

VOL 12 • ISSUE 6 • APRIL 2024 • RS 100

# B<sup>360°</sup> BUSINESS

**CAN IBN BRIDGE  
THE GAP FROM  
INTENT TO  
INVESTMENT**

**GENDER LENS  
INVESTING:  
A FORCE FOR  
FINANCIAL AND  
SOCIAL PROGRESS**

**LIMITED LIABILITY  
AS A HOAX**

**HOW FAVOURABLE  
IS THE INVESTMENT  
ECOSYSTEM?**







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You don't have to be Einstein to know that doing the same things repeatedly and expecting different results is an exercise in futility. But that seems to be the decree of the upcoming Nepal Investment Summit.

Naysayers could argue that the inverse may be true and that repeatedly doing something will finally get you somewhere. But at what cost? And can we afford the time?

Globally economic structures are being reshaped as the world prepares for quantum leaps of change in how businesses will be done and if we, as a nation, are unable yet to establish clarity and purpose in what's better for us, we will continue to do the same things with minimal or no result.

An investment summit requires you to talk numbers, to talk policy, to talk business. What is the minimum assured investment target we have set for ourselves? What is the rationale behind the summit slogan: Invest in Emerging Nepal? These may seem like basic questions but they determine the trajectory of the economic footprint we declare to the world.

Being the CEO of the Investment Board of Nepal is not the most enviable position to be in now, especially considering the political stalemate that continues to persist despite the constant upheaval and change in ministries and bureaucracy. Yet, a position like this would demand an exceptional focus on results. What the summit will deliver is yet to be seen and perhaps it is also not fully appropriate to expect the IBN which plays a facilitator role to be entirely responsible for the results, but when you are spending crores of rupees of public funds on organizing an event that will position Nepal as an investment destination, there should not be space for errors. The same monies could have been better spent on areas that could yield better return on investment.

To convert intent into investment, you need to bridge the gap between promises and realities. On the government's part, creating an enabling investment landscape should be a priority, working consistently to remove obstacles to investment, especially in terms of policy, law and legislation governing FDI. IBN, on its part, needs to have a more innovative and effective approach to investment promotion, finance and partnerships, and a more vibrant system of research, analytics and communication.

From 2019 to 2024, a lot has changed in the world, while the summit may once again have MoU's that may, may not translate into investments on the ground, it is still an opportunity to connect, learn and course correct.

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

Charu Chadha  
editor



## BIZ INDICATORS

FOREX MARKET	12-Apr-24	20-Mar-24	Year ago
USD	133.46	132.83	131.32
GBP	163.50	168.90	163.91
Chinese Renminbi (Yuan)	18.44	18.45	19.11
Indian Rupee (INR 100)	160.00	160.00	160.00
Euro	139.76	144.30	144.31
Australian Dollar	-	-	-
GOVERNMENT SECURITIES	Lowest	Highest	Weighted Avg.
Discount rate of T-bill (Subject to latest issuance )			
Treasury bills (28 days)	2.49	3.08	2.98
Treasury bills (91 days)	2.86	3.29	3.12
Treasury bills (182 days)	2.80	3.04	3.01
Treasury bills (364 days)	0.29	3.50	3.27
PRICE INDICES	15-Mar-24	15-Feb-24	15-Mar-23
National Consumer Price Index (base year 2014/15 = 100)	164.58	164.10	157.02

Source: Refinitiv Eikon, Nrb

P = Provisional, R = Revised

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**SUMANA SHRESTHA**  
MINISTER OF EDUCATION,  
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## IN THE LEAD

### CAN IBN BRIDGE THE GAP FROM INTENT TO INVESTMENT

**SUSHIL BHATTA**

CEO, INVESTMENT BOARD NEPAL

IN THE AMENDMENT BILL OF PUBLIC-PRIVATE PARTNERSHIP AND INVESTMENT ACT, 2019, WE HAVE PROPOSED THESE TWO CRITICAL ASPECTS TO BE ADDRESSED – INSTITUTIONAL SUSTAINABILITY THROUGH HUMAN RESOURCES AND FINANCIAL AUTONOMY. STRENGTHENING THE OFFICE OF THE INVESTMENT BOARD, NEPAL IS THE NEED OF THE HOUR AS THE INSTITUTION HAS BEEN IMPLEMENTING PROJECTS WORTH RS 525 BILLION.



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**SUDIP THAPA**  
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## OPINION

CONTRACT MANUFACTURING IS A GLOBAL PRACTICE WHICH HAS BEEN PLAYING A PIVOTAL ROLE IN INDUSTRIALISATION IN MANY COUNTRIES LIKE INDIA, BANGLADESH AND SRI LANKA. CONTRACT MANUFACTURING BRINGS EXPERTISE, ENABLES FIRMS TO UTILISE SPECIALISATION AND TECHNOLOGY IN THE PRODUCTION PROCESS RESULTING IN SCALE BENEFIT TO THE COUNTRY. IT ALSO CREATES JOB OPPORTUNITIES AND REVENUE TO THE GOVERNMENT. THE MANUFACTURING SECTOR WOULD FLOURISH FURTHER UPON REGULATORY CHANGE IN CONTRACT MANUFACTURING IN NEPAL.

**AMLAN MUKHERJEE**  
CEO AND MD, UNILEVER NEPAL



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SOME SAY THE FREE MARKET CAN'T BE TRUSTED TO HANDLE MONEY, BUT THE TRUTH IS EXACTLY THE OPPOSITE. IT'S THE GOVERNMENT THAT CREATES PROBLEMS WITH MONEY.



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I BELIEVE YOU HAVE HAD SEVEN DIFFERENT CONSTITUTIONS IN THE LAST 70 YEARS OR SO. LOOK AT THE UNITED STATES, IT IS THE SAME CONSTITUTION FOR THE LAST 250 YEARS. YOU DON'T NEED A NEW CONSTITUTION. IT SHOULD NOT ALWAYS BE ABOUT POLITICS. PEOPLE NEED TO START FOCUSING ON ECONOMICS. THIS IS THE BEST THING THAT COULD HAPPEN IN NEPAL.

**RAINER ZITELMANN**  
AUTHOR, IN DEFENSE OF CAPITALISM

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IN THE  
LEAD



# CAN IBN BRIDGE THE GAP FROM INTENT TO INVESTMENT

**SUSHIL BHATTA**

CEO, INVESTMENT BOARD NEPAL

The government is geared to host the third Nepal Investment Summit 2024 in Kathmandu on April 28-29. There has been ongoing debate in the public sphere on whether the summit will be a jamboree of pledges or will it garner investments.

**Business 360** caught up with Sushil Bhatta, Chief Executive Officer of Investment Board Nepal and Coordinator of Nepal Investment Summit Secretariat to learn about the preparations of the summit, the investment climate, the role of the Investment Board Nepal in pursuing large scale investments, and the management of public private partnership (PPP) projects.

Excerpts:



The summit will set a landmark in the country's attempt to pursue private investments in the form of Public-Private Partnership (PPP) and private equity investments in potential sectors. There will be an astounding presence of investors in the summit, and we believe that investors will capitalise on this opportunity to navigate the investment opportunities in Nepal.

**The Office of the Investment Board, Nepal is in the centerstage of the investment ecosystem. You are leading the Secretariat of Nepal Investment Summit 2024; what will be the major focus of this summit?**

First allow me to shed light on the objective of Nepal Investment Summit 2024. This is a national event being hosted by the government to position Nepal as a promising investment destination. The fiscal budget 2023/24 announced to organise the summit and the cabinet meeting on November 9 last year decided to host the summit on April 20-21. However, due to conflicting schedule with other important international forums, the cabinet later in January rescheduled the event for April 28-29.

The summit mainly aims to position Nepal as a promising investment destination in the global landscape. The government had hosted investment summits in the past as flagship events to pursue private investments – foreign, domestic and diaspora community. This is a platform to express government's unwavering commitment to the protection of investments, eliminate obstructions and simplify investment process as well as provide required facilitation for the entire business cycle.

Simultaneously, this is a platform to present sectoral investment opportunities, credible and bankable projects along with policies where investors can lodge their interest. This is an opportunity for investors to witness Nepal's investment climate, explore opportunities and interact with different stakeholders of the investment ecosystem. As far as the major focus of the summit is concerned, there will be two plenaries and various thematic breakout sessions, B2B, G2B and G2B meetings, project showcasing, sideline meetings, signing of Memoranda of Understanding and agreements, and networking opportunities among domestic and foreign private sector, Nepali diaspora community, development finance institutions (DFIs),

and lenders. There will be an exclusive opportunity for serious, potential and capable investors to meet and interact with the prime minister.

The summit is also an acknowledgement of the contribution of the private sector. We will celebrate the success of the private sector on the occasion. Participants will get the opportunity to listen to the experiences of existing foreign and domestic investors. I believe there will be more impact when potential investors are able to hear the success stories from the concerned persons themselves and potential investors will also have an opportunity to exchange ideas.

We are convening this summit after five years of the Nepal Investment Summit 2019. Due to travel restrictions following the Covid 19 pandemic, we were previously not able to host such mega events for investment promotion. However, as things have normalised, we have continued with our investment promotion activities with roadshows, seminars, workshops and conferences and project market sounding, among others as the Office of the Investment Board, Nepal, is mandated to work as Investment Promotion Agency (IPA).

In the last two years, we organised two notable events – the Sustainable Infrastructure Investment Forum (SIIF) and International Conference on Financing. What I want to stress is that such events are important for promoting investments and we are mandated by the law (Public-Private Partnership and Investment Act, 2019) to act as the IPA and national public-private partnership (PPP) agency.

However, the Investment Summit is a national-level event and the entire government machinery has been mobilised for it. The Steering Committee chaired by the Finance Minister and comprising of ministers and secretaries of various ministries as well as leaders of the private sector umbrella

bodies – FNCCI, CNI and NCC – is the supreme body to take decisions and instruct the concerned agencies to accomplish all groundwork required for the summit. The Steering Committee works on the direct guidance of the Prime Minister. The second-tier mechanism is the Implementation Committee which discusses, enriches and finalises the proposals that are required to be submitted to the Steering Committee. The Implementation Committee is chaired by the Chief Secretary and comprises of secretaries of different concerned ministries and leaders of the private sector. A task force for legal reforms led by Secretary of the Office of the Prime Minister was also formed and it has submitted the report to the Steering Committee recommending amendment to ten laws and two regulations to create a more conducive investment climate. Another mechanism formed for selecting projects to be showcased in the summit is the Technical Committee, chaired by the Secretary of the Ministry of Industry, Commerce and Supplies. Finally, the mechanism to look after all the preparations including concept note, designing programme, proposing the name of the invitees, developing promotional materials, coordinating pre-event seminars, coordinating with speakers, invitees, panelists, event venue management and everything related to convening the summit is the Nepal Investment Summit Secretariat which I am coordinating. Apart from that, ministries have provided projects from their repository to showcase in the summit. The Ministry of Foreign Affairs has been fully involved in coordinating with Nepali missions abroad to bring in dignitaries, keynote speakers, project marketing through our missions as well. On top of that, the diplomatic community in Nepal and development partners have been briefed regarding the Investment Summit.



**What is the role and responsibility of the private sector umbrella organisations represented in each committee formed to convene the summit?**

The Nepal Investment Summit is mainly for the private sector. The government has onboarded the private sector umbrella organisations as co-organisers of the summit. As the summit is organised to pursue private sector investments – foreign and domestic as well as from diaspora community – domestic private sector must be a part of the summit. The private sector has representation in each committee, which means they are involved in decision-making, including the amendment of laws. The private sector's advice is crucial to create an investment-friendly environment. On the other hand, private sector umbrella organisations have been organising various pre-event seminars in the country and abroad, and approaching potential investors within their network to attract investments. Simultaneously, the private sector is going to showcase investment projects that have been studied/prepared by themselves as well as coordinate B2B and B2G meetings. Private sector umbrella organisations as co-organisers of the summit are equally responsible for the successful convening of the summit.

**It has been reported that some of the world's famous investors have been invited. What is the status of those invitations?**

We have invited high-level dignitaries, policymakers, foreign and domestic investors, development partners (DPs) including multilateral development banks (MDBs), diplomatic community, development finance institutions and think tanks. There have been correspondences from the Nepal Investment Summit Secretariat, from the Nepali diplomatic missions abroad, from private sector umbrella organisations based on the network and relations to the

invitees. We trust that there will be significant participation of potential investors, DPs, MDBs, diplomatic community, DFIs and BFIs as well as experts, think tanks, policy makers, domestic private sector and media fraternity, among others. The summit will set a landmark in the country's attempt to pursue private investments in the form of Public-Private Partnership (PPP) and private equity investments in potential sectors. Most importantly, we have invited existing foreign investors/developers attributing their contribution, the trust they have demonstrated to us. They are our brand ambassadors. There will be an astounding presence of investors in the summit, and we believe that investors will capitalise on this opportunity to navigate the investment opportunities in Nepal.

**Could you tell us about the projects that have been prepared to showcase at the Nepal Investment Summit?**

A total of 148 projects will be showcased in the summit. Ministries of the federal, provincial and local level governments have proposed various projects, and the private sector has over 30 projects. Projects are not only from the government repository; Nepal's private sector is equally capable in preparing/studying projects and they are also showcasing projects to seek resources/investments. Definitely, Investment Board Nepal also has some projects. These projects basically belong to a wide range of spectrum including energy, transport, ICT, tourism, urban development, health and education, agriculture, mines and minerals, among others. Projects that will be showcased are for solicitation and market sounding as well as for agreements. Some of the projects are in the ideation stage and we are showcasing them because investors can develop the project based on the idea following a certain level of study. Furthermore, we are presenting sectoral investment opportunities by

presenting sector profiles that cover holistic sectoral prospects.

**Assuming that there are more projects signed under public-private partnership (PPP) framework, will the Investment Board Nepal as the national PPP agency be able to manage all the projects considering the lean and thin nature of its office?**

We have experience of executing PPP projects of above Rs 6 billion and in the energy sector we are implementing projects that are of 200 MW or more capacity. PPP itself is complex in nature but the concession that we sign is fundamental legal document to execute the PPP projects. The Office of the Investment Board, Nepal has been providing effective handholding to investors/developers for the entire project lifecycle. It is true that we are a lean and thin institution as we work with various concerned agencies of the government and the investment ecosystem. However, where sustainability and institutional capacity of the Office of the Investment Board, Nepal is concerned, the office is temporary in nature as staff are managed by the government and consultants provided by the development partners. Preserving institutional memory/institutional knowledge is challenging in this scenario. This is why this institution requires permanent staff of various fields – project development professionals (under various sectors), legal, finance, stakeholder and outreach, among others; which I like to call investment cadres like in revenue and in foreign affairs, among others. The institution will remain lean and thin, however, it should be given permanent staff as envisioned by the organisation and management (O&M) survey. Another critical aspect is financial autonomy. We have set up the IBN Fund, however the existing legal framework does not allow the Office of the Investment Board, Nepal to operate the fund. The institution itself should envision the avenues

of revenue and headings of spending. In the amendment Bill of Public-Private Partnership and Investment Act, 2019, we have proposed these two critical aspects to be addressed – institutional sustainability through human resources and financial autonomy. Strengthening the Office of the Investment Board, Nepal is the need of the hour as the institution has been implementing projects worth Rs 525 billion. Two large-scale cement projects – Hongshi Shivam Cement and Huaxin Cement Narayani with 6,000 and 3,000 tonnes per day capacity, respectively – and venture to waste project (Dharan) are already in operation. We have streamlined energy projects with capacity of around 4,000 MW and a few other non-energy projects into a result-based framework. Further, as the national PPP agency, we envision developing the Office of the Investment Board, Nepal as the PPP Centre of Excellence by preserving knowledge, being aware of new dynamics of PPP by developing a strong network with PPP professional networks and PPP agencies as well as transfer knowledge in terms of managing PPP projects to the concerned agencies. Thus, we believe that the PPP culture will prevail in the country. PPP is the next window of opportunity to drive our development endeavours.

