

HOW TO CHANGE THE WORLD

CREATING TALENT NURSERIES

GRADUATING FROM LDC TO AN  
EMERGING INVESTMENT HUB

VOL 11 • ISSUE 11 • SEPTEMBER 2023 • RS 100

# BUSINESS

**IPO FRENZY  
KNOW THE  
RED FLAGS**

**AI-GENERATED  
REALITIES:  
DISSECTING  
IMPACTS ON  
BUSINESS,  
TRADE AND  
ECONOMICS**

**GOLD:  
WHAT NEXT?**

**INNOVATION  
MINDSET**

MD AND CEO, NCEL  
**JABBAR KAYUMOV**





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and durability. For this simple seal bore witness to the epic journey each has undergone in our workshops, from initial sketch to final tests before shipping. Of all the components which compose our watches, this seal is not the hardest to manufacture but it is wholly our own and its value is immense. Because it carries the promise of our unwavering commitment.

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## WHAT WOULD PRACTISING MINIMALISM DO TO THE ECONOMY?

Would the financial system collapse if people chose and practiced minimalism? Probably not. The reason being that it would require a large percentage of the population to make an immediate switch to minimalism over a long period of time for commerce to come to a near halt. And people in general have been wired to accumulate.

Consumerism and over consumption are seen as impulsive purchase of things with mostly little or no regard to how a product is made and what the impact of the purchase is on the environment. It is seductive and comes in a shiny façade that promises to deliver feelings of happiness and success. Everyone knows that this is untrue, however few can resist buying the latest, shiniest, sleekest item on the market because we have conditioned and commodified our minds to believe that this is what happiness and success look like.

Minimalism on the other hand, is predicated on intentionality with people making conscious decisions on purchase. A minimalist will always question what value does the product add to their life. Their focus is on quality, community and sustainability. A minimalist also invests more on experiences than on possessions.

Minimalists argue that an economy built around intentional consumer behaviour will eventually build a stronger economy rather than a larger one. It is really about intentional change and personal responsibility. They say that optimal utilisation of resources means protecting resources. They also question: What kind of culture have we built that requires people to go into debt to sustain the economy whether it is buying the latest mobile phone, car, holiday or house?

Businesses do influence aspects of consumer spending. But the general rule is based on demand and supply; thus, businesses respond to consumer demands rather than creating them. So, would the economy decline if more people chose minimalism? The answer, say experts, is no. Minimalism does not represent zero spending as it is widely understood. It is more of redirecting money to non-material pursuits. Plus, the fact that entrepreneurs will always find ways to generate revenue. Money will still be spent but a new economy will take shape.

Just as life reinvents itself time and again, so will the economy sustain and expand. There will always be new forms of consumption and productivity.

I am not an anti-consumerist, nor is this a moral narrative for me. I am new to practising minimalism. I often fail but I have to admit, downsizing on some areas of life does feel good. It allows me to truly enjoy what I have.

Charu Chadha  
editor

## BIZ INDICATORS

FOREX MARKET	11-Sep-23	10-Aug-23	Year ago
USD	132.85	132.34	127.24
GBP	166.18	167.74	148.60
Chinese Renminbi (Yuan)	18.23	18.34	18.38
Indian Rupee (INR 100)	160.00	160.00	160.00
Euro	142.79	145.30	128.75
Australian Dollar	-	-	-
GOVERNMENT SECURITIES	Lowest	Highest	Weighted Avg.
Discount rate of T-bill (Subject to latest issuance )			
Treasury bills (28 days)	5.50	6.23	6.12
Treasury bills (91 days)	5.50	5.99	5.87
Treasury bills (182 days)	6.13	6.59	6.41
Treasury bills (364 days)	6.19	6.50	6.43
PRICE INDICES	15-Jul-23	9-Jun-23	15-Jul-22
National Consumer Price Index (base year 2014/15 = 100)	162.95	161.36	151.67

Source: Refinitiv Eikon, Nrb

P = Provisional, R = Revised

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**THERE ARE MANY SUCH WALLETS IN THE MARKET BUT WE WANT TO PLAY A LONG GAME. THERE IS A MISCONCEPTION THAT YOU HAVE TO BURN MONEY WHEN LAUNCHING A DIGITAL WALLET BUT WE HAVE BEEN PROFITABLE AND THE REASON I THINK IS BECAUSE WE ALREADY HAVE USERS.**

**SHANKAR UPRETY**  
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THE ARTISAN OF EMOTIONS – SINCE 1860

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## IN THE LEAD

### INNOVATION MINDSET

**JABBOR KAYUMOV**  
CEO AND MANAGING  
DIRECTOR, NCELL

DISRUPT YOURSELF BEFORE SOMEBODY COMES AND DISRUPTS YOU BECAUSE THERE ARE MANY GOOD EXAMPLES OF GREAT COMPANIES MISSING THAT MOMENT AND BEING DISRUPTED. KODAK IS AN EXAMPLE. NOKIA IS ANOTHER EXAMPLE. GREAT COMPANIES, NO DOUBT, BUT AT SOME POINT, SOMEBODY CAME AND JUST DISRUPTED THEM. AND WHEN YOU LOSE MOMENTUM, YOU ARE OUT OF THE GAME.



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I BELIEVE THAT COMPETITION IS GOOD AND AS WE ARE IN THIS GAME FOR THE LAST TWO DECADES, WE HAVE LEARNT THAT THE MARKET IS EVER-CHANGING. WE HAVE TO WALK, CRAWL AND RUN ACCORDING TO THE TIME AND DEMAND. HENCE AS A BUSINESS MODEL, WE AIM TO PROVIDE QUALITY SERVICES TO OUR CUSTOMERS. COMPETITION IS A MEDIUM THAT SHOWS US THE CORRECT TREND THAT IS GOING ON TO BE IN SYNC WITH THE PRESENT. THE SECRET SAUCE IS ALWAYS TO INVEST IN YOUR BUSINESS, IMPROVE, EXPAND AND BE VERTICALLY INTEGRATED. WE HAVE GONE THROUGH CYCLES AND THAT HAS MADE US RESILIENT"

**Binay Bohra**  
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SCAN FOR LOCATION

## FACE2FACE

"TO GET ANY HYDROPOWER PROJECT ENDORSED WE HAVE TO VISIT EIGHT MINISTRIES, 29 DEPARTMENTS AND 300 TABLES. WE REQUIRE THE COORDINATION OF EIGHT MINISTERS. THE PROJECTS HAVE TO GO THROUGH PLENTY OF PROCESSING TO EVEN BE ELIGIBLE FOR ENVIRONMENT ASSESSMENT. THE BUREAUCRACY SHOULD BE VIGILANT BUT AT THE SAME TIME ALSO BE READY TO WORK ON TIME AS PER THE REQUIREMENTS"

### PRAJESH BIKRAM

#### THAPA

CEO, CHILIME ENGINEERING AND SERVICES CO LTD (CHESCO)



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"WE LIVE IN A VERY DIFFERENT WORLD NOW WHERE TEAMS ARE REALLY THE DRIVING FORCE OF ORGANISATIONS; TEAM PRODUCTION, TEAM PERFORMANCE. THAT MEANS LEADERS NEED TO LEARN AN ENTIRELY NEW SKILL-SET IN HOW THEY OPERATE, WHICH MEANS THAT THEY NEED TO LEAD THROUGH INFLUENCE, EFFECTIVELY INFLUENCING OTHER PEOPLE. I THINK A LOT OF PEOPLE IN ORGANISATIONS NOW WANT TO BE AROUND LEADERS THAT THEY CHOOSE TO FOLLOW RATHER THAN HAVE TO FOLLOW"

### TOBY BASSFORD

Managing Director, Tillon Group

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"WE LIVE IN A VERY DIFFERENT WORLD NOW WHERE TEAMS ARE REALLY THE DRIVING FORCE OF ORGANISATIONS; TEAM PRODUCTION, TEAM PERFORMANCE. THAT MEANS LEADERS NEED TO LEARN AN ENTIRELY NEW SKILL-SET IN HOW THEY OPERATE, WHICH MEANS THAT THEY NEED TO LEAD THROUGH INFLUENCE, EFFECTIVELY INFLUENCING OTHER PEOPLE. I THINK A LOT OF PEOPLE IN ORGANISATIONS NOW WANT TO BE AROUND LEADERS THAT THEY CHOOSE TO FOLLOW RATHER THAN HAVE TO FOLLOW"

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# INNOVATION MINDSET

Jabbor Kayumov, the recently appointed Chief Executive Officer (CEO) and Managing Director (MD) of Ncell Axiata brings with him almost 20 years of experience in the senior management of the telecommunications industry. Already a CEO at 29, he is highly driven, and performance based. Kayumov has worked with some of the biggest names in telecom such as Telia, Veon (known as Beeline), and Digicel. Prior to joining Ncell, Kayumov worked as the CEO of Digicel Trinidad & Tobago followed by Digicel Jamaica until April 2023. In the Caribbean markets, he led a turnaround of business operations transitioning into becoming a digital operator. He holds extensive knowledge of the industry along with a successful track record in his role as the chief executive.

What stands out when you meet Kayumov is his passion to achieve and his strong sense of urgency and purpose. It feels that he is constantly

learning, observing, and absorbing from the people and ecosystem to distill the best and put it into practice. The telecom business is the fastest evolving, and it is very evident that he is racing against time to build on his expertise and position his company to the highest levels of accomplishment. Telecom executives are usually the behind-the-scenes type; Kayumov is unafraid to speak his mind, disrupt or own his mistakes.

In this edition of **Business 360**, we spoke to Kayumov about Ncell as it completes 18 years in Nepal, the telecom industry, and what drives him to do what he does each day. Excerpts:

CEO AND MANAGING DIRECTOR, NCELL  
**J A B B O R K A Y U M O V**





Disrupt yourself before somebody comes and disrupts you because there are many good examples of great companies missing that moment and being disrupted. Kodak is an example. Nokia is another example. Great companies, no doubt, but at some point, somebody came and just disrupted them. And when you lose momentum, you are out of the game.

**Could you tell us about yourself and how you entered the telecom industry?**

I was born in Tajikistan back when it was still a part of the USSR. Later, the Soviet Union collapsed, and my country had a civil war. So, my early years of life were quite disruptive and challenging. It was only when I was 20 years old that I actually went out on my first international trip to Dubai and India. It was during this trip I discovered that the world is way bigger than anything I had experienced in the Soviet days, and it was also then that I realised I wanted to travel the world more. Thus, as a student, I started to apply for a lot of programmes and scholarships to learn and travel. I also was trying to find a job that would allow me to work in different parts of the world. Then when I was young, I envisioned that I want to become a global manager whereby I could run a business in any part of the world.

During my teens, I also tried to do my own business, but then I didn't have money neither the experience nor any network. Then, I realised that these three elements are very critical for any startup business. Later, I was introduced to the telecom industry; I think I was about 24 years old. However, I actually started working when I was 19 which was basically as an intern on a part-time basis. My educational background is in economics and later I also did political science and conflict prevention. Initially, I was involved with a few international non-governmental organisations, however, working with them for a few years, I realised that though it is a good thing, but it's not necessarily changing the world. I believed that private companies or public companies that are doing business can change the society and can contribute to the development of the country and that ultimately and indirectly helps the communities to grow and lead a better life. I started

gravitating towards the private sector and started my career as a marketing officer in a telecom company that was operating in CDMA standard (different than GSM). Two years down the road I was headhunted by the number one operator Tcell which in those days was owned by TeliaSonera.

In my country back then in 2005, we had nine operators for a population of maybe eight million people, but penetration was very low and it was those days when telecom was just about to start booming. As I mentioned the company I was headhunted was owned by TeliaSonera. Very fast, I became a Chief Marketing Officer, and then around three years later, I got the opportunity to become an acting CEO. So, by the age of 29, I got my exposure becoming CEO of a leading telecom operator of the country. That was a very fast event for me now looking back to those years.

When I was young, I was very aggressive as I was a believer. Anything I would do; I would truly believe in it. So that passion, that commitment and aggressiveness together wouldn't let me lose any opportunity. Courage was overshooting, and I think that is the reason why at the age of 29 I became a CEO. I have to admit that the company had a very good corporate culture and I got exposed to a lot of good people and examples of leadership. Those days taught me a lot and those years were critical in my professional career. Nevertheless, staying and being successful in my home country only was not my ultimate goal and my management knew that I was looking for something outside of my comfort zone. Two years down the road, there was an opportunity in Nepal, so I grabbed it and I came to Nepal to join Ncell as a Chief Commercial Officer.

I was offered this posting due to my track record within TeliaSonera in Tajikistan and

my commercial background. Nepal has a different culture to Tajikistan. I came to Nepal with my limited Soviet blended and light European style of management. The two years here in Ncell taught me a lot about different

engagement, and respect, whereas in Asia, particularly in Nepal, it has its own specifics. Sometimes people here are driven by family values that is very unique in the professional circle. Nevertheless, Ncell and the telecoms industry was

we had become number one very quickly. And obviously being a Chief Commercial Officer, I was responsible for revenue and subscriber market share that was growing above expectations. I remember Ncell was doing a lot of beautiful

I came back to help to develop the third operator in Nepal. We had a good start and had almost a million customers, but being in this business requires a lot of cash, investments, and luck, but then the earthquake happened. So, those types of headwinds



styles of management and execution methodology. In some countries, it's a direct style: straightforward, pushy, and a high level of demand whereas the European management style is more about collaboration, discussion,

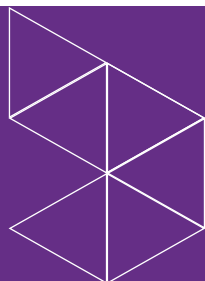
booming those days with a lot of interesting things happening at the same point in time. All these together taught me to see things from different perspectives.

Business in those days, was growing by double digits and

things here but somehow for me that wasn't enough. The hunger and aggressiveness which I believe have been part of my personality since I was young, made me decide to move on and find new challenges. I left the country, but after some time

and challenges didn't allow the company to grow as fast as I wanted. Therefore, three years after a lot of efforts, I returned to my home country to join the Veon subsidiary in Tajikistan that was operating under "Beeline" brand.

When I initially joined Beeline Tajikistan, the company wasn't in good shape, but in two years we managed to transform it into a growing business. After two years of accomplishing my mission there, the company was sold, and I got headhunted



Ncell is now 18 years old. We are grown up. I think this is a big milestone for a mature company which is settled with its identity. We know exactly who we are and we know exactly what we want.

to move and work in the Caribbean. I joined Digicel, an Irish owned company that has a wide footprint in all the Caribbean islands and some parts of North and South America. I worked for five years in Trinidad & Tobago

and Jamaica and was lucky to turnaround the company's fortunes there. In the two-and-a-half years in Trinidad and Tobago, we had two years of fastest growth in comparison to the previous years. The same story was repeated in Jamaica - the island of one love and Bob Marley.

When I reflect, it looks like I am intentionally picking up companies that are struggling with growth at some period of their development and I was stepping into it to help those companies to start reinventing themselves and meet shareholder expectations.

#### What is your vision for Ncell?

Ncell's story is quite unique for me personally because I have seen and been a part of it in early days. The company has really grown and changed. I think what makes the Ncell story a bit complicated is the expectations that customers have from us. If I may say so it is way above the expectations from any other service provider. But at the same time, it is the same for every leader in life and business. You have to be ahead, above everyone else. Everyone expects way more from Ncell and I believe that is what makes us who we are today – we work hard to meet those expectations every day.

So, when it comes to your question about my vision for Ncell, I think Ncell will continue meeting the expectations of the customers and will continue being the most innovative service provider in Nepal. Ncell is pretty much a Nepali company. It was born in Nepal and 98% people working here are Nepalis. And I can tell you that from a capability perspective, skills, knowledge, and expertise perspective, Ncell is well equipped to do things best and differently. I believe that not only our customers but Nepal as a country can be proud of Ncell. Our vision is to make Ncell the best 360-degree service and digital provider in Nepal.

**Ncell's brand theme, Ncell HERE FOR YOU sends the message that Ncell is here since the last 18 years and is here for every Nepali in terms of connectivity. Could you share some examples that embody this theme in terms of brand commitment, customer experience, community activities and network enhancement, etc?**

From day one, we were here to liberate the market. Previously, phones, SIM cards, mobile phones were things that were a privilege, a service that could be afforded only by wealthy people. It was very expensive to make a call. It was very expensive to own a phone. So, I think the first thing was to bring that freedom to everyone in Nepal so that everyone could afford it. I think that was done quite successfully.

Secondly, when the rebranding did happen with Ncell, the purple colour was introduced, there was a lot of excitement in the way the company did that. It was a representation of the brand and the service. Not only the connectivity but the customer-centric proposition that Ncell has is mind-blowing. So, I think that is key to be maintained and so definitely I am committed to continue doing what was the foundation of the company.

Ncell was always here for Nepali people. We have a lot of CSR or giving back initiatives. We have a lot of things to do based on what our consumer wants. So, in those days we came with a statement that Ncell was here for Nepal. So 'Here For You' is actually a continuation of our initial identity translated in our customer centricity as a core value of our operations. So 'Here For You' means we are here to listen, we are here to come back with a solution because the requirements of customers back then to the requirements of the new generation are very different. We are now using the phone 24/7. We are ordering food, we organise taxis, we pay our bills, we do everything through our phones. It is not about the

basic requirement of making calls that existed 15 or 10 years ago. It is a more complex solution that Ncell is continuing to come up with. And we are already doing this but 'Here for You' means that we put people at the heart of our work, we meet consumer needs from the business perspective and community needs from the CSR perspective.

#### How do you view the growth of the telecom market, and Ncell in particular?

I have been in the industry for almost 20 years. I have seen the industry doing really well in terms of returns and being appreciated by consumers and society. When I say industry, I don't mean Nepal only. These days I think the telecoms industry has devalued itself from the value-add perspective. Today, a cup of coffee might cost you more than your monthly bill for your phone. And just compare the value added. There are monthly plans which cost you less than \$5 or Rs 500. Sometimes your lunch costs way more than that. What I am trying to say is that the value that gives you the connectivity is actually huge and somehow, we still think it is expensive. I'm not sure, but telecoms might be the only industry in Nepal that didn't increase the prices in the last 10 years, where the inflation, and depreciation of local currency are not helping the business.

So, it is clear that if we want to continue enjoying the latest technologies and the best quality of service, we have some work to do. Nevertheless, I believe growth will come from nontraditional solutions. And those nontraditional solutions are not necessarily voice, not necessarily data, but it is actually something that is addressing the needs of the consumer, maybe education, maybe a health platform maybe financial services through the internet or, other digital needs like music and entertainment. So, I think that the evolution of the service



Our contribution to GDP stood at 1.3% in the fiscal year 2021/22 with a contribution of Rs 51.71 billion to Nepal's economy, while in the same year Rs 20 billion in taxes and fees were paid. We are one of the top taxpayers. In the last five years (2017/18-2021/22), Ncell has contributed Rs 137.15 billion in taxes and fees to the government.

provider like ours is going to be key for future growth. And, I think the role of the government and the regulator in this particular aspect is also very critical because the regulator has to make sure that industries and companies like Ncell will have the returns that will ensure continued investments in the latest technologies.

What I am saying here is that we return the profit into investment, into new technologies. This business is very capital-intensive. Ten years ago, it was 2G network, basic voice. Now we have 3G and 4G and now everyone wants 5G. But to build these layers of new technologies and give any Nepali customer exposure to highly advanced technologies will require investment. So those investments have to come back from the business making profit. The regulator will have to ensure that the cost of the new technologies like spectrum or licences will allow companies to earn profits which in return will allow the companies to fully invest into new technologies. Telecoms is not something you can build and monetise for 20 years. It is something you build, you maintain, and then you have to come up with newer technologies. So, the average lifespan of any new technology is five and a maximum seven to ten years and then it's gone.

**In these 18 years of Ncell in Nepal, how would you review Ncell's contribution to the telecom industry and the economy in general?**

When there was only one operator in the country, Ncell came and brought that ability for customers to be able to use such services. We liberated the market and we introduced 3G and data. I think from economic perspective it is evident that a few points of GDP are actually linked directly to telecoms. Our contribution to GDP stood at 1.3% in the fiscal year 2021/22 with a contribution of Rs 51.71 billion to Nepal's economy, while in the same year Rs 20

billion in taxes and fees were paid. So, the growth of the economy here is there, and the contribution to access the world and knowledge is huge. On top of it, we are one of the top taxpayers. In the last five years (2017/18-2021/22), Ncell has contributed Rs 137.15 billion in taxes and fees to the government. Similarly, around 24,000 jobs are supported by our business. Of the total, more than 14,000 jobs are supported by our operations, while over 9,000 are supported by our capital investment. Every point of sales gets a commission and runs their family. We have employed more than 500 Nepalis directly and thousands indirectly.

As a responsible corporate citizen, we have also been contributing to the social-economic development through our Corporate Social Responsibility (CSR) initiatives. We have contributed over Rs 1.80 billion in social projects, which I doubt any other company in Nepal has done so far. At Ncell, in line with our Axiata Group's ESG Framework, we believe in giving back to society and creating impact. And we are committed to continuing it.

Under CSR on the occasion of 18th anniversary, we have announced our strategic partnership with the National Paralympic Committee (NPC) Nepal to support Paralympic national players who will be representing Nepal in national and international games. As per this partnership, Ncell extends support for ensuring the overall training and development of the national players along with their required diet and nutrition around the year.

Similarly, with an intent to reach and connect with local communities from all seven provinces, we are implementing '18 for 18' social initiative, aiming to provide local solutions to local problems. The seed fund for such community projects is Rs 1 million for one project in one community with

a primary focus on education and health and other areas being environment, disaster response, and livelihood support.

**The demand is for high-speed internet connectivity and we are talking about 5G. Is our digital infrastructure ready for 5G?**

We can start from the consumer side. For example, an average customer in Nepal today doesn't have a phone that can support 5G. Only the latest versions of iPhones and some Android phones have 5G. So, the statistic is clear. Only 1-2% of customers today have a handset that is capable of utilising 5G technology. The second thing is that 5G technology will require a lot of investment from operators like us. It will require a lot of bandwidth or the transmission capacity which is not necessarily built. So, I would say 5G is a good thing to have, but maybe we need a couple of years to make sure that the market is ready, and the infrastructure is ready to provide and offer it to the market. But we also need a huge support from the regulator and the government. As I mentioned earlier, the costs of the spectrum and new technologies are high for the moment and makes it hard for service providers to pass it onto the consumer. But I'm sure if all stakeholders work together, we will make it happen soon.

Once again, for a company like Ncell, we can launch 5G in the next couple of months, but it will be limited coverage in Kathmandu only. And as I told you, even if we are going to put some towers with 5G and assuming even the spectrum is going to be given for free, only 1%-2% of the customers can use 5G because handsets are not there. So, it will make sense only when all these elements move together.

**What are the current challenges - policy or market - for the telecom market in Nepal?**

I will speak from the industry perspective and from our company perspective. I think from industry perspective, there has been a decline in profits and it's happening not only in Nepal. Many operators are facing the same challenges. Some countries are managing this situation very successfully and regulators are ensuring that returns are at a healthy level, so service providers can continue reinvesting into the new technologies. Some countries are a bit slow in addressing that and this provokes an alarming situation in the industry because if the profit is going down or if it's negative, then the capability of the operator to reinvest into new technology, to reinvest in maintaining the quality of service, is very low. The quality of the service in Nepal at the moment is ok, but even now it can be better and let's say five years down the road it is going to be a very scary situation because the quality might start degrading if operators don't have enough resources/mussels to reinvest. And it's not necessarily from cutting the cost but increasing the top line. So, companies need some flexibility to address the valuation, address inflation because the investment is happening in hard currency and returns are in local currency and if you are going to check your average bill then the requirements for what we need to invest are going up. This is not a sustainable model for the industry and obviously we are working with the regulator, with the ministries, and the decision makers are well aware about this situation. Hopefully, it will be addressed soon. It is kind of our collective call to make some bold decisions to protect the industry and ensure that Nepali people will continue getting quality service. Otherwise, complaints will continue to increase but the ability to address them by service providers won't be there.

When it comes to specific pain point for Ncell, we are serving more than 16 million customers every single day for the last 18 years. It is more than half of the country. Our responsibility in front of those customers is huge because they need to be connected to data network, they have to be connected to the voice network 24/7. The demand and content consumption is going up.

And when you are the number one operator and serving the majority of the customers, you need more resources and support. You need more support and clear leadership from the regulator. So, coming back to the main thing, there are few low hanging fruits or quick wins for example spectrum – it is interesting that Nepal has available spectrum that can be monetised - the government can allocate additional spectrum and it will bring additional revenue to the government and will improve the speed of internet and quality of service to Nepalis almost overnight - at least 16 million Nepalis will get faster internet. Quality of data connectivity and voice connectivity will improve. It might even help us to improve the coverage. So that may be would be the only main pain point that the company is having as of today. And obviously we are looking forward to getting some guidance and support from the decision makers on our long-term initiative covering 5G and possible next-generation technologies. We want Nepal to be the most advanced technology country in Asia if not in the world.

#### **What does IoT mean for Ncell??**

The Internet of Things or IoT will continue booming. We will have connected cars, connected appliances, in fact, everything will be connected. They might have physical SIM cards or wi-fi or e-SIM solutions. All those machines have to be

connected through companies like Ncell. These solutions might come from Ncell or other third-party service providers. So IoT will be booming, and we are set to support this.

#### **Will the IoT work at optimum level without 5G connectivity?**

It will work properly to a certain extent. However, there will be issues regarding providing solutions when you hit a certain threshold. For example, currently 4G can serve, let's assume 10,000 SIM cards or IOT devices. When 5G comes, it can serve 100,000 or more using the same spectrum. So increased capacity and speed is the new technological advantage.

#### **What is your personal management style? What does leadership mean to you and how do you function on a day-to-day basis?**

My initial background was the Soviet Union management style. Then I came here and started working as per the European management style, at the same time I have also learnt the Asian management style. Later it was the European and Irish style and then the Caribbean management style. So, I have been exposed to different styles of management in different locations and have found a few common things. There are also a few unique things with its own pros and cons in the style that you practice.

But the one common thing that makes any leader quite successful is actually based on three principles or important skills: a leader should be visionary; a leader should be capable to bring right people on board; and a leader should be really good in making things happen. If one of these skills is not there, success is under risk. So, one of the biggest responsibilities of the visionary leader is actually finding the right people who share the values and your vision. So, three things that are key for any leader: One is to have

that vision or dream, second is have that skill to engage the right people. And the third is execution because you can dream, you can plan, you can have right people but if you are not capable to execute then nothing is going to happen.

Another very common thing in all these different styles that stand out is actually the capability to empower. Some managers may not prefer this and sometimes gravitate towards manual control, making it a one-man show when all decisions are centralised. But I think a more efficient way for long-term gain is actually building that capacity to empower. This means every single person has the power to make a decision every single day and has a power to make things happen. Otherwise, if everyone is going to be just asking the big boss for every decision and unless the main man won't tell you what to do and you do nothing, then that makes the company very slow and bureaucratic. You are not agile and here you go – you are out from the race as the world is fast and tough.

The world is changing very fast and as I mentioned earlier the telecom industry won't tolerate static, manual methodology. Look just 15 years ago we had 2G, then 10 years back all was about 3G, and five years ago we introduced 4G. Now everyone is talking about 5G. This is the story of the industry over the course of only 15 years. Things are changing very fast. The demand of the customer these days is "I want to be connected 24/7 despite where I am." Whether a person is a CEO or a mountaineer, they want to be connected 24/7. People want to watch YouTube; they want to watch Netflix and all that without any buffering. You need to be best and agile and address it.

#### **As a leader you decide the pace of the company. But when you come into a long existing company as a leader, there is already a pace in existence. How do you work around that? How do you set the pace for a company to match yours?**

I have been here in Ncell for four months, I am really proud of certain things about Ncell. But to be precise, I am a disrupter. I disrupt myself and I disturb others that sets a pace and tone. There could be a certain way or method being practiced to getting things done but we have to be able to disrupt, so that we can come up with better solutions all the time and not end up with our habits only. I am just 42, but I am learning every day. I am open to it despite being at the top. I learn more from interns than I learn from somebody who has been with the industry for 30 years and we have really good interns in this company. We will soon have a programme where we will invite interns to come and disrupt the way we do business. I believe disruption is the way forward in this digital and VUCA world.

If you see my story, I was always pushing myself outside of my comfort zone. I trust myself, my instincts and that is a key element for my success. It doesn't mean I always make right decisions. I am only human and did, do, and will probably make more mistakes. Those are the reasons why I am where I am today.

I believe, if I would allow myself to enjoy my comfort zone, then possibly I would have been happier, which again is very subjective. I am very happy now, just for the record. But some people do enjoy being in the comfort zone which is fine for them, but disruption is something that will expose you to things you would have never been exposed to and I believe that is the real life. So, don't waste your life.

For example, some days or some weekends you might decide to spend time at home just watching TV which is great, but for me I am hungry for

time and life. I'll push myself to go places I have never been, do things I have never done. I may not enjoy it, I may even be disappointed, but that's okay, I tried and that counts.

When it comes to business ability, to disrupt yourself is very important. Disrupt yourself before somebody comes and disrupts you because there are many good examples of great companies missing that moment and being disrupted. Kodak is an example. Nokia is another example. Great companies, no doubt, but at some point, somebody came and just disrupted them. And when you lose the momentum, you are out of the game.

### Is it like lonely at the top?

I think it depends on your personality. Yes. It can be very, very lonely because sometimes you are supposed to make decisions which are not popular. Sometimes you can't share your thoughts with a wider audience because it might impact them, or it might have a counter effect. It is lonely, but it also depends on your personality, I have developed the ability to segregate work and my personal life. Outside of office, we can have fun. I can live my life. I can have friends. I can separate business and personal things.

Again, it can be very lonely. Am I lonely? Not necessarily. I do what I think I want to do. And again, family plays a huge role here. If you have a family, you will never be alone. They won't let you be alone (smiles).

