as exemplified by Balen, is inadequate for sustainable progress.

#### Given the current situation in the country, what do you think needs to be done?

It is important to note that it's not just our country, the entire world is in turmoil. Look at what's happening in England right now, or next door in Bangladesh, and before that in Sri Lanka. Then there's Gaza, where the scale of destruction is like a decade of war happening in a single day. These are challenging times, but within these challenges, new opportunities are emerging. The digital revolution is increasingly unifying the world, eroding artificial boundaries. Its goal seems to be fostering a unified ideology that considers not just human-to-human contradictions but also the relationship between humans, animals, plants and the entire universe.

Climate change is having a profound impact, much like how social revolutions are intensifying and erupting unexpectedly. We see sudden heavy rains in some places, drought in others, and

unexpected snowfall. This calls for a more unified ideology; one that surpasses communist or liberal democratic frameworks. Both have failed to fully address these issues. We need to learn from them, taking their strengths and thinking beyond national borders and even beyond humanity itself. We need a more universal approach, especially as digitalisation is already here, and even children who can't yet write are using it.

#### Is leadership 'inborn' or 'acquired'?

In the context of Nepal, there isn't a structured system in place, so the family often becomes the primary influence. If you grow up in an environment that nurtures leadership – like the one I had – something within you might be triggered. In our context, environment plays a crucial role, and sometimes, situations can create a leader. For example, if someone comes here looking for a job and suddenly finds themselves at the forefront of a protest, they might emerge as a leader. This type of leadership is shaped by circumstances. In South Asia, where there isn't a well-established system, the household or family often becomes the grounding force for leadership.

#### One incident that tested your leadership ability and how did you handle it?

During the civil war, we faced intense action against us for six months which was a truly testing period, especially for me because I came from an urban background. Dr Baburam Bhattarai demonstrated strong, continuous leadership; he is a self-made man. In contrast, I wouldn't say I am self-made in the same sense as I grew up in a political environment. This background meant that whenever things took a turn for the worse, I was the first to

be affected. I felt the impact more deeply than Dr Baburam Bhattarai. In fact, if he hadn't been with me, I might have given up. I often thought, 'I came here to serve, and this is what I get?' Many people fled during the civil war, and perhaps no one would have returned. But despite the immense challenges, I persevered through that very testing period.

#### If you look back on those 10 years of civil war, do you think you accomplished what you set out to do?

One thing I can tell you is that politically, we achieved our goals. Which other country has brought about democracy, established a republic, embraced federalism, and created a secular state all at once? If you look at what we accomplished politically, we succeeded. However, when we were transforming the system, we couldn't fully change the mindset. I would say two-thirds of the blame lies with those in power, as they were given the opportunity and held government positions for a long time. They should have addressed the issues that were raised, but instead, they conveniently forgot them and focused only on what was necessary to stay in power. Now, people are left feeling disillusioned. They think, 'We did all this, we achieved democracy, but our own children and grandchildren are not here to benefit from it.'

It's truly unfortunate. In places like Bangladesh, the public couldn't escape, but the politicians did. Here, it's as if the politicians are telling the public they should leave. Take the Labour Ministry, for example, what is its role? It seems like they are looking for ways to send our labour force abroad, even suggesting sending Nepalis to Africa. This is the sad state of Nepal's political situation. Instead of taking pride in improving the country, they take pride

in finding new ways to send people abroad.

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

With the new generation rising, you can see that a second layer of politicians being developed, particularly in the Nepali Congress and UML. We don't have an issue with passing leadership to the next generation, and we are actively grooming people to step up. However, the concern is not just about the new generation taking over but how they approach leadership. For instance, they might speak and act naively, which is understandable at first. But political leadership is different from business leadership; it requires respect for history, an understanding of sacrifice, the ability to be ruthless when necessary, and the courage to take a stand at any risk.

You can't play it safe in politics, but the new generation seems inclined to do just that; playing it safe, almost like elites. Despite this, it's still positive that they have entered the arena. They'll make mistakes, but that's part of the process. After all, it took 70 years for the Nepali Congress to become what it is today, 50 years for UML, and 20 years for the Maoists. We need to be patient.

#### **Any advice you would like to give to young emerging leaders?**

They need to learn history. You can't simply say that the UML didn't work properly, the Congress didn't do it, or the Maoists failed. That's like saying your parents, uncles, or grandparents are the worst; it is not that simple. Instead, if they are outdated, the question should be: how can we update them? It's important to respect history and understand that the journey is long, tedious, tough and full of uncertainties.

Take, for example, Bangladesh, where someone ruled for 15 years and then had to flee in a single day. These ups and downs are common. A person you really respect might suddenly change, or someone

you trust could end up involved in a scandal. You have to be prepared for these challenges.

Look at someone like Benazir Bhutto. She came from a wealthy family, had an excellent education, and won the presidency of the Oxford Student Union through an election. But when she became prime minister and after her father was killed, she faced enormous challenges. Despite her qualifications, she had to fight to be recognised not just as a daughter but as a capable leader. Even within her own party, she had to fight for her position, and tragically, she too was assassinated.

You have to be prepared for any consequences and be very resilient.

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

You have to study history. You can't isolate yourself within your own country – you need to understand how different countries relate to you and most importantly, grasp the internal dynamics of your own party and its politics. Often, you might be boycotted within your party without even realising it, or someone might suddenly pass away, forcing you to take on unexpected responsibilities. Leadership is full of ups and downs and uncertainties, making it very challenging.

#### **How can a leader win over people?**

There are two primary approaches to winning over people. Managerial leaders often rely on resources, skillful communication, and personal charisma. However, transformative leaders distinguish themselves through a combination of ideology and practical implementation. While both methods can be effective, a long-term impact is more likely achieved through a balance of vision and practicality. Solely focusing on practicalities may prove insufficient.

#### **How important is a team for a leader?**

A team is crucial for a



leader. There are distinct types of teams: managerial, mission-oriented, and ideologically driven. The importance of each varies. For instance, during civil wars, characterised by transformative politics, ideologically-oriented teams often prevail. Such teams mobilised people around

a shared vision, inspiring sacrifices for a greater cause. Contrast this with established political parties like the UML and Congress, which, despite resources, have seen waning popularity. This suggests that while managerial capabilities are essential, a compelling ideology is the enduring





magnet for people. Therefore, effective leadership requires a nuanced understanding of both managerial and ideological dimensions.

**Is there any ideal leader that you look up to?**

My husband is the

ideal leader I admire. His combination of reason, commitment and a deep understanding of both Nepal's trajectory and the global landscape, including the digital revolution, makes him exceptional.

**What aspects of your personality have helped you in your career?**

My curiosity about Nepal's complexities, particularly the disparities faced by women and marginalised groups, has been instrumental in shaping my roles. My perspective, rooted in my birthplace of Kathmandu and its unique challenges, has

allowed me to identify systemic issues. Despite personal advantages, I maintain a strong sense of empathy, inspired by leaders like Dr Baburam Bhattarai. This combination of curiosity, critical thinking, and a genuine desire for societal change has driven my past endeavours. **B**

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