**The panel chaired by CEO of the Investment Board Nepal has submitted the amendment draft of the Public-Private Partnership and Investment Act, 2019, and your committee has also been reviewing the PPP Policy. What changes do you foresee in the PPP landscape?**

The 55th Board meeting of Investment Board Nepal formed a committee under my convenorship to prepare the amendment draft of the Public-Private Partnership and Investment Act, 2019. We have submitted the amendment draft following a thorough study by the team to the 57th Board and the Prime Minister-led Board has acknowledged and decided to take it forward. Further,



In the amendment Bill of Public-Private Partnership and Investment Act, 2019, we have proposed these two critical aspects to be addressed – institutional sustainability through human resources and financial autonomy. Strengthening the Office of the Investment Board, Nepal is the need of the hour as the institution has been implementing projects worth Rs 525 billion.



we are reviewing PPP policy to make it compatible in the present context. As the country embarked on the journey to federalism, the Public-Private Partnership and Investment Act was introduced later in 2019 and various strategies of the PPP policy, which was issued back in 2015 contradicts with the Public Private Partnership and Investment Act, 2019. Considering the climate risks, we also have to pay attention to crafting a strategy for climate risk management in PPP infrastructure. PPP policies and strategies should also take care of the financing gap seen in achieving Sustainable Development Goals (SDGs), mobilising concessional financing and aspiration of being a middle-income country as envisioned by the 15th five-year plan. Moreover, we have to make the policy more contextual diving into the international best practices and our own lessons learned. The first meeting of the PPP Review Committee has been held and we have discussed emerging dynamics of PPP and appropriate pathways for Nepal.

**How confident are you of the investment pledges being realised in due course as there is always a huge gap in commitments and realisation?**

First, we have to look at the seriousness of the commitment and credibility

of the development. The issue of credibility concerns us as well. The fundamental is that the country should offer a conducive investment climate and the Office of the Investment Board Nepal has been enhancing credibility by implementing large-scale projects. Project management is critical in implementing large-scale projects. We have low-hanging fruits like Arun-3 Hydroelectric Project, which has achieved 74% implementation progress so far. A total of 252-km-long cross-border 400 kV transmission line is an integral part of the project. Further, other FDI companies like Dabur Nepal, Unilever Nepal, Bottlers Nepal, among others are making sound profits in Nepal. Dabur Nepal is making Rs 9.68 billion reinvestment for capacity enhancement and product diversification. These are a few testimonies of Nepal's conducive investment climate.

We are inviting more investors to invest in Nepal and make lucrative returns. In this regard, we have to upscale efficiency of our investment ecosystem and when we do so investors will come happily to invest in Nepal. If we are able identify projects, execute, manage and facilitate, this will create a credible and trustworthy environment for investment.

Implementation of more FDI projects in Nepal will simultaneously enhance our own capacity and we have to spread this understanding. We believe that the investment commitments received from serious, potential and capable investors will be realised in due course. We have to understand that the investment commitments will be realised during the construction and operation of the project besides a less significant amount of the project cost initially in the study period. Some projects like hydroelectric projects could have longer gestation period and investment realisation could take a bit longer in such projects. We do approve the investment only after a certain level of engagement of investors/ developers with the Office of the Investment Board, Nepal. Initially, we do provide study rights to them and once they submit the Detailed Project Report (DPR) or Detailed Project Feasibility Report (DFSR), that will be reviewed and approved from the board prior to providing approval for investment, which is applied in solicited, unsolicited and directly negotiated projects and we do consider all the pledges received under all three ways of project procurement as commitments. **B**

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OPINION

# FDI FOREIGN DIRECT INVESTMENT

# HOW FAVOURABLE IS THE INVESTMENT ECOSYSTEM?



**ANIRVAN GHOSH DASTIDAR**  
Chief Executive Officer  
Standard Chartered Bank Nepal



**HARKIRAT SINGH BEDI**  
Business Head of Dabur  
Nepal & Myanmar



**AMLAN MUKHERJEE**  
CEO and Managing Director  
Unilever Nepal



**JABBOR KAYUMOV**  
CEO and Managing Director  
Ncell

Recognising the potential of foreign capital, Nepal's sixth five-year plan (1980-1985) marked the first attempt to attract foreign direct investment (FDI). However, the lack of a comprehensive strategy limited its effectiveness. The Industrial Policy of 1981 included provisions for foreign investment, but these were more symbolic gestures without the backing of a strong legal framework.

The restoration of a multiparty democracy in 1992 ushered in a new era for FDI in Nepal. The government enacted the Foreign Investment and Technology Transfer Act (FITTA-1992), a groundbreaking legislation. FITTA offered a range of incentives to foreign investors, including:

- **Repatriation facilities:** The ability to send profits earned back to their home country.
- **Visa benefits:** Simplified visa processes for foreign investors and their employees.
- **Tax breaks:** Tax concessions to make Nepal a more attractive investment destination.
- **Convertible foreign currency options:** The freedom to convert Nepali rupees into foreign currency.

This act provided a much-needed legal framework for FDI, boosting investor confidence. The Industrial Enterprise Act (IEA-1992) complemented FITTA by streamlining the process of setting up industries in Nepal, further encouraging foreign investment. Additionally, a trade treaty signed with India (Agreement of Cooperation, 1991, renewed in 1996) improved Nepal's access to a large market, making it more attractive to foreign companies. These combined efforts led to a promising rise in FDI in the early 1990s.

Unfortunately, progress was hampered by political instability and the Maoist insurgency (1996-2006). This period of uncertainty discouraged foreign investors, leading to a significant decline in FDI inflows. Nepal's landlocked geography and its location within a slow-growing region also presented challenges for attracting foreign investment compared to other Asian economies. Since the resolution of the insurgency, the government has re-emphasised the importance of FDI for economic development.

A key step was the revision of FITTA in 2019 (FITTA-2019). This updated legislation aimed to further streamline regulations and make FDI even more attractive. Some key changes include:

- **Simplified procedures:** The revision aimed to make the FDI approval process faster and less bureaucratic.
- **Increased flexibility:** FITTA-2019 allows foreign-invested companies to borrow from foreign banks under specific conditions, providing them with greater access to capital.

Despite these efforts, FDI hasn't reached its full potential in Nepal. There's a continuous effort to bridge the gap between approved FDI (investment intentions) and actual FDI inflows (realised investments). The hydropower sector has been a major recipient of FDI, with projects financed by international organisations alongside foreign and domestic capital. This sector's potential for clean energy generation and regional electricity export makes it an attractive target for foreign investment.

The government is actively working to improve the investment climate and attract FDI in other sectors with high growth potential, such as:

- **Tourism:** Nepal's rich natural beauty and cultural heritage position it as a prime tourist destination. Increased FDI can help develop infrastructure and services to cater to a wider range of tourists.
- **Manufacturing:** FDI can play a crucial role in modernising Nepal's manufacturing sector, promoting import substitution and export growth.
- **Agro-processing:** Investment in modern technology and infrastructure can help improve agro-processing facilities, creating a more efficient and competitive agricultural sector.

The Covid 19 pandemic affected every aspect of human life, including drastically decreasing investments, not just in the country but worldwide. With the negative effects of the pandemic reaching its tail-end, the government is organising an Investment Summit, after five years from the last one in 2019, to display Nepal as a favourable destination for foreign investments. This comes at a time of global economic vulnerabilities, geopolitical tension, high paced technological changes, and global power shifts. Business 360 speaks to four distinct investors who have been in Nepal on their opinion of the country's investment ecosystem, the challenges of political and policy instability, and the opportunities ahead.





## Biggest challenges faced during the approval process for FDI?

**Anirvan Ghosh Dastidar:**

Standard Chartered Bank Nepal has been in operation in Nepal since 1987 and a short answer to this question is that we have never faced significant challenges. In our 37 years, we have worked to introduce various global best practices, bring in FDI to the country and offer the strength of our network to the banking industry; this experience has been extremely rewarding.

We also work very closely with our regulator Nepal Rastra Bank (NRB) and have a lot of respect for the proactive approach and thinking taken during challenging economic scenarios the country recently faced including the earthquake, Covid 19 and the global commodity price surge. NRB has always been a very supportive and collaborative regulator, open to ideas and determined to maintain stability in the economy; this is one of the major reasons why the Nepali banking industry has been one of the most progressive and stable sectors in the country supporting the larger economy.

As one of the oldest foreign investors and the only international bank in Nepal, we have had a very good run so far and the support we received from the regulator and the government has been very positive for us.

**Harkirat Singh Bedi:**

Dabur Nepal is one of the pioneers of FDI in the country and one of the most successful JVs in Nepal. It was established as an FDI company in the year 1989 and started its operations in 1992. Since this happened over 30 years ago, it is difficult to comment currently on what were the challenges at the time. However, what I have heard from my predecessors is that the government was supportive and facilitative. Coming to our

recent investment proposal of Rs 968 crores, we have seen that Investment Board Nepal has been extremely helpful, and has guided us through the entire process.

**Jabbor Kayumov:**

It was only two decades ago, in 2004, that Nepal opened its telecommunications market to the private sector, attracting foreign investors such as United Telecom Limited (UTL), Ncell (previously Spice Nepal), and Smart Telecom. Within the first five years of Ncell's arrival in Nepal, it was instrumental in changing the landscape of Nepal's telecommunications industry – making phone calls and data services accessible, cheaper and giving the power of connectivity to the masses. Ncell's launch of 3G in 2010, and 4G in 2017 provided high-speed mobile data across the country.

Ncell is thus recognised as one of the more successful foreign investments in Nepal. We have managed to survive and thrive in the past two decades and are very proud of the significant impact we have had on Nepal's socio-economic development and the upliftment of Nepali people. We have been able to bring cheap and fast connectivity to more than 90% of the population with nationwide coverage to 16 million customers. We now currently account for 2% of Nepal's GDP.

The journey hasn't always been easy though. The geographical terrain here, the regulatory hurdles, the constant changes in policy have all have been challenging. The nature of our business is quite unlike other sectors such as hydropower which is a onetime investment. In the telecom industry, we need to continuously invest to update our technology, from 2G to 3G to 4G and now everyone is talking about 5G. Nepal is probably the only country in the world that is still holding on to this B-O-O-T (Build, Own, Operate, Transfer) model for the telecom and ICT sector, this

needs to change.

The other major challenge has been the ease of doing business. The telecommunications sector has to be seen as a public good; but in Nepal, it is highly regulated with laws and regulations that are almost 30 years old and are no longer relevant. Telecom operators need to remain current and have access to new technologies that are being developed in the rest of the world. For that, they need support from the government to allow for faster implementation and adoption. Whilst policies, frameworks, and systems are in place, there is substantial room for improvement to keep up with global benchmarks and best practices. These policies and guidelines need to be made more relevant and in line with international standards.

## How streamlined and efficient is the current process for obtaining permits and approvals for FDI projects?

**Anirvan Ghosh Dastidar:**

There have been a lot of policy level discussions and work streams around creating a single window to streamline and increase the efficiency regarding entry requirements for FDI in Nepal which has made the situation better than before, however there still is room for improvement. From our experience as the only international bank in the country, as sizable shares of FDI and foreign projects bank with us, common feedback on this regard is around the opportunity to increase the speed of approvals.

This question, nevertheless, might have varied answers depending on the sector. For instance, FDI looking to enter the manufacturing industry might have various requirements that are different to the IT or banking sector, therefore a general answer

might not do justice to evaluate this question. Moreover, new investors and companies coming in would be able to give a better feel around this rather than older FDI's who have already had a good run in Nepal.

**Harkirat Singh Bedi:**

There are still process issues which need to be ironed out for an efficient approval process. The process needs to be streamlined further so as to have greater clarity, be less tedious, less cumbersome and speedier. Also, there needs to be a clearly defined authority matrix in place within the single-stop service centre for a seamless and swift process. Over the years, we have seen the process evolving and feel in the near future, that it will be more investor-friendly.

**Jabbor Kayumov:** The government has recently been more proactive in attracting investors be it foreign or local and we very much welcome this change. There are many investment opportunities here and if you look back, the country has received ample commitments, but in reality, the actual delivery or outcome is low. This indicates gaps which the government should address. It is great news that the government is amending multiple laws such as the Foreign Investment and Technology Transfer Act, Electronic Transaction Act, Public Private Partnership and Investment Act, Industrial Enterprise Act, Forest Act to name a few to make it friendlier to foreign investors.





One policy theme which we think would help improve the environment for FDI in Nepal, is regulations and reforms around foreign exchange. This is mainly because FDI would be in foreign currency and there would be an ultimate interest for investors to repatriate profits, therefore swaps, hedges and other products would be required to attract advance investors. There is a lot of work being done including discussions around tools that would cater to these requirements, however the speed of execution might be equally important as investors also associate this to the strength of institutions in the country.

## ANIRVAN GHOSH DASTIDAR

CEO, Standard Chartered Bank Nepal



### What difficulties have you experienced related to repatriation of profits or convertibility of foreign currency?

#### **Anirvan Ghosh Dastidar:**

Repatriation of profits for us has been no issue at all. In fact, one of the things we will say as a foreign investor is that we have had absolutely no issue in sending out dividends and that NRB has been extremely prompt in related approvals.

#### **Amlan Mukherjee:**

Simplified, effective and practical regulations on remittance of dividend, royalty, services charges and earnings of expert expats would further help to attract more investment in Nepal.

#### **Harkirat Singh Bedi:**

Dabur Nepal has been reinvesting its profits back into the business in order to scale up its operations. As we have not repatriated our profits, we are not best placed to comment on this.



Consistency in policy is a must as investors are not able to make long-term strategic decisions involving huge monetary outgo with frequent changes in policies. In spite of changes in the government, the message to investors should be that the policies towards FDI will be consistent, stable and investor-friendly. Additionally, whilst legislative reforms are being made to encourage FDI on a regular basis, what is most important is effective execution and implementation on ground.

## HARKIRAT SINGH BEDI

Business Head of Dabur Nepal & Myanmar



**Jabbor Kayumov:** Any investor, be it local or foreign, does business for return and profitability; this is what makes the business sustainable. In our heyday, Ncell earned well and we were a shining example of a foreign investment done

right. Obviously foreign investors should be able to repatriate their returns but what often happens here is that repatriation of dividends is somehow treated and perceived negatively. So, the process is long and cumbersome. Foreign

exchange is also a hassle as we have to go through three layers of approvals for forex payments of more than USD 10,000 be it for bandwidth, consultancy or any procurement from abroad which take months and months for payment. The

government should address such bottlenecks to encourage foreign investors. This all connects directly to Nepal's ease of doing business and how Nepal is perceived on the world stage.



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## How effective are the current tax incentives offered by the government for FDI (introduced under FITTA)?

**Anirvan Ghosh Dastidar:**

FITTA aims for a much larger picture than to only incentivise foreign investors through tax incentives, therefore when this question just focuses on the effectiveness of tax incentives, this might not be a correct approach in the larger scheme of things. For instance, if one looks at our experience as an FDI, there has been so much more to our relationship with Nepal that transcends beyond our commercials including profits, tax and returns. Our purpose in Nepal is to drive commerce and prosperity through our unique diversity and a large part of this is also to offer the global expertise we have as an international bank to the financial sector. The aspect of technology transfer has many examples where we have been the pioneer in introducing client-focused products and services in Nepal, including being first bank in Nepal to implement anti-money laundering policies and 'Know Your Customer' procedures on all the customer accounts and the first bank to bring the Society for Worldwide Interbank Financial Telecommunication (SWIFT) in the country.

**Harkirat Singh Bedi:**

The government has provided a number of tax incentives to foster FDI. However, whilst one needs to encourage fresh foreign investment, we are seeing a few FDI companies are continuing to reinvest in Nepal. As these companies have created successful businesses, the government must also incentivise their reinvestment efforts rather than solely focusing on fresh investments. These companies are ambassadors for FDI

investment in Nepal and as they continue to grow, the Nepal FDI story will gain greater credibility. Furthermore, to develop a manufacturing ecosystem in Nepal, there should be more incentives for FDI in the manufacturing sector. Also, to balance Nepal's trade deficit, there should be greater incentives for FDI in exports focused industries. This will help the country move towards greater self-reliance.

## In your opinion, what specific policy changes or reforms would most improve the environment for FDI in Nepal?

**Anirvan Ghosh Dastidar:**

One policy theme which we think would help improve the environment for FDI in Nepal, is regulations and reforms around foreign exchange. This is mainly because FDI would be in foreign currency and there would be an ultimate interest for investors to repatriate profits, therefore swaps, hedges and other products would be required to attract advance investors. There is a lot of work being done including discussions around tools that would cater to these requirements, however the speed of execution might be equally important as investors also associate this to the strength of institutions in the country.

**Amlan Mukherjee:**

The duties imposed upon certain categories of raw materials remain on par or higher when compared with the finished goods imported. This Inverted Duty structure remains a major challenge in accelerating the process of manufacturing more products locally.

Contract Manufacturing is a global practice which has been playing a pivotal role in industrialisation in many countries like India, Bangladesh

and Sri Lanka. Contract Manufacturing brings expertise, enables firms to utilise specialisation and technology in the production process resulting in scale benefit to the country. It also creates job opportunities and revenue to the government. The manufacturing sector would flourish further upon regulatory change in contract manufacturing in Nepal.