**What about when it comes to taking major decisions? Assumably, everybody goes through self-doubt and there is always that question on whether I am on the right trajectory, however calculated my decisions might be. At the end of the day, the success or the failure, whatever, the onus lies with you as the leader...**

At the top, success is pretty much shared whereas failure is on you alone. And that is not a secret. But when it comes to empowering the team, you have to fuel the courage of others by

saying 'just do your thing; if it's going to fly, it's you. If it's going to fail, then it's me'.

I have made hundreds of mistakes. I make decisions every single day and to be honest, the ratio of a right and a wrong decision sometimes is 50:50. The other thing is you have to be ready to fail and you have to be ready to take responsibility for that. But then again it depends on how quickly you recover. So, failing fast is key. Any decision I take I am ready to bear its consequences. It might be a wrong decision, but I am more than happy to say, okay, sorry I was wrong and move on. So, when you fail you are pretty much alone, but you have to be prepared mentally to move on and take the next step.

**Against the backdrop of economic and political instability and a lot of corruption in recent days, people are concerned about communication on their phone as it could be tapped. They would rather communicate via WhatsApp. Majorly the concern is about privacy. As a private company how does that align with the government's views on privacy and cyber security?**

In every single country I have worked, and I am not talking about Nepal only, there will be criminal elements. However, there is a procedure and law that should be followed, which means that privacy or private information of any customer must not be compromised. That's a common thing for the operators across the world, including Ncell. I could be the CEO here, but I can't get into the details of your phone. I cannot see who you call. I literally can't do it. Even if I call anybody from our office right now and ask them, they will say they cannot share that information with me. There are strict procedures here at Ncell. If there is a court order to share that information because of whatever criminal investigation or whatever is going on, even then there are specific procedures set by the

law of the land that have to be respected and followed.

So, if there is a court order and law supports it, it will be done. But it doesn't mean it will compromise the personal information of any customer. And it's the same in many countries because, you know, if it is needed for investigation that is going on and it's a legitimate request, then only the operator will consider it.

However, every request of that type still has a lot of procedures. Anybody who has access to that information, if it goes into the system, the system will record it. We have our internal controls and it's very, very strict. It's not as easy as it might look and what I can tell for sure is that your privacy and your private information is very, very much secured with Ncell. I use my phone and I know how it works and I feel safe.

In Ncell, it's all about the internal controls. This is how we do business. We are a part of Axiata and there are a lot of compliance controls we follow. We do things right and it might be a very challenging and a difficult path, but we never compromise on it even though there are some shortcuts. We always follow due procedures and law.

### How would you describe the 18-year journey of Ncell in Nepal?

Ncell is now 18 years old. We are grown up. I think this is a big milestone for a mature company which is settled with its identity. We know exactly who we are and we know exactly what we want to become. It was a lot of dreams initially, and we realised some of them so far, with more to come true and more new dreams to come. We are going to do a lot of good things for the Ncell family and for the country and obviously for all the customers we serve today and will serve in the future.

Eighteen years is a big milestone. This is going to be the first time we will be celebrating it, and we will be

doing it in a very different way, we actually will be appreciating our customers and partners. It is a celebration of them and our relationship over past 18 years. Ncell has over 16 million loyal customers. We are going to celebrate them... those who have been with us from day one and even those who have joined us recently. We are going to recognise customers and partners because without them, we wouldn't be where we are today.

Our customers recognise and appreciate us - this actually inspires us to do even more. Their feedback keeps us challenged to become better. When a customer calls you and asks you for more it makes you think outside the box and become better.

### What do you do for your own personal growth?

What I have trained myself to do is to observe and develop the skill to see things in perspective and differently. The same glass can be seen from different perspectives. So, what I do to develop myself is to meet different and new people. I talk to them, interact with them, and I observe them. I try to get into their mind and understand their unique talents or superpower. I try to learn that and practice that, develop it and adopt it. Everyone has a superpower - so people around you are the most unique books you can learn from.

I also, learn from our customers and from those I work with. A lot of people read books, but books are theory. For me, practical knowledge works better, and it is way more intense. I am lucky and blessed to work with different people in different countries, different cultures, different backgrounds. This has exposed me to things I would never be able to learn unless I had travelled and pushed myself outside of my comfort zone. **B**

**“FMO encourages the adoption of digital banking solutions by financial institutions in Nepal. We provide funding for the development of digital platforms and mobile banking applications that enable individuals to access financial services conveniently, even in areas with limited physical infrastructure. Capacity building is also a core component of our strategy. We offer training programmes and technical assistance to financial institutions and their staff, equipping them with the skills and knowledge needed to effectively serve rural clients. This includes training on risk management, customer engagement and the use of digital technologies”**

Michael Jongeneel, Chief Executive Officer of FMO: Dutch Entrepreneurial Development Bank, (Nederlandse Financierings-Maatschappij voor Ontwikkelingslanden), was recently in Kathmandu where it has partnered with NMB Bank. As the CEO of FMO, he occupies a prominent position in the world of sustainable finance, and his insights and experiences offer a unique perspective on the intersection of finance, development and sustainability in Nepal and beyond.

FMO, with its illustrious history spanning over half a century, is a renowned Dutch development bank specialising in sustainable private sector investments in emerging markets. With a commitment to promoting economic development, fostering inclusive prosperity, and championing environmental and social responsibility, FMO has established itself as a global leader in sustainable finance.

In this interview, Jongeneel shares his knowledge and expertise on a diverse array of topics, providing deep insights into FMO's extensive engagement in Nepal. From its pioneering role in financing vital infrastructure projects to its steadfast commitment to sustainable finance principles, FMO's impact on Nepal's

economic landscape is profound. Excerpts:

**Nepal has ambitious goals for renewable energy and sustainability. How can financial institutions like NMB Bank and FMO: Dutch Entrepreneurial Development Bank contribute to accelerating Nepal's transition towards a green economy?**

In Nepal, the transition towards a green economy is not just a matter of environmental sustainability; it's a pathway to economic growth and prosperity. NMB Bank and FMO recognise the critical role we can play in catalysing this transformation. Firstly, we understand that Nepal has vast untapped potential in renewable energy, particularly hydropower. It's an abundant resource that can not only meet Nepal's energy demands but also provide an opportunity for export revenues. Our financial support to hydropower projects in Nepal, starting from the Upper Bhotekoshi project in 1996 to more recent investments, reflects our commitment to harnessing this potential.

By providing funding and expertise, we help these projects meet international environmental and social standards, ensuring that the benefits extend to local communities and the environment. Secondly, the

financial sector is the lifeblood of any economy. NMB Bank, in which FMO holds the largest stake, has been at the forefront of implementing sustainable finance agendas. We have trained our staff to consider environmental, social and governance (ESG) factors when financing projects or private companies. This approach not only mitigates risks but also encourages businesses to adopt sustainable practices. By leading in this aspect, we set an example for other financial institutions in Nepal and inspire them to incorporate ESG considerations into their lending decisions.

Thirdly, supporting a green economy requires more than just capital; it demands a comprehensive approach. Nepal's commitment to achieving net-zero emissions by 2045 is commendable but it also necessitates significant foreign investment. FMO can be a key player here, actively lending and investing in projects that align with Nepal's net-zero targets. However, achieving net-zero emissions must be equitable, considering the social aspects of the transition. We are dedicated to ensuring that our investments in Nepal support a just and inclusive transition to a green economy. Lastly, we understand the importance of financial regulations and frameworks

that promote sustainable finance.

Also, FMO is supportive of these initiatives and actively engages with regulators, both in Nepal and in the European Union, where similar discussions are taking place. In summary, NMB Bank and FMO are committed to Nepal's journey towards a green economy. Through responsible financing, capacity building and support for regulatory frameworks, we aim to be catalysts for sustainable development, ensuring that Nepal harnesses its potential while safeguarding the environment and improving the lives of its people.

**NMB Bank's partnership with FMO has been pivotal in promoting sustainable finance. Can you elaborate on some specific projects or initiatives that have had a significant impact on Nepal's sustainable development?**

Our partnership with NMB Bank has been instrumental in driving sustainable finance initiatives in Nepal, and we are proud of the positive impact we have had on the country's sustainable development. Allow me to elaborate on some specific projects and initiatives that stand out:

**Hydropower Projects:** One of the most significant contributions has been our support for hydropower projects

in Nepal. Hydropower is a critical component of Nepal's energy infrastructure, and it has the potential to provide clean energy and export revenues. Starting with our financing of the Upper Bhotekoshi project in 1996, we've continued to invest in various hydro projects. These initiatives not only contribute to Nepal's energy needs but also align with global efforts to combat climate change.

#### Financial Sector

**Development:** In 2008, we expanded our involvement in Nepal by investing in the financial sector. Our support for banks like Clean Energy Development Bank, which later merged into NMB Bank, has been instrumental in strengthening the financial landscape. NMB Bank has emerged as a leader in implementing sustainable finance practices. We have trained NMB Bank's front office staff to consider environmental, social and governance (ESG) factors when evaluating potential projects. This has not only improved risk management but also incentivised businesses to adopt sustainable practices.

**Private Equity Funds:** We've also contributed to Nepal's sustainable development by supporting private equity funds like the Dolma Impact Fund. These funds provide much-needed growth capital to small and medium-sized businesses in Nepal. By facilitating access to finance for these enterprises, we empower them to thrive and contribute to the country's economic growth.

**Nepal Invests:** Together with the Business Initiative Investment (BII) and the Swiss Agency for Development and Cooperation (SDC), we initiated 'Nepal Invests'. This collaboration between development finance institutions and development partners aims to accelerate investment in Nepal while simultaneously raising environmental and social standards. By leveraging our expertise and resources, we are fostering an environment that attracts sustainable investments into the country.



**Michael Jongeneel**  
CEO, FMO: Dutch Entrepreneurial Development Bank

**Environmental and Social Risk Management (ESRM):** Nepal's central bank introduced ESRM guidelines in 2018, and FMO, both directly and through Nepal Invests, is actively supporting the implementation of these guidelines with local banks. We are particularly proud of NMB Bank's proactive role in this area, setting an example for others in managing environmental and social risks effectively.

In conclusion, the partnership between NMB Bank and FMO in Nepal has been characterised by a commitment to sustainable finance and development. Through strategic investments in critical sectors, capacity building and collaboration with local stakeholders, we have made a tangible impact on Nepal's journey toward sustainability and economic prosperity.

**In the context of Nepal's growing tourism industry, what opportunities do you see for sustainable investment and development in tourism, and how can FMO play a role in this sector?**

Nepal's tourism industry holds tremendous potential for sustainable investment and development. As the country's natural beauty and cultural heritage continue to attract travellers from around the world, there are several

opportunities for sustainable initiatives that can benefit both the industry and the nation. Nepal's rich biodiversity and stunning landscapes provide a unique platform for eco-tourism.

FMO recognises the potential in supporting eco-friendly tourism initiatives that emphasise conservation, minimise environmental impact, and provide meaningful experiences for tourists. Investments in eco-lodges, wildlife conservation and responsible trekking operations can enhance Nepal's eco-tourism offerings.

Sustainable tourism facilities require a reliable and eco-friendly energy supply. FMO has extensive experience in renewable energy investments, which can be applied to the tourism sector in Nepal. By financing solar power installations, for instance, we can help tourist facilities reduce their carbon footprint while ensuring uninterrupted service. FMO can encourage responsible tourism practices by partnering with tour operators and travel agencies that prioritise sustainability. This can involve supporting initiatives



**Nepal's commitment to achieving a net-zero target by 2045 underscores the significance of renewable energy in the country's climate agenda. FMO can be an active lender and shareholder in projects that contribute to this ambitious goal. We believe that investments in renewable energy not only reduce greenhouse gas emissions but also enhance Nepal's energy security, making it more resilient to external shocks.**

Sustainable tourism requires well-planned and developed infrastructure. FMO can play a crucial role in financing infrastructure projects that improve accessibility to tourist destinations while maintaining environmental and cultural sensitivities. This could involve investments in road networks, airport facilities, and sustainable transportation options. Empowering local communities to participate in and benefit from tourism is key to sustainable development. FMO can support tourism projects that provide training and resources to local entrepreneurs, helping them establish businesses related to tourism, such as handicrafts and local cuisine. This not only generates income for communities but also preserves their traditions and cultures.

that educate tourists about the local environment and culture, encourage responsible behaviour, and promote ethical wildlife experiences. To fully harness the potential of sustainable tourism, capacity building is essential. FMO can facilitate training programmes for tourism professionals, guides and local communities to enhance their knowledge of sustainable practices and customer service.

In essence, FMO sees significant opportunities for sustainable investment and development in Nepal's growing tourism industry. By aligning our financial resources, expertise and commitment to sustainability, we can play a pivotal role in nurturing this sector while preserving the country's natural and cultural treasures for generations to come.

### **Risk management is crucial in the banking sector. How does FMO collaborate with NMB Bank to address financial and operational risks while pursuing sustainable financing in Nepal?**

Risk management is paramount in the banking sector, especially when it comes to pursuing sustainable financing in a dynamic market like Nepal. Our collaboration with NMB Bank is underpinned by a shared commitment to ensuring that we effectively address financial and operational risks while advancing sustainable finance initiatives. This involves a comprehensive and multifaceted approach. To begin with, we engage in a meticulous risk assessment process. FMO and NMB Bank work closely to identify and evaluate the unique risks associated with sustainable financing in Nepal. This involves a deep analysis of environmental, social and governance (ESG) factors in potential projects. By gaining a holistic understanding of these risks upfront, we are better equipped to develop and implement strategies for their mitigation.

Our commitment to effective risk management extends to capacity building. We understand that empowering NMB Bank's staff with the knowledge and skills needed to evaluate and manage ESG-related risks is paramount. To this end, we provide training programmes tailored to enhance their capabilities in this domain. This not only improves the quality of decision-making but also fosters a culture of responsible lending within the bank. Due diligence is another critical component of our risk management efforts. Before committing to any sustainable financing project, FMO and NMB Bank conduct rigorous due diligence. This process involves on-site visits, stakeholder engagement and comprehensive analysis to ensure that all ESG risks and opportunities are thoroughly assessed. This meticulous approach allows us to make

well-informed lending decisions that align with our sustainable finance objectives.

Our risk management practices don't conclude upon securing financing for a project. We maintain ongoing monitoring and evaluation mechanisms to ensure that financed projects continue to adhere to sustainability goals. Key performance indicators related to sustainability are tracked and any emerging risks are promptly identified and addressed. This commitment to post-financing monitoring ensures that projects stay on course towards their sustainability objectives. Furthermore, our risk management efforts extend to stakeholder engagement. We believe that transparent and constructive relationships with local communities and regulatory authorities are integral to effective risk management. FMO and NMB Bank work together to foster these relationships, ensuring that stakeholder concerns and perspectives are considered in project risk assessments.

Compliance with regulations, including the environmental and social risk management (ESRM) directives introduced by Nepal's central bank, is a fundamental aspect of our risk management approach. FMO actively supports NMB Bank in implementing these directives to ensure that our operations align with local regulatory requirements. In some cases, risk-sharing mechanisms may come into play. FMO may share risks with NMB Bank to encourage sustainable financing in challenging sectors or projects. This approach not only promotes responsible lending but also provides financial support to projects that might otherwise face difficulties in securing funding.

Lastly, we recognise that risk management is an ongoing process that must evolve with changing market dynamics and sustainability standards. FMO and NMB Bank engage in continuous improvement

efforts, learning from past experiences and incorporating best practices to enhance our risk management frameworks. In summary, our collaborative approach to risk management with NMB Bank in Nepal encompasses risk assessment, capacity building, due diligence, monitoring, stakeholder engagement, compliance, risk sharing and a commitment to continuous improvement. Through these comprehensive efforts, we aim to ensure the long-term success of sustainable finance initiatives in Nepal, while delivering positive social and environmental impacts.

**The Covid 19 pandemic posed unique challenges for businesses worldwide. How did FMO and NMB Bank support Nepali businesses during this crisis, particularly in terms of access to finance?**

The Covid 19 pandemic brought unprecedented challenges to businesses worldwide and Nepal was no exception. During this crisis, FMO and NMB Bank were dedicated to supporting Nepali businesses, especially in terms of ensuring access to finance and helping them navigate these turbulent times. First and foremost, we recognised the immediate financial strain that businesses faced as the pandemic unfolded. To address this, FMO worked to provide emergency financing solutions worldwide. We offered financial relief measures such as loan moratoriums and flexible repayment terms to ease the burden on businesses struggling with cash flow disruptions. These measures were designed to provide some breathing space for businesses grappling with the sudden economic shock.

Moreover, understanding that small and medium-sized enterprises (SMEs) often form the backbone of many economies, including Nepal's, we took specific initiatives to support this crucial sector. FMO and NMB Bank actively facilitated access to credit for SMEs, which were

disproportionately affected by the pandemic. We ensured that businesses had access to working capital loans and other financial instruments that were vital for their survival and recovery. We also understood that the crisis required a multifaceted response. Beyond financial support, FMO and NMB Bank engaged in knowledge-sharing and capacity-building efforts. We provided guidance and resources to businesses on adapting to the changing market dynamics brought about by the pandemic. This included helping businesses explore digitalisation and e-commerce opportunities, which became increasingly important during lockdowns and social distancing measures.

In addition to supporting businesses directly, we actively engaged with regulators and industry stakeholders to advocate for policies that would facilitate access to finance and foster economic resilience. We recognised that a coordinated effort was necessary to create an enabling environment for businesses to weather the crisis. Furthermore, the pandemic underscored the importance of sustainable finance and responsible business practices. FMO and NMB Bank continued to emphasise environmental, social, and governance (ESG) considerations in our lending decisions, even in the midst of the crisis. We encouraged businesses to integrate ESG principles into their operations, recognising that sustainability would play a critical role in the long-term resilience of businesses and the economy.

**How can FMO's expertise in agribusiness finance contribute to the modernisation and sustainability of agriculture in Nepal?**

Nepal's agriculture sector plays a vital role in its economy, employing a significant portion of the population and contributing substantially to its GDP. FMO's expertise in agribusiness finance holds the potential

to contribute significantly to the modernisation and sustainability of agriculture in Nepal. We recognise that modernising Nepal's agriculture sector is essential to enhancing productivity and ensuring food security. FMO has extensive experience in financing agribusiness value chains globally. We can bring this expertise to Nepal by providing tailored financial solutions to agribusinesses, farmers and related enterprises. This includes financing for the adoption of modern farming practices, such as mechanisation, improved irrigation and the use of high-yield seeds. These investments can significantly boost agricultural productivity in Nepal.

Sustainability is a core pillar of FMO's agribusiness approach. We understand that sustainable agriculture is not only about increasing yields but also about safeguarding the environment and supporting local communities. FMO can collaborate with Nepali agribusinesses to implement sustainable farming practices that minimise the sector's environmental footprint. This may include promoting organic farming, efficient water management, and responsible pesticide and fertiliser use. By doing so, we contribute to the long-term health of Nepal's agriculture sector while protecting its natural resources.

Further, FMO can facilitate access to financing for smallholder farmers in Nepal who often face challenges in securing credit. We can work with financial institutions and agribusinesses to develop innovative financial products that cater to the specific needs of small farmers. These could include microfinance options, crop insurance and credit facilities to help them invest in modern farming technologies and inputs. We also recognise the importance of agribusiness value addition and diversification in Nepal's agricultural sector. FMO can support the development of

agro-processing industries and help farmers access markets for value-added products. This not only increases farmers' income but also reduces post-harvest losses, contributing to food security.

In addition to financing, FMO can provide technical assistance and capacity-building programmes. We can facilitate knowledge transfer and best practices from our global agribusiness portfolio to Nepal. This may involve training programmes on sustainable farming techniques, quality control and market access strategies. By building the capacity of local actors, we empower them to drive the modernisation and sustainability of Nepal's agriculture sector independently. Also, we understand that the agriculture sector in Nepal is closely linked to rural livelihoods. FMO can support initiatives that improve the livelihoods of rural communities by creating employment opportunities in agribusiness value chains. This not only fosters economic development but also encourages young people to stay engaged in agriculture, preventing rural-to-urban migration.

**Financial inclusion is a significant concern in many developing countries. How is FMO working to expand access to financial services in Nepal, especially in rural and underserved areas?**

Financial inclusion is a significant concern in many developing countries, including Nepal, where access to formal financial services can be limited, particularly in rural and underserved areas. FMO is deeply committed to addressing this issue and is actively working to expand access to financial services across Nepal, with a particular focus on reaching those who have been traditionally excluded from the formal banking sector. Our approach involves supporting local financial institutions in Nepal to enhance their capacity and outreach. We



provide financing and technical assistance to these institutions, enabling them to expand their operations into rural and underserved areas. This helps extend financial services to previously unreached populations.

Digital financial services play a crucial role in overcoming geographical

barriers. FMO encourages the adoption of digital banking solutions by financial institutions in Nepal. We provide funding for the development of digital platforms and mobile banking applications that enable individuals to access financial services conveniently, even in areas with limited physical

infrastructure. Capacity building is also a core component of our strategy. We offer training programmes and technical assistance to financial institutions and their staff, equipping them with the skills and knowledge needed to effectively serve rural clients. This includes training on risk management, customer

engagement and the use of digital technologies.

Furthermore, collaboration is key to expanding financial inclusion, and by working together, we can create a more comprehensive and coordinated approach to reaching underserved communities. In conclusion, FMO is dedicated to expanding access to financial services in Nepal, especially in rural and underserved areas. Our approach encompasses supporting financial institutions, promoting digital financial services, building institutional capacity, fostering inclusive business models and forging strategic partnerships. Through these concerted efforts, we aim to create a more inclusive financial ecosystem in Nepal, one that empowers individuals and communities, fosters economic development, and ultimately improves the livelihoods of those who have historically been excluded from formal banking services.

**Climate change resilience is critical in Nepal's context. How does FMO support initiatives aimed at building climate resilience within the banking and business sectors?**

Climate change resilience is a paramount concern, particularly in Nepal's context, given its vulnerability to the impacts of climate change. At FMO, we recognise the urgency of addressing these challenges and are committed to supporting initiatives that strengthen climate resilience within the banking and business sectors in Nepal. Our approach to building climate resilience is multifaceted, reflecting the complexity of the issue and the diverse needs of the Nepali economy. First and foremost, we understand that financial institutions play a pivotal role in facilitating climate-resilient investments. To this end, we collaborate closely with our partner banks, such as NMB Bank, to integrate climate considerations into their operations. We actively engage in capacity building, providing training and technical assistance to banks and

financial institutions to enhance their understanding of climate risks and opportunities.

One notable initiative in this regard is our support for the implementation of environmental and social risk management (ESRM) systems. Nepal Rastra Bank introduced ESRM guidelines in 2018, which mandate that the financial sector implements robust risk management measures related to environmental and social factors. FMO, both directly and through initiatives like Nepal Invests, is committed to aiding Nepal Rastra Bank in effectively implementing these guidelines across the banking sector. By doing so, we aim to ensure that climate and environmental risks are adequately addressed in financial decisions, reducing vulnerabilities within the banking sector. Furthermore, we recognise the importance of promoting climate-resilient business practices. Nepal's economy encompasses various sectors, including agriculture, which is susceptible to climate-related disruptions. FMO's expertise in agribusiness finance is instrumental in supporting the modernisation and sustainability of agriculture in Nepal. By providing financing and technical assistance to agricultural enterprises, we enable them to adopt climate-resilient farming techniques, invest in irrigation systems, and implement sustainable practices that enhance their resilience to changing climate patterns.

Another critical aspect of our climate resilience strategy is the promotion of renewable energy projects. Nepal's commitment to achieving a net-zero target by 2045 underscores the significance of renewable energy in the country's climate agenda. FMO can be an active lender and shareholder in projects that contribute to this ambitious goal. We believe that investments in renewable energy not only reduce greenhouse gas emissions but also enhance Nepal's energy security, making it more resilient to external shocks. In addition to these efforts, we

actively engage with businesses and stakeholders to foster a broader understanding of climate resilience and its importance for long-term sustainability. We connect our clients with specialists and experts in relevant fields to build their expertise in climate risk management, carbon disclosure, and sustainable finance practices.

Moreover, FMO remains committed to staying informed about emerging climate-related regulations and frameworks. For instance, the European Union's introduction of green taxonomy serves as a model for categorising environmentally sustainable economic activities. While Nepal's central bank plans to introduce its green taxonomy, FMO stands ready to provide support and share its experiences in navigating this critical aspect of promoting green financing and enhancing climate resilience within the business and banking sectors. In conclusion, building climate resilience is a top priority for FMO in Nepal. Our approach combines capacity building, risk management, support for climate-resilient business practices and investments in renewable energy. We are dedicated to collaborating with financial institutions, businesses and regulatory authorities to strengthen Nepal's ability to address climate challenges effectively. By promoting climate resilience within the banking and business sectors, we aim to contribute to a more sustainable and prosperous future for Nepal and its people.

**The digital transformation of banking is happening globally. How is FMO adapting to technological advancements and ensuring that Nepal's banking services remain competitive and accessible to all?**

The digital transformation of banking is a global phenomenon and FMO recognises its pivotal role in ensuring that Nepal's banking services remain competitive, accessible and aligned with the digital era. Our approach to adapting to technological

advancements centres around fostering innovation, enhancing financial inclusion and facilitating economic growth through digitisation. First and foremost, we view technology as an enabler of financial inclusion. In Nepal, as in many developing countries, a significant portion of the population lacks access to traditional banking services due to geographical constraints and limited infrastructure. To bridge this gap, we actively support and invest in fintech companies and digital financial service providers. These partnerships aim to deliver innovative solutions that can reach unbanked and underserved populations, making essential banking services accessible to all.

Mobile banking and digital wallets have emerged as powerful tools for expanding financial inclusion. Through our investments and collaborations, we strive to promote the development of user-friendly mobile banking applications and digital payment platforms that cater to the unique needs and preferences of Nepali consumers. These solutions empower individuals and businesses to perform transactions, access credit and manage their finances conveniently via their smartphones. Additionally, cybersecurity is a paramount concern in the digital era. As technology adoption grows, so do the risks associated with cyber threats and data breaches. FMO is deeply committed to ensuring the security and privacy of financial data. We actively engage with our partner banks and financial institutions in Nepal to reinforce their cybersecurity measures and compliance with international standards. This collaborative effort aims to safeguard customer information and foster trust in digital banking.

Furthermore, we recognise the potential of technology to drive efficiency and transparency in financial systems. We support initiatives

that enhance the efficiency of payment and settlement systems, reducing transaction costs and increasing the speed of financial transactions. These improvements not only benefit consumers but also create a more conducive environment for businesses to thrive. Our involvement extends to advocating for regulatory frameworks that foster innovation while ensuring consumer protection and financial stability. We actively engage with regulatory authorities in Nepal to promote an enabling environment for fintech innovation and digital financial services. We believe that responsible regulation can strike a balance between encouraging innovation and safeguarding the interests of all stakeholders.

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**“We live in a very different world now where teams are really the driving force of organisations; team production, team performance. That means leaders need to learn an entirely new skill-set in how they operate, which means that they need to lead through influence, effectively influencing other people. I think a lot of people in organisations now want to be around leaders that they choose to follow rather than have to follow”**



**Toby Bassford**  
Managing Director, Tillon Group

With a personal mission in life to ensure that teams reach peak performance, Toby Bassford, Managing Director of Tillon Group, has an engaging and purpose-driven approach to ensure the people and organisations he consults meet exceptional standards to be more and do more. Bassford's skills are reflected in his extensive experience across global businesses and being a trusted partner to many executives. Bassford is based in the United Kingdom and was recently in Kathmandu when **Business 360** caught up to learn about the Tillon Group and what leadership means to him. Excerpts:

**Could you please tell us about Tillon Group?**

Tillon Group is a global consulting and

technology company which is really focused on helping organisations integrate people with strategy. It is our belief that organisational performance is really tightly tied to the ability of individual leaders and teams to perform at their very, very best. And so, the work that we do is helping often scale-up companies. Sometimes the larger organisations find it difficult to best leverage the human capital or the human potential that they have got inside of their companies. So, we do a mixture of more bespoke consulting, supported by technology that is really designed to help people work at their very best.

**What are your plans for Nepal?**

The plan is to bring the work that we do globally to Nepal too. The ultimate plan

is to help organisations based in Nepal to perform at their very best. We have worked with a number of clients here. Personally, I have been fortunate enough to be here many times over the last few years. This is actually my 12th time in the past couple of years and it feels a bit like a second home to me. I have met so many really good leaders here during my visits. Nepal is such an exciting emerging economy. I really want to bring in some of the best lessons that I know, that I have got and that I have learned from many organisations that I have been working with across India and North America. I want to be able to support leaders and teams in this economy to be able to accelerate their growth so that they can maximise the potential that they have got.

So, we are hoping to be able to partner with organisations and leaders here and just to do our bit to help businesses do as well as they possibly can do and support the growing ecosystem that is emerging here.

**Are there any plans to set up an office in Nepal?**

I think that would be the hope. I think all being well, if things continue to grow and thrive here, we will certainly be looking to establish more physical presence here. So, we are just in the process. I have a business partner who lives in Bhutan and obviously there are a good number of friends and leaders I am getting to know here. So, the plan is very much that we want to build a proper presence here and accelerate a business that is thriving in Nepal.

**You have been involved for a fairly long time in helping develop leadership qualities within organisations. Through your experience, how do you define leadership?**

That is a very pertinent question in the current global context. Leadership, at its heart for me, is about influence. I don't believe leadership is primarily a role or a title, and I think that's very much at the heart of understanding what leadership looks like in the new world that we live in. So, we've come through this huge cultural upheaval over the last 20 years that has gone from a late industrial age which is very, very hierarchical in the way that organisations work, very much focused on the individual. We live in a very different world now where teams are really the driving force of organisations; team production, team performance. That means leaders need to learn an entirely new skill-set in how they operate, which means that they need to lead through influence, effectively influencing other people. I think a lot of people in organisations now want to be around leaders that they choose to follow rather than have to follow.