The biggest challenge that multinationals including UNL are facing in Nepal is pertaining to the look-alikes, fakes and counterfeits of their well-established global/foreign brands. This doesn't affect only MNCs but there is also loss of revenue collection to the government and most importantly breach of trust for the Nepali consumer who pays for the original brand, however, gets a lower quality one in reality. As we have come to know by comparison with international standards, these existing laws are not enough for the protection of trademarks in the present situation. The increase of global trade and frequent violations of trademark have created a complex situation. Hence, a regulatory adjustment in prevailing Trademark Act would attract more brands to invest in Nepal.

**Harkirat Singh Bedi:**

A detailed study needs to be undertaken at a sector level which should highlight the sectors where Nepal has relative competitive advantage and post the same, adequate awareness needs to be made to potential investors showcasing the long-term benefits of investing in the same. Additionally, I have numerated a few areas which will be enablers for a more positive and robust FDI environment: i) Consistency in policy is a must as investors are not able to make long-term strategic decisions involving huge monetary outgo with frequent changes in policies. In spite of changes in the government, the message to investors should be that the policies towards FDI

will be consistent, stable and investor-friendly. Additionally, whilst legislative reforms are being made to encourage FDI on a regular basis, what is most important is effective execution and implementation on ground. ii) Simplification of procedures related to royalties and dividend repatriation. A more facilitative approach in this regard will definitely help the FDI ecosystem.

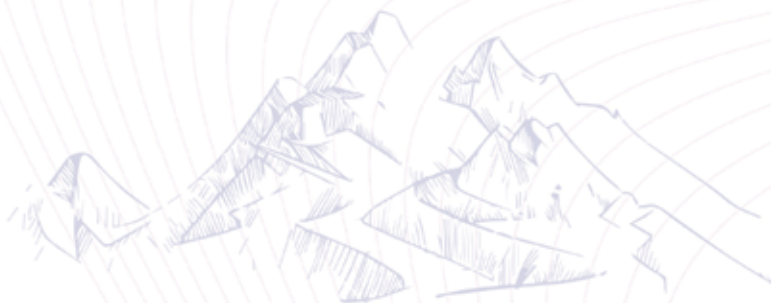
iii) Strong laws and regulations need to be in place to ensure IPR rights for international brands in line with the Paris Convention for the Protection of Industrial Property. Current law prohibits an international brand to operate in Nepal if such trademark is already registered locally. A number of international companies are unable to operate in Nepal as their brands/trademarks are already registered, so going forward they drop their intent to invest as they do not wish to go in for long-term litigation.

iv) Facilitate contract manufacturing to enable development of ancillary industries, technology transfer, job creation, skilled pool of resources and product diversification for industries. v) Adoption of international best practices in terms of attracting and mobilising FDI. Also, shared learnings and experiences of countries with similar economic stature should be incorporated while forming policies and regulations in relation to FDIs, obviously keeping in mind the local context and interest as well. This will undoubtedly help in fostering a more robust FDI ecosystem.

vi) Lastly, we need to continuously upgrade the physical infrastructure (roads, energy, dry ports, customs, warehousing) apart from digital infrastructure. Nepal should be able to provide relatively skilled workforce, local vendors, and suppliers for sourcing needs.

At the end of the day, what does an investor want?

# WHY INVEST IN NEPAL



## Location



- Strategic location between two most populous countries, India and China
- Easy market access to adjoining borders

## Labour



- Economically active population is 56%
- Availability of cheap labour force

## Legal Infrastructure



- Nominal threshold for foreign investment
- Almost all sectors are open for foreign investment
- Guarantee against expropriation: no nationalization of an industry with foreign investment
- Amicable visa policy for foreign investors, representatives and their dependents

## Agreements



- Member of MIGA of the World Bank Group and WTO
- Member of SAFTA and BIMSTEC Free Trade Agreement
- BIPPA signed with France, Mauritius, UK, Finland
- DTTA signed with Austria, Bangladesh, China, India, Republic of Korea, Mauritius, Norway, Pakistan, Qatar, Sri Lanka, Thailand
- Bilateral agreement under Belt and Road Initiative Framework

## Reports



- 3<sup>rd</sup> Most Favorable Business Climate in South Asia, Ease of Doing Business 2020
- 4<sup>th</sup> Most Competitive Economy in South Asia, Global Competitiveness Index 2019
- 5<sup>th</sup> Most Competitive Trade Logistics Performer in South Asia, Logistics Performance Indicator 2018

## Miscellaneous



- Richly endowed with renewable energy resources (Hydropower, wind, solar, biogas etc.)
- Abundance of industrial minerals (limestone, coal, red clay, granite etc.)
- Operation of One Stop Service Center (OSSC) at Department of Industry,
- Land ownership
- Repatriation
- No upper limit of investment



## NEPAL INVESTMENT SUMMIT 2024 SECRETARIAT

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- +977-1-4575276, 4575277, 4575278, 4575281 (Fax)
- [nis2024@investinnepal.gov.np](mailto:nis2024@investinnepal.gov.np)
- [www.investinnepal.gov.np](http://www.investinnepal.gov.np)

They want reasonable returns, safety and security of their investment, ease of doing business and easy repatriation of their returns.

**Jabbor Kayumov:** For a developing country like Nepal, foreign direct investment (FDI) plays a crucial role in ensuring Nepal's economic growth and prosperity in terms of capital formation and technology transfers. In order to attract FDIs, the ease of doing business within the country has to be facilitated. Political stability, infrastructure availability, facilitation from the government, bureaucracy, and the overall political climate must be supportive of foreign investors.

The development that we have witnessed in the telecom sector thus far is the result of free-market policy and FDI in the telecommunications sector. FDI is crucial for any market and there should be good treatment to investors and ensure a return for what they invest with friendly policy. Such investment contributes towards the socio-economic development of the country besides employment generation.

If you look at our Telecommunications Act 1997, it has yet to be amended even though so much has changed in terms of how businesses and individuals are now using telecom services. The voice driven market has now transferred into a data driven market. The need for reliable and quality driven connection is much more important now than before. All of this will mean continuously investing in technology for expansion. The investment that was made some five years ago will have to be replaced. If we look at the shift in pattern, now people are more reliant on communications which passes through internet than traditional voice or sms but

telecommunication operators are still subject to licensing costs which were set more than 20 years ago. The approach for pricing of telecommunication licenses and frequencies will have to be re-evaluated. Major laws such as FITTA, Industrial Enterprise Act, and the Telecommunications Act including other rules and regulations that are directly or indirectly linked with foreign investment should be looked into, making entry and exit easier. We welcome the fact that the government is now amending multiple laws in order to boost FDI in the country.

## Has your company faced any challenges related to access and retention of skilled labour in Nepal?

**Anirvan Ghosh Dastidar:**

For us, both the Ministry of Finance and Nepal Rastra Bank have been extremely supportive in as far as the permits and labour laws are concerned to access skilled labour.

More importantly, I think we take pride in the fact that we attract some of the best talents in the financial industry. We are both an exporter of talent as well as an importer of talent which is one of the major roles an international bank plays. Take our current structure as an example, I'm an Indian, our CFO is from Bangladesh, and we recently have exported a senior talent from Nepal to our London office. Historically we have seen colleagues also move from Nepal to other locations including Singapore and Dubai within Standard Chartered Bank. We take pride in the fact that we attract and develop a lot of talent which also is one of the major benefits of FDI.

**Harkirat Singh Bedi:**

The current resource pool in the country has basic skill sets. Every industry has its own set of skill requirements which they fulfil through in-house training and on-the-job learnings. So, most industries have to invest in training and continue to develop their own resource pool. However, most industries are looking at a certain threshold of basic skills in the resources which they can upskill over time.

**Jabbor Kayumov:** Ncell

has always been one of the most preferred organisations to work for in Nepal. We were recently honoured with two HR awards – 'National HR Excellence Award 2024' and the 'Excellence in Learning and Development Award' for our HR policies, practices and performance. There is however limited talent in Nepal in some areas such as Data Analytics, Data Science and Business Analytics with telecom industry experience. It would be prudent for education institutions to focus on building expertise in these areas as there is clearly a big demand and IT and ITC sectors have a very promising future in Nepal.

## What are your company's plans for future investment in Nepal?

**Anirvan Ghosh Dastidar:**

Our focus will always be on our participation model which focuses on our Purpose to drive commerce and prosperity through our unique diversity while complementing the economic growth of the country. Standard Chartered's role in Nepal is very different from other peers; we offer our network to the financial industry which is derived from our presence across the markets we operate in. For example, our correspondent banking business in Nepal is an investment for us, this also means we 'bank the banks';

this is vouched by our clearing of more than two-thirds of the G10 currency flows for the country. Our trade platform is another avenue where we have invested in; we hold one of the largest market shares in terms of trade services in Nepal as well.

**Amlan Mukherjee:**

Unilever in Nepal believes that what is good for Nepal is good for Unilever Nepal. As responsible Corporate Citizens in Nepal, UNL has been playing an exemplary role on sustainability through recycling more plastics than it generates. Mountain Clean Up Campaign, use of green energy (electric boiler, solar energy in its factory at Hetauda) in its production line are a few examples of UNL's unwavering dedication towards this step. The company has been consistently rewarding its shareholders year on year. However, like any multinational corporation operating in a dynamic market environment, UNL has also been facing its fair share of challenges while also capitalising on emerging opportunities. For this, UNL has been closely working with the private sector and Government of Nepal on regulatory reforms to attract more investment in Nepal.

**Harkirat Singh Bedi:**

Dabur Nepal is in the process of approval of Rs 968 crores from Investment Board Nepal to be invested over the next five years for capacity enhancement and product diversification. This marks a major milestone in our commitment to doing business in the country with continued focus on both exports and domestic markets.

**Jabbor Kayumov:**

The future is 5G and we are certainly going to be making bold steps in that direction but it also needs to be commercially viable, and this will only happen when customers use more data, there are more digital services, and an improved ICT ecosystem. I have been in the telecom business for 20 years





The biggest challenge that multinationals including UNL are facing in Nepal is pertaining to the look-alikes, fakes and counterfeits of their well-established global/foreign brands. This doesn't affect only MNCs but there is also loss of revenue collection to the government and most importantly breach of trust for the Nepali consumer who pays for the original brand, however, gets a lower quality one in reality. As we have come to know by comparison with international standards, these existing laws are not enough for the protection of trademarks in the present situation. The increase of global trade and frequent violations of trademark have created a complex situation. Hence, a regulatory adjustment in prevailing Trademark Act would attract more brands to invest in Nepal.

## AMLAN MUKHERJEE

CEO and MD, Unilever Nepal



now and it is only in Nepal where I have seen that only 2 out of 10 people actually use data. We looked into why this is happening and in the coming weeks we will be announcing major changes that will allow customers to not be afraid of always leaving their data on. The whole objective is to

empower the Nepali customer, to change the mindset and how Nepalis's relationship with the phone. 5G is the future but to get Nepali customers need to start using their phones on the go.

We have to start thinking beyond just providing connectivity. Telecom operators

in other parts of the world are now also moving towards providing other services, from Telco to Techo. We recently signed an MoU with Etisalat which will help guide us in this direction.

We have a vision to make Ncell a complete digital technology company,

and from the capability, knowledge, and technical expertise perspectives, we are well-equipped to do the best for the country. We also now have support from our strategic partner – e& international. We are poised with a strong commitment and capability to diversify our



The approach for pricing of telecommunication licenses and frequencies will have to be re-evaluated. Major laws such as FITTA, Industrial Enterprise Act, and the Telecommunications Act including other rules and regulations that are directly or indirectly linked with foreign investment should be looked into, making entry and exit easier. We welcome the fact that the government is now amending multiple laws in order to boost FDI in the country.

**JABBOR KAYUMOV**

CEO and MD, Ncell



digital services, enriching the lives of Nepali people across the country. The imperative for ongoing expansion of network infrastructure, beyond mobile connectivity, further underscores the significant opportunities that lie ahead for the country.

**In comparison to other countries, how does Nepal differ? Are there any areas where Nepal is a better area for foreign investments?**

**Anirvan Ghosh Dastidar:**

Nepal obviously is a very comfortable place and there are significant advantages including the people and structural aspects of the economy which are closely interrelated. Nepal's culture is marked with several references to resilience and

bravery. Standard Chartered Bank having a proud heritage associated with banking the British Gurkha soldiers, is a direct witness to the richness of the Nepali culture. One differentiating factor of the culture is also marked by prudence. Even in crises, the resilience of the country is

embedded in a culture that ploughs through hardships.

The economy has always bounced back stronger after crises; GDP growth rates see a V shape recovery after events including the earthquake in 2015, trade disruptions, Covid 19 and global economic shocks due to geopolitical incidents. This draws on various structural factors that define Nepal's economy. With almost zero external commercial debt, low overall external debt, improved FX reserves, a pegged currency to the INR, almost 100% broadband penetration for the entire population and with a median age of 26, Nepal is forecasted to grow approximately 4% to 5% in the near term (forecast numbers as per multilateral economic reports) despite continued impact of a volatile external environment. Additionally, land 'linked', Nepal is sandwiched between India and China, with the World Trade Organisation outlining a potential \$70 billion of trade. This positions the country very well for a positive macroeconomic story that has tremendous opportunity if pitched to international financial markets.

Most narratives about Nepal's economy often miss the positive macroeconomic story the country harnesses, backed by strong historical data-points which are not told enough – this has an opportunity cost. With zero sovereign defaults and a supportive environment for the repatriation of profits for foreign investments, the track record of the country has never been dented. Additionally, due to the peg with INR, Nepal following partial convertibility (only the current account being convertible) in the 'Mundell-Fleming Trilemma' provides an insulation to any external shocks in the global macroeconomic environment. Moreover, for historical foreign direct investments such as ours, the market has been very rewarding in the longer term. Appropriate messaging, profiling and marketing of the

country's economic strengths could be a crucial game changer for the country in attracting more FDI.

#### **Amlan Mukherjee:**

Unilever Nepal, a step-down subsidiary of one of the largest global consumer goods corporate Unilever, has established itself as a significant player in Nepal's economic landscape, despite encountering many challenges inherent to foreign investment. Unilever Nepal has managed to navigate itself towards sustained growth and profitability over its 30 years of operation with a reach of around eight out of 10 Nepali households every year with the help of consumers, partners and concerned authorities. Best marketing knowledge from its parent company, deployment of best technologies and developing human resources helped Unilever Nepal to achieve this success in Nepal. Unilever Nepal believes that the market provides significant headroom for growth in multiple sectors. The young consumers with exposure to the outer world, low penetration of categories, significant possible price advantage if 'Made in Nepal' with possible government encouragement make the market investment worthy.

#### **Harkirat Singh Bedi:**

Any country has its own set of advantages and challenges, and Nepal is no different. Nepal, because of its geography, has inherent advantages in hydropower and tourism. Apart from that, I feel IT, health and education also carry immense potential. Nepal is uniquely located between two of the largest markets in the world viz. India and China which provide significant business opportunities. Also, drawing from Dabur Nepal's experience, we see scope in the consumer and packaged goods industry. With a relatively young population, increasing participation of women in the workforce, aspirational consuming class, increasing

urbanisation, rising incomes, growing internet penetration, social media access, proliferation of emerging channels (modern trade and ecommerce), the time is apt to invest in Nepal for FMCG companies.

### **What message would you give to other foreign companies considering investing in Nepal?**

#### **Anirvan Ghosh Dastidar:**

I think the message we would give to other foreign companies is to firstly do detailed research on the future prospect and niche around the sector of investment because there are various opportunities for synergy in Nepal. For instance, some sectors might provide long-term complementarity around Sustainable Finance and Renewable Energy. Sectors including agriculture, energy, tourism might be some of the top-of-mind sectors that may benefit from this complementarity in the long term, and this would matter to international investors.

Secondly, it is important to understand the regulations of the country in detail. Often regulations in Nepal are misinterpreted both by investors and many other parties. One of the major institutional strengths of Nepal are fair regulations which need to be appreciated.

**Amlan Mukherjee:** The present scenario of foreign investment for UNL embodies a delicate balance between challenges and opportunities as the company navigates through economic uncertainties and regulatory complexities, its commitment to consumer-centric strategies, transparency and sustainability remains unwavering. By embracing digital innovations, advocating for regulatory reforms, and prioritising ethical business practices, UNL paves the way for sustainable growth and

continued success in Nepal's evolving market landscape. If Unilever can do it, others can surely do it in Nepal.

#### **Harkirat Singh Bedi:**

Nepal has tremendous opportunities and growth potential. However, potential investors should thoroughly research the sector they wish to operate in and do comprehensive due diligence.

Nepal is aggressively seeking FDI with a focused approach in crafting investment-friendly policies and processes including but not limited to legislative reforms required for enabling FDI. If any investor is looking for a long-term investment, now is the right time to start investing in the country as there are institutional frameworks like Investment Board Nepal in place to facilitate and guide the investors through their investment journey.

**Jabbar Kayumov:** Like all emerging markets, Nepal presents many opportunities, but it has its fair share of challenges too. My message to other foreign investors would be – be prepared to commit for the long haul.

Nepal's potential is unquestionable, this is a country on a cusp of massive change as it looks to transition from a LDC to a developing country in 2026. The fact that you have two of the fastest growing major economies in the world as your immediate neighbours is also a big advantage. I am also always impressed by the tech-savvy, smart youth of this country. The future certainly looks very bright but Nepal does have to work very quickly and strategically to alleviate the existing regulatory hurdles and maximise its potential. The time is ripe for Nepal, but the leadership needs to move fast to put in place the frameworks required for a truly Digital Nepal. **B**



# Limited Liability as a Hoax: The Failure of NRB to Uphold Core Principle in Debt Recovery



**Srijan Pant** is associated with Pioneer Law Associates and advises clients on regulatory compliance, business set up and assists the corporate team of the firm in various in-house work in areas of private equity and investment funds, and taxation.

Since the early 1990s, from the case of *Saloman vs. Saloman* to the 21st century, separate legal personalities have stood to be the fundamental pillars of Corporate Law across the world. It is an established legal principle that a company is a legal person having a separate legal personality.

The key elements of the separate legal personality have been incorporated under the Companies Act 2063, (2006) of Nepal under which the company exercises exclusive rights and obligations under its own name which are separate from the rights and obligations of shareholders and directors. After the incorporation of the company at the Office of Company Registrar (OCR), the company attains a separate legal status from its founding shareholders. This means that the company possesses the power and capacity to independently enter and execute contracts, obtain debt and conduct business transactions. The independent legal status of the company ensures that the shareholders of the company are only exposed to the liability and obligations in the company to the maximum value of shares subscribed or undertaken to be subscribed.

This also includes limitation of liability against any exposure to unproportionate financial liability as stated in Section 8 of the Companies Act 2006 which is pivotal for encouraging investment and fostering economic growth.

There have been various landmark decisions from the Supreme Court including *Piyush Pandey vs. Tax Office*, wherein the Supreme Court has upheld the principle of limited liability against the claims of making any person responsible for financial liability of the company. In the case of *Unity Life Insurance vs. Office of the Prime Minister*, wherein the Supreme Court stated that all shareholders of company including shareholders who are not involved in the regular course of business in the company, cannot be made responsible for wrongful conduct committed by a few shareholders or directors.

Although the principle of limited liability stands as a foundational pillar in Corporate Law, Nepal Rastra Bank (NRB) has utterly ignored the legal principle while incorporating provision to blacklist defaulting parties who fail to repay loans obtained from banks and financial institutions (BFIs). Directive No. 12/080, Clause 10.3, Sub-Clause (f) of the NRB Unified Directive Issued to Class A, B and C BFIs in 2080 (2023/24) specifies that directors and shareholders who own 15% or more of the shares in a company that has defaulted on repaying any credit facility or loan obtained from BFIs will be blacklisted at the Credit Information Bureau (CIB). The provision is a continuation of the previous Unified Directives which also mentions the same provision to blacklist shareholders. It is important to note that non-defaulting shareholders or directors

The focus should shift towards ensuring that BFIs sufficiently maintain collateral and guarantees against any recovery risk during disbursement of loans rather than employ a blunt instrument of blacklist disproportionately to shareholders of defaulting company.





who have already repaid the loan in which they have provided personal guarantee and collateral security will not be exempted from getting blacklisted at CIB due to this provision in NRB Unified Directives.

Recently, the CIB has started to freeze all bank accounts of blacklisted individuals as per the Unified Directives. In this context, many shareholders and directors who are blacklisted due to their investment in such defaulting companies have been completely deprived of access to any banking services from BFIs. The provision of Unified Directive does not fit the test of legal scrutiny as it overrules a clear provision under Section 8 of Companies Act which states that the shareholders of the company are only subject to liability limited to maximum value of shares which is undertaken to be subscribed. There is no provision in the governing laws of NRB and BFIs including BAFIA Act, NRB Act or even

in the NRB Unified Directives which provides exception to the provision of limited liability under the Companies Act. The NRB Unified Directives fail to elucidate the rationale for the inclusion of a company's shareholders in the blacklist, as such inclusion does not inherently grant the BFIs the authority to recover the defaulted loans from shareholders.

There is one exception to the principle of limited liability under Corporate Law. Any party can recover bad debts or impose liability from shareholders of a company beyond the scope of limited liability by piercing the corporate veil of the company in case the default has occurred due to the wrongful act or omission of duty from shareholders. It is very clear that this exception only applies in offences of fraud and criminal activities. This principle of corporate veil necessitates the proof of fraudulent act or discharge of criminal conduct for

discharging the liability of a company into its shareholders. However, the determination of such circumstance must be determined by a competent judicial authority rather than a commercial entity with inherent interests in the outcome. If the central bank justifies the act of granting authority to BFIs to pursue loan recovery from a company's shareholders by employing the principle of piercing the corporate veil under all circumstances of default in loan repayment, then it would blatantly signify an arbitrary application of power of NRB, ostensibly legitimised by the regulatory body's authority.

The current framework to place the shareholders of defaulting companies in the blacklist is neither supported by the exemption to overrule principle of limited liability under the governing laws of BFIs and NRB nor does the default in loan repayment meet the degree of severity required to pierce the corporate veil of the company.

Thus, in the existing violation of principle of limited liability, which is foundational to Corporate Law, NRB should remove the existing provision to blacklist non-defaulting shareholders of a defaulting company. Rather, the central bank should direct BFIs to strengthen its security as BFIs possess robust self-recovery rights, enabling them to seize collateral pledged by the borrower or recover bad debt from personal guarantor in case of default. These existing mechanisms provide sufficient security for banks to secure appropriate collateral and guarantees during loan approvals, ensuring a measure of protection against defaults. Consequently, the focus should shift towards ensuring that BFIs sufficiently maintain collateral and guarantees against any recovery risk during disbursement of loans rather than employ a blunt instrument of blacklist disproportionately to shareholders of defaulting company. **B**

## BOOK OF THE MONTH

### The Friction Project: How Smart Leaders Make the Right Things Easier and the Wrong Things Harder



Every organization is plagued by destructive friction. Yet some forms of friction are incredibly useful, and leaders who attempt to improve workplace efficiency often make things even worse. Drawing from seven years of hands-on research, *The Friction Project* by bestselling authors Robert I. Sutton and Huggy Rao teaches readers how to become "friction fixers."

Sutton and Rao kick off the book by unpacking how skilled friction fixers think and act like trustees of others' time. They provide friction forensics to help readers identify where to avert and repair bad organizational friction and where to maintain and inject good friction. Then their help pyramid shows how friction fixers do their work, from reframing friction troubles they

can't fix right now, so they feel less threatening, to designing and repairing organizations. The heart of the book digs into the causes and solutions for five of the most common and damaging friction troubles: oblivious leaders, addition sickness, broken connections, jargon monoxide, and fast and frenzied people and teams.

Sound familiar? Sutton and Rao are here to help. They wrap things up with lessons for leading your own friction project, including linking little things to big things; the power of civility, caring, and love for propelling designs and repairs; and embracing the mess that is an inevitable part of the process (while still trying to clean it up).

**“ECONOMIC GROWTH AND NOT REDISTRIBUTION IS THE ONLY WAY TO FIGHT AGAINST POVERTY. YOU SEE IT ALSO WHEN YOU COMPARE AFRICA AND ASIA. IN AFRICA, THEY RECEIVED BILLIONS IN DEVELOPMENT AID. DID IT HELP THEM? NO. AND THERE ARE A LOT OF ECONOMISTS WHO HAVE MADE IT CRYSTAL CLEAR THAT IT HURTS THEM. THE ONLY PEOPLE IT HELPS ARE CORRUPT ELITES FROM THE GOVERNMENT WHO COULD BUY NEW WEAPONS OR EXPENSIVE CARS OR WHATEVER. BUT ORDINARY PEOPLE REMAIN POOR AND CANNOT EVEN BUY A MATTRESS TO SLEEP ON. SO, THIS IDEA ABOUT REDISTRIBUTION, THAT RICH PEOPLE SHOULD GIVE MONEY TO POOR COUNTRIES, IS AN ABSOLUTELY STUPID IDEA”**

Rainer Zitelmann is a German author who has written and edited 29 books, which have been published in more than 30 languages. He also writes articles for The Wall Street Journal. He is also a historian, sociologist, management consultant and real estate expert. Zitelmann was in Kathmandu recently to launch two of his books ‘Set Yourself Bigger Goals’ and ‘In Defense of Capitalism’. The latter has been translated into Nepali as well. The books have been published in Nepal by WeRead, a new publishing branch of Kathalaya.

During the book launch, Zitelmann shared that ‘In Defense of Capitalism’ has elaborated the disagreements on the view that capitalism leads to hunger and poverty, rich people become richer and the poor become poorer. The book further elaborates on the environmental destruction and climate change wars. Zitelmann put forward historical evidence and facts to justify that it is not capitalism that has failed but the anti-capitalist experiments done for a century.

During his visit, **Business 360** caught up with Zitelmann to understand the core principles and the benefits of a capitalist economy, especially in the context of Nepal. Excerpts:

**How would you define capitalism and its key principles?**

When I distinguish between capitalism on one hand and planned economies on the other hand, I think the most important thing is capitalism



**Rainer Zitelmann**  
Author, In Defense of Capitalism



means economic freedom. It means democracy in economy. Consumers decide every day what is produced and what is not. Entrepreneurs make the decision but, in the end, it is the consumer's choice. When people buy your product, you will be successful and make, hopefully, money. If they don't buy you will get nothing. It is the consumer's decision, not someone else's decision and not definitely any politician. It is a democracy. In a planned economy it is the other way around. Politicians and government officials decide what you could choose. They think they know that better than the consumers. And the thing is there is no pure capitalism and there is no pure socialist anywhere in the world. All systems are in reality, mixed systems. Even socialist countries like in North Korea, you have a little bit of private property and market. And in capitalist countries like the United States, we also have a lot of socialism. So, I compare it with a test tube, with two ingredients. A test tube market and state, or capitalism and socialism. Then I look at it as a historian. What happens if you add more market and what happens if you add more state. This is what I am doing.

#### **Could you tell us some benefits of capitalism compared to other economic systems?**

The first aspect deals with poverty. Capitalism is the only system that can abolish poverty. For around thousands of years a majority of people all over the world lived in poverty. Before capitalism, that is about 200 years ago, 90% of the worldwide population lived in extreme poverty. Today it is less than 9%. However, half the reduction happened over the last decade. Even in the beginning of the 80's, 43% of the worldwide population lived in extreme poverty. And wherever you look, capitalism reduces poverty. This is the reason why in countries that have a lot of socialism, the socialist countries, people

leave the country. You can see it now in Nepal. I think thousands of people have left Nepal. You can see it in my country too. We had socialist East Germany and capitalist West Germany. Two-and-a-half million people went from the East to the West. The East had to actually build a wall and shoot people down, so that people don't go away. The situation is the same in Korea. In the North if they wouldn't force them to stay there, people would of course go to South Korea. And you see that now in where 7.5 million people have fled from the country. This is 25% of the population.

But it was never the other way around. Have you heard of people going from South Korea to North Korea to have a better living. Or people go from West going to East Germany or maybe people coming from Singapore to Nepal to have a better living here. No, it doesn't happen. So, you see capitalist means democracy in the economy and it means that you have your own choice; what to do with your life, how to be successful. In socialism the only way to have a better living is to agree always with the party and look at whether you can make a career inside the party. This is the only thing. In capitalism you don't have to agree with the government necessarily. The only thing you have to do is you have to produce something that people need, that people want. And if they buy it, you become rich. There are many other important things but this is the most important thing about capitalism.

#### **Are there any drawbacks and limitations of capitalism that need to be addressed.**

Capitalism is not a fixed system like socialism. Capitalism is an ongoing revolution. It always adapts to different societies. It is not that there are politicians that have to be adapted. Capitalism itself is a very flexible system that adapts to different times, different situations, different countries. Capitalism can coexist with your religion; it

can coexist with Muslims, with Christians, with any religion. Capitalism can exist in Asia and in Latin America. When the environment changes, then capitalism too changes. This is the reason why capitalism is so successful.

But I don't believe in the ideal that there are politicians who are smarter than millions of consumers and they have to fix it. I will give you one example. I think here in Nepal you are not allowed to sell a product with more than 20% profit margin. This is actually a crazy idea, and I have never heard of it in any other country. There is no example where it works. What does it mean, it means there was someone 60, 70 years ago who thought he is smarter than you, than entrepreneurs, than consumers, smarter than everyone else. I don't know why it is 20%. Why is it not 12%, or 15% or 30%. So, that person thought they are smarter than everyone else. Of course, it is a crazy idea that they are smarter than everyone else. And this is a big problem when politicians think they are smarter than everyone else. I don't believe so, I don't think they are smarter.

#### **How does capitalism contribute to economic growth and innovation?**

If you look at the index of economic freedom of the Heritage Foundation, at the top you have Singapore and Switzerland and at the bottom you have North Korea, Cuba, Venezuela. And if you compare this index of economic freedom and GDP per capita, it is crystal clear that the countries that are more economically free, their GDP per capita is much higher than the countries that are suppressed. This is not only true for GDP per capita but it is also true for environmental standards. For example, if you compare the index of economic freedom with the Environmental Performance Index from Yale University, you can see the countries that are more economically free have much better scores in the Environmental Performance

Index than the repressed countries.

You see it all over the world. I will give you another example; Venezuela was, back in the 70s, one of the 20 richest countries in the world. Then they started with a lot of crazy regulations, similar with the regulations that you have. Labour market regulations, this is what I was talking about, politicians talk like they are smarter than consumers and entrepreneurs. And what happens to them, then they made a big mistake and voted for a socialist regime in 1998-1999. Left wing intellectuals all over the world were really enthusiastic. They called it the socialism of the 21st century, and it promised a lot. What happened in the first two years was not so bad because oil prices increased and you could spend a lot on welfare. Then they started with all these crazy things, nationalisation of private property and so on. The result they had some years ago was an inflation rate of 1,000,000%. Today 25% of the population have fled. The rest of the population lives in poverty. And by the way, they punished democracy. They abolished freedom of speech, freedom of press.

This is what the socialists did. In the last hundred years, there's not a single example where a socialist has made a better life for ordinary people. They tried it in so many ways, in China in another way, then in the Soviet Union, East Germany, Yugoslavia, Cuba, North Korea, Vietnam and Bulgaria. But they all have one thing in common. They failed without any exception, and more than 100 million people died in this time. For example, in China from 1958 to 1962, with the so-called Great Leap Forward, 45 million people died. This is a tragedy that people don't know anything about.

I have given lectures all over the world. I just came from Latin America and I was in Argentina, Paraguay, Chile and Colombia. I speak in the United States very often. I speak in

all European countries and in Asian countries such as South Korea, Mongolia, and now here. And wherever I speak, I ask people, "Have you ever heard about the greatest socialist experiment in history, the so-called Great Leap Forward where 45 million people died". Wherever I speak, whether it is to 20 or 200 or 2,000 people, only a very few people raise their hand. Sometimes no one. So, they haven't heard about it and this is a terrible thing. They should hear about it.

I have a chapter in my book 'The Power of Capitalism' about the Great Leap Forward and what happened to China after this, the economic progress. Maybe you would like to publish it one time because this is the way why socialism is so popular today again? Because people do not know anything about history. They do not know what happened to the Russian Revolution. They do not know what happened to Kampuchea. They don't know what happened in Poland and in Hungary. They have not heard about it at school. Teachers in most countries all over the world are mostly left wing. They tell them a lot about how bad capitalism is, but they don't tell them the truth about socialism. This is the reason for my mission to go all over the world and to speak about it, to write about it, so that people learn something about history.

#### **What about capitalism and social inequality and environmental sustainability?**

Let's speak first about the environmental issues and then about social issues. I just mentioned with the environment that if you compare the index of economic freedom and environmental performance from Yale University, the countries that have more economic freedom have better standards. I come from Germany, and previously there was West Germany and East Germany. That is a good thing to compare because there were fundamentally the same countries, the same people,



same history, same language, only a different economic system. If you look at the environment or climate issues, CO2 emissions in East Germany were three times higher than West Germany and for other airborne pollutants it was even worse. For example, Sulphur Dioxide was ten times higher in East Germany than West Germany. So, you can compare. If people think we should, some so-called climate activists say we should abolish capitalism to solve the problem of climate change then you will make things worse. We saw it in all the countries with the planned economy. There was no country in the whole world with so bad environmental standards than Soviet Union. So, it is an absolutely crazy idea.