So as a leader, if you are in a place where you are appealing to the title that you have got, where you need to do this because I am X, then you have probably already lost your credibility with people. So, at the heart of good leadership is an effective ability to influence other people, and that is everybody you know, whether or not they are more senior to you, whether or not they are peers, your direct reports, you lead by building effective relationship and influencing people. So, for me, that's at the heart of what leadership means. Titles then can just follow that. I always, when I was in-house inside of organisations, only gave titles to people when I already saw them operating with that level of influence because it makes it safe for somebody to have a title at that point.

**What are the aspects we need to follow to be able to influence people?**

How do you influence the people? Well, how long have you got? That's a huge topic. I think about leadership in three different dimensions which in many ways represent some of the skills that would enable somebody to effectively influence. So first of all, you need to have some level of technical knowledge and some level of IQ - what I call skills intelligence. If I am going to influence somebody, I probably need to know some of what I am talking about in any particular sphere. I need to be able to have some level of subject matter knowledge that is useful to another person for me to be able to have influence. Now that alone is not enough. It is important but if I only have that, I am probably not going to effectively influence many people.

I also need what you call EQ or emotional or relational intelligence. So, you need skills intelligence and you also need relational intelligence. Relational intelligence is your ability to be able to build a bridge towards the other person. That means I need to know how to build rapport, means I need to be able to build an interest in the other person. I need to understand what's going on with the other person. I need to be able to ask good questions so that I can understand how I connect, what it is that I've got that might be helpful to that person. I need to be able to make the other person feel at ease. I need to be able to create an environment of trust between me and that person. So, there's loads of other stuff that I ought to do with skills and relational intelligence.

Then, I also need to have what I call PQ or personality intelligence. I need to understand myself. So, the question I often ask leaders is, do you know what it's like to be on the other side of you. A lot of what I do with leaders is hold a mirror up to them and

say, here's what life is like or what people experience when they are on the other side of you. Because we have all got what I call broccoli stuck in our teeth, everybody's got behaviours, tendencies, things that they do that undermine their connection with other people. It might be a tendency to talk too much, might be a tendency to not make eye contact. It might be a tendency to be too critical in the way that they respond. It could be hundreds of things but if you don't know what those things are, you are likely to create some kind of offence or disconnection simply because you don't understand yourself and you have not asked what do people experience of me? So, if you work hard at building the right skills, building relational intelligence, building self-intelligence or personality intelligence, you have got a really good chance of actually beginning to build the skill set, the three-dimensional skill set, that's going to enable you to be somebody who's effective at influencing other people.

**What are some common traits of authentic leaders?**

Positive trait. That is the one common thing I have found in leaders. First of all, I'd probably say humility. And by humility, I mean somebody who is confident in the things that they are, they know they are very good at but they also maintain an openness to new possibilities and new learning. So, they don't have a fixed or closed mindset. So even though they might have a strong opinion, they remain open to the possibility that there are other ways of doing things. They also, as part of that humility, are prepared to acknowledge where they have got things wrong. I think what that does critically is it creates an environment where it's okay to fail, it's okay to be wrong, and it creates a permeability about them that actually invites people towards them. I would say humility is a really important one.

I think obviously talent and people who work hard at harnessing the skills that they have got is also important. I rarely meet people who may have an innate collection of skills, but they have actually worked hard at disciplining their skills. I don't believe talent and success are accidents or I believe that they are the combination of somebody's talent and opportunity and the fact that they work really hard. So, I don't think you have a substitute for that. So, somebody is humble, somebody who is actually prepared to work hard. And it's not just time. It's about the quality of the way in which somebody disciplines themselves. They discipline their talent. They focus their talent. They keep developing skills in a really systematic way.

And I think finally, hunger. People who are hungry, not physically hungry, but are hungry to do more and to do better, they don't get satisfied. When people begin to get to a point of satisfaction, they get complacent. So, people who remain hungry, normally it's because they are driven by some kind of ideological pursuit, some kind of belief that what they are doing is going to make the world better. I don't meet many people for whom money is the thing that maintains the hunger over time. It might get you to a certain point, but at the end of the day, it's not the thing that keeps people going. So being hungry, humble and smart or disciplined, I think would be the three things that I most look for people to be a success.

**Are successful outcomes the only measure of good leadership?**

I think leaders have got to do two things. The first thing that they need to do is to drive their own performance or make sure that their own performance as measured in the performance indicators inside of the business that they are in are effective. I don't think a leader operating inside an organisation can ever get

away from the fact that their success is in large part driven by the core metrics that the business uses to measure their performance. But I don't believe that's the only key measure.

I think the other key measure is how successful are you at multiplying skills, expertise and knowledge into the leaders around you? And that's actually the metric that I often am most interested in because you can have a talented individual and they add value to the business, but a real leader is able to multiply their capability, their performance into the lives of others, because what the business then gets is not just one effective leader. They get multiple effective leaders. The very best leaders know how to do themselves out of a job time and time and time again. It's the most precious resource. When I train people to do everything that I know and how to do it then that actually means that we act. We at times think we do ourselves out of a job but we don't. The people who can multiply their skills, knowledge and expertise actually become one of the most valuable assets to the business because they multiply and build a leadership pipeline, which helps scale business. So, leaders stay focused on driving their own performance by the core metrics and they're able to effectively multiply the leaders. I think they are the most effectively leaders. That would be the main thing I would personally look at. There are loads of other things within that we could talk about but the bottom line is these are the two things that leaders have got to manage.

#### **How should people deal with challenges and crisis?**

Well, that obviously depends what the crisis is. It depends on the challenges that you are facing. But I think dealing with real pressure and real crisis always needs to start with at least some measure of self-management. Often under pressure, leaders' default to natural tendencies,



**“A lot of what I do with leaders is hold a mirror up to them and say, here's what life is like or what people experience when they are on the other side of you.”**

natural behaviours that may undermine their influence. So, we've got to be really careful as leaders that under pressure we are maintaining a balance in the way that we are operating, that the behaviours that undermine our influence don't get inflated by pressure. So, I think the first thing is that leaders need to make sure they do not default to their natural behaviours under extreme pressure. Let's use the example of the early stage during the Covid pandemic when there was a huge crisis for businesses. One of the biggest things I was doing – I was part of an executive leadership team of a fairly big global IT company then – was making sure that we were self-managing. I was

making make sure that we were not leading out of insecurity and were leading out of a balanced and secure position.

The next thing is to make sure that you over-communicate with people. Whenever leaders create a vacuum, it always gets felt. There is no such thing as a vacuum in communication. I don't believe leaders should ever not communicate. Even if they are simply communicating and don't have lots to say at the moment, they should communicate and say this is where we are. Leaders should communicate and say I want you to know that this is what we're working on at the moment and we will come back to you as soon as we've got

the answers. Communicating something is way better than communicating nothing. So, over-communication is very important because it's to do with presence, any vacuum gets filled. If you don't fill the vacuum of communication, somebody else will fill it and it's probably not going to be good. So, make sure that you own the communication waves.

I think the third thing would be presence. In the midst of crisis people need presence. They need to know that somebody is leading. They need to know that somebody is there. They need to feel proximity to leaders. So, again, in the early stages of the pandemic, it was a huge task because effectively we were

scattered and presence was difficult. Actually, what we worked really hard on, what I started with all of the team leaders across the business was I told them to prioritise presence, even though you can't physically be with people. What does it look like for you to set up a mechanism by which people feel like they are connected to you?

And I think the final thing is often in crisis what people need more is direction. So, there's a time and a place for high collaboration and there is a time and a place for being more direct as a leader. Crisis is a time where you need more direction. People are happier to receive clear direction when things are under pressure. So be prepared to give stronger, clearer, simpler direction more consistently so that people feel more secure when they are being directed in that kind of a time and environment.

#### **How should leaders deal when they are challenged or when their leadership methods are challenged?**

Again, it will slightly depend on what that particular challenge the people are bringing. The first thing that I would always try and do is make sure that I don't inadvertently create a culture that is going to damage me in the long run. What I mean by that is I want as a leader, it's a high priority for me and it should be a high priority for other leaders, I want people to always feel like they can come and give feedback. They can come and address challenges. They disagree with me. I want them to feel like they can come and talk to me openly about it. And so that is more important to me than whether or not somebody comes and says something that I like or not. So, the first thing that I want to make sure I do is that I don't respond to that person in a way that shuts down the future opportunity for people to come and talk to me. Because if I respond negatively, if I respond defensively, if I respond

aggressively, it's not only them that are not going to come back and talk to me in the future, you have got to believe that they are going to tell their teammates about how I have responded to you. You have to, because it's very likely that's what's going to happen. So, I need to watch the way that, and this is part of relational intelligence and self-intelligence, how am I responding to that person to make sure that they know that I am not defensive, I am okay with them coming and sharing stuff that I don't agree with.

Hence, the first thing that I would always tell them is that I am really thankful that they have come and spoken to me about this. I would tell them that I appreciate the fact that they have come and shared their views and opinions and that they have shared the challenges that they have seen, either in my leadership or in the way that we're working as a team. And the reason that I want to do that is I want them to know that I am good with it, like I am secure enough and that's not a threat to me. If it feels a threat, I look insecure. So, I thank them. It's really helpful and also because all feedback is feedback. Whether or not it's good it's still feedback and often there is some truth there. Even if it's not, even if I don't agree with the majority of it, there's still some truth in that that I need to be mature enough to be able to look at. And there's also the fact that perception is reality. If that's that person's perception, it is their reality and I have got to understand, rightly or wrongly, that is how they see reality. That's why I thank them.

First, I watch my body language. I don't respond by pointing fingers aggressively back. Often if somebody being threatening towards me, I actually often just sit back. I take a really relaxed position just to communicate that it is fine, I am good with it. I would then try to ask questions rather than come back immediately with 'I don't agree'. I don't want to get into a debate too

quickly. I'll come back to them and say, I am really interested to understand more about the thing that you said and what makes you say that and why did you say that? Because question asking positions me in humility as a learner. I also try and work hard at the questions I'm asking because rather than get into a disagreement or a debate I'll try and do is ask questions that might help that person realise there's more than meets the eye.

They may be approaching the conversation with a really narrow viewpoint. So, asking questions might help them realise that this perhaps more going on than they thought. Questions like 'I wonder have you thought about X'. It is interesting you say 'I wonder how you think that fits in with the wider context and picture'. So just asking questions first and I may then finally go back with 'I am really grateful for you sharing your opinion. But in this situation, this is how I see things. I've learned a couple of things from you in the conversation, but this is still my opinion'. So, you've got to still be ultimately prepared to own your conviction, own your opinion, own your direction. And there's a point sometimes where you just need to disagree but don't believe that disagreement makes you stronger. Sometimes it makes you stronger if what the other person is saying is actually true for you to say, 'You know what, it's been so helpful here with your opinion. I actually think this part of what you're saying is true, and I'm going to take that on board and do things differently.' That's fine. It doesn't weaken you? It strengthens you as a leader. Humility is a trait that attracts people to hold you up.

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

There's a leader, Steve Cockram, one of the founders of Giant Worldwide, which is a company I was part of before who I think has played a really significant role in life

for me, who I still admire, still have deep respect for and look up to. Now, we have become good friends, almost more peers helping each other. But certainly, ten years ago, I think he played a very defining role in my growth and development and the ultimate reason was the fact that he was prepared to believe in me. So, it was a particularly defining time in my career and my personal life where he actually helped my confidence. I had had a difficult time and he backed me and almost invested in me at a level that wasn't necessary. He went over and above what his role required. And so, I think there was a quality of the way that he relates to me that I found deeply impactful. And I think it's really affected the way that I lead other people because I know the impact that he had on me. I think it's given me that perspective of you are never a loser as a leader if you give more to somebody than you need to. Actually, all it does is it attracts people towards you. So, I think his generosity towards me was hugely impactful. He was also super smart, really good, a good strategic leader but it was the quality of belief that he gave to me that I think was really impactful.

A lot of what I do with leaders is hold a mirror up to them and say, here's what life is like or what people experience when they are on the other side of you. Because we have all got what I call broccoli stuck in our teeth, everybody's got behaviours, tendencies, things that they do that undermine their connection with other people. It might be a tendency to talk too much, might be a tendency to not make eye contact. It might be a tendency to be too critical in the way that they respond. It could be hundreds of things but if you don't know what those things are, you are likely to create some kind of offence or disconnection simply because you don't understand yourself and you have not asked what do people experience of me? **B**

# IPO FRENZY

## KNOW THE RED FLAGS



Initial Public Offerings (IPOs) are pivotal events in a company's journey allowing it to tap into the public capital market to fuel growth and expansion. In Nepal, the regulatory authority responsible for overseeing IPOs is the Securities Board of Nepal (SEBON). SEBON plays a crucial role in meticulously inspecting, evaluating and approving IPO applications submitted by companies. However, it's important to note that not every company that applies for an IPO receives SEBON's approval. In this context, investors are presented with a significant responsibility. With SEBON's rigorous scrutiny serving as a baseline, investors must conduct their own comprehensive research before making investment

decisions. This research includes analysing the financial performance of the company, evaluating the competency and experience of the management team, studying industry trends, and assessing the competitive landscape.

In recent years, there has been a notable surge in the number of individuals opening dematerialised (Demat) accounts. These accounts facilitate the electronic holding of shares and have become a popular choice among investors. Before the Covid 19 pandemic, the number of Demat accounts and applicants for Central Registration Number (CRN) in banks was relatively modest. However, as lockdown measures were lifted, banks witnessed a significant increase in the number of loans being

taken out for share purchases. Investors are increasingly leveraging bank loans to participate in IPOs. Currently, there are approximately 1,981,598 Demat accounts in Nepal, highlighting the growing interest in the stock market.

In the first half of 2023, the Asia-Pacific region maintained its position as the global leader in IPO activity. This region accounted for approximately 60% of the total global IPO volume and value. During this period, there were 371 IPOs in the Asia-Pacific region, raising a combined total of \$39.4 billion. While this represented a slight decline of 2% in the number of IPOs, the total value decreased significantly by 40%.

Technology, industrials and materials sectors dominated the IPO listings, reflecting the

diverse landscape of companies going public. Mainland China, in particular, has been focused on rejuvenating its economy post-Covid lockdown. However, several challenges, including the lingering economic impact of the pandemic, reduced consumer spending power, manufacturing and export hurdles, and escalating US-China tensions, have cast a shadow of uncertainty over the IPO landscape. As a result, many significant IPOs are currently on hold, awaiting more favourable market conditions. Hong Kong, too, has experienced reduced listing activity in the first half of the year, influenced by interest rate hikes and weakened equity prices of IPOs completed in the previous two to three years.

Within the context of

Nepal, there have been recent instances of IPOs garnering significant attention and oversubscription. For example, the IPO of Nepal Reinsurance Company was oversubscribed by 1.57 times within just two days of its issuance, even as the Nepal Stock Exchange (NEPSE) index was down by 3.3674% during that period. Similarly, the IPOs of NIC Laghubitta Bittiya Sanstha and Sadhana Laghubitta Bittiya Sanstha saw oversubscription levels of 5.16 times and 16.44 times, respectively.

While the increasing number of IPO applicants is indicative of growing investor interest, it also brings forth its own set of challenges. One prominent issue is the lack of transparency and regulatory oversight in the market. This absence of robust regulations and supervision can lead to concerns about market integrity and investor protection. Additionally, the limited liquidity in the market has resulted in heightened stock price volatility. This volatility has had consequences for investors, including the potential for not receiving expected dividends and the constant fear of incurring losses.

Further, the market continues to be dominated by a few large companies, limiting opportunities for diversification. Additionally, Nepal's IPO market presents both opportunities and challenges for investors. While there is the potential for high returns, investors must navigate a market with limited liquidity, a lack of regulatory oversight, and concerns regarding transparency. These factors have contributed to a climate of skepticism among economic experts and serious investors, underscoring the need for greater transparency, regulation, and investor education in Nepal's growing IPO market.

In this issue of **Business 360**, we spoke to a few experts to get their views on this recent trend of IPOs. Excerpts:

**DHARMA RAJ SAPKOTA**  
President, Stock Brokers'  
Association of Nepal

**There is a frenzy for IPOs at the moment. How would you describe this phenomenon?**

The current frenzy for Initial Public Offerings (IPOs) is quite evident. In my view, while this surge in interest is positive, it's essential to consider refining the process by implementing the book building mechanism before the actual announcement of an IPO. I believe that such an approach could prove to be beneficial for all parties involved. The introduction of a book building mechanism will undoubtedly have its advantages. By allowing investors to express their interest and willingness to buy shares within a certain price range, it will lead to a more accurate and well-informed pricing of the IPO. This, in turn, will enhance transparency and build investor confidence. As the process unfolds, investors will gradually gain a clearer understanding of the dynamics of investing in the share market.

What I find particularly promising is the fact that investors are now diversifying their investments across various sectors. This practice can significantly mitigate the risks associated with concentrating investments in a single sector. This trend underscores a growing awareness among investors about the importance of a well-rounded portfolio. In light of these developments, I hold a positive outlook on the increasing enthusiasm among investors. It reflects a healthy and growing interest in financial markets and wealth creation. However, I believe that alongside this trend, there should be a concerted effort to provide proper education about the intricacies of investing in the share market.

Educated investors are empowered investors, and ensuring a solid understanding of the risks and rewards of the market will be vital to sustaining this positive momentum. To summarise,

while the current IPO frenzy is a promising sign of investor engagement, there's an opportunity to enhance the process through the implementation of a book building mechanism. This, combined with a focus on educating investors, could lead to a more informed and sustainable growth in the investment landscape.

**With the economy on a downturn, do you believe IPOs to be a good instrument to invest in?**

Your question about whether IPOs are a suitable investment instrument during an economic downturn is quite pertinent. From my perspective, I firmly believe that IPOs can hold potential value regardless of the economic climate. However, a crucial factor in making them beneficial lies in ensuring fair pricing through the implementation of the book building mechanism. I hold the view that the timing of IPOs doesn't necessarily hinge on the state of the economy. Every phase, including downturns, presents its unique set of opportunities. It's imperative to approach IPOs with a long-term perspective. Companies going public during an economic downturn might possess resilience and innovation that positions them for substantial growth once the economy rebounds.

Talking about the pricing aspect, the book building mechanism holds significant promise. By allowing investors to express their interest within a certain price range, it can lead to a more accurate valuation of the IPO. This precision is crucial for both the issuing company and potential investors. It fosters transparency and helps prevent overvaluation or undervaluation, both of which could have adverse effects. In the context of economic downturns, these periods often unveil hidden gems. Investors who thoroughly research and understand the causes of temporary downturns can identify companies that are well-poised to thrive once conditions improve.

It's about recognising the potential for growth beyond the current challenges. I stand by the idea that IPOs can be a valuable investment avenue regardless of economic conditions. Fair pricing achieved through the book building mechanism is essential for their success. Moreover, downturns should be seen as opportunities to uncover promising ventures with the potential for future growth. It's about being well-informed, forward-thinking, and ready to seize the advantages that every market phase presents.

**IPOs basically mean raising public funds; how robust is the due diligence when allowing companies to introduce IPOs?**

It's absolutely necessary to conduct thorough due diligence before allowing companies to introduce IPOs and raise public funds. This ensures that the companies seeking to go public meet the essential prerequisites and standards, thereby safeguarding the interests of both investors and the market as a whole. The due diligence process is a critical step in maintaining the integrity of the financial markets. It involves a comprehensive assessment of various aspects of the company, including its financial health, business operations, management team and overall strategy. This scrutiny is essential to verify that the company has a solid foundation and is capable of responsibly managing the funds it raises from the public.

In addition to the initial due diligence, there should be an ongoing monitoring mechanism in place. Companies' circumstances can change over time, and it's important to ensure that they continue to meet the necessary criteria. Regular checks and evaluations can help prevent fraudulent activities and ensure that investors' funds are being utilised appropriately. The role of regulators in this process is of paramount importance. Regulators should not only set the guidelines for due diligence but also actively oversee the process. They need to ensure

that companies are thoroughly vetted before being allowed to raise funds through IPOs. Moreover, regulators should also prioritise the safety and interests of investors.

This involves creating an environment where investors can confidently participate, knowing that their investments are going into companies that have been properly examined and are being closely monitored. Due diligence is an essential aspect of the IPO process. It involves both an initial assessment and continuous monitoring to ensure that companies are fit to raise public funds. Regulators play a pivotal role in enforcing these standards and ensuring that investors are making safe and informed investment choices. Ultimately, a robust due diligence process contributes to the overall health and credibility of the financial markets.

## What are the market risks associated with investment in IPOs?

From my perspective, there are several risks associated with investing in Initial Public Offerings, and it's essential for investors to be fully aware of these potential challenges before making investment decisions. One of the key risks that investors should be mindful of is the potential for overvaluation of the company's shares. The valuation of a company's shares is often influenced by market sentiment, prospects and demand for its products or services. However, there's a risk that the market might become overly optimistic about the company's potential, leading to an inflated valuation. When the market eventually corrects itself, there's a possibility that the stock price might drop to a more reasonable level, causing losses for investors who bought in during the overvalued phase.

Moreover, the inherent price volatility associated with IPOs can also pose a risk. In



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the early stages of trading, stock price can experience significant fluctuations due to the excitement and uncertainty surrounding the new listing. This volatility can expose investors to sudden price swings, potentially impacting their investments. Insufficient information about the company can be another challenge. Unlike established companies with a track record, IPOs might have limited historical financial data available for analysis. This lack of information can make it challenging for investors to accurately assess the company's financial health, growth potential and overall stability. Making informed decisions becomes more difficult when the necessary data isn't readily accessible.

## What is the government's role in mitigating the associated risks with IPOs?

There are several steps that the government could consider implementing to ensure a more secure and transparent environment for investors participating in the IPO market. First and foremost, I believe that the establishment of a robust regulatory body is crucial. This regulatory body should have the authority to oversee and monitor the entire process of IPOs. This includes scrutinising the company's financials, verifying the accuracy of information provided in the prospectus, and ensuring that the company meets all necessary requirements for going public. A major concern when it comes to IPOs is the pricing of shares. To address this, the government should closely monitor the pricing mechanism to prevent overvaluation or undervaluation of shares. Implementing stringent guidelines and rules around the pricing process can contribute to a more accurate valuation, ultimately safeguarding the interests of both the company and the investors.

Transparency is another vital aspect that the government should focus on. It's important to ensure that companies issuing IPOs are compelled to maintain transparency throughout the entire process. This includes disclosing relevant information about their financials, business operations, and risk factors. When investors have access to complete and accurate information, they can make more informed decisions and better assess the potential risks. Moreover, the government can play a pivotal role in setting norms and standards for issuing IPOs. By establishing clear guidelines and requirements that companies must adhere to before going public, the government can enhance the quality of companies entering the IPO market.

This can help filter out companies that might not be adequately prepared or suitable for public listing. I believe the government holds a significant responsibility in ensuring the safety and credibility of the IPO market. This involves creating a strong regulatory framework, closely monitoring pricing, enforcing transparency, and setting industry norms. By taking these steps, the government can help mitigate the associated risks and foster an environment that encourages healthy investment in IPOs.

## It has been pointed out that despite some companies not performing well, have been given approval to issue IPOs. How do you view this?

It's crucial for the regulator to adopt more transparent and prudent norms when granting approval for companies to launch IPOs. This step is essential to ensure that only companies with a reasonable level of stability and potential are permitted to enter the market. One of the primary aspects that the regulator should focus on is transparency. Clear and well-defined criteria should be established for companies seeking to issue IPOs. These criteria could include financial benchmarks, operational performance and growth trajectory. By setting stringent standards, the regulator can filter out companies that might not be adequately prepared to meet the demands of public markets.

Additionally, the pricing of IPOs is a key concern. It's important to ensure that the valuation of shares is done fairly and accurately. To address this, the regulator should emphasise the execution of the book building mechanism. This approach allows investors to express their interest in a specific price range, leading to a more precise valuation of the IPO. This can help prevent overvaluation and

ensure that investors are offered a reasonable entry point. Furthermore, continuous monitoring by the regulator is paramount. Even after the approval has been granted, there should be a mechanism in place to review the performance of the company.

If a company's performance deteriorates significantly after receiving approval, the regulator should have the authority to reconsider its decision and potentially revoke the permission to issue IPOs. My take on this matter is that the regulator's role is pivotal in maintaining the integrity of the IPO market. Transparent and prudential norms for approval, a focus on fair pricing through book building, and ongoing oversight are essential to ensuring that only deserving and promising companies enter the IPO arena. This not only protects investors but also contributes to the overall health of the capital market and also the economy of the country.

"The pricing of IPOs is a key concern. It's important to ensure that the valuation of shares is done fairly and accurately. To address this, the regulator should emphasise the execution of the book building mechanism. This approach allows investors to express their interest in a specific price range, leading to a more precise valuation of the IPO. This can help prevent overvaluation and ensure that investors are offered a reasonable entry point. Furthermore, continuous monitoring by the regulator is paramount. Even after the approval has been granted, there should be a mechanism in place to review the performance of the company.

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## DHANI RAM SHARMA

Joint Secretary  
Ministry of Finance

**There is a frenzy for IPOs at the moment. How would you describe this phenomenon?**

In the current scenario, we are witnessing a significant frenzy surrounding Initial Public Offerings (IPOs), and it's truly fascinating to observe this phenomenon unfold. From my perspective, it's indicative of a noteworthy shift in investor behaviour and corporate strategies, both of which have far-reaching implications for the financial landscape. I've noticed that investors are becoming increasingly informed about opportunities within the share market. This stands in stark contrast to the past, where many would simply park their funds in conventional savings accounts, cooperatives or other traditional savings vehicles. It's encouraging to see this transformation, as it signifies a growing awareness of the potential benefits that investing in the stock market can offer.

What I find particularly commendable is the growing trend of investors diversifying their portfolio. This strategic move toward spreading investments across various sectors and industries can play a pivotal role in mitigating the risks associated with concentrated investments. Rather than channelling substantial resources into a single sector, individuals are now more inclined to distribute their investments, ultimately fostering a healthier and more balanced financial ecosystem. On the corporate front, it's intriguing to witness companies utilising IPOs as a means to expand their business operations. By opting to go public, enterprises can tap into a fresh stream of capital that can be channelled toward growth and innovation. This marks a departure from the traditional reliance on bank loans and internal equity. Embracing IPOs as a mechanism for resource mobilisation not only reduces dependency on limited



financing options but also opens up avenues for strategic expansion and increased market presence.

Overall, I view this IPO frenzy as a positive trend, indicative of a heightened engagement level among investors. There's an evident eagerness to explore new avenues of wealth creation and financial empowerment. However, in this exciting context, I believe it's paramount to provide comprehensive education about the intricacies of the stock market. Equipping investors with the knowledge and skills needed to make informed decisions will be instrumental in maximising the benefits of this evolving investment landscape. Also, I find it truly encouraging to witness the surge in interest and activity surrounding IPOs. As both investors and corporations embrace this trend, it's crucial that we foster an environment of education and awareness. By doing so, we can ensure that individuals make well-informed investment choices and that companies effectively utilise IPOs as a mechanism for growth and resource optimisation.

**With the economy on a downturn, do you believe IPOs to be a good instrument to invest in?**

Considering the current state of the economy, particularly its downturn, the question of whether IPOs are a viable investment instrument demands careful consideration. From my standpoint, I view short-term downturns or fluctuations as integral components of the broader business cycle. Rather than approaching them solely as negative occurrences, it's crucial to recognise the potential they hold for introducing fresh opportunities into the investment landscape. History has shown that each downturn, regardless of its scale, has been accompanied by new prospects for growth and profit. These opportunities often arise from the unique challenges presented by the economic environment. As such, I firmly believe that investors should adopt a

forward-looking perspective, focusing on the potential that these downturns bring to the table.

However, I am also of the opinion that making informed investment decisions during such times requires a deep understanding of the underlying causes of these temporary setbacks. By delving into the root causes, investors can gain valuable insights into the dynamics at play and the areas that might see resurgence in the future. This knowledge is crucial for identifying sectors or industries that could rebound strongly as the economy stabilises and begins its upward trajectory once again.

Maintaining an optimistic outlook is key. While it's easy to be swayed by the immediate challenges posed by an economic downturn, it's important to remember that these downturns are part of a broader cyclical pattern. By staying optimistic and focusing on the potential for recovery and growth, investors can position themselves to capitalise on the eventual rebound. I believe that IPOs can indeed be a favourable instrument for investment even during periods of economic downturn. However, the decision to invest should be grounded in a thorough understanding of the underlying factors contributing to the downturn. With the right knowledge and a positive outlook, investors can identify the sectors and opportunities that are likely to flourish as the economy regains its strength.

**IPOs basically mean raising public funds; how robust is the due diligence when allowing companies to introduce IPOs?**

The concept of Initial Public Offerings (IPOs) is centred around raising funds from the public but it's imperative to ensure a robust process of due diligence before granting companies the opportunity to introduce IPOs. In my view, this careful scrutiny serves as a vital safeguard to maintain the integrity of the market and protect the interests of both investors and the broader financial

ecosystem. When companies seek to go public through an IPO, there should be a set of essential prerequisites they must meet. These prerequisites, often outlined by regulatory bodies, are designed to assess the company's financial health, governance practices, operational history and growth prospects. This due diligence process is crucial in ensuring that companies seeking public investment are not only well-prepared but also capable of fulfilling their obligations to their shareholders.

The regulator's role in overseeing this process cannot be overstated. Their responsibility extends beyond merely allowing companies to raise funds; they must also ensure that the investment environment remains smooth and secure for all stakeholders involved. By rigorously evaluating the company's financial statements, business plans, risk factors, and other pertinent information, regulators can identify any red flags or concerns that might compromise the safety and trustworthiness of the investment opportunity. Furthermore, this due diligence process plays a critical role in maintaining investor confidence.