If we speak about social issues, it depends whether we focus on poverty or inequality. These are two very different aspects and some people confuse it. They mix it. I spoke about poverty, and I think it's crystal clear that capitalism is the best system against poverty. I will give you a couple of examples. Let us focus on Poland which was one of the poorest countries in Europe

in the 80's. It was poorer than Ukraine and its GDP per capita was only half of that of the Czech Republic. Poland was very poor. And then in 1990 they started with free market reforms and within three decades they are one of the most prosperous countries in Europe.

Another example is Vietnam, which in the 90's was one of the poorest countries in the world. It was poorer than all African countries. First, they went to war, not only one war with the United States but they were at war before with France, Japan, China, with almost everyone. And what was not destroyed by the wars was destroyed by the planned economy. However, they were smart and towards the end of the 80's they started with the so-called Doi Moi reforms, opening the economy and the success they have achieved is amazing. I have been there several times and my next book will be about Vietnam. I know a lot about it. They call themselves socialist and yes, the party politics is communist but I think it is easier to find a Marxist at Harvard University in the United States than at

any university in Vietnam. I know it because they invited me for a lot of lectures at the universities. They don't believe in socialism anymore and it is only lip service. They talk about Marxist and communist, but in reality, they believe in capitalism, in entrepreneurship.

So, it is crystal clear capitalism is the best system against poverty. But if we speak about equality, maybe people in China, in Mao's time, were more equal than they are today. I think so, because at that time there was not a single billionaire. Maybe Mao was a billionaire. I don't know, because everyone had to buy his books. But there was not a single billionaire in China. Today you have as many billionaires in China as no other country in the world, with the exception of the United States. Even some years ago, there were some more billionaires in China than the United States. If you talk about the standard of living, in 1908, 88% of people in China lived in extreme poverty. Today it is less than 1%.

When I am in China, where I have been several times, no one has told me, 'Let's go back to Mao's time because you are





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more equal'. I found no one in Vietnam who told me, 'Let's go back to the 80's because we were more equal'. I think this equality issue is for envious people. It is like people saying someone has more than I and you should take something away from that person. There is a different kind of reaction. If you see that there is a gap between you and the situation for someone who is rich, there are two possibilities to react.

I will tell you with an example. Jeff Bezos, founder of Amazon, is one of the richest men in the world and some years ago, they positioned a guillotine, the type used to kill people during the French Revolution, in front of his house in Washington, DC. The protesters who positioned the guillotine in front of his house, I would say were envious people. They hated him because he is rich. But then there is someone else who gave an order to Amazon to send them the biography of Jeff Bezos. That person wanted to learn something from his life. Maybe not to be so successful as Bezos is but to learn some lessons as an entrepreneur. What do you think? Who will be most successful in five years? The people who positioned the guillotine or the one who bought the book about the life of Jeff Bezos?

So, this equality idea is a crazy idea because if a society escapes poverty, the first thing is inequality increases. And this is logical because not all can become rich at the same time. This is what Deng Xiaoping understood in China. He said let some people become rich first and then later the situation will improve for the others. This is what happened.

This is what Adam Smith understood, that economic growth and not redistribution is the only way to fight against poverty. You see it also when you compare Africa and Asia. In Africa, they received billions in development aid. Did it help them? No, and there are a lot of economists who have made it crystal clear that it hurts

There is no pure capitalism and there is no pure socialist anywhere in the world. All systems are in reality, mixed systems. Even socialist countries like in North Korea, you have a little bit of private property and market. And in capitalist countries like the United States, we also have a lot of socialism. So, I compare it with a test tube, with two ingredients. A test tube market and state, or capitalism and socialism. Then I look at it as a historian. What happens if you add more market and what happens if you add more state.

them. The only people it helps are corrupt elites from the government who could buy new weapons or expensive cars or whatever. But ordinary people remain poor and cannot even buy a mattress to sleep on. So, this idea about redistribution, that rich people should give money to poor countries, is an absolutely stupid idea. You can see it in Asia too. Both South Korea and North Korea were very poor countries in the 60's, as poor as African countries today. North Korea had this planned economy and people are still poor. South Koreans adopted capitalism and they are doing great. Everywhere, where there is capitalism, the situation has improved for the people, but of course not for everyone at the same time.

The most famous critique of capitalism today is the French economist Thomas Piketty,

who in his book, 'Capital in the 21st Century' mentions that for most of the time in the 20th century, inequality had been reduced. The question is why. It was due to the First World War and Second World War after which taxes were made much higher and a lot of things were destroyed. So, equality was better. According to Piketty, the bad times started towards the beginning of the 90's because then inequality became bigger. He says that was a bad time but for me it was the best time in human history because there was no other time when poverty had been reduced so much. So, you see this is a different focus. Piketty focuses on inequality whereas I focus on poverty. And you have to decide. You could say you do not care about poverty and only equality is important. Then you can implement socialism. But if you care about poverty then you need capitalism.

I think for Nepal the problem is not inequality but poverty. This 20% profit margin cap is a crazy idea which I believe exists nowhere else in the world. And then you have huge tariffs on automobiles which runs up to 200%. This basically makes an automobile out of reach for the majority of the people but I guess the politicians ride in expensive cars. The country has to abolish such high taxes. I even heard that it takes more than a year to actually receive a driver's licence. Why? Is it because of the bureaucracy? These are questions that should be raised because you should be getting your driver's licence in a day. What is the reason behind this delay? As citizens you should be raising such critical questions.

As a result of all these political and bureaucratic inefficiencies and the hassles that people face so many smart people are leaving Nepal. Thousands of young smart people are going abroad which is bad. This is what happens in socialism. This happened in East Germany before. There are only two possibilities to stop that trend in Nepal. The

first is to build a wall like they did in East Germany and block people who want to leave that economy. The other is to have more capitalism so that people have the opportunity in their own country and stay back. And I can guarantee you when there is capitalism, people will come back. It has happened in China and also in Thailand. People love their country. I don't believe people are leaving Nepal because they hate the country. In their hearts everybody loves their country. They love their family and do not want to go away. They go away because they do not have opportunities here.

It would be wonderful if Nepalis who have gone abroad come back with the skills and knowledge they have acquired. The other thing required for a developing nation is foreign investment. But I heard there is a list of sectors where foreign investment is restricted. Since the country does not have enough financial resources for all the work that is required to be done the only option is to get foreign investment. You should do everything possible to attract foreign investment and you should appreciate it.

You need to do it like China did in Shenzhen. From a small village with around 50,000 poor people, it has become a paradise for capitalists with a population of nearly 17 million people at the moment. There are so many such examples. You do not have to reinvent the wheel. You just need to analyse what they did to become a prosperous nation. People here need to start discussing about it.

I think maybe the mistake in Nepal has been too much of a focus on the constitution. I believe you have had seven different constitutions in the last 70 years or so. Look at the United States, it is the same constitution for the last 250 years. You don't need a new constitution. It should not always be about politics. People need to start focusing on economics. This is the best thing that could happen in Nepal. **B**



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# Tackling Toxicity In Business

KEEP GOSSIPS, LIARS AND DREAM-KILLERS AT BAY



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

Toxicity never did anyone any good. It debilitates you, weakens your faculties. It corrodes you from within and erodes your better external aura. Any which way, toxicity is slow poison for both managers and workers. Therefore, it is

best kept at bay whether in personal life or in business. Yet, toxicity keeps raising its ugly head far more often than it could be welcome, if at all.

But who exposes you to toxicity? Who are the unknown or hidden saboteurs of your success? They are not invisible agents. On the contrary, they are the very individuals with whom you spend a large part of your professional and business life, that is, your friends and co-managers – senior, junior or of the same rank. For your own good and also that of your company, you should draw a lakshman rekha between you and them.

Why is this so terribly important? Is the need for keeping toxic elements away based on any empirical data?

While that hunt can go on, one can seek guidance from noted motivational speaker Jim Rohn's famous quotation that we are the average of the top five people we associate with. Haven't we found this to be a reality at different stages of our own lives? Rohn knew his onions the best. His practical wisdom enabled him to emerge as one of the foremost business philosophers who rose from rags-to-riches in line with the Great American Dream.

In a data-fortified approach, MIT Sloan came up with some revealing developments in their study of the Great Resignation in 2023. They discovered that workers were 10.4 times more likely to quit jobs because of toxic work culture than to leave because of compensation.

Obviously, working 40 hours a week at their job, toxic work culture would make them feel burnt out and disengaged. Besides the financial blow, toxicity is also known for causing physical and mental health damage.

With the lethality of toxicity being pretty well established, let us observe its manifestations, at least, on the organisational level: low enthusiasm and negativity; role confusion and dysfunction; chronic and excessive stress; pervasive and malicious office gossip; and high turnover rates. We witness this happening in companies and enterprises day in and day out. Organisations usually find themselves helpless in coming up with a concerted counter





IN A DATA-FORTIFIED APPROACH, MIT SLOAN CAME UP WITH SOME REVEALING DEVELOPMENTS IN THEIR STUDY OF THE GREAT RESIGNATION IN 2023. THEY DISCOVERED THAT WORKERS WERE 10.4 TIMES MORE LIKELY TO QUIT JOBS BECAUSE OF TOXIC WORK CULTURE THAN TO LEAVE BECAUSE OF COMPENSATION.

response to the malaise of toxicity and continue to decay.

However, bearing in mind the target group of this column (young and potential managers) and also because the suggested approach would serve a wider objective, let me focus on the manner in which toxicity grips an individual manager. I firmly believe that well-prepared budding managers can reverse the tide against toxicity, if informed and trained in advance.

Toxicity does not get born on its own. Like most things and phenomena, it is created, spread and promoted by a certain type of individuals who are found in all companies. They need to be avoided like the plague. Let us identify them.

**Gossips:** As Amy Chambers wrote in *The Entrepreneur*, gossips eat up much of your time talking about others rather than about your own ideas. Ultimately, you end up spending your time talking about persons or things

which are beyond your control. Would it not make sense if you focused on matters you could control, impact and influence? In a way, remaining stuck with gossips is keeping you away from opportunities that beckon you.

Quoting the theory of psychologist Murray Brown, Amy Chambers wrote: "...a two-person emotional system is unstable: under stress, it forms itself into a three-person system or triangle. Gossiping with others can be a way of building a bond with them, which serves as a substitute for bonding over something more meaningful. Sadly, when people learn to build bonds in this way (triangulating: involving a third absent party), it's hard for them to turn it off. It becomes a pattern of behaviour and this habit is hard to break."

**Liars:** Repeated liars destroy trust, the most vital ingredient in any relationship. Regaining trust takes a lot of work and yet remains feeble and fickle. Ties turn weaker as you never know whether trust-violators will remain trust-worthy any longer. Instead, a doubting mind starts wondering: how longer? Work suffers as businesses usually work in teams. The only way out of the ticklish situation is a tough conversation.

**Dream-killers:** Only the daring dream with open eyes. They are visionary and innovative. They love sharing their ideas and getting feedback. Imagine individuals of such ingenuity being surrounded by persons who are prone to shooting down the brightest of ideas blipping on their radar; all modern ideas will be vanishing even before twinkling adequately enough. Ideas will die young simply because a breed of naysayers chooses to pronounce them silly even before they strike roots. Will anyone dare to come up with new ideas let alone try to implement them? Businesses will be left gasping for breath.

Can we let that happen? **B**

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# HYPE VS REALITY

## WILL THE NEPAL INVESTMENT SUMMIT 2024 DELIVER ON ITS PROMISE

**T**he third edition of Nepal Investment Summit is going to be held in Kathmandu on April 28-29. The Nepal Investment Summit Secretariat has informed that over 1,200 (including over 400 foreign delegates) have been invited for the two-day event. Potential investors from India, China, Europe, Gulf nations, Malaysia, East Asian, Bangladesh, United States of America and Australia are participating. Along with potential investors, representatives of lenders (development finance institutions) and development partners including multilateral development banks, UN agencies, PPP (public-private partnership) professionals, diplomats will be attending. The country's policy makers, private sector, think tanks, will also be present at the summit.

"There will be conclaves, B2B & B2G meetings, policy dialogues, project showcasing, signing of MoUs and agreements, and networking opportunities," said Sushil Bhatta, CEO of Investment Board Nepal. He added, "The summit is an initiative of the government to position Nepal as a promising investment

destination." Prime Minister, Pushpa Kamal Dahal, is scheduled to meet and interact with the investors.

The government has onboarded private sector umbrella organisations such as FNCCI, CNI and NCC as co-organisers. As announced in the fiscal budget 2023/24, the government in November last year decided to organise the summit in April of 2024.

Governing mechanisms are: Steering Committee (chaired by Finance Minister), Implementation Committee (chaired by Chief Secretary), Technical (project selection) Committee (chaired by secretary of the Ministry of Industry, Commerce and Supplies) and the NIS Secretariat (led by CEO of Investment Board Nepal) along with the task force (led by Secretary of the Office of the Prime Minister and Council of Ministers). The focus is on amendment of laws to create conducive environment for investment. The private sector umbrella organisations have representation in all the mechanisms formed to convene the summit.

There are two things which are critical for the success of the summit: firstly, what the government offers to the investors (foreign, domestic and diaspora community) including favourable investment climate (protection of investment, facilitation, incentives and profit repatriation among others), and secondly, lucrative (bankable and credible) projects. The private sector's success in sealing B2B deals clearly relies on the government's commitment to facilitate investment and provide protection on the ground of favourable investment climate.

### Commitment versus reality

Prime Minister Pushpa Kamal Dahal, who is the Chairperson of Investment Board Nepal, said in the recently held 58th board meeting that the summit should not be a formality and the projects going to be showcased should not like a wish list. He urged the ministries to develop dedicated cells to provide support for leveraging financing to the PPP and private sector projects along with other facilitation work. In addition, the PM said that PPP is the only option to bridge the

financing gaps and accelerate development works in line with the government's priorities to achieve its target.

For PPP projects, we are not working with contractors, we are working with the developers and we will have comprehensive agreements known as project development agreements (PDAs), according to the Prime Minister. "If the government cannot fulfil its obligations as agreed, we have to pay compensation to the developer. This is why, we should be serious about facilitating the projects," he added.

However, the harsh reality is that the private sector has been terrorised in the country following a series of assaults in the recent past. Moreover, the country's bureaucracy is discouraged and demotivated. "Those who work might get victimised in the future and those who do not work are out of any risk," a high-level bureaucrat requesting anonymity said, adding, "Bureaucrats don't want to put their signature on anything and there is a trend of backwashing in government offices."

The country's laws and policies are not very investment



friendly. There is procedural fatness, delays, rent-seeking, extortion as experienced by the existing investors. “The whole ecosystem should be investment friendly to lure investors. There is lack of interagency coordination, reluctance to work and insular type of mentality among the bureaucrats,” according to Keshav Acharya, an economist. “There is a need to overhaul the government system. The mindset of state machineries is against investment and profit. And they don’t respect the private sector,” he stated.

#### **Amendment of laws through the Ordinance**

The taskforce formed to recommend the amendment of laws and regulations that are obstructing investments had recommended the government to amend the various provisions of the Public Private Partnership and Investment Act, 2019; Industrial Enterprises Act, 2020; Foreign Investment and Technology Transfer Act, 2019; Special Economic Zone Authority Act, 2019; Forest Act, 2019; National Park and Wildlife Protection Act, 1973; Land Act, 1964; Land Acquisition Act, 1977;

Environment Protection Act, 2019; Electronic Transaction Act, 2008; Civil Aviation Authority Act, 1996; Foreign Investment and Technology Transfer Rules, 2021 and Forests Regulations, 2022.

However, the government has issued ordinance for the amendment of Industrial Enterprises Act, 2020; Foreign Investment and Technology Transfer Act, 2019; Special Economic Zone Authority Act, 2019; Forest Act, 2019; National Park and Wildlife Protection Act, 1973; Land Act, 1964; Land Acquisition Act, 1977; Environment Protection Act, 2019.

Provisions of the ordinance prevail only for six months if the amendment is not endorsed by the parliament. “Experts said that laws should have been amended through the parliament but the government skipped the parliamentary process,” said Gandhi Pandit, senior advocate, adding, “This may not assure the investors.”

Citing provisions of Nepal’s primary act that deals with foreign investments, that is FITTA, which recognises only equity as foreign investments, he further said that loan/

financing should be recognised as foreign investment in large-scale projects under the non-recourse financing model. Under the system of non-recourse financing model, the lender has access only to the project property to recover its debt and no authority to go after other property of the developer or equity holder as they do in recourse financing.