When investors are assured that companies undergo thorough scrutiny before entering the market, they are more likely to perceive IPOs as credible investment avenues. This trust is essential for sustaining healthy participation in the market and fostering a sustainable investment ecosystem. The requirement for due diligence in the context of IPOs is not just a formality; it's a fundamental necessity. It ensures that companies seeking public funding are well-prepared and have met the necessary benchmarks. By placing this responsibility on regulators and ensuring that companies fulfil certain criteria, we contribute to a more secure, reliable, and transparent investment landscape that benefits both companies and investors alike.

**What are the market risks associated with investment in IPOs?**

Certainly, investment in Initial Public Offerings (IPOs) does come with its fair share of market risks and it's essential to be fully aware of these potential pitfalls before considering such an investment avenue. From my perspective, several significant risks are associated with IPO investments, each of which demands careful consideration. One of the primary risks that investors face is the possibility of overvaluation. This is a critical concern because the valuation of a company undergoing an IPO is often influenced by the perceived prospects and demand for its products or services. However, there's a risk of the company being overhyped, leading to an inflated valuation that doesn't truly reflect its actual worth. This becomes particularly problematic if the broader market corrects itself, causing the stock price to plummet to a more realistic level. This can result in substantial losses for investors who bought into the stock at its peak.

Additionally, the issue of allotment is a notable risk. Sometimes, due to high demand and oversubscription, not all investors who wish to participate in an IPO are allocated shares. This can be disappointing for investors who were hoping to secure a position in the company but end up empty-handed due to the allocation process. The volatility of stock prices is another significant risk associated with IPO investments. Immediately after an IPO, the stock price can experience considerable fluctuations, driven by market sentiment, trading volumes and various external factors. This volatility can lead to rapid and unpredictable changes in the stock's value, potentially resulting in gains or losses for investors, depending on the timing of their trades.

Furthermore, limited information about the company poses a risk. In many cases, companies going public might not have an extensive track record or a substantial amount of historical financial

data available for scrutiny. This lack of information can make it challenging for investors to thoroughly assess the company's financial health, growth potential, and overall stability. It's crucial for investors to acknowledge and comprehend the market risks that come with investing in IPOs. The risk of overvaluation and subsequent price correction, the uncertainty of allotment, price volatility and insufficient information about the company are all factors that need to be factored into investment decisions. By being vigilant and conducting thorough research, investors can better navigate these risks and make informed choices that align with their risk tolerance and financial goals.

## **What is the government's role in mitigating the associated risks with IPOs?**

In my opinion, the role of the government in mitigating the risks associated with Initial Public Offerings (IPOs) is of utmost importance. As a regulator, the government has a pivotal role to play in ensuring the integrity of the market and safeguarding the interests of both investors and the overall financial ecosystem. First and foremost, I believe that close and vigilant monitoring of the IPO allotment process is crucial. By overseeing this process, the government can help prevent any potential manipulation or bias, ensuring that the allocation of shares is fair and transparent. This is essential in maintaining investor confidence and trust in the IPO market.

Transparency is another key aspect that the government should emphasise. Requiring companies to maintain a high level of transparency during the IPO process ensures that investors have access to accurate and reliable information. This transparency extends to disclosing relevant financial data, business plans, risk factors and any other material information that investors need to make informed decisions.



Several significant risks are associated with IPO investments, each of which demands careful consideration. One of the primary risks that investors face is the possibility of overvaluation. This is a critical concern because the valuation of a company undergoing an IPO is often influenced by the perceived prospects and demand for its products or services.

Setting prudential norms for issuing IPOs is an effective step toward risk mitigation. Establishing clear guidelines and standards that companies must meet before being allowed to go public can help filter out entities that might not be adequately prepared or suitable for the public market. These norms can include financial stability criteria, corporate governance practices, and other indicators of a company's readiness for public trading. Moreover, the government's role in enhancing market literacy among investors is vital. Many individuals may not possess a comprehensive understanding of the intricacies of the stock market and IPO investments.

By offering educational initiatives, seminars and resources, the government

can empower investors with the knowledge and skills they need to assess risks, make informed decisions and navigate the complexities of the IPO landscape. The government has a multifaceted role in mitigating the risks associated with IPOs. Close monitoring of allotment processes, promoting transparency, establishing prudential norms and providing market literacy are all strategies that can collectively contribute to a safer and more reliable investment environment. By taking proactive measures in these areas, the government can foster a market that encourages responsible participation and ultimately benefits both investors and companies seeking public funding.

## **It has been pointed out that despite some companies not performing well, have been given approval to issue IPOs. How do you view this?**

From my perspective, the situation you have described where companies that aren't performing well and are still being granted permission to issue Initial Public Offerings (IPOs) raises a crucial concern about the effectiveness of the regulatory framework in place. To address this issue, I strongly believe that the regulator should take immediate steps to enhance transparency and establish more stringent prudential norms for companies seeking to enter the public market through IPOs.

Transparency is the cornerstone of a healthy and trustworthy financial market. When companies with lacklustre performance are allowed to issue IPOs, it not only undermines investor confidence but also potentially exposes investors to unnecessary risks. By making the IPO approval process more transparent, the regulator can ensure that the rationale behind each decision is clear and justifiable. This transparency would hold the regulator accountable for the companies it permits to go public, fostering a more accountable and reliable market environment.

Prudential norms play a crucial role in filtering out companies that might not be ready for public trading. These norms can encompass a range of criteria, including financial stability, operational history, governance practices, and growth prospects. By establishing stringent norms, the regulator can effectively prevent underperforming or ill-prepared companies from entering the public market prematurely. This will not only protect investors from potential losses but also uphold the integrity of the market itself. Furthermore, the regulator should actively collaborate with relevant stakeholders, industry experts and market participants to develop a comprehensive set of prudential norms.

This collaborative approach ensures that the norms are well-informed, practical and capable of addressing the diverse range of challenges that can arise when companies with subpar performance seek to go public. My take on this situation is that the regulator's responsibility is paramount in maintaining a healthy and trustworthy IPO market. Enhancing transparency in the approval process and setting up more rigorous prudential norms can go a long way in preventing companies that are not performing well from entering the public market. These measures will not only safeguard investors but also contribute to the overall stability and credibility of the financial ecosystem.

"When companies with lacklustre performance are allowed to issue IPOs, it not only undermines investor confidence but also potentially exposes investors to unnecessary risks. By making the IPO approval process more transparent, the regulator can ensure that the rationale behind each decision is clear and justifiable. This transparency would hold the regulator accountable for the companies it permits to go public, fostering a more accountable and reliable market environment"



**PROFESSOR PUSHKAR  
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**There is a frenzy for IPOs at the moment. How would you describe this phenomenon?**

Well, it's quite fascinating to witness the current frenzy for Initial Public Offerings (IPOs) in Nepal, and this trend seems to be mirrored in various other countries as well. What we are observing is reminiscent of the early days when market growth was nothing short of extraordinary. This prompted investors, both seasoned and novice, to enthusiastically embrace IPOs as a means to secure substantial capital gains, often overshadowing the importance of sustained earnings. It's truly remarkable how there have been instances where the demand for IPOs has soared to unprecedented levels, surpassing the actual volume of shares issued.

Even in the aftermath of the Covid 19 pandemic which has presented its own set of challenges to the market, the allure of capital gains remains undiminished. This phenomenon sheds light on a prevailing inclination among Nepali investors, regardless of their stature, to gravitate towards short-term gains rather than adopting a more patient and long-term perspective. This preference for swift returns over enduring growth is further reinforced by the outcomes of numerous research studies conducted in this field. The landscape reveals a pattern that indicates many investors seem to prioritise immediate profits over sustained, gradual value appreciation.

However, it's crucial to recognise that this trend might be driven by a certain short-sightedness. While the excitement and rush for IPOs are palpable in the short term, it's essential to acknowledge that such levels of return might not be sustainable over an extended period. In the grand scheme of things, the

allure of rapid capital gains, while undeniably enticing, could be masking the potential benefits of adopting a more patient, long-term investment strategy. As time progresses and market dynamics continue to evolve, it's likely that the realisation of consistent, stable returns will come to outweigh the initial allure of rapid but fleeting gains. Thus, it wouldn't be entirely unreasonable to categorise the current frenzy surrounding IPO investments as a somewhat 'short-sighted' approach, given the potential for more enduring gains down the road.

**With the economy on a downturn, do you believe IPOs to be a good instrument to invest in?**

In the current economic climate, the question of whether IPOs present a viable investment instrument warrants a comprehensive examination. The prevailing downturn in the economy, a topic that merits an in-depth conversation in its own right, can be largely attributed to the elevated cost of doing business. This increase in costs has primarily been fueled by a significant rise in interest rates, a measure implemented to counteract inflationary pressures. The sheer magnitude of this interest rate hike, a staggering 350 basis points, has substantially escalated the expenses associated with conducting business operations. Consequently, we have witnessed a reduction in both consumer demand and investment activities, thereby contributing to the overall economic slowdown. It's noteworthy that the misalignment between fiscal policies and monetary policies has further exacerbated the ongoing economic crisis.

Despite notable improvements in liquidity conditions, the demand for loans has remained subdued due to persistently high interest rates. This divergence between deposit and lending rates within financial institutions has perpetuated the challenges faced by businesses. Given this intricate backdrop, it appears



**Rigorous evaluation of every potential opportunity is indispensable to ensure that the journey towards investment is accompanied by a prudent sense of safety and foresight. In summation, the current landscape necessitates an atmosphere of precaution and diligence.**

that the economic downturn will persist for a considerable period, causing the lofty expectations associated with budgetary allocations to be somewhat elusive. In light of this context, the rationale behind pursuing IPOs becomes threefold. Firstly, the market appetite for IPOs endures, with the potential for oversubscription still a plausible outcome. Secondly, the elevated interest rate environment has curtailed the prospects for leveraging financial resources effectively. And thirdly, investors possessing ample liquidity are actively exploring alternative avenues for their investments. However, it is imperative for investors to exercise due diligence and acknowledge a couple of critical factors.

To begin with, not all enterprises are destined for success, and it's paramount to recognise this inherent risk. Additionally, whether one aims to achieve capital gains

or steady returns, it's crucial to comprehend that these rewards may necessitate a considerable amount of time to materialise. This inherent risk implies that the investment climate is conducive primarily for individuals who possess the willingness to adopt a longer-term perspective – those who are prepared to exhibit patience in the pursuit of returns. Conversely, the current economic and market conditions are far from supportive of short-term investors seeking immediate gains. While the upsurge in IPOs signifies a surge in entrepreneurial endeavours and a collective aspiration to steer the nation towards growth and development, it's essential that these undertakings are approached with a judicious degree of caution.

Rigorous evaluation of every potential opportunity is indispensable to ensure that the journey towards investment is accompanied by a prudent sense of safety and foresight. In summation, the current landscape necessitates an atmosphere of precaution and diligence. The proliferation of IPOs is indeed indicative of a burgeoning entrepreneurial spirit, reflecting the nation's commitment to progress and betterment. However, this trajectory should not be devoid of the necessary contemplation and scrutiny that a decision of such significance demands.

**IPOs basically mean raising public funds; how robust is the due diligence when allowing companies to introduce IPOs?**

Your question raises a significant and pertinent concern. The concept of Initial Public Offerings (IPOs) revolves around raising capital from the public, and it begs the question of whether adequate due diligence is conducted when permitting companies to introduce IPOs. As it stands, the current process of issuing IPO prospectuses entails the inclusion of numerous terms and conditions. However, what's glaringly absent is a mandatory requirement

for conducting a thorough due diligence audit of the enterprise by genuinely independent auditors. This lack of a mandatory due diligence audit often leads to a scenario where IPOs are brought to the market without undergoing comprehensive scrutiny. Consequently, what we often observe are notable disparities between the commitments and promises outlined in the prospectus and the actual performance of the company post-IPO. These deviations, at times, are quite substantial in nature.

Particularly noteworthy is the fact that due diligence audits should be obligatory for companies that are operational and ongoing concerns. This will ensure that an accurate and transparent representation of the company's financial health, operational capabilities and growth prospects is presented to potential investors. Such an audit will essentially serve as a mechanism to verify the authenticity of the information provided in the prospectus, reassuring investors that the information they are relying upon is credible and reliable. What's particularly concerning is that despite the occurrence of periodic market corrections in the secondary market, the true financial position and performance of many ventures have not been adequately reflected. This serves as a strong indicator that the existing system of oversight and validation falls short of providing a complete and accurate representation of a company's standing.

Given these observations, there's a resounding argument for the introduction of a due diligence mechanism akin to the audit process. This would involve independent auditors conducting in-depth evaluations of the company's financial statements, operational strategies and growth prospects. The findings of such an audit would then be disclosed within the IPO prospectus, providing potential investors with a much-needed layer of confidence. In essence,

the call for mandatory due diligence audits before IPOs is driven by a sincere desire to ensure that investors are equipped with transparent and accurate information. By bridging the existing gap between promises and actual performance, this due diligence effort would contribute significantly to fostering a climate of trust between companies and the investing public. Ultimately, the implementation of such a practice will not only enhance investor confidence but also cultivate a more transparent and accountable IPO ecosystem.

#### **What are the market risks associated with investment in IPOs?**

Your question delves into a crucial aspect of investing in Initial Public Offerings (IPOs) – the associated market risks. There are several dimensions to consider when assessing the potential risks tied to investing in IPOs. These risks encompass a range of factors that could influence the outcome of an investment. Allow me to elaborate on these market risks:

a. The foremost concern involves the inherent possibility that the venture, in which an individual invests through an IPO, might encounter failure. This risk is particularly pronounced against the backdrop of a weakened economy and a market that is experiencing sluggish performance. The broader economic context could significantly impact the company's operations, profitability and overall viability. As a result, the returns on investment might not materialise as anticipated, or worse, the investment could result in losses.

b. The expectation of returns is a fundamental driver behind investing in IPOs. However, there exists a genuine risk that the projected returns, as indicated during the IPO process, may not align with the actual performance post-listing. Factors such as market fluctuations, shifts in consumer

demand and unforeseen industry developments could all contribute to discrepancies between anticipated and realised returns.

c. Another critical consideration revolves around the feasibility assessment of the venture. It's not uncommon for IPO prospects to be built upon optimistic scenarios that showcase the company's potential under the best circumstances. However, the omission of more conservative or pessimistic scenarios could leave investors vulnerable to unexpected challenges or downturns. A more comprehensive evaluation that considers a range of potential outcomes is essential for an accurate assessment of risk.

d. A notable concern involves the potential for larger, more knowledgeable and well-equipped investors to reap the lion's share of benefits at the expense of smaller, less-informed and resource-constrained investors. This dynamic can contribute to a situation where the market inadvertently becomes a vehicle for concentrating resources in the hands of a privileged few. This not only perpetuates inequities but also introduces anomalies that can undermine the efficiency and fairness of the market.

Beyond these specific risks, it's important to recognise that the broader spectrum of market risks applies to IPO investments as well. These include both systematic risks, which stem from factors affecting the entire market, and unsystematic risks, which pertain to risks specific to individual companies or industries. In conclusion, the decision to invest in IPOs necessitates a comprehensive understanding of the diverse range of market risks. While the allure of new opportunities and potential gains is undeniable, investors must approach IPO investments with a keen awareness of the uncertainties and challenges that lie ahead. Diligent research, a consideration of various scenarios, and a recognition of the potential for market

inequities are all crucial elements in making informed and prudent investment decisions in the realm of IPOs.

#### **What is the government's role in mitigating the associated risks with IPOs?**

I appreciate your question about how the government could play a role in mitigating the associated risks with Initial Public Offerings (IPOs). There's a host of measures that need to be taken to fortify the market, address its vulnerabilities, and transform it into a robust platform that fosters meaningful and sustainable investments. It's undeniable that a robust market environment has the potential to incentivise ventures to seek capital from the public, which contributes to the current fervour and excitement surrounding IPOs. However, my perspective is that we need to ensure that investors, particularly those who might lack sufficient knowledge or experience, are not led astray by grandiose promises. In that context, I'd like to highlight a few key areas that require attention:

Transparency and Mandatory Due Diligence: It's crucial to establish a framework that mandates transparency and due diligence, particularly for larger operations that surpass a defined minimum threshold. By making transparency and thorough due diligence a prerequisite for companies seeking to go public, we can ensure that the information presented to potential investors is accurate and complete. This would serve as a safeguard against misleading or exaggerated claims, enhancing investor trust and confidence.

Strengthening Regulatory Oversight: The Securities Board of Nepal (SEBON) plays a pivotal role in overseeing the market and safeguarding investor interests. However, there's a pressing need to bolster SEBON's capabilities and effectiveness. It's evident that the current state of SEBON's actions and responses falls short of the expectations

set when the institution was established. Rectifying this shortfall is imperative to ensure that regulatory oversight remains proactive and robust.

Independent Analysis and Evaluation: Introducing independent mechanisms to analyse and disseminate the pros and cons of IPOs is paramount. These mechanisms will provide an objective assessment of the venture's potential within various national and global contexts. Similar practices are widely adopted in global markets, both in the primary and secondary segments. Such analysis will empower investors with insights necessary to make informed decisions, thus preventing a herd mentality that might lead to uninformed investments.

It's important to note that while these measures could significantly enhance investor protection, they don't negate the responsibility of individual investors to conduct their due diligence. Every investor should exercise caution, stay informed and not solely rely on external mechanisms. In summation, fostering a conducive environment for IPO investments demands a collaborative effort between market participants and regulatory bodies. The government's role is pivotal in implementing the aforementioned measures to strike a balance between encouraging investment and safeguarding the interests of investors. By enacting these reforms, we can aspire to create a market that not only facilitates capital raising but also upholds the principles of transparency, accountability, and fairness, ultimately contributing to the development of a resilient and vibrant investment landscape.

#### **It has been pointed out that despite some companies not performing well, have been given approval to issue IPOs. How do you view this?**

Your question touches on a crucial issue regarding companies with subpar performance being granted permission to issue Initial

Public Offerings (IPOs). This situation does raise concerns, particularly in the context of Nepal's market dynamics. I believe there are several factors at play here, and I'd like to share my thoughts on the matter. In Nepal, it's notable that we have observed IPOs being issued at premium prices based on a company's performance, but we have rarely seen instances of discounted IPOs. This existing approach may warrant some reconsideration. I'm of the view that treating all companies equally and allowing IPOs to be issued solely at face value might not be the most effective strategy. Instead, a more discerning and nuanced approach is required.

For instance, careful and rigorous scrutiny by regulatory bodies such as the Securities Board of Nepal is essential. The role of SEBON in evaluating the suitability of companies seeking to go public cannot

be underestimated. To ensure that companies with less-than-ideal performance do not gain undue access to capital through IPOs, SEBON must adopt a discerning stance. Companies demonstrating weaker performance or financial health should ideally not be granted permission to issue IPOs at face value. This approach would serve as a safeguard against unscrupulous practices and compel investors to exercise greater caution and diligence before investing. It's important to acknowledge that while companies with lower performance might not meet the criteria for premium IPO issuance, they should still have the opportunity to raise funds from the market, provided they do so in a manner that reflects their true financial standing and prospects.

This could involve setting IPO prices at levels that align with the company's actual performance and potential. By

adopting this approach, the market would foster a more transparent and accountable environment, where companies are evaluated based on their true merit rather than being treated uniformly. Undoubtedly, achieving these changes requires a series of corrections to be introduced within the market framework. The central role of SEBON in this process cannot be overstated. A proactive, motivated and capable SEBON is pivotal to implementing reforms that will effectively address the issues surrounding IPOs and promote market integrity. In conclusion, the situation where underperforming companies are granted IPO approvals should be critically examined and addressed. A more nuanced and discerning approach to IPO issuance, coupled with robust regulatory oversight, can contribute significantly to enhancing investor confidence, protecting the market from

potential abuses, and fostering a more equitable investment landscape.

"The current process of issuing IPO prospectuses entails the inclusion of numerous terms and conditions. However, what's glaringly absent is a mandatory requirement for conducting a thorough due diligence audit of the enterprise by genuinely independent auditors. This lack of a mandatory due diligence audit often leads to a scenario where IPOs are brought to the market without undergoing comprehensive scrutiny. Consequently, what we often observe are notable disparities between the commitments and promises outlined in the prospectus and the actual performance of the company post-IPO. These deviations, at times, are quite substantial in nature"

## NIBEDAN BAIDYA

**There is a frenzy for IPOs at the moment. How would you describe this phenomenon?**

Interestingly, unlike a few years ago, companies preferred not to raise funds through equity, but the recent trend has been increasingly focused on public offerings. I view this as a positive move for both companies and the development of the capital market. It provides companies with the opportunity to raise capital without the long-term burden of interest. Many companies are floating IPOs at premium prices, which suggests a strong demand from investors. However, it's worth noting that for many, investing in companies through IPOs is still a bit like opening the Pandora's box.

The risks associated with it are not always clear, and there's uncertainty about whether these investments will meet our expectations of high yields. Furthermore, the oversight

of companies' operations and ongoing monitoring can sometimes be lacking. In my capacity as a student of finance, I have been closely observing the market and investing as much as I can. It's truly exciting to witness the dynamics of the market in recent days. One notable development is the increase in the number of investors, which has somewhat diluted the power of a few big investors.

Additionally, with the near deregulation in the stock trading mechanism, we've seen an influx of new market players entering the scene, which has led to rapid market expansion. I anticipate this trend of companies going public and the increasing participation of investors to continue, at least until there is a significant market failure or corrective actions from regulators. It's an intriguing time for the financial world, and I'm eager to see how it evolves.

**With the economy in a downturn do you think IPOs are a good instrument to invest in at present?**

This is quite interesting to observe. Despite the economic hardships, there has been an increase in the issuance of IPOs by companies in recent times. This trend raises some important considerations. It's important to note that the majority of the general public may not be fully aware of the financial details and risks associated with these proposed IPOs. As equity investors, we must be prepared to accept a certain level of risk, but I'm not entirely sure what percentage of investors applying for IPOs truly understand these financial intricacies. This lack of awareness can be a tricky and risky situation for those who assume that all IPOs are similar and can immediately generate high yields.

I firmly believe that only a select few companies have the potential to yield substantial profits for investors, and as a result, investors need to exercise caution when applying for IPOs blindly. I've observed many individuals applying for IPOs without adequately considering the risk and return, which has allowed companies to raise capital from a broad audience, often with small allocations like 10 shares per applicant.

However, it's crucial to understand that investors may not see returns for years, and there may not be a proper mechanism in place to protect the interests of minority shareholders. Therefore, it's essential to invest funds wisely and not rush into grabbing every IPO opportunity that comes along. Thorough research, understanding the financials, and assessing the company's long-term prospects



should be at the forefront of any investor's decision-making process. Blindly chasing IPOs, especially during economic downturns, can lead to unexpected and potentially unfavourable outcomes.

**IPOs basically mean raising public funds but is there due diligence done while allowing companies to introduce IPOs?**

I think the role of regulators in overseeing IPOs is absolutely critical to safeguard the interests of the general public. Regulators have taken several important initiatives, such as making online transactions and dematerialisation (DMAT) mandatory, which has resulted in a significant increase in online enrolments in the share market. However, despite these efforts, financial literacy and knowledge about the market remain relatively low among the majority of the public. When it comes to IPOs, it's not just about raising public funds; it's also about ensuring that due diligence is conducted to protect investors. The internal controls and long-term financial viability of a company are of paramount importance to investors. There is a risk that people might be enticed by the excitement of public offerings and invest their hard-earned money with the hope of high returns, without fully comprehending the potential risks.

In our context, there are high chances of companies manipulating their financials to appear more attractive to investors. Regulators need to coordinate among themselves and take decisive actions to safeguard the public's interests. Given that the cost of operations for investors can be high in our context, regulators should maintain a vigilant stance to protect the public. However, when we look at some recent transactions in the IPO market, I must admit that my hopes are not very high. It often feels like we're left with nothing but wishes. Consequently, I foresee more risks entering the market in the future.

To mitigate these risks, it's crucial to promote transparency among companies and establish mechanisms for reporting exceptions to investors promptly. This transparency will allow for proper scrutiny of a company's situation before it goes public. I strongly believe that thorough due diligence should be a prerequisite before allowing any IPO. This approach will not only protect investors but also mitigate the risk of long-term market failure, ensuring that the IPO market remains a trustworthy avenue for raising capital and investing in the future.

## What are the market risks associated with investment in IPOs?

Market risks associated with investments in IPOs are multifaceted and require careful consideration. One significant risk is that companies may be tempted to follow the trend of going public without conducting proper financial modelling and planning. This rush to IPOs, without thorough assessment and mitigation of risks, can have long-term consequences for the companies involved. Managing the leverage of debt and equity is paramount for companies entering the IPO market. High leverage can make a company vulnerable to economic fluctuations and market downturns. In our context, there's a tendency among investors to seek immediate and high returns. In such circumstances, if the expected returns are not realised, it can lead to frustration among mass investors. This frustration can, in turn, lead to a shrinking equity market for many companies in the future.

Even though some of the current companies listed in the market may show impressive profits on paper, their dividend capacity may not meet investors' expectations. This discrepancy between profits and dividends can be a cause for concern, as it may impact investor confidence. Furthermore, the share



Thorough research, understanding the financials, and assessing the company's long-term prospects should be at the forefront of any investor's decision-making process. Blindly chasing IPOs, especially during economic downturns, can lead to unexpected and potentially unfavourable outcomes.

market is not immune to fluctuations, and factors such as rising inflation levels and uncertainty in policies can amplify the risks associated with IPO investments. These uncertainties can create a climate of unpredictability that investors and companies alike need to navigate carefully.

In conclusion, while IPOs offer companies a means to raise capital and expand, they also come with significant market risks that need to be addressed diligently. Proper financial planning, managing leverage, setting realistic investor expectations, and staying vigilant in the face of market fluctuations and policy uncertainties are essential to mitigating these risks and ensuring a stable and prosperous IPO market.

## There are a few companies that are not performing well, yet have been given the go-ahead to issue IPOs. What is your take on this?

The responsibility of choosing the right investment instrument lies with us, the investors, as we're the ones putting our hard-earned money at stake. The companies are allowed to issue IPOs based on certain parameters and can opt to issue IPOs at premium too. In such a scenario, it's imperative for investors to exercise caution and due diligence when considering these opportunities. When it comes to investing in IPOs, it's crucial to look beyond the surface and carefully assess the business prospects. Researching the background of the company's promoters, understanding their history, and increasing one's knowledge of how to interpret financial statements and projections provided by the concerned company are all essential steps. Blindly following the crowd or making decisions with closed eyes can lead to losses in the market.

It's essential to remember that not all IPOs are risk-free, and they don't guarantee returns that match our expectations. The oversubscription we often witness in IPOs can create a false sense of security. Therefore, investors should always consider the risks associated with each investment. We should continue thorough due diligence and adequate monitoring of companies issuing IPOs, especially those with weak financial performance as a need to continue to protect general investors, and this includes safeguarding the interests of minority investors.

As a part-time investor, I take a meticulous approach to my investments. I scrutinise the companies in which I plan to invest my money. This involves analysing the company, studying the backgrounds

of the promoters, assessing industry trends, and evaluating the business prospects and operations of the company. I also consider my risk tolerance and return expectations before applying for IPOs. This helps me tailor my investment strategy, whether for the long term or short term. Also, I advise all prospective IPO investors to use their funds wisely, especially in a thinly regulated market like ours. Conduct thorough research, assess risks, and make informed decisions to protect your investments and financial well-being.

Additionally, I opine that due diligence requirements for companies seeking to issue IPOs is important and proper due diligence always involves a thorough examination of the company's financial accounts and operations, ensuring that they are in good standing and capable of meeting the demands of public ownership. Likewise, education is key to mitigating risks associated with IPOs, so it is important to educate the public about the risks and mechanisms of IPOs. The role of private sector business associations, academia, and financial institutions to create awareness and provide resources for investors to make informed decisions is crucially important.

Last but not the least a safer and more transparent environment for both companies and investors in the IPO market is important for this sector to foster in the long run. **B**



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**“To get any hydropower project endorsed we have to visit eight ministries, 29 departments and 300 tables. We require the coordination of eight ministers. The projects have to go through plenty of processing to even be eligible for environment assessment. The bureaucracy should be vigilant but at the same time also be ready to work on time as per the requirements”**



**Prajesh Bikram Thapa**  
CEO, Chilime Engineering and Services Co Ltd (ChesCo)

Prajesh Bikram Thapa, Chief Executive Officer of Chilime Engineering and Services Co Ltd (ChesCo), has been in the hydropower sector for the last two decades. He says, “I joined Chilime as a Senior Contract Engineer and am the CEO of the company for the last five-and-a-half years.” Thapa

says that in these 20 years he has been fortunate to witness an entire project lifecycle from identifying a project to its completion. “As a result, I am aware of all the requirements at every stage of the project,” he states.

Chilime is a pioneer hydropower company in

introducing shares for the local people of the project site. It currently has five subsidiary companies. Thapa informs that Chilime hydropower project (22.1 MW) holds a prestigious history of constructing a project with its own engineering design and management, site supervision including

operations and maintenance at a time when there weren’t many hydropower projects in Nepal.

At present, Chilime is a name to reckon with in the domestic hydropower sector. In this issue of **Business 360**, we spoke to Thapa about aspects of the hydropower sector of

the country, the potential, the challenges and the impending IPO strategy of Chilime. Excerpts:

**Nepal has significant untapped hydropower potential. How do you see the role of innovative technologies and approaches in harnessing this potential while considering environmental and social impacts?**

First of all, hydropower itself is a renewable source of energy. It has great potential not only for the country but also the area in which the project is constructed. The importance of hydropower has become paramount environmentally as well. It is a sustainable form of energy when looked at through the climate lens or livelihood or social impact. Hydropower is a form of energy that contributes significantly to each and every sector.

There has been a lot of evolution ecologically, and in the equipment used to construct a hydropower project. The improved design of the equipment is to minimise environmental degradation and maximise social impacts.

**Can you discuss the challenges and opportunities associated with developing small-scale hydropower projects in rural areas of Nepal where infrastructure and accessibility might be limited?**

There are unlimited difficulties and challenges when it comes to construction and sustainability of a hydropower project. The first challenge is the infrastructure itself as most projects are located in rural areas and we lack proper road access making it difficult to take our equipment to the sites. Secondly, the environmental challenges have always been a question. There are rare trees that we might have to cut down. The environment assessment team takes substantial time to study the area and the risks related to it. We, as a company, do not want to hamper the environment through our projects.

The third challenge and which I think is the most important is the finance. Hydropower projects can range from small to huge, but regardless of the size of the project, the process approval of the site itself takes a lot of time to complete. As a result, considerable amount of budget is required to go forward with hydropower projects.

With regard to opportunities, there is economic upliftment of the region where the project is constructed. It helps in poverty alleviation and it also uplifts the environment around it. Before the construction of the project, there is an environmental impact assessment. And for any problem, we ensure taking mitigation measures. There are also plenty of training programmes for skilled human resources who are usually locals of that area. Also, once the project is initiated, there is instant development in the region as facilities begin to reach the respective rural areas.

**Given Nepal's vulnerability to seismic activity, how do you address engineering and construction challenges to ensure the safety and reliability of hydropower projects in seismic zones?**

It is a prerequisite part of engineering. During the different phases of engineering, we have to conduct a feasibility study and there is a seismic hazard mapping as well. The mapping for every region is different and you have to take into consideration the risks according to the results. This assessment is one of the key elements. We have to include the seismic value in our reports which determines the size of the project. We optimise the project through these studies and the challenges are addressed, studying the reliability of the zones.

**What is the third-party rating compliance of Chilime consulting as you go to IPO?**

We do rating through a third party which is an independent company. The third party has a

set of checklists that has to be followed and it also checks the risk of the company, the history and the financial transparency and timely audit are checked of the past four to five years. There are projections of the future projects as well to see how credible and reliable the company is.

We have to think about the financial aspect the most when constructing any infrastructure. So, IPOs come into play when people are diving in big products, and there has to be a code of conduct and corporate governance. Under corporate governance, one has to have financial transparency to apply for an IPO.

**Chilemi has been in the greens. How have you achieved this and what is it that you did differently to ensure profits?**

It is the dedication of the people in the office to make sure that the company is making profits through the projects. Similarly, Nepal has been having constant infrastructure advancement for development purposes.

Also, the consultation services are mostly provided by international companies and we are consistently working on all the aspects ensuring that the needs and requirements are fulfilled as per international standards. We are also trying to contain the capital in the country itself by providing services as needed.

Hence, our credibility by completing the projects has shown that we as a Nepal-based company are able to provide the standard results. Because of it we are getting the job done and the consistency has helped the company to grow. Overall, we believe in providing quality service within the stipulated time and budget.

**How do you rate the government's regulations and monitoring of hydropower companies? What are the loopholes that increase risks?**

There is continuous improvement in government, nevertheless, there is always room to improve. But what we

have to keep in consideration is the process of evolution in the hydropower sector. There are times where Nepal's policy has changed abruptly and made it difficult to continue any development work. If we look at history, the first hydropower project was established in Pharping in 1911 and for the next 30-40 years, we were using 300 to 500 MW capacity electricity. After the changes in the late 90s, when democracy was introduced, there was a free market economy where the private sector started to enter the sector. The switch to the private sector has contributed to the development of hydropower immensely from 300-500 MW to what we now have which is 3,000 MW of capacity in the last 20-25 years.

To get any hydropower project endorsed we have to visit eight ministries, 29 departments and 300 tables. We require the coordination of eight ministers. The projects have to go through plenty of processing to even be eligible for environment assessment. The bureaucracy should be vigilant but at the same time also be ready to work on time as per the requirements. I believe that if they just work according to the regulations and complete the work without procrastinating, it will boost the way government entities work and progress. The main challenge is environment strategy which can take around one to two years to complete but the monitoring part is extremely weak and needs improvement so that projects can operate smoothly.

Hydropower projects in general are said to have a dismal performance, however the government has initiated policies for it and there are hydropower projects that intend to raise Rs 100 billion from the general public over the next five years. Your views.

For any kind of development work, capital infusion is a prerequisite. Like any project, a hydropower project needs a huge amount of financial support and funding is

important. But we have to make sure what will be the source of such funding and one of the sources is the public. Also, from the development aspect, sometimes Rs 100 billion too might not be enough for the project as we might not know the amount and time it might take to be completed.

The project takes a lengthy time and all the processes are equally financially extensive. Hence, the only way a project is able to raise capital is through the public. It is mutually beneficial as well. The people and the state both benefit from such projects as people can rely on the credibility a project provides and the projects can sustain and give its result with the help of the investment.

#### **How do you view Nepal's future in hydroelectricity? And the thrust on electricity export? What are the challenges and what works?**

Competition is everywhere as all the stakeholders want to benefit from hydropower projects but we have to look at this sector with a bird's eye view. Let us take the hydropower sector as a pie. Instead of dividing it into parts and competing to take a bigger portion, we have to increase its magnitude and work together. Again, from the perspective of development, Nepal's potential has just started to enter the market. A lot of the potential and probability is yet to be discovered. Hence, taking it positively, we all have to work together to make it a capital generating source in the near future.

There are many direct and indirect benefits for people. Direct benefit is that through the hydropower project people have access to electricity in the most rural of areas. According to statistics, access to electricity has jumped from 60% to 96% across Nepal. The remaining percent where access to electricity is still lacking are areas which are very difficult to reach. One small village may have only a couple of houses and to provide electricity there we might have to spend around Rs 2 crores

to provide electricity to only one house and their electricity consumption won't be even near 20 units.

#### **Hydropower companies are developed on Build Own Operate and Transfer model. What happens to shareholders after a project is handed back to the government or if it shuts down?**

This is a model implemented by the government itself. It's a national level policy. After the tenure of the projects, they are handed to the government. At the end of the day, resources that we use are of the country. So, we use the resources and make them applicable all around the country and for the people. Lately, a lot of issues have been brewing about it and I believe that any issue regarding such natural resources should be discussed and decided by the state with the help of experts and changes should come from the policy level.

Here, the company curates the project and the investment that the people have made is going to help the company throughout the process and at the end, the government is just taking over the project and its progress, not the company. If the company themselves diversify and have opened other avenues, it means that the investment has been used and has not gone to waste. Here, the basic concept is that the investment is within the company and is used to expand and grow. Thus, the investment of people is still intact and what matters the most is how reliable and trustworthy the company we are investing in is.

#### **How do you view Nepal's future in hydroelectricity?**

Hydroelectricity's future in Nepal has a strong foundation and it is a prosperous one. At the moment, the contribution of hydropower energy is just around 5%. Seventy percent of our energy needs comes from firewood or fossil fuels.

Consumption will always keep increasing as users will keep consuming as per their needs and requirements. Also,

another is the automobiles sector that we should be focused on. The most fast-moving is the mass transit such as train or metro. If we can contribute to such technologies, then the costs and capital of fossil fuel will drop immensely.

Additionally, five years ago, our debate used to be on how to produce more electricity but now there is a paradigm shift. The current discussion is on the consumption of excess energy. Our core focus now is to manage the distribution and transmission line system. We are trying to balance out fossil fuel consumption in exchange for hydropower electricity. We currently are only selling to India but in the near future we will be able to supply to other countries as well. It is in the process of development and will definitely take some time but what matters the most is the progress.

It will gradually change according to demand and advancement. If hydropower is given top priority by the government, then we can go to a larger scale which will be the absolute best for a country like Nepal. It will lead us to a better and brighter future. Our aim is to help Nepal's electricity reach the entire region.

Innovation and advancement do have some major challenges and when it comes to exporting electricity and the very first has to be the infrastructure. To transmit high-volume electricity there is only one access which is the Dhalkebar-Muzaffarpur transmission line. There are other small transmission lines but they don't have the capacity to export a huge quantum of electricity to other countries. Second, there must be a diplomatic relation and agreements to prepare for projects like this. It has to go through the political agreement. And third, like I mentioned earlier is the financial investment.

#### **The hydropower development policy was formulated in the late 90s. Have there been updates since?**

Many policies have been revamped and updated. The act formulated in 1992 is the base that we follow and curate projects on the basis of it. Since then, there have been changes in the policies according to the demand of time and situation. In the current scenario, time has again become an important factor. There has been constant discussion in the parliament to update our policies.

I believe that there are definitely well-educated and informed people in the parliament who have the knowledge about it. My suggestion to them would be to take help from the on-field experts who are working day and night for such projects. Our input along with their knowledge will yield great results.

#### **How do politics, bureaucracy and governance support or pose a barrier to your functioning?**

The government has seen the potential in hydropower. More than thinking of it as a barrier, we have to find ways to improve the system and work it out with coherent mutual understanding. The pattern all around the world for bureaucracy is the same. We have to work according to their system but we as a company have the responsibility to change some actions that do not benefit the overall sector. We have experienced a lot in the last 20 years and now is the time that we all should focus on the positive side and strive towards betterment and improvement. **B**



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# CREATING TALENT NURSERIES - II

ONE SIZE DOES NOT FIT ALL; CHOOSE APPROPRIATE METHODS



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

Time for a quick recap. My previous Business Sutra column headlined 'Creating Talent Nurseries - I' dwelt upon the dire need for talent creation by business corporations. The current dynamics of business

and commerce is heavily dependent on innovation. Knowledge economy is fast replacing the old ways of business even in brick-and-mortar manufacturing. Knowledge and innovation are no longer limited to information technology, artificial intelligence, machine learning and data analytics in the booming services sector. Whatever be the nature of business, smart innovation is the need of the hour.

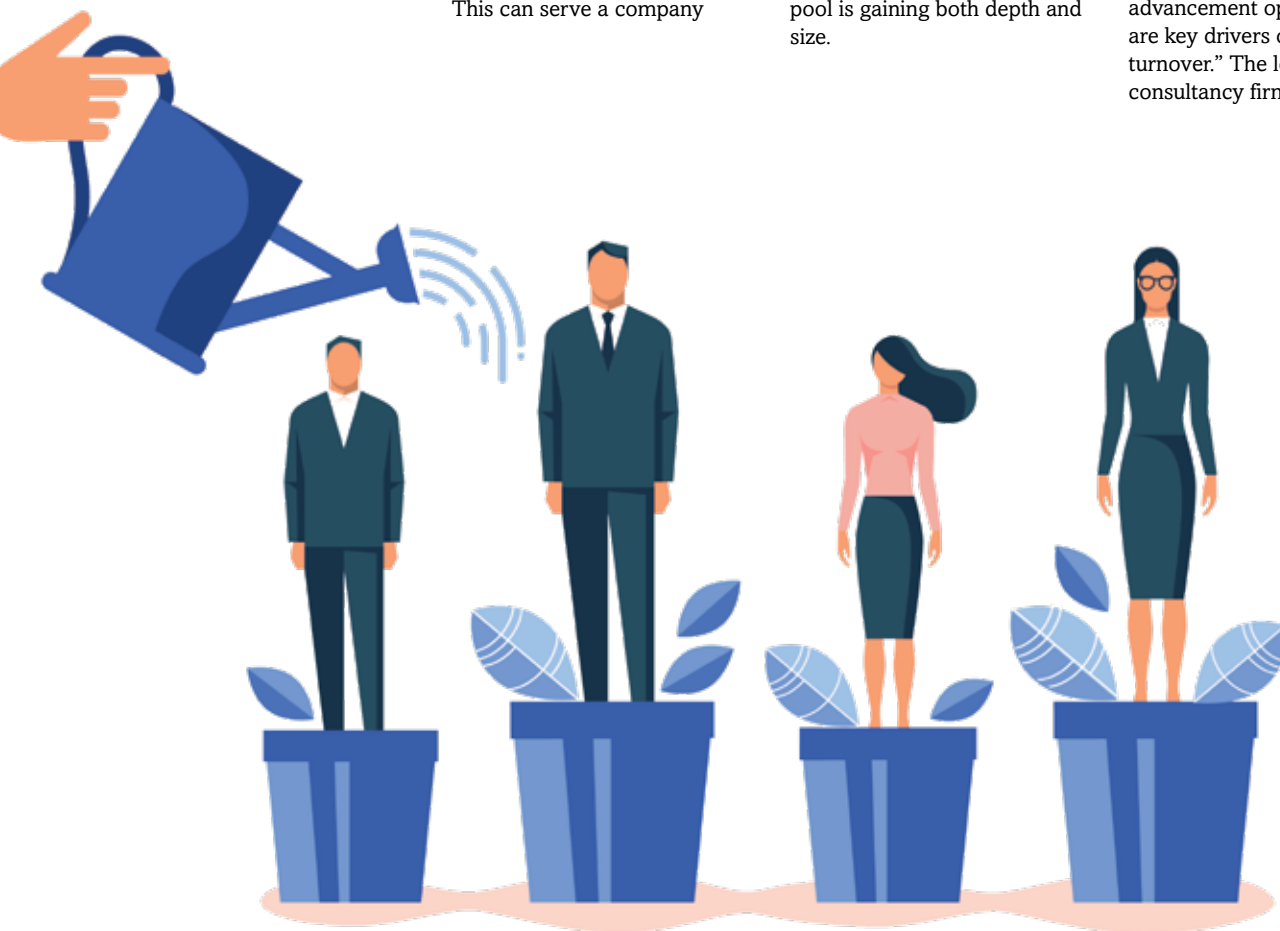
But as you may have noticed, my previous column bemoans the fact that most companies in our part of the world pay little attention to talent creation within. This is despite the realisation that only talented personnel can come up with new and off-beat ideas, grow them and execute them. This can serve a company

as insurance against perils and uncertainties lying in the future's womb.

'Creating Talent Nurseries - II' takes off from there. I will try to touch upon means and ways of developing talent within a company.

Today, a very large number of employees are working for their companies from home. Thanks to the expansion of telecom and internet, the number of work-from-home employees is increasing. Non-employee service providers need not visit the client companies or reporting authorities as often as before. With geography becoming history, companies now have access to highly qualified, talented and experienced workers and managers from across the world. The talent pool is gaining both depth and size.

Before discussing ways to benefit from this talent bounty, let us check some trustworthy data about the need for talent upgrading and upskilling. You may find it surprising that many employees in the west are choosing companies on the basis of learning opportunities there. According to 2021 Gartner research, 58% of employees will need new skills to navigate their career journey successfully. Gallup has identified lack of growth opportunities as the foremost reason for employees quitting companies. McKinsey & Company recently stated that 40% of employees are always likely to change jobs within six months. At the same time, McKinsey asserts "...that an overly transactional workplace and lack of development and advancement opportunities are key drivers of employee turnover." The leading consultancy firm says that





'targeted talent development' programmes can counteract this trend. According to Inc, companies known for developing and training their employees do better than competitors in recruiting and retaining talented employees. This is hardly surprising in view of Inc's finding that growth and training opportunities serve as a magnet for 90% of job applicants.

Though these findings come mostly from the west and Japan who are known for path-breaking research and extensive surveys, I see no reason why the outcome of such empirical studies should not have universal application with some culture-specific alterations and tweaks here and there. I have witnessed implementation of HR interventions based on hard data in Nepal and many neighbouring countries sharing the same social and work culture. The results have invariably been encouraging.

Coming to exact methods of developing talent, one cannot prescribe a one-size-fits-all module. Different companies and even employees from the same company may require varied methods to sharpen existing skills – both hard and soft. Never undermine the value of soft skills like communication and interpersonal relationship, work ethic, problem solving, time management, conflict resolution, critical thinking, leadership, emotional intelligence, teamwork, adaptability, etc. These along with other soft traits form the bedrock of lasting talents.

Issues before launching talent development programme:

Before a company embarks upon a continuous and sustained talent development programme, it should first create a mind-set for learning, growing and improving. The company bosses should ask whether they are mentally prepared to reward employees who display progression during the programme.

It should be clear whether the company is willing to invest money, time and effort, not necessarily in that order though, for growing development internally. As all trainers and mentors may not be available in the company, is the organisation ready to hire external consultants charging considerable fees?

Is the company ready to run the training for the required length of time, even if in broken spells? A single spell of rain, however bountiful, does not bear fruit.

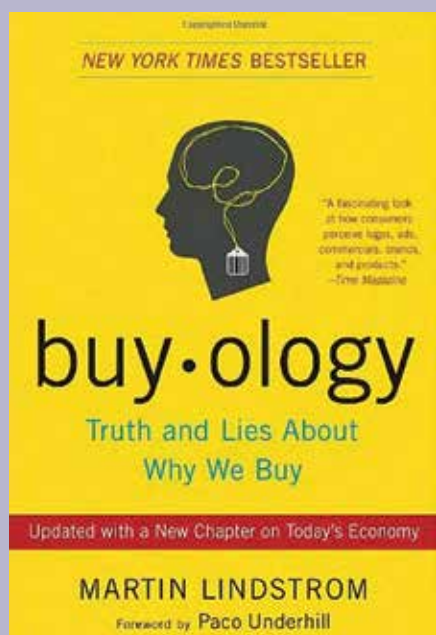
Is the company prepared to adjust and adapt to the situation created by talent development? Trainee employees may become extra inquisitive about their roles and the company's working, all with the best of intentions, but the company bosses and top managers may not yet be ready to deal with this behaviour. Talent development, as you can see, can prove to be a strategic decision.

There is nothing exotic or alien about talent development.

(i) Senior and accomplished managers can work closely with talent potentials to build and strengthen selected and actionable strengths and weaknesses. (ii) Several companies run upgradable internal training 24X7. Such programmes are digital in nature. Employees are provided passwords to online programmes selected for them. Built and run by established corporate training organisations, completion of these programmes after a digital test leads to the award of recognised certification. (iii) Hybrid training involves a mix of internal, external and online training and is gaining popularity. (iv) Mentorship by senior managers has been found to be highly useful, particularly in the realm of soft skills and interpersonal behaviour, young managers perceived as future leaders.

May the tribe of the talented grow! **B**

## BOOKS OF THE MONTH



### BUYOLOGY: Truth and Lies About Why We Buy

Author: Martin Lindstrom

How much do we know about why we buy? What truly influences our decisions in today's message-cluttered world? In Buyology, Martin Lindstrom presents the astonishing findings from his groundbreaking three-year, seven-million-dollar neuromarketing study—a cutting-edge experiment that peered inside the brains of 2,000 volunteers from all around the world as they encountered various ads, logos, commercials, brands, and products. His startling results shatter

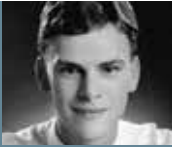
much of what we have long believed about what captures our interest—and drives us to buy. Among the questions he explores:

- Does sex actually sell?
- Does subliminal advertising still surround us?
- Can "cool" brands trigger our mating instincts?
- Can our other senses—smell, touch, and sound—be aroused when we see a product?

Buyology is a fascinating and shocking journey into the mind of today's consumer that will captivate anyone who's been seduced—or turned off—by marketers' relentless attempts to win our loyalty, our money, and our minds.

# HOW TO CHANGE THE WORLD

## Lessons for libertarians on how to win the battle of ideas.



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

Upon discovering the freedom philosophy, many people feel as though they have discovered the solution to society's problems. And

indeed, they have discovered a critical part of it, namely, the rules and social institutions that will lead to human flourishing.

But simply possessing these ideas can't be the totality of the solution. If it were, we would have already solved the problem.

As it turns out, there's a second problem we need to solve if we are to achieve freedom and prosperity, and this is the problem of persuading the masses. As Mises wrote in *Human Action*, "The flowering of human society depends on two factors: the intellectual power of outstanding men to conceive sound social and economic theories, and the ability of these or other men to make these ideologies palatable to the majority." The first factor has been essentially satisfied. The second is the one we are stuck on.

In light of this, creating a free and prosperous world is not really an economics or philosophy problem at this point. It's a psychology problem. To change the world, the libertarian must have a firm grasp not only of the rules and institutions of a free society, but also of the art of changing people's minds. In short, he must be a student of persuasion.

One good place to begin this study is the aptly named book *Influence: The Psychology of Persuasion*, written by Robert Cialdini in 1984. In this famous book, Cialdini outlines six key principles of persuasion. They have been summarised as follows:

- Reciprocity: When we receive something, we feel obliged to give something back.
- Consistency: We feel compelled to be consistent with what we've

said/done in the past.

- Social proof: When we're uncertain how to behave or react, we look to others for answers.
- Liking: We're more likely to agree to someone's request if we know and like him/her.
- Authority: We tend to obey figures of authority (people with titles or expertise).
- Scarcity: We perceive something to be more valuable when it's less available.

### Knowledge and Character

Though all six of these principles would be valuable to study and apply, two of them in particular stand out: Authority and Liking. They are noteworthy because they seem to be 1) relatively easy to implement in a wide variety of contexts, and 2) very impactful when implemented.

One way of implementing the Authority principle is to make an impression with titles and aesthetics. But the real power comes when you just are a genuine authority. When you really know what you're talking about, people listen. When you have genuine mastery and expertise, people will be far more willing to hear you out and change their minds based on your ideas. As Robert Heinlein said, "your best weapon is between your ears and under your scalp—provided it's loaded."



**“To change the world, we must be good at persuading. To be good at persuading, we must, among other things, be intellectual authorities. To be authorities, we must know our stuff. And to know our stuff, we need to crack open some books and get reading.”**

The practical takeaway is this: To change the world, we must be good at persuading. To be good at persuading, we must, among other things, be intellectual authorities. To be authorities, we must know our stuff. And to know our stuff, we need to crack open some books and get reading. And I don't just mean reading the basics. We need to be familiar with every political philosophy out there. We need to have answers to every argument. We need to be autodidacts, erudites, polymaths, the most well-read person in the room, no matter the room.

That's incredibly hard to accomplish, of course, but imagine the persuasive power of such a person. No matter how crazy your ideas are, people would feel compelled to take them seriously.

The other standout principle is Liking. Now, anyone can be decent, but again, that's not enough. If we really want to be persuasive, we need to be the most likable person in the room. We should be known for our approachability, our easygoing attitude, our sense of humour, our charm, wit, laughter, warmth, exuberance, maturity, and congeniality. We don't have to be the life of the party. But we do have to be the kind of person other people like being around.

The shorthand I've developed for these two principles

is knowledge and character. If we just dedicate ourselves to working on those two things, I'm convinced we would all be 10 times as effective at persuasion, and thus at changing the world for the better.

One of the most high-profile examples of these principles working is the political conversion of Dave Rubin. As you may know, Dave Rubin was a leftist who became a libertarian roughly six years ago after talking with some big names on the right and being persuaded by their arguments. What you might not know, however, is why exactly he found these individuals so persuasive.

Here's how he told the story in an interview last October.

"As far as my wake up, there were a couple moments, the most famous one which now I think has been seen probably about 50 million times on YouTube is when I had Larry Elder on (in January 2016). Larry Elder is a black conservative, really a libertarian, but this was about five years ago and I was still a leftist. We got into it about systemic racism and he just basically beat me senseless with facts. And instead of doing what most lefties do, which is call him a horrible name or cancel the show or kick him out or whatever, we aired it, we aired it as is, and a few days later I saw a lot of people in the comments going, 'you know, Dave kind of listened.' And I did kind of listen, and from there I started talking to other people, say Dennis Prager, Glenn Beck, Ben Shapiro, the list goes on and on, and I started finding that although I had some disagreements with some of these people on the right - and I still do by the way - that they were very open to discussing them, they knew what they thought and why they thought it, and I found them honestly - this was the most shocking part - I found them nicer. That really was the real shocking part. Because there's this meme that somehow on the left, the left must love tolerance. So, the implication is that the people on the right are bigots and angry. And it just simply is not true. Since I have gone through this metamorphosis, transition, whatever you want to call it—and now I hang out with all these scary right-wingers, they are happier, they are more generous of spirit, they smile more, they laugh

more, and most importantly, they're willing to agree to disagree."

Did you catch that? "He just basically beat me senseless with facts." "They knew what they thought and why they thought it." "I found them nicer." "They are happier, they are more generous of spirit, they smile more, they laugh more."

What did Larry Elder and the others have that made them persuasive? They knew their stuff inside out and backwards and they were fun to be around. They had knowledge and they had character. And look how much Dave Rubin has done for the cause of liberty, all because a few individuals did their homework and learned to be likable.


Libertarian Victory Is a Self-Improvement Problem

Leonard Read—the guy who founded FEE and wrote I, Pencil—stressed these two themes throughout his writing. On the knowledge point, consider this section from his 1962 book *Elements of Libertarian Leadership*.

"There are millions in America today who are taking firm ideological positions, some on the side of governmental and labor union control and dictation, others on the side of freedom to produce, to exchange, to live creatively as each chooses. But observe the small number on either side who can do more than assert their position. Only a few can explain with reason and clarity why they believe as they do. This may be consistent behaviour for the coercionists, but there is no reason why those of us who believe in freedom should follow their pattern. We do not need to impugn the motives of those who have not as yet grasped the significance of freedom nor do we need vociferously to argue for points we cannot explain. Quite to the contrary, we can turn conscientiously to our own homework; we can aim at becoming competent expositors."

Character was also of central importance to Read. In his view, the liberty movement doesn't need more people so much as it needs better people. Here's how he put it in his 1973 book *Who's Listening?*.

"The trend is away from liberty; the problem is how to reverse

 **Changing the world is possible, but the reason most people don't do it is because, frankly, they aren't willing to put in the work. They aren't willing to read 50 books a year. They aren't interested in going through the painful process of acknowledging and correcting their character flaws. But if you're willing to do that, if you're willing to throw everything you have at improving your knowledge and character, there are very few limits to what you can accomplish.**

direction. How shall we go about this task? Do we need to rouse the masses? No, ours is not a numbers problem. There are tens of thousands, perhaps millions of persons—more than the job requires—who frown on all forms of authoritarian collectivism and who favour liberty. The failure of this multitude to generate a trend toward liberty lies in inept methods; indeed, most of us, by our lack of proper posture, aggravate rather than alleviate our social woes. Unwittingly, the would-be friends of liberty aid its foes...

...As a starter, take stock of all the antisocialist, pro-freedom individuals of your acquaintance. How many can you find who are not angry—who are not name-callers? True, some express their spite in elegant prose; but spite is spite regardless of the verbal dress it wears. Do you not find that the vast majority are out of temper? Embittered warriors? Intolerance, confrontation, disgust with those of opposed views engender not improvement in others but resentment, not progress but regress. This, I insist, is a mood that does more harm than good; dead silence would be preferable."

#### To Change the World, Change Yourself

Changing the world is possible, but the reason most people don't do it is because, frankly, they aren't willing to put in the work. They aren't willing to read 50 books a year. They aren't interested in going through the painful process of acknowledging and correcting their character flaws.

But if you're willing to do that, if you're willing to throw everything you have at improving your knowledge and character, there are very few limits to what you can accomplish. Dave Rubin's political conversion is a testament to this approach. And FEE's legacy of bringing thousands into the liberty movement is also a testament to this approach.

Most people are not all that interested in changing the world when they realise that doing so requires a hefty load of homework and personal growth. But there are a few who dare to try. And it is those few who make all the difference. **B**

Source: fee.org



# Gold: What Next?

In 2023, gold has been the game-changer thus far with prices swaying on the bullish and bearish side in equal measure. Traders have rekindled their hopes in the yellow metal with every move up and down presenting opportunities. At the start of the year, gold had started at \$1,822.79 per ounce before gathering momentum to summit to an all-time high of \$2,080.07 per ounce in May.

Since the accomplishment, gold has declined and is currently trading at \$1,938.27 per ounce at the time of this article. If we go back further, gold has endured a volatile time. In March 2022, due to the Russia-Ukraine conflict, the price of the bullion jumped to a high of \$2,070.16 per ounce before slumping to \$1,614.61 per ounce in September due to a steady sell-off hindering the rise of gold. Gold rallied strongly breaking the resistance level of \$2,000 per ounce in March 2023 on the back of the collapse of the Silicon Valley Bank in the USA before losing its shine and slumping once again. The bullion is driven by a mixed bag of factors that could either propel it upwards or push it downwards.

## Safe Haven Status

Gold prices briefly broke through the traditional barrier of \$2,000 per ounce in early 2023 corroborating its safe haven status. The issues surrounding the collapse of the Silicon Valley Bank coupled with the forced takeover of Credit Suisse by UBS led to traders buying gold to seek stability. Likewise, numerous factors including rising yields, strengthening US dollar and sustained hawkish sentiment led to the price drops. Also, developing geopolitical tensions and concerns that the United States could enter a recession in 2023 helped to support the price above the \$1,900 level.



The bullion also received a boost from the optimism surrounding the lifting of the Covid 19 restrictions in China at the start of 2023. China, having the world's largest gold market, had a return of positive consumer confidence thereby increasing the demand for gold. However, the rally was brief as concerns mounted over the outlook for China's economy and a potential debt market crisis.

In recent times, proof that inflation in the US is undergoing moderation is providing support for gold, as it reduces interest rate expectations going forward raising the appeal of the bullion to the traders.

## Headwinds

The value of gold still faces several headwinds despite the tailwind factors mentioned above. Analysts opine that although the strength of the US dollar has fallen back from the highs witnessed in the second half of 2022, prices remain supportive by recent historic standards. Prices are heavily influenced by the US dollar. An appreciating dollar correlates negatively with the dollar as the purchase outside of the US is more expensive as the metal is denominated in the US dollar. The outlook of the US dollar

is uncertain shortly with much depending on whether the US economy enters a recession phase, the direction of inflation rates and the future path of the Fed's interest rates.

## Impact of Interest Rates

In short, interest rates have a negative relationship with the price of gold. With the rates remaining high and still rising, fixed-income assets are an attractive alternative to gold. But an end to the current rate hiking cycle could positively impact the price of the bullion. In July 2023, the Federal Reserve resumed hiking the interest rates with Chair Jerome Powell leaving open the possibility of further rate hikes. Following this, the market was placing the highest probability of rates remaining unchanged for the rest of 2023. The central bank faces a tough balancing act needing to bring down inflation on one side, but also managing the impact of high interest rates on the economy. While the risk of a recession seems to be receding, the Fed still needs to rapidly reverse the monetary policy to support the inevitable growth of the economy.