#### **NIS 2024 projects**

The government along with the private sector is showcasing a large number of projects, reportedly, a total of 151. There are 31 projects from the private sector and 120 projects are from government agencies. The projects are in different stages of study, according to Secretary of the Ministry of Industry, Commerce and Supplies, Krishna Bahadur Raut. “Projects will be showcased, procured (by calling Expression of Interest) and market sounding also will be conducted in the summit,” he informed.

There are projects of different sectors apart from private sector projects, including transportation (19 projects); mines and minerals (13 projects); tourism (16 projects); agriculture (14

projects); manufacturing (5 projects); industrial infrastructure and trade logistics (7 projects); energy including transmission line infrastructure (31 projects); water supply (4 projects); urban development (6 projects) and ICT (2 projects).

#### **TRANSPORTATION**

1. Bethanchowk Narayanthan Darsan Cable Car
2. Electric Bus Rapid Transit System in Kathmandu Ring Road
3. Chandragiri-Chitlang-Palung-Chitwan Expressway
4. Chitwan-Rampur-Butwal Expressway Project
5. Chitwan-Rampur-Pokhara Expressway Project
6. Fast Charging Station for Electric Vehicle Project
7. Sudurpashchim Public Transport Project
8. Public Transport Project in Madhesh Province
9. Multi-layer vertical parking at Patan Dhoka, Jawalakhel and Lamachaur
10. Malekhu-Lothar Road & Tunnel
11. Daunne Khanda Road Tunnel
12. Hemja-Nayapul Khanda Road Tunnel Project
13. Mirchaiya-Katari-Ghurmi Road



14. Dharan Leuti Road Tunnel
15. Metro Rail 1: Satdobato-Ratnapark-Narayangopal Chowk
16. Metro Rail 2: Kirtipur-Kalimati-New Baneshwor-Airport
17. Metro Rail 3: Koteswor-Chabahil- Swayambhu-Koteswor
18. Bus Park with modern terminal project, Pokhara Metropolitan City
19. Podway project, Pokhara Metropolitan City

## MINES AND MINERALS

1. Mining of Limestone Deposit at Sabdu, Sitganga Municipality, Arghakhanchi District
2. Mining of Dolomite Deposit at Boje, Halesi-Tuwachung Municipality, Khotang District
3. Mining of Limestone Deposit at Dhuseni, Dhading District
4. Mining of Granite Deposit at Kaphal Dada, Roshi Rural Municipality, Kavrepalanchok
5. Mining of Iron and Copper at Jhunlabang, Bhume Rural Municipality, Rukum (East)
6. Mining of Limestone Deposit at Jaitpani, Khamilekh, Bangad Kupinde Municipality, Salyan District
7. Mining of Magnesite Deposit at Kampughat, Triyuga Municipality and Chaudandigadhi Municipality, Udayapur District
8. Prospecting of Gold at Dhokadhunga-Phuliban, Sunchhahari Rural Municipality, Rolpa District
9. Prospecting of Phosphorite at Dhikgad, Dogadakedar Rural Municipality, Baitadi District
10. Prospecting of Phosphorite at Sangau, Purchaudi Municipality, Baitadi District
11. Petroleum Exploration in Exploration Block No. 5 (Chitwan)
12. Petroleum Exploration in Exploration Block No. 4 (Lumbini)
13. Dhaubadi Iron Ore Project

## TOURISM

1. Khaptad Integrated Tourism Development Project
2. Exhibition Centre Project, Pokhara Metropolitan city
3. Mulabari-Saunethup Foot Trail (White-wall) Project
4. Begnas-Rupataal Water Sports Project, Pokhara Metropolitan City
5. Janaki Heritage Hotel and Cultural Village Project
6. Development of Electric Mobility Corridor in Municipalities of Lumbini Corridor
7. Greater Lumbini Tourist Circuit Transportation Project
8. Nunthar Film City Project
9. Amusement Park in Baghmara, Chitwan
10. Rudrapurgadhi Tourism Project
11. Badhimatika Tourism Development Project
12. Mudi Tourism Development Project
13. Great Himalayan Trail Tourism Project
14. Dolakha Film City Project
15. Pokhara International Convention Centre (PICC)
16. Tal-Talaiya Multipurpose Tourism Project

## MANUFACTURING

1. Glass Manufacturing Project
2. Capacity Expansion and Product Diversification of Dabur Nepal
3. Green Hydrogen and Green Ammonia Plant
4. Suryatara Cement Udhog
5. Paper Factory Project

## INDUSTRIAL INFRASTRUCTURE & TRADE LOGISTICS

1. Daiji Industrial District
2. Shaktikhor Industrial District
3. Development of Industrial Zone in Simara Special Economic Zone Block D & E
4. Panchkhal SEZ
5. Development of Special Economic Zone at Simara Block B and C, Project – Extension of Existing SEZ
6. China Nepal Friendship Industrial Park
7. Warehouse project, Pokhara Metropolitan City

## AGRICULTURE

1. Integrated Fish Hatchery
2. High-End Resort

3. Slaughterhouse Construction and Operation
4. Establishment and Operation of Tea E-Auction centre and warehouse
5. Dog Chew/Chhurpi Export promotion and quality improvement project
6. Establishment of Bulk Cold Storage
7. Developing a model project of bio-fertiliser production and research centre, Nepal (BPRC-Nepal)
8. Promoting Investment in ginger value chain
9. Large cardamom chain enhancing trade
10. Highland potato value chain project
11. Value chain of timur (Sichuan Pepper) Project
12. Semlar Market, Butwal
13. Agroforestry Project (Rubber)
14. Pole Seasoning and Treatment Plant

## ENERGY

1. Betan Karnali PRoR Hydropower Project (439 MW)
2. Humla Karnali Hydropower Project (61.02 MW)
3. Upper Chameliya Hydropower Project (53.85 MW)
4. Kokhajor Storage Hydropower Project (63 MW)
5. Kankai Multi-Purpose Project (60 MW)
6. Kawadi Khola Hydropower Project (30 MW)
7. Tom Dogar Budhigandaki Hydropower Project (40.20 MW)
8. Super Budhigandaki Hydropower Project (34.93 MW)
9. Compressed Bio Gas (CBG) Plant Project
10. Upper Marshyangdi -2 HEP
11. 250 MWp Grid connected Solar Project in Kohalpur and Banganga with total storage capacity of 40 MW
12. Naumure Multipurpose Project (281.04 MW)
13. Khimti Those Siwalaya Storage Hydropower Project (1,216 MW)
14. Kaligandaki-2 Storage Hydropower Project (650 MW)
15. Bharbhung Storage Hydropower Project (337.1 MW)

16. Karnali Chisapani Wind Power Project (10 MW)
17. Nalgad Reservoir Type Hydropower Project (417MW)
18. Inaruwa-Anarmani 400 kV Transmission Line and Associated Substation
19. Arun Hub (Sitalpati)-Inaruwa 400kV Transmission Line and Associated Substation
20. Tingla-Dudhkoshi-Dhalkebar 400kV Transmission Line and Associated Substation
21. Matatirtha-Dukuchhap 220kV Transmission Line Project
22. Dukuchhap-Teku 220 kV Transmission Line Project
23. Tingla Hub-New Khimti-Sunkoshi-Dhalkebar 400 kV Transmission Line Project
24. Budhigandaki Corridor (Philim-Gumba-Ratamate) 400 kV Transmission Line Project
25. Damauli-Kushma-Bafikot 400kV Double Circuit Transmission Line Project
26. Tamor-Dhungesangu 220kV Transmission Line Project
27. Hitar-Sitalpati (Arun Corridor) 400 KV TL Project
28. Simbuwa Khola Hydropower Project (70.3 MW)
29. Kimathanka Arun Hydropower Project (454 MW)
30. Mugu Karnali Storage Hydropower Project (1,902 MW)
31. Ghunsa Khola Hydropower Project (77.5 MW)

## WATER SUPPLY

1. Kanke Deurali Water Impounding Reservoir Water Supply Project
2. Mahadev Khola Water Impounding Reservoir Water Supply Project
3. Sisneri Water Supply Project
4. Thonse Khola Water Impounding Reservoir Water Supply Project

## URBAN DEVELOPMENT

1. New Town Development Project (Eshan)
2. Auto Village project, Pokhara Metropolitan City
3. Underground Palika Bazaar at Lagankhel

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4. Babarmahal Administrative Plaza
5. West Seti Town Planning Project
6. Gopi Krishna Central Complex

## HEALTH AND EDUCATION

1. Public Schools Strengthening Project (PSSP)
2. Gautam Buddha Maternity Hospital
3. Dhulikhel Medicity Project

## ICT

1. Data Centre Project
2. IT Park / Techno Park (Information Technology Development Park)
3. Mobile Assembly Plant
4. Laptop Assembly Plant
5. Digital Training Centre

## PROJECTS PREPARED BY PRIVATE SECTOR

1. Sikles Annapurna Cable Car Project
2. Bharatpur Island Resort and Waterland Project
3. Middle Kaligandaki Hydroelectric Project
4. Tiplyang Kali Gandaki Hydroelectric Project
5. IME Cement Project (Baitadi)
6. Kathmandu Technical School
7. Gopi Krishna Central Complex
8. Jalpadevi Cable Car Project
9. Compost fertiliser plant
10. Revolving Parking
11. Upper Sani Bheri PROR Hydropower Project
12. Mugu Karnali Hydropower Project
13. Pelma Khola PROR Hydropower Project
14. Dana Khola Hydropower Project
15. Mathillo Budigandaki Hydropower Project
16. Landruk Modi Hydropower Project
17. Balephi Khola Hydropower Project
18. Chuwa Khola Cascade Hydropower Project
19. Upper Chuwa Lurupya Khola PROR Hydropower Project
20. Nar Khola Hydropower Project
21. Upper Apsuwa Hydropower Project
22. Upper Bheri Hydroelectric Project

23. Surke Dudhkoshi Hydropower Project
24. Upper Marshyangdi-1 Hydropower Project
25. Apsuwa Khola 1 Hydropower Project
26. 10 luxury hotels on the trails of Mount Everest in 3 Phases
27. Limestone excavation & transport using podway
28. Happy Land Fun Park & Resort, Surunga, Jhapa
29. Natural Agriculture Farm, Goru Singe, Taulihawa, Kapilvastu
30. Maakali Seti Cascade Peaking Hydroelectric Project (54 MW)
31. Seti Nadi Peaking Hydroelectric Project (72 MW)

The Technical Committee has said that globally practiced Project Screening and Analytics Tool (PSAT) and value for money (vfm) have been used for project selection. These projects are aligned with the nation's priorities and the strategic feats of the Investment Board Nepal Project Bank Guideline.

## Private sector perspective

The private sector umbrella organisations are co-organisers of the summit. Hence, the private sector to a large extent has taken the summit initiative as a positive action. However, the decisionmaker is ultimately the government. "The framework of Bilateral Investment Agreement (BIA)

has been endorsed and more than half a dozen laws have been amended. The government and various other stakeholders are talking about investment and some projects are being discussed. This has at least, sensitised people of the issue of investment and brought that to the central stage once again," said Chandra Prasad Dhakal, President of FNCCI. "It is obviously good that the private sector has been consulted by the government and we have been pushing the agenda of reform, which should be continued eve after the summit," he stressed.

Rajesh Kumar Agrawal, President of CNI, said, "Garnering investment is a rigorous task and investment promotion events are imperative but not the ultimate solution. It requires a dedication, passion and will power of the government, then only the investors will trust us," he said, adding, "Otherwise, such events will only contribute in promoting tourism of the country."

## Realisation of investment

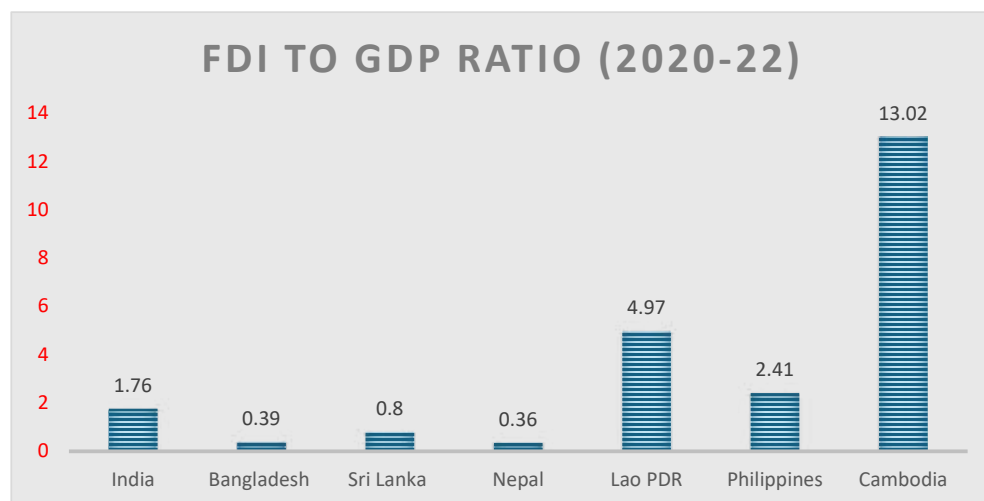
The country has always witnessed a huge gap between the commitment/pledges and realisation of investment. One of the major objectives of the summit is to expand the realisation amount. Finance Minister Barsha Man Pun, however, says that the

realisation amount is not pessimistic. "India, an emerging economy and reportedly largest FDI attractor of recent times has been realising just 30% of the pledges," he said, adding, "In Nepal, realisation against the commitment is 37%, which is comparatively higher than the southern neighbour."

However, the data of previous summits shows a different picture. Since the establishment of Investment Board Nepal, which deals with large-scale investments of above Rs 6 billion (\$46 million) and energy projects of 200 MW or more capacity, it has received commitment of Rs 1,350 billion so far, and the realisation amount is Rs 137.86 billion. Similarly, investment realisation through the Department of Industry – first reference point for the investment threshold below Rs 6 billion – is around 18.5%, according to officials.

In South Asia, Nepal is towards the bottom in terms of FDI to GDP (gross domestic product) ratio, which is merely 0.4%. Foreign investors always anticipate the scenario, risks and what Nepal is offering to them. Nepal has to accept the fact that other countries are competing for FDI and without developing a competitive investment climate, Nepal may not be able to pursue the amount of foreign investment it aspires to. **B**

## Foreign direct investment, net inflows (% of GDP)





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# GENDER LENS INVESTING: A FORCE FOR FINANCIAL AND SOCIAL PROGRESS

*Text: Sabasta Rauniar*





**G**ender Lens Investing (GLI) integrates gender considerations throughout the investment process and its potential influence on financial performance and social impact, rapidly evolving from a niche strategy to a mainstream investment approach.

GLI delves deeper than traditional financial analysis offering a multifaceted assessment by taking into account the representation of women in leadership positions, board composition, and overall workforce demographics as well as how a company's offerings empower women, either as customers benefiting from solutions designed to

address their needs or as employees working within the company itself. On top of this GLI assesses a company's commitment to equal pay for equal work, the availability of parental leave for both genders, and the overall workplace culture that fosters gender inclusion and combats bias.

Companies demonstrating a commitment to gender equality can attract and retain top female talent, fostering a more innovative and diverse workforce. Additionally, such a commitment resonates with a growing segment of socially conscious consumers who are increasingly directing their purchasing power towards companies that align with their values.

In essence, GLI presents a compelling strategy for investors seeking to generate competitive financial returns while simultaneously driving positive social change by promoting gender equality. It's a powerful tool for harnessing the untapped potential of women in business and fostering a more inclusive and prosperous world.

## CHALLENGES

### Data Constraints

GLI thrives on robust data to assess a company's commitment to gender equality. This includes metrics like the number of women in leadership positions, the gender breakdown of the workforce, and the impact a company's products or services have on women. Unfortunately, Nepal's financial landscape suffers from a scarcity of such data. This makes it challenging for potential investors to conduct in-depth GLI analysis and identify companies that align with their impact goals. Even when data is available, the lack of standardised collection and reporting methods creates inconsistencies, making it difficult to draw meaningful conclusions for investment decisions.

To bridge this gap, collaboration is key. Government agencies, financial

institutions, and corporations need to work together to establish standardised data collection and reporting practices. This will ensure the availability of comprehensive and reliable gender-specific data, which is the bedrock of effective GLI.

### Room for Growth

Nepal's GLI ecosystem is still maturing. Dedicated GLI funds and investment products specifically targeting companies with strong gender equality practices are only beginning to emerge. This restricts investment options for those seeking to incorporate a gender lens into their portfolios. Furthermore, limited investor awareness presents another hurdle. While interest is growing, widespread knowledge and understanding of GLI principles amongst investors in Nepal is lacking. This can be a significant barrier to broader adoption of the strategy.

To address this, educational initiatives are crucial. Workshops, seminars and knowledge-sharing platforms can equip investors with the tools and understanding to integrate GLI into their investment decisions. By fostering a more informed investor pool, Nepal can cultivate a more robust ecosystem that supports the growth of GLI.

### Sole Focus on Large Businesses

GLI efforts often focus on larger, more established companies. This overlooks the significant role that small and medium enterprises (SMEs) play in Nepal's economy. A substantial portion of these SMEs are helmed by women. However, these women-led ventures often lack the resources and support systems needed to thrive.

Tailoring investment strategies and support systems to address the specific needs of women-led SMEs is essential for maximising GLI's impact. This could involve providing access to microloans, mentorship programmes, and business

development resources geared towards women entrepreneurs. By empowering women-led SMEs, GLI can not only promote gender equality but also unlock a wellspring of economic potential in Nepal.

### Persistent Gender Bias

Deep-rooted societal gender biases can still influence investment decisions, even among those who are open to GLI principles. Unconscious bias can lead investors to overlook promising women-led ventures or underestimate their potential. Promoting gender diversity within investment firms and fostering a culture of awareness around unconscious bias can help mitigate this challenge.

## NOTABLE GLI INITIATIVES TAKEN IN NEPAL

- In 2020, Mennonite Economic Development Associates (MEDA) partnered with Samriddhi Foundation to conduct workshops on 'Leveraging Blended Finance & Gender Lens Investing for Economic Growth'. These workshops aimed to equip participants with the knowledge and tools to utilise GLI for achieving economic goals in Nepal.
- 'Empowered Women, Prosperous Nepal Programme' was a joint initiative by the Government of Nepal, European Union and the United Nations to promote gender equality and women's empowerment. The programme recognises the importance of financial inclusion and economic opportunities for women, aligning with GLI principles.
- The 'Powered by Women' was an initiative by the International Finance Corporation aimed to help hydropower companies in Nepal recognise the benefits of gender diversity and equality. This can be seen as an initial step towards integrating a gender lens into investment decisions within the Nepali private sector.
- 'Gender Financing Project' by Publish What You Fund aims



to improve the publication of gender-related financial and programmatic data in Nepal. Increased data transparency is crucial for effective GLI implementation. The report 'suggests that significant progress can be made in terms of government and donors improving the identification and quality of national and international gender spending. In addition, there is significant potential for improved engagement by funders, especially with Nepal-based NGOs, WROs, and feminist networks working on gender equality in Nepal, to meet these key gender equality stakeholders' data needs and to improve their capacity to collect, manage, analyse and publish gender financing data'.

- 'Dolma Impact Fund II' is a private equity fund that qualifies for the 2X Challenge, which is an initiative of 20 Development Finance Institutions and Multilateral Development Banks to collectively mobilise \$15 billion in commitments that provide women in developing country markets with improved access to leadership opportunities, quality employment, finance, enterprise support and products and services that enhance economic participation and access. Dolma II invests in sectors like renewable energy and healthcare, with a focus on companies that promote gender equality through leadership opportunities, female employment, or products that benefit women.

## LESSONS FROM SIMILAR ECONOMIES

### Diverse Talent Pool:

Companies with a strong focus on gender equality attract a wider pool of talent, leading to a more diverse and innovative workforce. This can be a significant advantage in today's competitive global market. The 'Diversity Matters Even More'

report by McKinsey & Company suggests that companies with greater gender diversity are more likely to outperform financially. When women are included in decision-making processes, companies benefit from a broader range of perspectives and experiences, leading to more creative solutions and a stronger competitive edge.

### Example: Mongolia -

Mongolia shares similarities with Nepal, being a developing nation with a patriarchal society. However, Mongolia has a burgeoning private sector and a growing number of women-led businesses. Since the collapse of communism, Mongolia has made significant strides towards gender equality. This has resulted in a surge of women entrepreneurs launching innovative businesses across various sectors. The Mongolian government has actively supported these ventures by supporting initiatives like the 'Mongolia Women Entrepreneur Growth Fund', by the United Nations Economic and Social Commission for Asia and the Pacific (ESCAP) in partnership with the International Women's Federation of Commerce and Industry, which provides access to vital financial resources, training programmes, and mentorship opportunities to help them overcome challenges and achieve sustainable growth.

### Reduced Social Unrest:

Gender inequality can be a source of social tension and instability. By promoting gender equality, GLI can contribute to a more peaceful and prosperous society. Limited economic opportunities for women can lead to social unrest and political instability. When women are empowered economically, they gain a stronger voice in society, and communities become more peaceful and cohesive.

**Example: Liberia -** Women of Liberia Mass Action for Peace, a movement started by women, played a major role

in bringing about an end to its nation's 14-year civil war in 2003. The election of Ellen Johnson Sirleaf as Africa's first female president marked a turning point. Liberia has since seen a significant decrease in violence and political instability. While complex factors are at play, scholars point to increased female leadership as a contributing factor to the country's improved social climate. GLI can play a role in supporting women's political participation by funding initiatives that promote women's leadership training and civic engagement.

### Socially Responsible

**Investment:** As global investors become increasingly focused on Environmental, Social and Governance (ESG) factors, Nepal's commitment to gender equality through GLI can position the country as an attractive destination for socially responsible investment. Investors seeking to align their financial goals with positive social impact will be drawn to Nepal's dedication to gender equality as demonstrated through its embrace of GLI principles. This can lead to an influx of foreign capital, which can further fuel economic growth and development.

### Example: CDC Group in

**South Asia -** The British International Investment, (formerly CDC Group plc, Commonwealth Development Corporation, and Colonial Development Corporation), the UK's development finance institution, has actively invested in projects that promote gender equality in South Asia. They recognise that gender equality is not just a social good, but also a smart business decision that can lead to stronger economic growth and poverty reduction.

### Example: IFC around the

**world:** The International Finance Corporation issued social bonds in various developing countries to raise capital for projects that

promote women's economic participation. These bonds attracted investors seeking both financial returns and social impact. Their publication 'Bonds to Bridge the Gender Gap: A Practitioner's Guide to Using Sustainable Debt for Gender Equality' hopes to 'encourage stakeholders across capital markets to go beyond business as usual in addressing gender inequalities and unlock the funding opportunities that sustainable instruments present'.

### Boosting Productivity

**and Growth:** GLI can fuel economic growth by unlocking the potential of a currently underutilised resource; women. Studies by the World Bank show that closing the gender gap in labor force participation can increase a country's GDP by as much as 20%. Nepal can achieve this by investing in sectors with high female representation, or by supporting companies that implement policies promoting equal pay, parental leave and skills development opportunities for women. This creates a more productive and dynamic workforce, fostering innovation and propelling the economy forward.

### Example: Rwanda's GDP

**growth -** Rwanda, a nation recovering from genocide, provides a compelling example. Through targeted policies and investments in education and healthcare, Rwanda has achieved impressive progress in closing its gender gap. Rwanda is the first country in the world with a female majority in parliament with 61.3% in the Chamber of Deputies. This has demonstrably contributed to Rwanda's economic transformation, with the country experiencing a sustained period of GDP growth, with 8.2% annual change in 2022.

### Example: Costa Rica's

**Rise in Tech -** Costa Rica, a nation traditionally known for agriculture and tourism, has seen a remarkable rise in its tech sector in recent years. This is due in part to a

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**To implement Gender Lens Investing in Nepal the government should prioritise developing a national GLI strategy outlining clear goals and targets. This strategy should prioritise sectors with high potential for gender equality impact, such as agriculture, renewable energy and healthcare. Another manner of incentivising such reforms, they can introduce tax breaks or subsidies for businesses that implement GLI practices. These incentives can encourage wider adoption of GLI principles and attract more capital towards gender-equitable businesses. Mandating data collection by companies to track progress, would make it easier to measure the impact of GLI initiatives and identify areas for improvement. For purposes of capacity-building, it is imperative to organise workshops and training programmes for government officials, investors and entrepreneurs on GLI. These programmes should cover the entire GLI spectrum, from understanding the rationale behind GLI to developing and implementing GLI strategies.**

deliberate effort to attract and retain female talent in the tech industry. The government, along with private companies, has implemented initiatives like coding bootcamps specifically designed for women. The national policy for promoting equality between men and women for the development, employment and appropriation of Science, Technology, Telecommunications, and Innovation, for the period 2018 – 2027 defines key aspects for the coordination of efforts, both public and private, for the reduction of the gap of women's participation in STEM fields. Such policies are an integral part in the rise in Costa Rica's tech sector.

**Investing in Families:** When women have access to financial resources and economic opportunities, they tend to reinvest a larger portion of their income back into their families. This leads to improved health outcomes, education for children, and a better overall standard of living. GLI funds can target companies that provide women with access to capital, training and mentorship opportunities. Additionally, by supporting businesses that offer flexible work arrangements or childcare facilities, GLI can help women balance work and family life, contributing to a more sustainable and equitable distribution of household responsibilities. This empowers not just women, but entire families and communities. Example: The Grameen Bank's Effect in Bangladesh - The Grameen Bank, founded by Muhammad Yunus in Bangladesh, pioneered microfinance lending specifically to women. This investment in the next generation is

crucial for breaking the cycle of poverty and fostering long-term economic growth. The Grameen Bank's success story demonstrates the far-reaching positive impact that GLI can have on families and communities.

#### **Example: Milaap in India:**

This crowdfunding platform in India targets women entrepreneurs in rural areas. Milaap does not lend directly to the beneficiary. They facilitate loans through micro-finance institutions operating in the beneficiary's area. These institutions identify needs, manage loans under statutory guidelines, and disburse funds. They focus on financial literacy training, and mentorship specifically designed for women's businesses. The results are always increased income, job creation and greater economic empowerment for women.

#### **CONCLUSIONS**

Taking inspiration from the above examples, to implement Gender Lens Investing in Nepal the government should prioritise developing a national GLI strategy outlining clear goals and targets. This strategy should prioritise sectors with high potential for gender equality impact, such as agriculture, renewable energy and healthcare. Another manner of incentivising such reforms, they can introduce tax breaks or subsidies for businesses that implement GLI practices. These incentives can encourage wider adoption of GLI principles and attract more capital towards gender-equitable businesses. Mandating data collection by companies to track progress, would make it easier to measure the impact of GLI initiatives and

identify areas for improvement. Standardising data collection will also allow for better comparison and benchmarking between companies.

For purposes of capacity-building, it is imperative to organise workshops and training programmes for government officials, investors and entrepreneurs on GLI. These programmes should cover the entire GLI spectrum, from understanding the rationale behind GLI to developing and implementing GLI strategies. By partnering with NGOs and development agencies that have expertise in gender equality and finance to create educational resources can lead to the development of high-quality educational materials that are accessible to a wider audience.

It is also important to launch public awareness campaigns highlighting the benefits of GLI for economic growth and gender equality. These campaigns can use various communication channels, such as traditional media, social media and community outreach programmes, to reach a diverse audience. By recognising companies that excel in GLI practices can inspire others to follow suit. This can be achieved through awards programmes or industry recognition initiatives.

The private sector also needs to integrate gender considerations throughout the investment process, from deal selection to monitoring and evaluation. This means considering factors like the potential impact of the investment on women's employment, leadership opportunities and access to resources. It is also necessary to partner with other investors to co-finance GLI projects.

Collaboration can help spread the risk and attract larger investments towards GLI initiatives. This can be particularly beneficial for larger projects that require significant capital.

These measures have to come with a change to internal practices to focus on promoting gender diversity within companies, including boards and leadership positions as gender-balanced leadership teams are more likely to understand and prioritise gender equality considerations. Implementing workplace policies that support work-life balance for all employees like flexible working arrangements, parental leave policies and affordable childcare options can help remove barriers for women's participation in the workforce and enable them to reach their full potential.

Establishing a multi-stakeholder forum involving the government, private sector and civil society organisations to foster collaboration and knowledge sharing on GLI can serve as a platform for discussing challenges, sharing best practices and developing joint initiatives and encouraging public-private partnerships to develop and implement GLI initiatives. By combining government resources, private sector expertise, and civil society experience, these partnerships can create a more robust ecosystem for GLI in Nepal.

By working together and implementing these recommendations, the Nepali government and private sector can create a more enabling environment for GLI, leading to a more inclusive and prosperous economy that benefits all Nepalis. **B**





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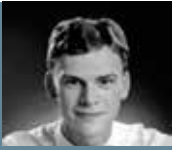


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# THE ECONOMICS OF SCRUNCHED UP CASH

Some say the free market can't be trusted to handle money, but the truth is exactly the opposite. It's the government that creates problems with money.



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

As I was going through my wallet the other day, I came across a bill that was rather folded and scrunched up. If you are older than 20, you can

probably relate. It had obviously changed hands countless times in its life. Somewhere along the way someone must have hastily shoved it into their wallet, giving it creases that remain to this day. Ever since it has been a bother for whoever holds it, decrepit, annoying, and inconvenient.

My first reaction upon discovering this bill was the same as every other person who has ever faced this problem: I need to find an excuse to spend this. If only I could spend it, I thought to myself, then I could get rid of it without taking a loss.

Noticing the incentive, the economist in me started teasing out the implications.

I am not the only person who faces this incentive, I realized. Everyone does. As a result, vendors must get flooded with all sorts of scrunched, folded, and ripped bills every day.

But the vendors don't want to hold on to these bills any more than I do. They no doubt want to get rid of them too, either by depositing them in the bank or using them to buy something else.

Of course, this money does slowly get weeded out and replaced with new money over time. But in the interim, we have a bit of a problem. When everyone is trying to get rid of their scrunched bills, we end up in a world where scrunched bills are overrepresented in circulation. They might make up 5% of the bills at any given time, yet they are used in say 15% of transactions, just because everyone is constantly trying to get rid of them.

Theoretically, they could even come to dominate transactions if



there are enough of them. Crisp, new bills would virtually disappear from circulation. Everyone would be constantly making exchanges with all this "bad" money. One could almost say "bad money drives out good money."

The astute reader will recognize this as the classic formulation of Gresham's law. Indeed, the scrunched bill phenomenon seems to be an example of Gresham's law in action (whether it really is or not will be clarified shortly).

## A Flaw in the Free Market?

Now, some may argue that the phenomenon of bad money driving out good money is a flaw with the free market. It is evidence, they say, that the market is incapable of handling money well. But the truth is the opposite. Money is currently controlled by the government! This is evidence that the government does a terrible job with money. As so often happens, the free market is blamed for a problem that was directly caused by restrictions on the market. The free market is not the problem. It's the solution.

As Jesus might say, get me a coin. Show me the dollar bill. Whose name is on it? Whose inscription? It says right there, "Federal Reserve Note: The United States of America." Okay then, let the government take responsibility for government money, and let the free

**Many people clearly don't treat a brand-new bill and an old scrunched one as perfectly interchangeable. Thus the (subjective) value of the two bills is different to those people.**

market take responsibility for free market money (gold, bitcoin etc.).

In his book *What Has Government Done to Our Money?*, the economist Murray Rothbard sets the record straight by clarifying the meaning of Gresham's law.

"Champions of the government's coinage monopoly have claimed that money is different from all other commodities, because 'Gresham's Law' proves that 'bad money drives out good' from circulation. Hence, the free market cannot be trusted to serve the public in supplying good money. But this formulation rests on a misinterpretation of Gresham's famous law. The law really says that 'money overvalued artificially by government will drive out of circulation artificially undervalued money.' Suppose, for example, there are one-ounce gold coins in circulation. After a few years of wear and tear, let us say that some coins weigh only .9 ounces. Obviously, on the free market, the worn coins would circulate at only 90 percent of the value of the full-bodied coins, and the nominal face-value of the former would have to be repudiated. If anything, it will be the 'bad' coins that will be driven from the market.

But suppose the government decrees that everyone must treat the worn coins as equal to new, fresh coins, and must accept them equally

in payment of debts. What has the government really done? It has imposed price control by coercion on the ‘exchange rate’ between the two types of coin. By insisting on the par-ratio when the worn coins should exchange at 10 percent discount, it artificially overvalues the worn coins and undervalues new coins. Consequently, everyone will circulate the worn coins, and hoard or export the new. ‘Bad money drives out good money,’ then, not on the free market, but as the direct result of governmental intervention in the market.”

The decree Rothbard is referring to is a legal tender law, which enshrines a specific currency with the status of being legally recognized as a satisfactory payment for any monetary debt. Federal Reserve notes and coins are legal tender in the US, which is why the notes all contain the words, “This note is legal tender for all debts, public and private.” Since two coins which are not actually worth the same amount are legally treated as though they were equal in value, there is a strong incentive to pay for things with the worn coin that is artificially overvalued by the law.