## Weakening Demand

According to the World Gold Council, 2022 was the strongest year for gold consumption for the last 10 years. The consumption of the bullion increased 18% to 4,741 tonnes mainly driven by a 10% rise in the purchases by traders as well as strong purchases by central banks to promote stability. However, demand for gold in the first quarter of 2023 declined by 13% year-on-year. The sustained purchases by the central banks and an increase in buying by the Chinese consumers were not adequate to offset the lower investors' demand and the weak consumption in India, where the high prices dampened the consumer's appetite for the bullion.

## What Next?

The outlook for gold is finely balanced between tailwinds and headwinds factors. The above factors suggest that market participants are monitoring the market for any sudden reactions to the many factors affecting gold – from the US dollar to the interest rates environment. Gold price faces numerous possible scenarios thereby propelling gold as the most-watched financial instrument for the remaining part of 2023. **B**

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# Beed's take on the market



During the review period of August 1 to August 30, 2023, the Nepal Stock Exchange (NEPSE) index declined by a whopping 115.47 points (-5.48%) to close at 1,990.59 points. The secondary market continued its downward momentum in the review period and reached its lowest

point on August 30, the final date of the review period. The government has been unable to introduce new revisions to excite the market, especially after businesses had a mixed reaction following the monetary policy for the current fiscal year in the previous review period. Resultantly, the market

has been unable to sustain the growth seen in the previous period. The overall total market volume plummeted by 41.24% to reach Rs 38.30 billion.

During the review period, all ten sub-indices fell in the red zone, indicating the impact across all sectors.

Hydropower sub-index (-11.64%) was the biggest loser as the share value of Upper Tamakoshi (-Rs 182.5), Shuvan Power (-Rs 88.9), and Mountain Energy Nepal (-Rs 80) decreased substantially. Manufacturing and Processing sub-index (-9.95%) was second in line as it witnessed a fall in the share prices of Unilever Nepal (-Rs 1,840), Bottlers Nepal (-Rs 1,024), and Himalayan Distillery (-Rs 305).

Finance sub-index (-9.07%) followed suit with decrease in the share prices of Progressive Finance (-Rs 127.7), Goodwill

Finance (-Rs 61.9), and Central Finance (-Rs 52.9). Likewise, Microfinance sub-index (-7.06%) also fell as the share value of Aatmanirbhar Microfinance (-Rs 235), Mahila Microfinance (-Rs 214.8), and Nesdo Microfinance (-Rs 205) went down.

Others sub-index (-5.60%) went down as share prices of Nepal Reinsurance Company (-Rs 80.7), and Nepal Telecom (-Rs 21.5) declined. Development Bank sub-index (-5.08%) also decreased with a fall in the share value of Kamana Sewa (-Rs 42.2), Corporate Development (-Rs 34.7), and Saptakoshi Development (-Rs 32).

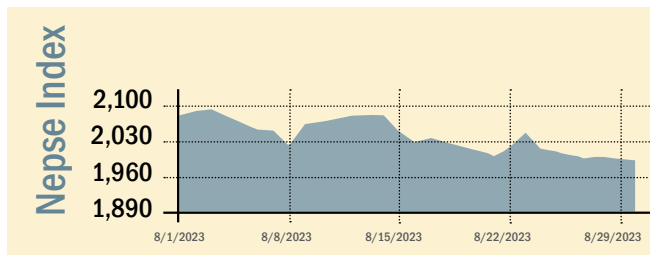
Life Insurance sub-index (-5.02%) witnessed a decline in the share prices of Himalayan Life (-Rs 44), Suryajyoti Life (-Rs 44), and Nepal Life Insurance (-Rs 37). Likewise,

**Table 1 Sub-indices during the review period**  
(July 2 to July 31, 2023)

	1-Aug-23	30-Aug-23	% Change
NEPSE Index	2,106.06	1,990.59	-5.48%
Sub-Indices			
Commercial Bank	1,303.53	1,262.80	-3.12%
Development Bank	3,935.62	3,735.75	-5.08%
Hydropower	2,306.06	2,037.71	-11.64%
Finance	1,856.15	1,687.87	-9.07%
Non-Life Insurance	11,076.35	10,618.49	-4.13%
Others	1,543.59	1,457.20	-5.60%
Hotels and Tourism	5,672.75	5,612.67	-1.06%
Microfinance	3,893.93	3,619.08	-7.06%
Life Insurance	11,476.03	10,900.26	-5.02%
Manufacturing & Processing	5,737.12	5,166.31	-9.95%

Source: Nepal Stock Exchange

**Figure 1 NEPSE Index during the review period**  
(August 1 to August 30, 2023)



Source: Nepal Stock Exchange

Non-Life Insurance sub-index (-4.13%) saw a decrease in the share values of Rastriya Insurance (-Rs 500), Shikhar Insurance (-Rs 60.9), and IGI Prudential (-Rs 49).

Commercial Bank sub-index (-3.12%) was also on the losing end with a fall in share prices of Nabil Bank (-Rs 27.7), Prime Commercial Bank (-Rs 25.6), and Prabhu Bank (-Rs 19). Hotels and Tourism sub-index (-1.06%) followed suit with decline in the share value of Kalinchowk Darshan (-Rs 90), Chandragiri Hills (-Rs 87), and Taragaon Regency (-Rs 6.5).

#### News and Highlights

The government has approved the Securities Registration and Issuance (Seventh Amendment) Regulations 2080 which eases the process for companies to issue primary shares. Companies with over Rs 1 billion in paid-up capital can issue premium primary shares immediately after converting to a public company. Those with less than Rs 1 billion paid-up capital will, however, need to maintain a three-year waiting period. Additionally, the revised regulations have also paved the way for the issuance of green bonds.

On the public issues front, Securities Board of Nepal (SEBON) has approved the Initial Public Offering (IPO) of Sonapur Minerals and Oil under manufacturing and processing sector worth Rs 3.07 billion, and Vision Lumbini Urja under hydropower sector worth Rs

1.91 billion. The respective issue managers are NIMB Ace Capital and Muktinath Capital. Likewise, SEBON has also kept the IPO of Daramkhola Hydro Energy worth Rs 395 million in its pipeline under preliminary review. Laxmi Capital Market has been appointed as its issue manager.

SEBON has also added the rights shares of Arun Valley Hydropower Development worth Rs 1.87 billion and Ridi Power Company worth Rs 774 million in its pipeline. Muktinath Capital has been appointed the issue manager for both.

#### Outlook

The market continued its downward momentum in the review period as interest rates continued to remain high despite some ease in the liquidity position in the banking system. On a positive note, the timely amendment of the Securities Registration and Issuance (Seventh Amendment) Regulations 2080 is expected to encourage companies from the real sector to go public, further deepening the market. The market is likely to maintain its current momentum while investors await the declaration of dividends by listed companies from the previous fiscal year's earnings. **B**

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# Graduating from LDC to an Emerging Investment Hub: Challenges and Reforms for Nepal



**Pratikshya Dahal** is a Senior Associate at Pioneer Law Associates and holds an LLM in International Commercial Law from the University of Reading, UK.

Nearly five decades ago, the United Nations introduced the concept of Least Developed

Countries (LDCs), a protective regime designed to support struggling nations in their quest for economic prosperity. Nepal, along with 24 other countries, was initially listed as an LDC. Over the years, this list has grown to encompass 46 countries, while six have managed to graduate from the LDC group by improving their socioeconomic indicators. Nepal is poised to graduate from the LDC status to a middle-income country in 2026, a prospect that has ignited a robust public discourse marked by both optimism and skepticism.

The impending graduation carries significant implications for Nepal, including the potential loss of targeted aids and concessional financing that have been instrumental in funding essential infrastructure projects. Further, Nepal's exports have benefited from tariff preferences, providing them with a competitive edge in the global market. To navigate this transition successfully and ensure future economic resilience, one of the things Nepal must prioritise is improving the investment climate and attracting foreign capital.

The reform of foreign investment regulations has been a longstanding agenda in the government's budget speeches. In recent years, Nepal has undertaken several key reforms to align its framework with global practices. These reforms include:

## 1. The 2017 Labour

**Act:** This act streamlined the process of obtaining work permits for expatriates hired by companies with foreign direct investment (FDI). It introduced flexibility in hiring and firing practices, allowing businesses to employ casual workers, time-bound employees, and work-bound employees,





thus adapting to operational requirements.

## 2. The 2019 Foreign Investment and Technology Transfer Act (FITTA):

Replacing the old FITTA of 1992, the new FITTA introduced the automatic route for foreign investment approval. It expanded avenues for local businesses to receive foreign investment, including lease financing and venture funds with FDI. However, the full implementation of these new provisions is yet to be realised.

### 3. Reduction in Minimum Foreign Investment Amount:

In October 2022, the minimum foreign investment threshold was reduced from Rs 50 million to Rs 20 million. This change has been particularly beneficial for attracting investment in less capital-intensive sectors like IT.

### 4. Streamlined Approval Process:

Until June 2021, foreign investors had to navigate a dual approval process to enter the Nepali market. Nepal Rastra Bank (NRB) eliminated the need for its approval if investors had already obtained approval from the Department of Industry or Investment Board Nepal, significantly reducing the time required for regulatory clearance.

### 5. Flexible Valuation:

NRB introduced changes to its bylaws, allowing parties to undertake transactions within a 10% range of the financial valuation determined by experts. Previously, parties had no leeway to commercially agree on valuation deviations.

Despite these reforms, the pace of change remains frustratingly slow. Nepal's FDI inflow statistics show some improvements since the introduction of FITTA in 2019, but the correlation between these statistics and the implemented reforms is a topic of debate. Nepal lags behind in becoming an attractive investment destination

compared to its South Asian counterparts. For example, in fiscal year 2021/22, Nepal received approximately \$145 million in FDI. In contrast, Bangladesh, also set to graduate from LDC alongside Nepal, attracted \$3.48 billion in FDI in 2022.

Another issue is the reluctance to approve financial instruments that deviate from plain vanilla structures. Recently, NRB refused to approve a convertible debt instrument citing that the regulation only deals with simple debt, compelling commercial parties to simplify their transaction agreement. Such regulatory hurdles add unnecessary complexity and delay.

Foreign investors also face cumbersome regulation when exiting their investments. To sell their shares and repatriate the proceeds, they must obtain two approvals from the Department of Industry (DoI) and one from Nepal Rastra Bank. Due to the documentary requirements of DoI, investors are required to transfer share ownership before they can apply for approval to repatriate their funds. This system exposes investors to financial losses, particularly in larger deals, as they must keep their proceeds in Nepal while awaiting regulatory clearance.

Bureaucratic obstacles further contribute to delays in obtaining regulatory approvals. These challenges include a lack of understanding among officials regarding international transaction structures and documents, short-term deputation and rent-seeking behaviour.

For instance, an officer at the DoI has repeatedly questioned the governing law of a share purchase agreement, despite clarifying that the law granting contracting parties with autonomy. In another case, an existing foreign shareholder was granted approval to inject

further capital after 48 days as the officer questioned different valuations for shares of different rights and classes. Companies are required to go through another lengthy process of seeking approval to increase their issued capital before they can even apply for bringing foreign investment. Challenges such as these needlessly position investment seeking companies in difficult financial situations and is counterproductive for an investment seeking country.

Nepal's journey from an LDC to an emerging investment hub is an ambitious goal that hinges on effective reforms and the creation of an attractive investment climate. Reforms need to be introduced by rationalising the objective of each regulation and addressing the pain points for investors. For instance: Is there any compelling reason for investors to transfer share ownership

before applying for repatriation? Why are some FDI applicants expected to submit audit reports while some are waived? Why must an investor exiting via secondary market produce a share sale agreement with numerous buyers for seeking regulatory approval? The focus of the reforms and working procedures of regulators should be to move funds in and out of the country in the least amount of time. Capacity building of officers at various departments is equally imperative, especially as Nepal seeks more complex investments.

These legal reforms, while crucial, can only bear fruit when coupled with improvements in the business climate and political stability. Nepal has the potential to attract foreign investment but it must address these challenges to seize the opportunities that lie ahead. **B**



# The Sweet Fix Duo

It is often a hard decision to give up a secure job and walk the uncertainties of entrepreneurship, however, Shreya Upadhyay and Kritika Lamsal, decided to do just that. Both partners worked in the development sector previously, and both had a strong urge to create something of their own.

“Kritika and I were friends and we used to hang out together most of the time. Once, when we went out in a hot summer craving to have something refreshing, we had popsicles. We realised the only popsicles we could find in the market were artificially flavoured popsicles and saw the opportunity to introduce real fruit popsicles in the market,” shares Upadhyay. “We then started experimenting with recipes and flavours at home and asked friends and family to taste those popsicles,” she recalls. “The positive feedback we received was what gave us the confidence to actually start a business,” she exclaims.

Upadhyay relates that both friends had saved up money to go on a trip to Europe but instead decided to invest into starting their business. Basantapur was the first outlet in 2018. “The initial days were hectic as we had to do everything by ourselves from preparing recipes to handling customers,” she says. In a short span, they got a lot of attention, great sales and today, Sweet fix has outlets in Mangalbazar, Jhamsikhel, Bhaisepati and Basantapur.

The major reason for their success, says Upadhyay, is the real fruit that they use in the popsicles which gives natural flavours and the popsicles taste like real fruit. We can say a fruit in another form. “Maintaining the consistency in taste was a major challenge. Sourcing fruits and raw materials is a challenge especially due to change in seasons,” she shares.



**SHREYA UPADHYAY AND KRITIKA LAMSAL**  
CO-FOUNDERS, SWEET FIX

One of the unique selling propositions of Sweet fix is that their popsicles are handcrafted in small batches. The other thing is that they use seasonal fruits in the popsicles with no any artificial colouring. “Nepali fruits have high flavour potential and we want our customers to experience that through our product. With every season, our menu changes,” Upadhyay shares.

“We have also expanded our business through partnerships with various eateries and marts in the valley. Recently, we extended our partnership in Pokhara

as well. We usually decide our partnerships based on customer feedback and ease of availability,” she states. They are also open to taking constant feedback from customers to ensure their product takes top tier in their minds.

Upadhyay says that the last five years of running the business has taught them that sticking to one idea does not always work, especially in the food business. Without prior business experience, the journey has not been easy but definitely worthwhile, share the duo. Their team has been their greatest asset and she shares

that, “The team has grown from the beginning, but the initial staff are still with us while we grow.” The company currently employs 15 people but they have plans to expand the team and the distribution network.

There is a high demand for popsicles in the summers, but Sweet fix has introduced creamy popsicles made from cookies and chocolates, some are centre-filled, which are not very icy for the winters that make a great dessert. **B**



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# AI-Generated Realities: Dissecting Impacts on Business, Trade and Economics

(AI) generated realities are here to stay. While these virtual environments offer exciting possibilities across sectors, they also raise disquieting questions about their influence on businesses, trade and economics.

AI-generated realities, often powered by machine learning algorithms, refer to synthetic worlds and experiences that mirror or create alternate realities. These immersive landscapes have applications ranging from entertainment and education to therapy and training. Nevertheless, the scope of their effects goes beyond their initial purpose.

AI-generated realities have the potential to reshape the way businesses interact with customers. Retail, for instance, could see a paradigm shift, with customers experiencing lifelike virtual stores before making purchases. This personalised approach could enhance customer engagement and brand loyalty. Companies could utilise AI-generated realities to test prototypes and simulate real-world scenarios, accelerating product development. This approach could lead to quicker innovation cycles, reduced costs, and improved products hitting the market.

AI-generated realities could revolutionise marketing and advertising by creating highly tailored and personalised experiences for consumers. Brands could immerse customers in hyper-realistic virtual showrooms, allowing them to interact with products before making a purchase.

This means the advent of AI-generated realities could give rise to entirely virtual marketplaces where



businesses could trade products and services within digital environments. This could eliminate geographical limitations and reduce costs associated with physical trade as well. AI-generated realities could enable sophisticated market manipulation strategies. Businesses could exploit immersive environments to influence consumer behaviour, potentially leading to economic distortions.

As AI-generated experiences become more immersive and attractive, traditional industries like tourism and hospitality might face challenges. Virtual travel experiences could substitute for real-world vacations, impacting economies reliant on tourism.

While AI-generated realities have the potential to revolutionise industries, they could also exacerbate economic disparities. Companies with advanced AI capabilities could dominate markets, leaving smaller businesses struggling to keep up.

Remote work could evolve into an entirely immersive experience, enabling colleagues to collaborate seamlessly in virtual offices. This could enhance productivity and work-life balance while reducing the need for physical office spaces.

But the proliferation of AI-generated realities could lead to the transformation of job roles across various industries. Creative professionals might collaborate with AI to design immersive experiences, while new roles like virtual experience curators could emerge. Conversely, there's a potential for job displacement as AI technologies automate tasks previously performed by humans. This could have a profound impact on the labour market, necessitating the retraining and upskilling of the workforce.

The ownership and protection of AI-generated creations raise intricate intellectual property concerns. Determining authorship, copyright, and licensing in virtual environments could become complex legal challenges.

With the promises of AI-generated realities come several ethical challenges. As AI technologies become more sophisticated, the line between reality and virtual reality may blur, raising concerns about privacy and data security. Personal information could be exploited, leading to potential privacy breaches. AI-generated realities could potentially be misused for

deception, misinformation and propaganda. People may struggle to discern between authentic experiences and fabricated ones, leading to a crisis of trust. Just as with any new technology, overreliance on AI-generated realities could lead to addiction and detachment from the real world, affecting mental and emotional well-being. The unsettling potential of AI-generated realities on businesses, trade, and economics cannot be ignored. While these technologies open doors to innovation and efficiency, they also introduce challenges that demand thoughtful consideration. Striking a balance between the positive impacts and potential disruptions is crucial. It is imperative for policymakers, businesses and societies to work collaboratively to establish ethical guidelines and regulations that safeguard against the negative consequences of AI-generated realities. The future of business, trade and economics in this new digital era hinges on our ability to harness these technologies responsibly, ensuring a future that is both technologically advanced and ethically sound. **B**

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## Annual average consumer price inflation stood at 7.74% in fiscal year 2022/23

According to the Current Macroeconomic and Financial Situation of Nepal based on the annual data of 2022/23, published by Nepal Rastra Bank (NRB), the annual average consumer price inflation stood at 7.74% in fiscal year 2022/23 compared to 6.32% a year ago.

Under the food and beverage category, the annual average consumer price index of restaurant and hotel sub-category increased 14.42%, spices 12.50%, cereal grains and their products 10.70%, tobacco products 9.88%, and milk products and eggs 9.23%. Likewise, under the non-food and services category, the annual average consumer price index of transportation sub-category increased 13.50%, recreation and culture 10.18%, health 10.01%, education 8.79%, and housing and utilities 8.65%.

In 2022/23, consumer price inflation in Kathmandu Valley, Terai, Hill and Mountain remained at 7.55%, 8%, 7.56% and 7.12%, respectively. Such inflation in these regions was 5.73%, 6.41%, 6.87% and 6.07%, respectively in the previous fiscal year.

Meanwhile, the annual average wholesale price inflation stood at 8.47% in 2022/23 compared to 9.51% a year ago.

The NRB report states that during 2022/23, merchandise exports decreased 21.4% to Rs 157.14 billion against an increase of 41.7% in the previous year. Destination-wise, exports to India decreased 31.3% whereas exports to China and other countries increased 118.3% and 10.7%, respectively. Exports of zinc sheet, particle board, cardamom, woollen carpets, polyester yarn and thread, among others, increased whereas exports of soyabean oil, palm oil, oil cakes, textiles, silverware and jewellery, among others decreased in the review period.

In the review year, merchandise imports decreased 16.1% to Rs 1,611.73 billion against an increase of 24.7% a year ago. Destination-wise, imports from India, China and other countries decreased 14.4%, 15.9% and 20.7%, respectively. Imports of sponge iron, chemical fertiliser, other stationery, bitumen, paper, among others, increased whereas imports of transport equipment and parts, MS billet, medicine, petroleum products, crude soyabean oil, among others, decreased in the review year.

The total trade deficit decreased 15.5% to Rs 1,454.59 billion in the review year. Such deficit had increased 23% in the previous year. The export-import ratio decreased to 9.7% in the review year from 10.4% in the previous year.

In the review year, merchandise imports from India against payment in convertible currency amounted to Rs 154.42 billion. Such imports were worth Rs 213.53 billion in the previous year.

The central bank has mentioned that remittance inflows increased 21.2% to Rs 1,220.56 billion during 2022/23 compared to an increase of 4.8% in the previous year. In US dollar terms, remittance inflows increased 12.1% to \$9.33 billion in the review year compared to an increase of 2.2% in the previous year.

The number of Nepali workers (institutional and individual-new) taking approval for foreign employment increased 40.3% to 497,704 in the review year. It had increased 392% in the previous year. The number of Nepali workers (Renew entry) taking approval for foreign employment decreased 1.8% to 277,272 in the review year. It had increased 198.5% in the previous year.

Meanwhile, the current account remained at a deficit of Rs 72.16 billion in the review year compared to a deficit of Rs 623.38 billion in the previous year. In US dollar terms, the current account registered a deficit of \$557.12 million in the

review year compared to deficit of \$5.17 billion in the previous year.

In the review year, capital transfer decreased 24.5% to Rs 7.54 billion and net foreign direct investment (FDI) remained at Rs 5.96 billion. In the previous year, capital transfer and net FDI amounted to Rs 9.99 billion and Rs 18.56 billion, respectively.

Balance of Payments (BOP) remained at a surplus of Rs 290.52 billion in the review year against a deficit of Rs 255.26 billion in the previous year. In US dollar terms, the BOP remained at a surplus of \$2.21 billion in the review year compared to a deficit of \$2.15 billion in the previous year.

The report mentions that gross foreign exchange reserves increased 26.6% to Rs 1,539.36 billion in mid-July 2023 from Rs 1,215.80 billion in mid-July 2022. In US dollar terms, the gross foreign exchange reserves increased 23.1% to \$11.74 billion in mid-July 2023 from \$9.54 billion in mid-July 2022.

Of the total foreign exchange reserves, reserves held by NRB increased 27.4% to Rs 1,345.78 billion in mid-July 2023 from Rs 1,056.39 billion in mid-July 2022. Reserves held by banks and financial institutions (except NRB) increased 21.4% to Rs 193.59 billion in mid-July 2023 from Rs 159.41 billion in mid-July 2022. The share of Indian currency in total reserves stood at 22.5% in mid-July 2023.

Based on the imports of 2022/23, the foreign exchange reserves of the banking sector are sufficient to cover the prospective merchandise imports of 11.7 months, and merchandise and services imports of 10 months.

## FNCCI President Dhakal, Chinese ambassador discuss prospects of investment

Federation of Nepalese Chambers of Commerce and Industry (FNCCI) President Chandra Prasad Dhakal and Chinese Ambassador to Nepal, Chen Song, held a meeting on August 8. In the meeting

held at the FNCCI Secretariat, Dhakal drew the attention of the Chinese envoy towards the prospect of Nepal becoming a major destination for Chinese investment and tourism, according to a press statement issued by FNCCI. Dhakal said Nepal's manufacturing sector, energy and tourism infrastructure sectors, among others, had good prospects for foreign investment.



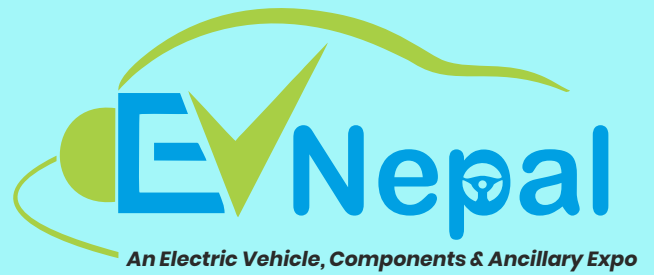
Emphasising direct flights to all international airports of Nepal from China's major cities for tourism promotion, he urged the Chinese Ambassador to consider Nepal as a priority in the list of major destinations for Chinese tourists. Stating that FNCCI has been promoting small enterprises, he urged the Chinese embassy in Nepal to facilitate micro-entrepreneurs for exposure visits to China.

He further drew the attention of the Chinese Ambassador towards the possibility of Chinese banks entering Nepal's banking sector. Dhakal appealed to the Chinese envoy to take the initiative to effectively operate Tatopani Check Point which has long been inoperative.

Chinese Ambassador Chen said that Chinese investors were excited to invest in Nepal, especially in manufacturing industries, agriculture and energy, among other sectors, and pressed for creating an enabling environment in Nepal for the same. According to him, there should be an arrangement for investors to repatriate investments to their home nations conveniently.

Pointing out the need for stability at policy level and straightforward dealings, he presented the instance of China becoming a globally leading manufacturer due to foreign investment. He informed that discussions were being held regarding the resumption of Tatopani Check Point and Chinese banks' entry into Nepal.

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## CNI's 'Budget Watch' reveals disappointing budget implementation results



The Confederation of Nepalese Industries (CNI) has revealed findings from its analysis of the budget implementation for the fiscal year 2022/23. CNI's programme titled 'Budget Watch', conducted a thorough assessment of the economic sector and discovered significant gaps between the intended budgetary allocations and the actual implementation.

According to the report released by CNI, last fiscal year's budget exhibited a lacklustre execution of vital economic initiatives. Out of the 62 points outlined in the economic sector in the budget, a mere 18% equivalent to 11 points, were fully implemented. A substantial portion of the remaining points suffered from partial implementation or were not executed at all. Specifically, 47% of the points saw partial implementation, while a concerning 35% went unimplemented.

The report highlights varying degrees of success in different areas. Foreign investment issues have seen some degree of implementation, while sectors like infrastructure, startups, and land development have shown weak or zero progress. Notably, changes in tax rates, tax exemption and discounts related to the Financial Act were swiftly implemented. However, the report emphasises that policy changes, legal reforms, and structural adjustments have faced significant hurdles, indicating a lack of momentum in transformative reforms.

The government presented the budget for fiscal year 2022/23 with a target of

spending Rs 1.79 trillion, but only Rs 1.43 trillion (79.7% of the target) was spent, according to the report. Although Rs 380 billion was allocated for capital expenditure, only Rs 234 billion (61.54% of the target) was spent. It shows that nearly one-third of the capital amount was not spent.

In the previous fiscal year, the government achieved only 72% of the revenue collection target of Rs 1.40 trillion. The overall laxity in revenue and expenditure management underscores the weaknesses in budget implementation.

On the occasion, CNI President Rajesh Kumar Agrawal stressed that the Budget Watch initiative was launched to creatively contribute to the effective implementation of the budget, enhance capital expenditure trends, and support overall economic growth.

CNI has proposed 73 points related to the private sector and economic prosperity, categorised into areas such as industrial development, investment promotion, infrastructure, tourism, agriculture, domestic production, and export promotion, as well as tax regime adjustments.

Government officials also weighed in on the findings.

Chief Secretary Baikuntha Aryal highlighted the need for collaborative efforts to reduce business and production costs. Mukunda Prasad Niroula, Secretary at the Ministry of Industry, Commerce and Supplies, spoke about plans to update outdated laws based on current relevance and address budget constraints for micro, domestic, and small industries.

Ramkrishna Khatiwada, CEO of Nepal Infrastructure Bank, shared insights into industrial park development, citing a growing number of parks since 2001. He noted, however, that despite the government's allocation of land for industrial infrastructure, utilisation remained below expectation. As Nepal aims for sustainable economic growth, these findings underscore the

imperative for more effective budget planning, allocation, and implementation strategies.

## IMF team concludes visit to Nepal

An International Monetary Fund (IMF) staff team, led by Tidiane Kinda, conducted a staff visit to Kathmandu in between July 20-26, to discuss recent macroeconomic developments and the implementation of the fund-supported programme.

At the conclusion of the visit, Kinda issued the following statement: "Following an economic slowdown last year, growth is projected to rebound in fiscal year 2023/24, inflation is expected to recede, and the external position will continue to strengthen. Cautious and data-driven monetary policy has set an appropriate stance to maintain price and external stability. Continued vigilance on banks' asset quality and stepping up supervisory efforts remain key to preserving financial stability. Prudent execution of the FY 2023/24 budget is crucial to secure fiscal sustainability. Implementing measures envisaged in the fiscal year 2023/24 budget will improve the efficiency of capital expenditure."

Kinda added, "The authorities' ongoing efforts in meeting key commitments under the fund-supported programme, with the support of IMF's technical assistance, are welcome. Performance under the programme will be formally assessed in the context of the third review of the Extended Credit Facility, which is expected to be undertaken later this year."

"The IMF team is grateful to the Nepali authorities for their hospitality and for constructive discussions. The IMF team held meetings with the Minister of Finance Prakash Sharan Mahat, Nepal Rastra Bank Governor Maha Prasad Adhikari, National Planning Commission Vice-Chairman Dr Min Bahadur Shrestha, and other senior government and central bank officials. The IMF team also met with

representatives from the private sector and development partners," Kinda mentioned.

## WWF Nepal conducts 'WWF Tigers Alive Initiative - Strategy 2023-34' interaction

World Wildlife Fund (WWF) Nepal conducted an interaction session titled 'WWF Tigers Alive Initiative - Strategy 2023-34' at its office on July 28 on the occasion of Global Tiger Day which falls on July 29. The main reason behind this interaction was to share the real scenario of increment in tiger population, realise the challenges it may create, and possible solutions that could be taken forward.

Ghana Shyam Gurung, Country Representative, WWF Nepal, initiated the session with a statement, "We are happy to announce that we have been able to increase the tiger population beyond the target. WWF Nepal works with 12 countries, we do not talk about Nepal only, we talk about the rest of the nations too. According to the latest census of 2022, the world's tiger population is 4,500 and we are targeting 6,000 in the next census. Therefore, we are still working on it."

Nepal declared an impressive result by tripling the tiger population and contributing to the world's number. In the meantime, we cannot omit the contribution of China, Bhutan, India and Russia, he mentioned, adding they have either doubled or tripled the population of tigers which is a very good sign.

"In the meantime, tiger population is becoming an issue but the actual issue should be management, protection and conservation of the tigers. And to do that, focus should be on poaching control, habitat management and trade control," Gurung stated.

On the occasion, Shiv Raj Bhatta, Conservation Director, WWF Nepal, said, "The concept of coexistence is new to the Nepali government. The coexistence of wildlife with

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humans and infrastructure is the key.”

Stating the challenges due to tiger population increase and the conflict between humans and tigers, Gurung suggested five major components in terms of management and coexistence. From the side of WWF Nepal, he suggested behavioural awareness among human beings is necessary. Campaigns like Behaviour Communication should be initiated in the first place. Secondly, proper availability of wetlands, rivers and grasslands should be ensured in order to provide tigers with better habitat, he added. Thirdly, visitor management is crucial. Lastly, a strong monitoring system must be established, he said, adding that rescue and relief for the victims also cannot be ignored.

### USAID Urja Nepal concludes leadership programme for women in energy sector



USAID Urja Nepal has successfully concluded its nine-month long ‘Training Programme for the Development of Leadership and Management Skills for Women in Nepal’s Energy Sector’. The leadership programme aimed to assist women leaders in advancing their leadership skills, enhancing their professional influence, and making effective business decisions to accelerate Nepal’s energy transition.

Co-designed with input from women leaders in the sector, the programme focused on addressing key challenges in the power sector, including cross-border electricity trade and project financial

management. It also aimed to equip participants with leadership skills to navigate the male-dominated energy industry and provided a platform for networking and knowledge exchange among women leaders.

At the end of the programme, participants demonstrated renewed technical expertise and showcased skills in building professional networks, self-advocacy, and career confidence. They also developed a deeper appreciation for effective leadership and expressed a willingness to expand their professional connections.

“Over the course of this programme, we have been privileged to learn the skills, insights and experiences from some of the eminent experts in their respective fields,” said Prabina Chettri, Assistant Manager at Nepal Electricity Authority and one of the participants of the programme. “The workshop has immensely contributed to expanding our professional horizons. It has not only honed our skills but also challenged us to redefine our own potential and motivated us to have a mindset of continuous learning,” she added.

To celebrate the achievements of the women leaders, USAID Urja Nepal organised a closing ceremony on July 28. The event highlighted the significant support from the Government of Nepal, including Energy Minister Shakti Bahadur Basnet, in promoting gender equality and inclusion. It also served as a networking opportunity, enabling participants to interact with women leaders from various industries, including energy, banking, information technology and politics. Speaking at the event, Minister Basnet congratulated the participants and reiterated the government’s commitment to make the sector more inclusive. “The ministry would like to see women in leadership roles in the energy sector in the coming days,” he said.

During the event, Sepideh Keyvanshad, USAID Nepal’s Mission Director said, “Through this programme, we aspire to create a ripple effect where today’s participants become tomorrow’s champions, mentoring others in their journey towards leadership.”

### TEAM Ventures concludes successful partial exit from Foodmandu



TEAM Ventures has successfully concluded a partial exit from Foodmandu through the sale of equity to Himalayan Capital. TEAM Ventures, is an industry-agnostic alternative investment firm with a diverse portfolio spanning the energy, technology, real estate, manufacturing, startups, agro-infrastructure and electric vehicles sectors.

TEAM Ventures’ partial exit from Foodmandu resulted in 2x returns for the firm in a short time span of two years. The firm’s strategic investment has facilitated Foodmandu’s exponential expansion of its customer and restaurant base, as well as geographic expansion.

Foodmandu, established in 2010, stands as Nepal’s largest food delivery company and is an industry leader in customers and restaurant partners. The company received series A funding through True North Associates in 2016 and series B funding from TEAM Ventures in 2020. In 2023, Dolma Impact Fund II further invested \$4 million in series C funding.

Himalayan Capital, a wholly-owned subsidiary of Himalayan Bank and one of Nepal’s leading merchant banks, is committed to fostering reliable and sustainable growth for its customers. They offer services across individual and institutional dimensions,

assisting in management, capital structuring, wealth management, and a range of advisory services.

### SAWDF highlights importance of Women Entrepreneurs Green Industrial Park

South Asian Women Development Forum (SAWDF) successfully organised an interaction workshop on August 11, in Kathmandu. The workshop aimed to foster a deeper understanding on the importance of the role of the government, parliamentarians and lawmakers in creating strategic policies that enable a conducive environment to promote innovative projects such as the first in Nepal and second in South Asia ‘Women Entrepreneurs Green Industrial Park’ which will support gender mainstreaming in the socio-economic sphere.



During the programme, Finance Minister Prakash Sharan Mahat, who was also the chief guest, expressed his commitment that the government will support the project and hoped for extension of similar projects in other parts of Nepal. He further added that women entrepreneurship and green economy have to be given priority to address unemployment issues and migration of youths.

Members of Parliament, Narayani Sharma of Maoist Centre, Sumana Shrestha of Rastriya Swatantra Party, and Apsara Chapagai, Deputy Speaker of Bagmati Pradesh, mentioned that as lawmakers they would be happy to advocate on socio-economic issues of women. Member of Parliament of Bagmati Province and Senior Vice President of SAWDF, Yankila Sherpa, spoke how eco-tourism could be promoted through the green industrial park.

Pramila Acharya Rijal, President of South Asian

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Women Development Forum, urged all the women parliamentarians to unite and work for women's issues. She urged all the members of parliaments to advocate in formulation of a law in the form of the Women Entrepreneurs Green Industrial Park Act which could help establish similar parks in all the other six provinces. Highlighting the vital role of women entrepreneurs in the national economy, she stressed the significance of executing projects that create a supportive environment for micro, small, and medium-sized women entrepreneurs. She additionally emphasised the need to foster unity, solidarity and cooperation among female leaders to contribute to a more empowered society.

Sharada Rijal, Chairperson of Women Entrepreneurs Green Industrial Park (WEGrIP) Committee, delivered a presentation of the ongoing Women Entrepreneurs Green Industrial Park - a PPP model in partnership with the Ministry of Industry, Commerce, and Supplies and the local government - Panchkhal Municipality at Hoksre, Panchkhal Municipality, Province 3.

Mahesh Kharel, Mayor of Panchkhal Municipality, mentioned how this park would change the economic structure of Panchkhal and promote local resources which have not been utilised.

### Shakya wins 'Asia's Most Admired Marketing Leader' award in Singapore



Ujaya Shakya, Founder of Outreach Nepal, has been awarded the accolade, Asia's Most Admired Marketing Leader, at the 14th edition of the CMO Asia Awards.

The event, hosted at the Pan Pacific Singapore on August 17, celebrated the remarkable achievements and contributions of marketing personalities from across the Asia Pacific region.

Established in 2010 and endorsed by the World Federation of Marketing Professionals, CMO Asia recognised outstanding leaders who made significant strides in the field of marketing.

Shakya's dedication and continuous efforts to represent Nepali advertising and cultivate a more robust professional ecosystem in Nepal have earned him this distinguished accolade. With an experience spanning over two decades in strategic 360-degree communication, branding and social behaviour change communication (SBCC), he has played an instrumental role in the successful launch of several global brands to Nepal, as well as in spearheading impactful SBCC campaigns focused on public health and social issues. His book, 'Brandsutra' published in 2015, serves as a testament to his expertise.

A regular presence at prestigious industry events across Asia, Shakya is frequently invited as a jury member and speaker for advertising and brand awards across the region, solidifying his reputation as a thought leader. His leadership and commitment to driving Nepal's marketing industry forward are widely recognised in the region. His journey continues to inspire young professionals in the field to strive for excellence and embrace the transformative power of marketing.

### Bottlers Nepal bags Gold for Best Presented Annual Report 2022

Bottlers Nepal Ltd (BNL) has been awarded Gold for the Best Presented Annual Report (BPA) 2022 under the Manufacturing Sector category in an event organised by the Institute of Chartered Accountants of Nepal (ICAN).

The award was presented to BNL for its outstanding presentation, detailed

disclosure, and transparency of information presented in the annual accounts for the fiscal year 2078/79. Bottlers Nepal (Terai) Ltd (BNTL) had also been recognised with a Merit Award by ICAN in the same category for 2022. Bottlers Nepal and Bottlers Nepal Terai take pride in corporate governance and compliance.



"Bottlers Nepal understands the importance of transparency with all our stakeholders including our suppliers, customers and shareholders. Corporate governance and compliance are part of our DNA of our internal processes and global Coca-Cola system, which we follow conscientiously. We are humbled to be recognised for our efforts," the company said in a statement.

The award was presented by Finance Minister Prakash Sharan Mahat to Ashok Mandal, Finance Controller of Bottlers Nepal at a function held by ICAN.

### CNI suggests government take initiative to remove Nepal from EU's air safety list



The Confederation of Nepalese Industries (CNI) held a discussion with Minister for Culture, Tourism and Civil Aviation, Sudar Kirati, on issues related to the tourism industry of the country. The discussion focused on issues regarding steps to be taken for

tourism promotion, short-term and long-term policy-level reforms, along with initiatives to remove Nepal from the European Union's air safety list. All airlines in Nepal are banned from operating in Europe.

At the meeting held at the Ministry of Culture, Tourism and Civil Aviation (MoCTCA), CNI President Rajesh Kumar Agrawal emphasised on the need for initiatives to re-establish direct air connectivity with Europe. Agrawal stressed removing Nepal from the EU air safety list as soon as possible as tourists from European countries are among the biggest spenders. He also shared that CNI has formed a tourism committee keeping the tourism industry in high priority. He expressed commitment that the CNI would carry out activities working closely with MoCTCA.

CNI has called the ministry's attention to the challenges in shortage of air routes for the successful operations of Pokhara International Airport and Gautam Buddha International Airport, the need for developing and promoting Nepal as a film destination, the timely completion of upgrading road works on tourist destinations, and the issue of imposition of VAT on air tickets.

Minister Kirati assured steadfast work to restore air connectivity with the European Union. He however expressed objection on the imposition of VAT on air tickets. The Minister informed of the preparations

to purchase aircrafts to be operated in 'trunk routes' to provide service to the remote areas of the country and narrow-body aircraft for international flights to make Nepal Airlines Corporation competitive.



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## FENEGOSIDA provides training for businesspersons on goAML software



The Federation of Nepal Gold and Silver Dealers' Association (FENEGOSIDA) has provided training for gold and silver dealers affiliated with the Federation on the operation and use of goAML software. The training was provided in collaboration with the Financial Intelligence Unit (FIU) of Nepal Rastra Bank.

FENEGOSIDA President, Manik Ratna Shakya, said that goAML software has been implemented in Nepal to discourage financial investment in money laundering and terrorist activities.

FIU's IT expert, Deepak Parajuli, trained gold and silver traders on the usage of goAML software. He asserted that businesspersons who deal in gold and silver worth Rs 1 million or more at a time should mandatorily fill in the details through goAML software. That information reaches the FIU. Based on that, if there is a suspicious transaction, the central bank will conduct further investigations and make recommendations to the relevant agencies for investigation.

The goAML application is the United Nations Office on Drugs and Crime (UNODC) Software Products for Member States' response to money laundering and terrorist financing, and is available to FIUs of member states to support their work. In the case of Nepal, goAML is fully implemented in A, B and C class banks and financial institutions (BFIs). FIU-Nepal has planned to integrate other major Reporting Entities (REs) such as insurance companies, securities companies,

remittance companies, etc. in goAML gradually. goAML software helps in the online receipt of Suspicious Activity Reports (SARs), Suspicious Transaction Reports (STRs) and Threshold Transaction Reports (TTRs) from the Reporting Entities (REs) and the analysis of such reports.

## Pokhrel appointed NRB Deputy Spokesperson, Information Officer



Dilliram Pokhrel has been appointed Deputy Spokesperson and Information Officer of Nepal Rastra Bank with effect from August 2. Nepal Rastra Bank, Office of the Governor Director Pokhrel has been working with the central bank since 2001. Pokhrel has a degree in economics from Osaka Sangyo University, Japan.

## IBN Performance Contract Report of FY 2022/23 submitted to PM Dahal



Investment Board Nepal CEO Sushil Bhatta submitted the Performance Contract Report of FY 2022/23 to Prime Minister Pushpa Kamal Dahal on July 29. PM Dahal applauded the efforts of IBN and said that it will be further developed as an effective and efficient institution capable of best utilising the knowledge and experience of experts.

He directed IBN CEO Bhatta to present the necessary framework containing policy, legal and institutional measures for reforms. The PM shared that the government seeks to develop IBN as a prime institution to build strategic infrastructure projects. He further expressed commitment on behalf of the government to provide the necessary support to IBN in its future efforts. He also reiterated the government's commitment to gradually incentivise private investment in development.

IBN CEO Bhatta shared the board's strategic plan, mandate, business plan and work progress against the budget and programme of the government, highlighting IBN's performance in project management, investment promotion, institutional development and coordination, collaboration and partnership.

There is a practice that the IBN CEO presents the Performance Contract Report of the board before the Prime Minister who is also the Board Chairperson and a performance contract between the Board Chairperson and CEO is signed.

## World Bank to continue its support for improved health system to Nepal



The World Bank has pledged to continue its support for Nepal in its bid for improvement health system. In a meeting with Minister for Health and Population, Mohan Bahadur Basnet, on August 1, World Bank Country Director for Maldives, Nepal and Sri Lanka, Faris Hadad-Zervos, reaffirmed the World Bank's commitment to continue its support to Nepal.

Minister Basnet appreciated various cooperation and support from the World Bank to Nepal's health sector among others and urged the World

Bank to consider additional financial and technical support for Nepal in the coming days.

The World Bank Country Director shared that the bank will provide \$100 million as grant assistance and \$3.84 million as a grant for Nepal's health sector within five years. He expressed his confidence that the World Bank's support will contribute to enhancing quality healthcare services in Nepal during difficult situations like Covid 19 pandemic and other epidemics.

It may be noted that the World Bank provided vaccines against Covid 19 to Nepal as grant during the pandemic besides some funds to be mobilised for preventive measures.

Health Minister Basnet informed Hadad-Zervos that some of the financial assistance received from the World Bank during the pandemic was remaining and the process to spend the remaining amount has been undertaken by the health ministry itself. The remaining amount was sent to the Ministry of Finance. According to Minister Basnet, the World Bank held the view that the amount should be spent by the Health Ministry. According to the Minister, the remaining amount will be brought to the MoHP considering the risk of dengue and other risks in the health sector and the possible need of mobilisation of the fund. The remaining amount stands at Rs 1 billion.

## Finance Minister inspects dry port, customs office in Birgunj



Finance Minister, Prakash Sharan Mahat, carried out an onsite inspection of the dry port and customs office

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in Birgunj Metropolitan City, Parsa district, on August 3. During the inspection, Minister Mahat stressed that honest efforts were essential to meet the revenue target. "Once all employees work honestly to avoid malpractices at the customs office, it will help meet the revenue target." He raised questions on the presence of some commodities in the market while the revenue is negligible. Mentioning that the dry port and Birgunj customs office account for 40% of the total customs contribution, Minister Mahat emphasised the role and responsibility of the employees in meeting the revenue target.

"We must not forget our public role and responsibility," Minister Mahat mentioned. He added customs and security bodies have a significant role in revenue collection. Security bodies should conduct proper inspections to see if any goods are being brought into the country by evading customs.

He also expressed worry about why a huge machine at the dry port had not come into operation. Technology is necessary to ease the monotonous work of checking goods. Minister Mahat urged the concerned employees to upgrade the system for which the government provides resources.

## AIDIA signs agreement with European Policy Centre

The Asian Institute of Diplomacy and International Affairs (AIDIA) has signed a memorandum of understanding (MoU) with European Policy Centre (EPC), one of the oldest think tanks in Europe. This landmark agreement solidifies AIDIA's membership within the esteemed ranks of the EPC, fostering a new era of collaboration and knowledge-sharing between Nepal and Europe in the domain of transnational think tank work.

EPC is an independent, non-profit think tank dedicated to fostering European integration through analysis and debate, supporting and

challenging European decision-makers at all levels to make informed decisions based on evidence and analysis, and providing a multi-stakeholder platform for engaging partners, stakeholders and citizens in EU policy-making and in the debate about the future of Europe.

Asian Institute of Diplomacy and International Affairs is an independent, non-partisan institution that conducts research and analysis domestic and international affairs, diplomacy, entrepreneurship, and offers a platform for dialogue and conflict resolution.

The collaboration between AIDIA and EPC represents a significant step forward in fostering an environment of cooperation and knowledge-sharing among think tanks in Europe and Nepal. This strategic partnership will enable AIDIA to actively engage with leading experts, policymakers, and stakeholders in Europe and the world. With this alliance, AIDIA aims to expand its reach, broaden its research horizons, and foster increase collaboration among think tanks in Nepal and Europe.

The MoU was signed by Sunil KC, Founder of AIDIA and Fabian Zuleeg Chief Executive of EPC.

## Aloft Kathmandu Thamel celebrates fourth anniversary

Aloft Kathmandu Thamel celebrated its fourth anniversary on July 28.

Guests, partners and patrons gathered to celebrate four years of exceptional service and cherished memories at Aloft Kathmandu Thamel. Vikram Singh, General Manager of Aloft Kathmandu Thamel, expressed his gratitude, saying, "We are deeply moved by the overwhelming support and love we have received over the past four years. Our fourth anniversary celebration was an opportunity to honour the shared memories and connections that have made Aloft Kathmandu Thamel a success among our guests,

patrons and team members. It's been a journey filled with cherished memories and meaningful connections, and we look forward to continuing this wonderful bond in the years to come."

Speaking on the occasion, Prithivi B Pande, Chairman of Aloft Kathmandu Thamel said, "This hotel is a reflection of a long-cherished dream. Thank you to the entire team of Aloft Kathmandu Thamel for all their dedication and our valued patrons and guests for their unwavering support. I look forward to the continued success and shared journeys ahead."

## Megha Chaudhary elected President of Lunkarandas-Gangadevi Chaudhary Sahityakala Mandir



The annual general meeting (AGM) of Lunkarandas-Gangadevi Chaudhary Sahityakala Mandir on August 16 elected a new executive committee under the Chairmanship of Megha Chaudhary. The AGM held in Thapathali, Kathmandu elected senior artist Harihar Sharma as Vice-President of the new executive committee for the next four-year term. Lyricist and journalist Raman Ghimire has been elected as General Secretary and Manish Kumar Khemka as Treasurer. Prof Dr Usha Thakur, Narayan Bhakta Shrestha (Rayan) and Rajendra Salabh have been elected as executive committee members. The new executive committee members assumed office on August 17. The Sahityakala Mandir has been active in the field of Nepali songs, music and literature for the past 30 years.

Basant Chaudhary is the patron of Sahityakala Mandir, established in the year 2051 in the name of Lunkarandas, the founder of Nepal's leading and

largest industrial establishment Chaudhary Group, and his wife Gangadevi Chaudhary. Basant Chaudhary, while speaking at the opening session of the AGM, recalled that during a period of 30 years, Sahityakala Mandir has honoured ten dozen great authors and said there is no other organisation like this in the field of literature and art in Nepal. He announced that the scope of work of the organisation would expand in the fields of literature, music, art, journalism, health and social service.

## NMA extends grandiose welcome to record holder climbers



Amidst a jubilant atmosphere, Nepal Mountaineering Association (NMA) extended a grand welcome and offered heartfelt felicitation to record holder climbers Tenjen Sherpa, Kristin Harila and Nima Rinji Sherpa, among others. At a ceremony held at Nepal Tourism Board, NMA honoured Tenjen, Kristin and Nima with a silver badge and letter of appreciation. NMA also honoured Muktu Sherpa, Ang Dawa Sherpa, Ngima Dorchi Sherpa and Pechhumbe Sherpa with letters of appreciation.

Tenjen, a resident of Makalu Rural Municipality of Sankhuwasabha and Kristin from Norway jointly hold the record of fastest completion of all the 14 eight-thousanders. Harila and Tenjin scaled Mount K2 in Pakistan recently, thus completing the ascent of the 14 peaks that are more than 8,000 metres (about 26,000 feet) high in 92 days, shattering the previous record held by Nirmal Purja aka 'Nims Dai'.

At the age of 17, Nima, who shares the same address as Tenjen, has etched his name as the youngest summiteer of Mt K2, the world's second-highest peak. Meanwhile, Muktu, Ang

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Dawa, Ngima and Pechhumbe have scripted a unique chapter in history by becoming the first set of siblings from the same parents to conquer the challenging heights of Mt K2 together. All the climbers returned to Nepal on August 5 from Pakistan via Dubai.

They were received at Tribhuvan International Airport by State Minister for Culture, Tourism and Civil Aviation - Sushila Sirpali Thakuri, Director General of Department of Tourism - Hom Prasad Luitel, President of NMA - Nima Nuru Sherpa and other officials. They were given a hero's welcome at the airport where hundreds including mountaineers, high-level government officials and well-wishers gathered to welcome them back with cheers and flower garlands. Subsequently, they were escorted to NTB for the formal felicitation with a rally. The rally embarked on a journey through various parts of Kathmandu.

### Thai Airways appoints Society International Travel Services as GSA for Nepal



Thai Airways International Public Company Ltd, Thailand's national flag carrier, headquartered in Bangkok, has appointed Society International Travel Services, one of Nepal's leading Airline GSA agency, as its general sales agent (GSA) for the Nepal market. The appointment came into effect from August 1.

As per the agreement, Society International Travel Services will be providing wide-ranging sales, marketing and airport services for Thai Airways International, in addition to full customer and agent support.

Through this partnership, Thai Airways International

will resume its operations to Kathmandu, Nepal which had been halted in April 2020 due to the global Covid pandemic. With operations to Nepal first starting in December 1968, Thai Airways holds a special place in the history of Nepali aviation and amongst the Nepali people. Thai Airways International intends to tap the opportunity within the Nepali market by strengthening the presence of Thai Airways' services and facilities towards the Nepali people in line with the airline's continuous commitment to boost foreign tourism to Thailand.

Korakot Chatasingha, Chief Commercial Officer of Thai Airways International, expressed his happiness at the resumption of Thai Airways International's operations to Kathmandu and stated, "With various domestic destinations within Thailand like Phuket, Pattaya and Krabi and Bangkok, coupled with quick and easy visa processing facilities for Nepali nationals, we sincerely believe that the resumption of Thai Airways flights will bring about better connectivity between the two countries not only for the increasing number of Nepali vacationers and travellers but will also contribute to enhance economic activities between Nepal and Thailand."

### Luxury branded Dusit Thani Himalayan Resort Dhulikhel opens in Kavre

Dusit Thani Himalayan Resort Dhulikhel opened its doors in a panoramic location near Namobuddha, the renowned Buddhist pilgrimage site. The first luxury branded resort in Dhulikhel aims to redefine hospitality by offering an unrivalled wellness experience that resonates with guests and the local community alike.

Managed by Dusit International, one of Thailand's leading hotel and property development companies, the resort combines Dusit's unique brand of Thai-inspired gracious

hospitality with local culture and traditions. Translated from Thai, Dusit Thani means 'Town in Heaven', and, true to its name, the resort is a testament to the captivating charm of its surroundings, where nature and heritage unite to create an unforgettable experience. The resort is just over an hour's drive from Tribhuvan International Airport and at a distance of 25 km from Bhaktapur Durbar Square, a UNESCO World Heritage Site.



As part of its initial opening, Dusit Thani Himalayan Resort Dhulikhel offers 28 exquisitely designed rooms inclusive of four junior suites and 18 luxurious residences managed by Dusit. Showcasing a harmonious blend of comfort, elegance, and modern amenities, these meticulously appointed and elegant spaces range from 47 sq m to 57 sq m. Guests can enjoy views of the valley and the awe-inspiring 180-degree Himalayan vista from their private balconies, guaranteeing a serene retreat that provides a taste of the luxurious offerings to come.

In the second phase, slated to open at the end of the year, the resort will feature an additional 26 keys, bringing the total number of rooms to 72. At Dusit Thani Himalayan Resort Dhulikhel, Nepal, wellness takes centre stage. Dusit's signature Devarana Wellness offers an array of tailored wellness activities and experiences that cater to individual preferences and needs. Whether indulging in a rejuvenating spa treatment that blends ancient Thai and traditional Himalayan healing therapies, practising yoga amidst nature's embrace, or exploring the surrounding trails for a soul-soothing hike, guests will discover a sanctuary that

fosters holistic well-being.

Guests can also enjoy the stunning views of the Himalayas and valleys from the infinity swimming pool and outdoor jacuzzi, and also take advantage of steam, sauna, and fitness centre facilities for a complete wellness experience. In line with Dusit's commitment to creating extraordinary moments for guests, dining at the resort is another exceptional experience. Led by Executive Chef Bhavi

Khanal, winner of The Best International Executive Chef category at the Galaxy Excellence Awards, the resort's enticing dining options include Thaan, a versatile multicuisine destination, and Bela, a lively poolside bar with a welcoming ambience. Locally sourced ingredients and expertly crafted menus and cocktails combine to deliver a culinary adventure that delights all the senses.

The resort also provides ample space for meetings and events. Designed with versatility in mind, the grand ballroom expands to 226 sq m and has the remarkable capacity to comfortably host up to 350 guests. Dusit Thani Himalayan Resort Dhulikhel offers the unique advantage of combining the grand ballroom with a meticulously manicured lawn spanning an expansive 540 sq m. This seamless fusion of indoor and outdoor spaces enables the resort to cater to events with extensive guest lists. It is the only resort in the vicinity to provide such comprehensive services. Additionally, the resort provides two meeting rooms designed to accommodate small gatherings, intimate events, and meetings, all equipped with advanced facilities to facilitate seamless meeting experiences.

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## Gaurav Agarwal appointed as Honorary Consul of Dominican Republic for Nepal



Gaurav Agarwal, a prominent entrepreneur and Managing Director of Kathmandu Marriott Hotel, has been appointed as the Honorary Consul of the Dominican Republic for Nepal. This appointment marks a new era of diplomatic relations between the Dominican Republic and Nepal, strengthening ties and fostering collaborations in trade, tourism and cultural exchange.

As Honorary Consul, Agarwal aims to foster friendship and cooperation between Nepal and the Dominican Republic, opening new avenues for mutual growth and understanding. "I am honoured and proud to be appointed as Honorary Consul of the Dominican Republic in Kathmandu. I am grateful to the Presidency in Dominican Republic for entrusting me with this responsibility and for the Government of Nepal for approving it," said Agarwal. "I will facilitate tourism, culture and trade exchanges between both our countries," he added.

The Dominican Republic, a Caribbean nation known for its rich history, vibrant culture and picturesque landscapes, holds tremendous potential for collaboration with Nepal in areas such as trade, tourism, and education. Agarwal's strategic vision and network of contacts are expected to bring new opportunities for businesses and individuals alike.

## Adhikari nominated as expert at copyright registrar's office



Federation of Computer Association Nepal (CAN Federation) Secretary General, Chiranjibi Adhikari, has been nominated as an expert at Nepal Copyright Registrar's Office. The Copyright Registrar's Office under the Ministry of Culture, Tourism and Civil Aviation nominated Adhikari as an expert for the study and verification of the documents submitted regarding the registration of the software system under the composition registration.

Adhikari will facilitate the study and verification of documents submitted by individuals and organisations that want to maintain copyright in information technology-based goods and services including software source code, ideas and products.

## SwitchOn Retail opens new outlet in Gatthaghar



SwitchOn Retail, a renowned destination for top-tier brands like Samsung, Himstar and Galanz, has opened a new outlet in Gatthaghar. Inaugurated by Sung June Park, Nepal Branch Head of Samsung Electronics, Shekhar Golchha, Chairman and MD of Golchha Group and Seema Golchha, Director of SwitchOn, this expansion in Gatthaghar aims to cater to the growing demand for quality home products and exceptional customer service in the capital.

The flagship outlet of SwitchOn Retail in Naxal, Kathmandu, has already gained popularity for its premium offerings. The brand's commitment to authenticity, reliability and customer satisfaction has earned it a loyal following.

The Gatthaghar outlet will showcase various home essentials, from TVs, fridges to electrical items like bulbs, all sourced from reputable brands. With cutting-edge electronics and stylish timepieces, the new SwitchOn Retail outlet guarantees an immersive shopping experience that caters to every need.

## Shangrila Motors starts handing over the new Citroen e-C3



Shangrila Motors, the authorised distributor of Citroen vehicles in Nepal, has started handing over the much-anticipated Citroen e-C3 to customers.

The new Citroen eC3 features a 29.2 kWh battery, delivering impressive performance with 57 hp power and a peak torque of 143 Nm. Its unique electric powertrain ensures smooth acceleration and an exhilarating driving experience. Its design, marked by futuristic aesthetics, showcases Citroen's commitment to innovation and aesthetics, enhancing both style and efficiency through aerodynamics. The Citroen eC3's emission-free operation contributes to a cleaner environment, allowing customers to embrace eco-friendly mobility without compromising performance. By choosing the Citroen eC3, customers actively support a global shift toward sustainability.

Also, the company has claimed that the battery life will not be affected even if it is charged several times with the DC fast charger. The company has given a battery pack warranty of seven years or 140,000 km on this car. Similarly, the electric motor has a warranty of five years or 1 lakh km.

Citroen eC3 is a much-loved car worldwide and its future looks the same in Nepal. Its arrival, at last, has sparked a lot of eagerness among Nepali citizens as it promises to make EVs more accessible with its remarkable affordability.

The Citroen eC3 is available at the 'La Maison Citroën' showroom in Thapathali and will be available in Birtamod, Itahari, Biratnagar, Narayangadh, Butwal, Pokhara, Nepalgunj, Dang and Dhangadhi showrooms. The Live variant of the vehicle has been priced at Rs 32.99 lakhs and the Feel variant at Rs 34.99 lakhs.

## Milyo launches new feature to enhance dating privacy

Milyo, the Nepali dating app, has announced a new feature dedicated to privacy in which users can blur their profile photos to remain discreet. Users of the platform can keep their profile photos private and only be shown to matches when 'blur' is on. This aims to help users feel more secure and allows people to reveal their identity only to those they want.

Founded by CEO, Pukar Bhattarai, Milyo has fostered over 6,000 matches since launching in late 2020. "There's still a stigma in using platforms like Milyo within our society since our community is close-knit. A common behaviour we notice is people will sign up and immediately delete their profile due to the fear of being seen by family or friends. I'm proud to share this update which represents an important step in creating a safe and private space to connect and make lasting relationships."



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Among the new features announced is the LGBTQ+ friendly options. "This is a response to the growing need for a more inclusive space where people can express themselves and how they want the world to see them," Bhattarai added. With version 4.1, Milyo now provides offers to over 50 different genders, making it easier for users better represent how they identify in terms of their gender and sexual orientation.

The new version of Milyo is available for download on iOS on the Apple AppStore, with Android scheduled for later this year.

### UNFPA holds national consultation with youths on ICPD commitments



In commemoration of the International Youth Day 2023, United Nations Fund for Population Activities (UNFPA) organised a youth-led consultation with over 75 young people on August 12 in Kathmandu to hear their voices on challenges and issues that hamper them from achieving their full potential in relation to the agenda of International Conference on Population and Development, commonly referred to as ICPD.

At the 1994 ICPD conference, countries including Nepal, made several commitments related to human rights, population development, sexual and reproductive health and gender equality, a remarkable global consensus that placed individual dignity and human rights at the heart of development.

Over the years, Nepal has made good progress, especially in developing progressive policy frameworks and in providing essential basic services like education

and health care. Yet, the 2021 census shows that one in five women (22%) marry as children, with 3% married before turning 15; two women die every day due to pregnancy-related complications; only around 10% of people aged 25-30 years have an undergraduate degree; and there is a growing trend of sex selection with a clear preference of boys. At the same time, multifaceted global crises continue to threaten to erode hard-won gains, and therefore action must be taken now to make the vision of ICPD a reality.

The year 2024 is crucial as it is the 30th anniversary of ICPD, which is a reminder of the importance of its agenda, which champions people-centred development, rights and choices for all, and the pursuit of peace and prosperity.

As such a series of consultations with a wide range of stakeholders have been organised by UNFPA in partnership with the Government of Nepal, at federal and provincial levels, to assess progress, identify emerging issues and agree to collective actions to achieve the national ICPD targets committed by Nepal by 2030.

Addressing the youth at the consultation, Country Representative of UNFPA Nepal Won Young Hong stated, "There are many barriers that prevent young people from achieving their potential, but we want to hear from you. What matters to you the most? What is the future you want to see? At UNFPA we believe that when you are empowered to make your own informed choices in life, when you have bodily autonomy, rights and opportunities, the possibilities for all eight billion people on this planet are infinite."

UNFPA will continue to host these consultations in 2023 across Nepal where the input from each session will feed into the ICPD30 in 2024.

### Yarsa Tech revolutionises electronics industry with launch of NIZI Power

Yarsa Tech, a pioneering force in the technology landscape of Nepal, is proud to announce the launch of its first consumer-based electronics breaking product, NIZI Power. This marks a significant milestone as NIZI Power not only introduces a remarkable innovation in power backup solutions but also establishes Yarsa Tech as the first-ever consumer-based electronics manufacturing company in Nepal. With NIZI Power, Yarsa Tech is pushing the boundaries of what is possible, combining cutting-edge technology, extensive research, and a deep understanding of customer needs. The result is a game-changing solution to set a new standard for excellence in the 'Made in Nepal' electronics market.

NIZI Power is set to redefine convenience and reliability in the electronics sector, offering power backup solutions for devices at 12V and 5V. This breakthrough product is designed to meet the needs of modern consumers who rely heavily on electronic devices, ensuring an uninterrupted power supply for smartphones, CCTV cameras, routers and other essential gadgets. NIZI Power's unique features include six-eight hours of backup for your devices including but not limited to the router, CCTV camera, attendance device, and basically all devices that run on 12V and 5 V batteries including your smartphone.

### Segway electric scooters now available at 0% interest!

iHub, the leading technology and mobility company and authorised distributor of Segway-Ninebot in Nepal, has introduced 0% financing service for Segway electric scooters, making it easily accessible to all.

With a strong commitment to sustainable transportation

choices, Segway's 0% financing service aims to empower individuals across Nepal to own their dream electric scooter without the burden of interest on the loan amount, up to Rs 5 lakh. This exclusive offer extends to all Segway models, including the popular N100, E100, E110L, and E125, ensuring that customers have a diverse range of cutting-edge personal mobility options to choose from.

The 0% financing service is designed with customer convenience in mind, offering flexible EMI plans that span up to 18 months. Segway also complements the purchase with a valuable bundle of complimentary accessories. Each scooter package comes with a helmet, a scooter cover, a raincoat, and one-year annual maintenance, enhancing the overall value of the offering.

Segway also presents an attractive exchange offer, allowing individuals to trade in their existing scooters for a brand-new Segway electric scooter.

They have collaborated with NIC Asia Bank, Machhapuchchhre Bank and Tapai Ko Bazar to enable the 0% financing service.

### Sagar Group launches next-gen cybersecurity solutions by Kaspersky



Sagar Group, an IT distribution company, unveiled its latest line of cutting-edge Next-Gen Cybersecurity solutions – Kaspersky Standard, Kaspersky Plus and Kaspersky Premium – from renowned cybersecurity provider Kaspersky. The event held in Kathmandu on July 26 featured an insightful sharing session by industry experts on safeguarding one's digital life in the ever-evolving landscape of technology.

Chief guests at the event were prominent figures from



the tech and cybersecurity domains. Buddha Laxmi Manandhar, Vice Chairperson of Sagar Group expressed the company's commitment to bolstering cybersecurity measures to protect users' data and privacy. Attendees received expert guidance on navigating the challenges posed by the rapidly advancing digital realm. Purshottam Bhatia, Head of Sales in South Asia for Kaspersky, delivered a comprehensive overview of the newly launched cybersecurity products. He shed light on the cutting-edge features of 'Kaspersky Standard, Kaspersky Plus, and Kaspersky Premium' and highlighted their capabilities to address various cyber risks faced by individuals and businesses alike. He also expressed the company's commitment to providing advanced and reliable cybersecurity solutions to empower users and enterprises alike in their digital endeavours.

Abhijit Gupta, a renowned visionary in the field, Founder, Director and CEO of Young Minds delivered a thought-provoking address, emphasising the critical importance of staying ahead of cyber threats and implementing proactive cybersecurity practices.

## Skyworth launches BM Series home appliances in Nepal

A leading brand of healthy white household goods in the era of intelligence, 'Skyworth', distributed by Smart Appliances, a sister concern of KL Dugar Group, has announced the launch of its much-anticipated Skyworth BM series home appliances.

This collaboration brings together the best of both worlds, blending BMW's iconic design elements like the double kidney grille, leather touch, and iDrive knob with Skyworth's cutting-edge technology. This series of refrigerators also use BMW genuine leather as the decorative craftsmanship on the handles, which achieves both appearance and experience.

This collaboration is a testament to BMW's dedication,

with designers from Korea, China, and Germany working together to bring this vision to life. Skyworth is providing the best home appliances in the Nepali market. Skyworth believes that customers will have an opportunity to get new experiences with the brand and new home appliances.

## Suzuki Jimny and Fronx now available in Nepal

The most awaited Suzuki SUVs, Jimny and Fronx, have been unveiled across all showrooms in Nepal. Customers can experience and take test ride of the vehicles. CG Motocorp and CG NXTGEN, the authorised distributor of Suzuki cars in Nepal, and the automotive division of CG|Holdings, opened the booking of vehicles on July 14. The company has aggressively set the price of both vehicles; the introductory price of Jimny starts at Rs 5,999,000 and Fronx starts at Rs 3,999,000.

The five-door Suzuki Jimny is one of the most awaited cars in Nepal and international market. The demand for this model is very high across the globe. The Suzuki Jimny is a true off-road vehicle with built-in heavy-duty Ladder Frame Chassis and is designed with ample body angle and ground clearance.

The car comes with a dedicated advanced 4WD system, ALL GRIP PRO, and incorporates off-road features like Brake Limited Slip Differentials and 3 Link Rigid Axle Suspension. Designed and built like a true off-roader, Jimny incorporates all the modern comfort features and safety features like 22.68 cm

## Agni Motoinc inaugurates dealership of Mahindra Powerol Diesel Generators in Biratnagar



Agni Motoinc inaugurated its dealership of Mahindra Powerol Diesel Generators in Biratnagar Metropolitan City, Morang district on July 19. Agni Motoinc, a wholly owned subsidiary of Agni Group and authorised distributor of Mahindra Powerol Diesel Generators in Nepal, inaugurated its dealership M/s. Pact Power. Agni Group is the importer and distributor of Mahindra UV, tractors and electric vehicles.

Agni Motoinc is the distributor for Mahindra Powerol diesel generators in the country and is catering to the power needs of both large and small-scale companies and till date has earned an enviable reputation as a leader in Nepal's generator market. Currently, Mahindra Powerol generators are available in 28 models ranging from 5 KVA to 625 KVA. While Powerol generators are equipped with the formidable Mahindra

engine, the power production unit is through the world-renowned European technology of Leroy-Somer.

In addition, Mahindra Powerol uses the world-recognised brand of DPC (Digital Power Control) modules in its generators to provide better fuel efficiency, lower emissions, and reliable power output. The Powerol generators launched in the market are available in distinct categories.

Commenting during the inauguration event, Cabinet Shrestha, MD of Agni Group stated, "Today, Mahindra Powerol has become Nepal's leader in the generator industry. We are extremely pleased to note that we have been able to achieve this within a short period of time due to our excellent after-sales service and nationwide network. Furthermore, Mahindra Powerol is a proven well-known and respected international brand loved by consumers of Nepal."

Smartplay Pro infotainment system, six airbags, Electronic Stability Control, and auto temperature control, hill descent and uphill controls, to name a few.

Suzuki Fronx is a new-

generation urban SUV and is a testament to the perfect blend of style and premium. The face of the new SUV has a sporty design language with advanced technology that ensures utmost comfort, convenience, and maximum safety. With sharp details, intuitive tech, and premium finishes, Fronx is uniquely crafted to satisfy the modern sensibilities of modern Nepali customers.



# TOP PICK

Pratik Aryal, Corporate Affairs Manager at Daraz Nepal, has over 13 years of experience in event management, advertising and sales. He has launched multiple brands and worked on many notable campaigns. Aryal is also the founder of a public relations company called Eighty-one Entertainment (81e) that manages political and non-political election campaigns. He is a founding member of a business consulting firm called 88 Collective that specialises in data-based business consultation.

Aryal likes to describe himself as a storyteller, problem-solver, an analyst and a huge fan of Manchester United.

In this edition of **Business 360**, Aryal talks about his pick of different brands and shares some insights on branding and marketing.

## Frequent shopping apps that you use

I may sound biased but I am a frequent shopper at Daraz app. It is not exactly an app dedicated to fashion but I like the fact that it is a marketplace where I have the option to choose between multiple sellers and products.

## Favourite shopping destination

I am not a regular shopper but I usually end up at Labim Mall or City Centre for my clothing needs. I buy my daily groceries from a local Salesberry store close to my home.

## Your favourite vehicle

My favourite vehicle of all time is the Toyota Land Cruiser 70 series. I have had a love affair with this monster since my early childhood. My father worked at Nepal Telecom for 30 years and for the longest time was assigned this particular four-wheeler. I have been trying to get my hands on one in good condition for a long time. If anyone is willing to sell, please feel free to reach out.

## Travel destination

Within Nepal I love the East; my favourite would be Koshi Tappu Wildlife Reserve. It is one of the best hidden destinations which has not been commercialised yet.

## Gadgets you use

I am a tech enthusiast and prefer simple user-friendly devices. I carry two average phones from Oppo and Xiomi and use an Acer (i5) laptop. As I mentioned earlier, I am a value maximiser rather than a brand follower when it comes to gadgets for my personal use. But at work a customised gaming PC for graphic designing, fully functional Thronmax studio is my preference to deliver quality output.

## Most innovative startup in Nepal

Green Road Waste Management by Bimal and Sanjeev Bastola that promotes plastic road technology involving mixing shredded plastic with hot gravel and adding it to molten asphalt would be my pick for innovative startup. The combination of shredded plastic with hot gravel and adding it to molten asphalt enhances the road's ability to carry weight as well as its life. The plastic road technology comes as an answer to the nagging problem of waste plastic disposal. Studies show that plastic roads do not develop defects such as potholes, rutting, ravelling or edge flaws, even after four years.

## Nepali companies whose PR strategies are worth appreciating

Being a tobacco company public persona that Surya Nepal has garnered over the years is admirable. From their corporate social responsibility ventures to regular sponsorship in flagship events like Jazzmandu and golf tournaments, I believe they have created a positive image in the market.

## Thoughts on online marketing

It is the future and here to stay but most Nepali companies have not made full use of it. The power of data driven advertising is lacking but has huge potential. With recent data showing 60% of Nepali population has smartphones using social media it is going to be the new battlefield for mind share.

## Daraz is launching

A new vertical with refurbished mobile phones. This gives our customers the assurance of Daraz when purchasing second-hand phones from the market.

## A company whose brand strategy is spot on

Even though it is low involvement, brands from Perfetti Van Melle like Mentos and Happydent have got a spot-on on brand strategy.

## A book on branding or marketing that you would recommend

I believe 'Principles of Marketing' by Philip Kotler is the bible every marketing professional should read. If I had to choose my all-time favourite memoir of branding it would be 'Nawabs, Nudes, Noodles' by Ambi Parameswaran.

## What does your choice in brands say about you

I do not care much about brands.

## Is expensive necessarily better?

When you are born and raised in a developing country like Nepal, we are raised to believe expensive is good but we are innately value seekers. We get copies of copies in the market (my personal favourite is a Rolex dipped in water on the streets of New Road sold at Rs 500). A blue-collar worker on the streets of Kathmandu will be wearing a Gucci or Supreme t-shirt with no idea what the original will cost. As a consumer if you are getting

“Practicality and your ability to pay should be a top priority to maximise satisfaction rather than the price tag”

value for the cost you pay, you should be doing good is my philosophy.

## A brand guru you look up to

Ogilvy would definitely be the ultimate guru but my personal favourite would be Piyush Pandey. If you were a kid growing up in the 90's, almost every memorable advertisement to come out of India was by Piyush Pandey.



## Pratik Aryal

Corporate Affairs Manager,  
Daraz Nepal

'Pandemonium' is a must read for every advertiser to get a deep insight on how the man thought and lived his life.

### Three things to remember when choosing a brand

Judge a book by its cover, in most cases the first impression is the last.

Always do your research, reviews are useful but can be very biased. Therefore, choose

your source of information correctly.

Practicality and your ability to pay should be a top priority to maximise satisfaction rather than the price tag.

### A branding strategy you recall having gone all wrong

There was a noodle called Miho (Me-hoe) that was launched with a big fanfare and massive advertisement

spending but it failed in the market mainly due to its distribution issues and unique taste alien to Nepali market at that point. I saw a problem in the name itself. Even though it ran with your tongue the simple meaning of pronunciation was just wrong.

My favourite brand association gone wrong will have to be Sunny Leone's association with Xing vodka.

The research showed that sex sells in the alcohol and cigarette category so they decided to sign the biggest sex symbol at the time in South Asia. But she was simply too big for the product; the customers never associated Sunny with an average Nepali vodka brand and the brand failed miserably within a few years of its launch. **B**

“The definition of success can and will change over time. For instance, when I was deep in debt, the definition of my success was to get over it. After I was able to pay off my debts, success for me was to maintain my lifestyle. So, success is actually a relative term”



**Ashim Kadariya**  
Business Coach

When growing up, Ashim Kadariya aimed to become a chartered accountant and went to New Delhi to study the subject. “I was an average student but there was this urge to study chartered accountancy, but it was only after I joined college, I realised it was not my cup of tea. During that period, I attended several training and coaching programmes and I found a fit and decided to become a coach,” he recalls

The impact that his mentors and trainers had on him was so valuable, he believed, he could pass on this gift to other people. “I thought I would be able to contribute more to the society this way,” he shares about what it is that drives him to coach.

In this edition of **Business 360**, Kadariya talks about the five things that have had an impact on his personal and professional life.

#### **There will be obstacles on the way**

I wanted to start providing training classes but wasn't clear on what training to provide. The passion was there but I wasn't certain on what to do. Hence, I started a company called Fox Globe; more than earning, it was about learning. I wanted to know what happens backstage, what goes on behind training programmes. I wanted to know how to prepare for 10 people for an hour and what to do when the training is for a hall full of people over two days. I wanted to learn the smallest of details as my aim was to provide the best without compromise. I also wanted to bring the best trainers to Nepal and take the country's best abroad.

I started building connections and in 2015 when

I organised my first training. I faced a loss of nearly Rs eight lakhs. I wanted to do it on a grand scale and had booked the Academy Hall in Exhibition Road but there were only 51 participants. In fact, by that year I was in a debt of Rs 40 lakhs already. I was working really hard but also had no money because I wasn't making profits. But I knew that entrepreneurship comes with the 'stress' scenario. I have always been an optimist and was taking loans knowing that things will work out sooner rather than later. What added salt to the wound was the fact that my friends who had gone abroad were sending money home and here I was drowned in debt.

I found myself a complete failure. I then went to India again to meet a few experts and seek their opinion. I still remember one of them saying, 'If you are not doing as good as you want, then there is something that you don't know'. This came as my first realisation. The second thing I learnt was that if you are continuously burning your time, money and energy and if you continue to re-invest in the same system then nothing is going to change. I immediately accepted that there was a problem and I was the one who was responsible for it and would have to solve it. Many people don't accept that there is a problem and that is why there is consistent failure. The first step to solving any problem is to accept there is one. So, even though I don't have formal education I have learnt a lot through my trials and failures.

#### **Adopt, adapt and move on**

Having realised I still lacked the required knowledge and skills, I focused on developing myself by reading more books and meeting successful business leaders to get their insights. Tony Robbins, an American writer and coach, always says that success leaves clues and I believe in that. Even when I

was facing a loss, I invested a huge amount on my personal development by meeting management gurus and trainers. Education is expensive and learning from world-class trainers and speakers will cost a lot but there is so much to learn from them. I have always believed that once you stop learning, you start dying.

Once I felt I was ready to enter the market, I came back and started with some changes and the first change I made was in the name itself. I renamed the company and called it 'Success Vidhi' and started implementing the things I had learnt. And things actually began to work. I compiled all my learnings into a system and started providing trainings to organisations.

In this journey, I have met many businesspeople who have been struggling; some struggle with losses while others are doing good business but they have no life. I started teaching business owners whatever I had learnt.

I understand that before starting a business, we invest time and money and imagine it will grow and be successful, but we should also seek proof of concept that our business will work. With this understanding, I wanted to teach but I needed to have proof that my learnings would actually work. Seeing significant changes among the few business owners that I was already working with, I then went all out and started offering my training programmes to others.

Initially, I decided to train people on a one-to-one basis but the problem was I was just 28 years old and was deciding to train business people who were more successful than me on how to run a business. However, with the positive feedback and knowing that my training was actually helpful, in 2018, I started training people in groups. But then Covid 19 happened and during the Covid lockdown, I decided to conduct a webinar for three hours and

invited people for free. From there, I built my three-day signature programme called 'Business Growth Incentive' which has been so successful that there has been no looking back.

#### **Results are the ultimate goal**

While attending any training, you will find that some trainers are very good with their language and delivery, while others might have a great persona. But these I feel are secondary. The primary thing is result based training. The participants should be able to walk up to you and tell you that your training actually worked for them.

This is also one reason, despite numerous requests for a one-day training I refuse to do so. I feel it will be an injustice to the participants because I know one day is not enough. As a matter of fact, even three days do not suffice so I provide hand-holding support for nine to twelve months. Currently, I have 25 business owners going through a nine-month programme which is a complete handholding support.

#### **Coaching is a next-level game**

Coaching is a next-level game. A trainer can provide inputs for a certain period and then it is over whereas a coach has to be intrinsically involved. It is similar to a coach of a football or cricket team who devises a plan based on the strength of the players and also corrects their mistakes. Similarly, as a business coach I have to first understand my client's business.

I have trained people involved in different business verticals and I have stopped looking at their problems. Usually, the surface problems we see are repetitive and fall under the usual 20 categories and once we solve them, the results start emerging. While coaching we need to dive deep and understand the problems from the grassroot level. It takes

a lot of effort to bring changes in any organisation. My goal is to help build a business that can grow without the owner. It is about building an owner-independent business. Over the years I have met many business owners who are running their operations like they are holding a job for themselves. My niche is to make an owner-independent company. Of course, control is a must and you need to watch what is going on but the operations must be such that even without the owner the business must be able to function.

When people ask me about my certification, I tell them that I have none. How can a certificate ascertain whether a person is a good coach or not? In fact, I don't provide any certificates to those I train too. My only mantra is result.

#### **Definition of success changes with time**

The definition of success can and will change over time. For instance, when I was deep in debt, the definition of my success was to get over it. After I was able to pay off my debts, success for me was to maintain my lifestyle. So, success is actually a relative term. Today, success for me would be how can I add more value to business owners' lives. The reason why I have been harping on 'business owners' is because at present I am only focusing on them.

Many corporate houses have approached me but for now my focus is on individual business owners. I know where I want to contribute and I am steadfast in that.

Coming back to success, its definition for me may change tomorrow but currently I am in a profession where I help and touch the lives of business owners and make money at the same time. Also, being a good leader is success for me. For me, leadership is all about teaching. It is not about creating more followers but creating more leaders and the only way you can do so is by teaching, educating, handholding and motivating. I tell everyone that to be a good business leader you need to be a teacher. **B**

## FIND THE CONNECT: EXERCISE & HAPPINESS



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

An interesting piece of research makes me write about the connect between exercise and optimism. The results of extensive research indicate that high active individuals are significantly more optimistic and less pessimistic than inactive and low active individuals. In addition, moderately and high active groups reported significantly higher physical self efficacy and lower trait anxiety than the inactive and low active group.

People are complex and science doesn't really know whether optimism is hardwired into an individual or it can be nurtured. I personally believe whatever be the case, you can always train your mind to look for the positives rather than dwell on the negatives in life.

Neuroplasticity is a phenomenon which forms new neural connections through repeated thoughts and actions. So if we repeat positive thoughts and actions as often as possible, we can train our brains to choose optimism even under challenging conditions. Simply put optimism is good for both the brain and the body. And exercise and high physical activity is good for developing optimism. While many of us know and understand this, the real test though is to actually get people to do rather than just think about it!

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Below are some traits of optimists and most of these correlate to people who exercise. I know this from experience.

Optimists don't get easily swayed by the actions and opinions of others. They tend to be strong and usually nothing can disturb their peace of mind. People who exercise regularly own this trait. They will follow their routine no matter what. They are often tested by peers, family, friends who discourage them... it can be a simple statement from your spouse: "how does it matter if you don't exercise for one day, it's not like you make a living as a model".

They don't complain frequently. Instead talk

about health, happiness and prosperity features high in their language content. They understand the meaning of wellbeing and want others to benefit from regular exercise as well.

Optimists don't see the glass half empty. Those who exercise regularly enjoy pushing their limits even if they fail. They are also open to learning new techniques and skills for self development.

They don't expect to fail. Exercisers, fitness enthusiasts and sports people always think of the best, work towards the best, and expect only the best. They know their goals aren't easy but they are prepared to work for it. They also know

there are no shortcuts to reaching their goals.

Optimists aren't envious. People who exercise and play sport are equally enthusiastic about the success of others. They may be disappointed at a loss, but they understand that the winner was better.

Optimists don't dwell in the past. Anyone who exercises regularly knows well that what was, was... what is, is. And this pushes them to greater achievements... whether it is an extra minute when you feel you can't go on or the 10 pushups you thought you couldn't do, or winning a gold medal after your last defeat! **B**

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I believe that competition is good and as we are in this game for the last two decades, we have learnt that the market is ever-changing. We have to walk, crawl and run according to the time and demand. Hence as a business model, we aim to provide quality services to our customers. Competition is a medium that shows us the correct trend that is going on to be in sync with the present. The secret sauce is always to invest in your business, improve, expand and be vertically integrated. We have gone through cycles and that has made us resilient”



**BINAY BOHRA**  
MANAGING DIRECTOR, VIANET COMMUNICATIONS

Binay Bohra, Managing Director of Vianet Communications, completed his computer engineering from Bangalore University in the early 90s. Around that time, the internet was an emerging trend. For him, to get involved in something new and fascinating which was taking the world by storm was exciting. On returning to Nepal, he decided to work with a company extensively focused on internet. In 1996, Bohra joined Mercantile Communication to start his career in the tech world. He wanted to be a part of the revolutionary transformation of the century.

In 1999, Bohra decided to open his own company. He says, "There was a huge opportunity. Although the internet was being introduced quite slowly, I saw that offices and corporate houses would soon need internet services and for that they would have to depend on Nepal Telecom and their wireline." After much brainstorming with like-minded people, he decided to launch Vianet Communication.

While reflecting on his two-decade-long expedition, Bohra recalls how they started in just a single room and the subsequent growth. He says, "We knew there would be gaps, a loophole, so we sought openings. Hence, we wanted to reduce the price of the internet and for that, we started wireless connections." Today, Vianet is a success story that did not come without its share of trials and tribulations, but Bohra stood tall in his endeavours, and continues to chart new trajectories in the fast-paced world of technology.

In this edition of **Business 360**, we spoke to Bohra to learn about his views on leadership. Excerpts:

#### **How do you define a leader?**

A leader is someone who has to lead by setting an example. You have to have the discipline to stick till the end to see the result. It's a long-term commitment. One has to have the ability to portray their skills by staying true to their vision. It is about longevity.

Everyone at various points in their lives has to face ups and downs and these issues could

be anything from man-made problems or natural calamities to taxation, or legal issues. These hurdles are actually the tests of your skills and experience.

Resilience is another key to leadership. One has to be resilient enough to manoeuvre through difficult situations and come out unscathed. Learning from past mistakes is also crucial. Most often, we make mistakes while learning and these are the times when one should be prepared for the countless challenges and not be scared.

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

Leaders can be anyone in any walk of life. I was fascinated by Steve Jobs. His dedication to the concept that the product should speak for itself and the rest will follow is something I believe in. He was successful in developing products that were trusted by the people and Apple became the first trillion-dollar making company. The philosophy he had and the way he spoke for his products is something that I am always awestruck about. Secondly, it would be Elon Musk. He is a person who has been doing a lot in innovation and technology and one has to be a genius to pull off all that he has been doing.

#### **Could you share an incident that tested your leadership?**

Around five-six years ago, one of our workers passed away while fixing a cable. He was electrocuted. Regardless of the safety measures we adopt it is inevitable for accidents to occur. The family of the deceased were agitated because they had lost their loved one.

I could have sent anyone from the company but I felt that as a responsibility and accountability, I had to make peace and console the family myself. It was difficult for me to go and talk about it when the family was in grief but taking responsibility for other aspects was equally important. Hence, these incidents have made me more resilient and have helped me be more aware of my role.

#### **How important is it to have a good team?**

We have around 1,600 employees spread across all the districts of the country. There are employees who have been with us from day one and also those who have joined recently so we have to balance between the old knowledge and get refreshed with the new ones.

The saying 'you can't teach old dogs to learn new tricks' is what comes to mind, meaning change is needed. New and fresh ideas are what make a company thrive. The bearing of your company shows credibility. All the team members are the stakeholders and having strategic planning and management is what makes the company thrive. Without a team actually nothing is possible.

#### **How do you handle conflict?**

There is always somebody who is not happy about something. Like how we say every coin has two sides, every situation also has two aspects to it. There could be issues at times but we must make every member of the team understand that there is a bigger picture and we as a team are working towards the same goal. Whenever there is a problem, we try to handle it by listening to the concerned people and we try to understand them and finally provide suggestions that are good for everyone.

The major aspect is that there has to be transparency within the company. If there is transparency, then people will be able to understand the situation more easily.

#### **Which leadership style do you follow?**

I don't give the impression that I am in a hurry. I am quite laid back and more focused on the strategic building and weaving for the company. I am quietly confident and think in a long-term manner. Empathetic and consensus builder, I try to put context and help people unravel their potential.

#### **Do you think leadership is inborn or acquired?**

It could be 50-50; you are born, raised, and schooled differently but our DNA traits also play a role in determining

what kind of personalities we can acquire. Certain things are genetic but how you accumulate all of those and change it into your strength is what matters the most. Experience counts the most.

When starting a business one usually does not know about the practical aspects of a business so one has to be willing to learn as time goes by. It is time and experience that show us the correct ways to work through any situation. Thus, I believe it's a 30-70 kind of ratio because our environment and genetics are both strong players which determine our behaviour and outlook depending on the situation.

#### **How are you dealing with competition in the market?**

Competition is there and that is why everyone is on their toes. The internet is a very challenging business because it has to be on 24 hours. We need constant electricity to function and customer service has to be up to the mark. There is minimum entry barrier to become an internet service provider and you see many names coming up but everyone is not able to survive in this competitive market. For example, being a customer service-based business, if one entity decreases the price of the product then the whole industry has to adapt to be on the same path.

I believe that competition is good and as we are in this game for the last two decades, we have learnt that the market is ever-changing. We have to walk, crawl and run according to the time and demand. Hence as a business model, we aim to provide quality services to our customers. Competition is a medium that shows us the correct trend that is going on to be in sync with the present. The secret sauce is always to invest in your business, improve, expand and be vertically integrated. We have gone through cycles and that has made us resilient.

Our experience has sharpened us over time. We are focused on our vision and mission to provide the best services to our customers. **B**

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