Rothbard explains the impact of legal tender laws more explicitly later in the book.

“How was the government able to enforce its price controls on monetary exchange rates? By a device known as legal tender laws... The government may declare as legal tender a lower-quality currency side-by-side with the original. Thus, the government may decree worn coins as good as new ones in paying off debt, or silver and gold equivalent to each other in the fixed ratio. The legal tender laws then bring Gresham’s Law into being.”

Just as worn coins are less valuable and are thus overrepresented in exchanges in a world of legal tender laws, so too scrunched and ripped bills are less valuable than their new counterparts and thus are likewise overrepresented in exchanges thanks to the government.

#### Answering Objections

Two objections might be raised to this conclusion. First, some may point out that while legal tender must be accepted for debts, it is not required by law for day-to-day retail transactions. This is true. As the Federal Reserve clarifies, “There

is no federal statute mandating that a private business, a person, or an organization must accept currency or coins as payment for goods or services. Private businesses are free to develop their own policies on whether to accept cash unless there is a state law that says otherwise.”

If a private business wanted to, they could refuse to accept a scrunched bill, just as they sometimes refuse to accept \$50 bills or \$100 bills. But in practice such refusals are rare, likely because they would cause more trouble than they are worth. If the retailer really values the \$1 bill at, say, \$0.95, it’s just not worth the effort to insist on receiving a different piece of paper. Note, however, this does not imply that the retailer “really” values the scrunched bill just as much as any other bill. There is still genuine disutility in accepting a scrunched bill. Accepting the scrunched bill merely demonstrates that the extra \$0.05 in value isn’t worth the hassle to them at that moment. But the fact that the cost of the hassle outweighs the benefit of having a nicer bill does not imply there is no benefit. The person getting rid of the bill happily exploits this predicament of the retailer, and so bad money continues to circulate. And of course, in cases where a debt is settled in cash, then refusing the bad money is not even an option.

If we want to be technical, Gresham’s law only really applies in this latter case, or in the former case when individual states mandate the acceptance of legal tender for retail transactions. The fact that bad money is also overrepresented where legal tender laws don’t apply (because of the hassle of rejecting it) is a different phenomenon that happens to have a similar effect. We could call it some arbitrary name like “Carroll’s law.” (The formulation of Carroll’s law would be something like this: Even where legal tender laws don’t apply, bad money will still tend to drive out good money to the extent that the cost to sellers of haggling over an exchange outweighs the increase in satisfaction they will get from receiving good money.)

The second possible objection is this: how do we know the scrunched bills are really worth less than new ones? With a worn coin it’s obvious because there is less metal in the coin. But if a scrunched bill is just as useful as a medium of exchange

**4 Value is subjective, and it is revealed in action. If people spent new bills and scrunched bills with no regard for which bill was coming out of their wallet, then we could say that the two bills were the same good. But the fact that people distinguish between bills in their actions demonstrates that they value some more than others.**

and there’s no metallic value to be concerned with, on what basis can we say it’s bad money?

The basis is human action. As the Austrian economists teach us, value is subjective, and it is revealed in action. If people spent new bills and scrunched bills with no regard for which bill was coming out of their wallet, then we could say that the two bills were the same good. But the fact that people distinguish between bills in their actions demonstrates that they value some more than others. What makes two things the same good or different goods is whether the individual actor treats them as interchangeable. Many people clearly don’t treat a brand-new bill and an old scrunched one as perfectly interchangeable. Thus the (subjective) value of the two bills is different to those people. To the person who intentionally spends the scrunched bill first, they are not two units of the same good, but two different goods. Though we can never say for certain exactly what the difference in value is (because utility is ordinal, not cardinal), what we do know is that, at the moment of the transaction, the bill that was kept was valued more than the bill that was given up.

#### The Free Market Alternative

So how would the free market solve this problem? The most basic point is that there would be no legal tender laws, so Gresham’s law wouldn’t be an issue. Further, as Rothbard notes, “To meet the problem of wear-and-tear, private coiners might either set a time limit on their stamped guarantees of weight, or agree to recoin anew, either at the original or at the lower weight. We may note that in the free economy there will not be the compulsory standardization of coins that prevails when government monopolies direct the coinage.”

But even the question of bills and coins getting old may quickly become a moot point in a free market for money, since innovations such as bitcoin could transform the entire industry. What money would come to look like in a free market is anyone’s guess. What we can say for sure, however, is that it would be far more practical, convenient, and annoyance-free than the pieces of paper we currently scrunch in our wallets. **B**

Source: fee.org



# VEDA: Deivering Solutions That Empower Its Users



**SANJAN PIYA**  
CO-FOUNDER AND COO, VEDA

In a world where technology is changing how business is done by the minute, education is a key sector that is not far behind in being digitally transformed. Meet Sanjan Piya, one of the visionary minds behind the groundbreaking Veda app, a revolutionary tool aiming to redefine education through the power of technology.

Sanjan Piya, along with two friends, Nirdesh Dwa and Sujit Pathak, embarked on an entrepreneurial journey nearly a decade ago as fresh graduates. Armed with degrees in computer engineering, they founded inGrails, a digital agency based in Nepal that specialises in mobile app development.

Their initial venture, Eatery, proved to be a learning experience as it faced setbacks in the competitive market. However, failure only fuelled their determination to succeed. Undeterred, they pivoted their focus toward addressing a pressing need in the education sector, which paved their way for remarkable success with the Veda app.

Veda is more than just another educational tool; it is a comprehensive ERP/MIS (Management Information System and Enterprise Resource Planning) programme developed to help educational institutions streamline their day-to-day operations and bridge the gap between schools, parents and students. What began as a



simple prototype focused on enhancing communication between schools and parents, the founders quickly realised the potential impact their product could have. Their first breakthrough came when St Xavier's School, Jawalakhel, embraced the app, setting the stage for its expansion.

Today, Veda has grown into a full-fledged ERP system that serves over a thousand schools in Nepal and has expanded into Brunei and Japan. What sets Veda apart is its holistic approach to educational management, catering to the diverse needs of school administrators, teachers, parents and students alike.

"Initially, pitching Veda to schools was challenging due to scepticism towards young founders and past experiences with tech companies. However, with perseverance, people started trusting us," shares Piya. In its initial stages, Veda struggled with limited resources and varied school requirements. "Schools demanded diverse features, leaving us in a dilemma," Piya recounts. "But with strategic investments, we navigated these challenges and refined our offerings."

With the start of Covid 19 pandemic, Veda's crucial role in supporting online education took off, signalling a major turning point for the expansion of both the educational and commercial sectors.

The journey of Veda reflects the essence of innovation and adaptability. Recognising the market need and the challenges faced by educational institutions, Piya and his team poured their energy into developing a solution that not only addressed existing problems but also anticipated future needs. By integrating various modules such as student and staff management, billing systems, attendance tracking and more, Veda came to light as a complete solution made to meet the particular needs of every institution.



OVER 50% OF OUR STAFF MEMBERS ARE DEDICATED TO DEVELOPMENT AND SUPPORT. "THIS ENSURES THAT WE CAN DELIVER TIMELY AND RESPONSIVE ASSISTANCE TO OUR CLIENTS, FOSTERING LONG-TERM PARTNERSHIPS BUILT ON TRUST AND RELIABILITY. WE HAVE CLIENT RETENTION OF 99%"

Beyond their technological expertise, inGrails embraces a philosophy of collaboration and resilience. They understand that every educational institution is unique, requiring tailored solutions. "What works in one school may not necessarily be applicable elsewhere," Piya explains. To address these nuances, Veda facilitates exchange programmes, enabling schools to learn from one another's experiences. "Through these programmes, schools gain invaluable insights into different working methodologies," Piya elaborates.

Piya also recognises the value of customer satisfaction in their product. "The inGrails team's unmatched service is what really makes Veda successful; its features alone don't make it so," says Piya. With a relentless focus on customer satisfaction and continuous improvement, they have achieved an impressive client retention rate of 99%. "Over 50% of our staff members are dedicated to development and support," Piya reveals. "This ensures that we can deliver timely and responsive assistance to our clients, fostering long-term

partnerships built on trust and reliability."

He shared a success story of a school where the introduction of Veda led to improved parent-school communication, enhancing student progress. "With private sharing of student remarks through the app, parents became more involved in their child's education resulting in a remarkable 30% average improvement in students' results," Piya reflects.

"Innovation is not just about technological advancements; it's about understanding the needs of the users and delivering solutions that empower them," says Piya. Veda illustrates this principle by prioritising user experience and simplicity in design. By constantly seeking feedback and implementing user-friendly features, they ensure that Veda remains accessible and intuitive for all stakeholders.

"We have two distinct apps: one for students and parents (Veda), and another for school administration and staff members (Veda Guru)," Piya explains. "Every feature we develop is analysed based on who will use it – this is important." He also highlighted the environmental benefits of their app, emphasising its role in reducing paper waste by replacing traditional notices and billing with digital alternatives. Additionally, the app compatibility with older devices demonstrates their commitment to inclusivity and accessibility.

During the conversation, the co-founder also emphasised the critical importance of safeguarding privacy of students and their families, particularly when entrusted with sensitive educational and personal data. He underscored Veda's strong security protocols like DevSecOps. However, Piya acknowledges that human error remains a significant risk factor in data breaches. "The weakest link in any security chain is often human behaviour," shares Piya. "Unauthorised access, whether

intentional or unintentional, poses a significant threat to data integrity," he adds. To control this risk, they make sure no one within the company can access data they shouldn't. Plus, their contracts promise that all data only belongs to the school, showing their commitment to privacy. At a time when data breaches and privacy worries are common, Piya's strong commitment to keeping data safe is like a trustworthy guide for schools.

While Veda is already making significant changes, the journey towards innovation never comes to an end. With a focus on AI-driven solutions, Veda aims to provide personalised insights and recommendations to students, parents and educators. By utilising the power of machine learning, Veda seeks to enhance decision-making processes, optimise learning outcomes, and guide students towards their full potential.

With a strong foothold in Nepal, boasting a network of over a thousand schools and serving over 1.6 million users including students and parents, Veda is now setting its sight on the global stage. The journey towards international expansion began with successful trials in Brunei and Japan, laying the groundwork for a larger mission to revolutionise education worldwide.

Key to Veda's global strategy is adaptability. Recognising the diverse language and cultural landscape of different countries, the team is actively working on making the platform multilingual. Veda aims to empower educational institutions worldwide, make positive change and fostering a culture of continuous learning.

"Innovation is not just about technology; it is about making a meaningful difference in people's lives. And as we continue to innovate and evolve, Veda stands as a beam of hope for the future of education, where technology serves as stimuli for positive change," concludes Piya. **B**

# Gold Awakening During Turbulent Times

*B360 Correspondent*

Gold is in the news again summing new heights each passing day. The last few months have been detrimental for consumers as its value has soared. The bullion recorded \$2,431.77 per ounce on April 12, the highest level achieved. However, by the time this article is published, it would not be surprising if gold breaches this level and attains even greater heights.

Gold has long been assumed as a protector of wealth becoming an attractive prospect for traders during turbulent times. However, the price movement reveals more than simply acting as a hedging tool against inflation.

## Economic Forces

As an asset, similar to stocks or financial instruments, gold responds to the fundamental forces of supply and demand. Inflation is essentially interpreted in a negative context due to the higher prices paid by consumers. However, it is not just present in the prices of consumers. When inflation rises, the purchasing power of a currency falls which contributes to the increase of certain assets. Likewise, traders pursue assets that either appreciate or maintain value. Since the bullion is scarce, durable and has an intrinsic value, it has achieved the status of an alternative asset. The price hike during inflation is not the only reason for the safe haven tag.

## Interest Rates and Inflation

Asset classes are inevitably influenced by inflation. However, real interest rates, nominal rates adjusted after inflation, are critical factors. When the central bank of the USA, the Federal Reserve, chooses not to increase interest rates to offset the rising inflation, real interest rates tend



## THE APPEAL OF GOLD DURING UNCERTAIN AND TURBULENT TIMES INCLUDING PERIODS OF LOW REAL INTEREST RATES, MIRRORS ITS STATUS AS A VALUABLE COMPONENT OF A DIVERSIFIED INVESTMENT PORTFOLIO.

to drop. Lower interest rates reduce the opportunity cost of holding gold thereby offering no yield. As a result, gold becomes attractive to traders not just as a hedge against inflation but as an asset that appreciates in an environment where traditional income-generating investments yield less in real terms. This phenomenon reflects the behaviour of other assets during periods of low-interest rates.

## Reaction of Assets to Inflation

When the value of properties and rental income

increases, real estate may benefit while the cost of borrowing to finance property purchases in some cases remains relatively low. Likewise, share prices can also climb as organisations pass on inflated costs to consumers, possibly increasing earnings and making investments in shares more appealing.

On the contrary, the response of gold to inflation and interest rate policies is driven by a set of unique factors. Unlike the real estate market, the yellow metal does not generate income through rent or dividends, investing relies more heavily on capital appreciation.

## Impact of Geopolitics and Investor Sentiment

Factors including trading sentiment, geopolitical events, currency values and other macroeconomic aspects can drive the appreciation of gold. While the US central bank's policies are heavily influential, the global nature of the market means that it is not the sole determinant of the yellow

metal. Economic growth rates, central bank policies apart from the US and technological advances in gold mining and recycling can shape gold's supply and demand dynamics in the ensuing future.

## Conclusion

The key to leveraging trading in gold effectively lies in understanding the broader context including the policies of central banks and their implications for real interest rates and inflation. The association between gold prices, inflation and interest rates highlights the dual nature of gold as a traditional hedging instrument against currency devaluation and an asset receptive to macroeconomic policies and trading behaviour patterns. The appeal of gold during uncertain and turbulent times including periods of low real interest rates, mirrors its status as a valuable component of a diversified investment portfolio. **B**



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# Investors continue to exercise caution

During the review period of February 25 to March 26, the Nepal Stock Exchange (NEPSE) index rose by 62.68 points (+3.17%) to close at 2,041.70 points. The market started on a negative note with regular fluctuations throughout the review period and the market reached its highest point on March 12 at 2,111.21 points. The sudden change of the coalition and the cabinet directly influenced investors who showed concern and curiosity at the political instability. The market now seems to be hopeful of the new government bringing in encouraging policies following the Principles and Priorities of the Budget for Fiscal Year 2024/25 presented by the Ministry of Finance prioritising the financial sector and the stock market. Moreover, declining interest rates have encouraged people to invest in the stock market instead. Despite the surge, the total market volume during the review period decreased by 5% amounting to Rs 63.06 billion.

During the review period, all subindices except one, landed in the green zone.

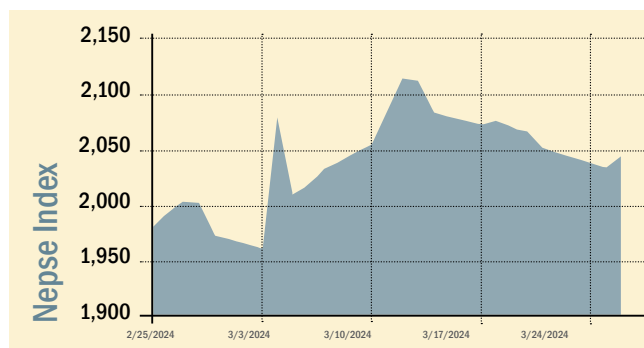
Manufacturing and Processing sub-index (+16.78%) was the biggest winner as the share value of

Bottlers Nepal (+Rs 5,128.4), Shivam Cement (+Rs 62.9) and Ghorahi Cement (+Rs 59) increased. Nepal Lube Oil also started trading under this sub-index in the review period. Microfinance sub-index (+11.54%) was second in line as it witnessed a rise in share prices of Unnati Sahakarya (+Rs 664), Dhaulagiri Microfinance (+Rs 633.6) and Gurans Microfinance (+Rs 422).

Finance sub-index (+6.77%) followed suit with rise in the share prices of Gurkhas Finance (+Rs 258.1), Pokhara Finance (+Rs 38.7) and Nepal Finance (+Rs 36.2). Likewise, Hotels and Tourism sub-index (+3.38%) also increased with the share value of Taragaon Regency (+Rs 53.8), City Hotel (+Rs 14.2) and Oriental Hotels (+Rs 10.1) going up.

Non-life Insurance sub-index (+2.79%) went up as share prices of Rastriya Beema Company (+Rs 387), NLG Insurance (+Rs 28.2) and Himalayan Everest Insurance (+Rs 26.8) increased. Development Bank sub-index (+2.69%) witnessed growth in the share values of Saptakoshi Development (+Rs 50.8), Karnali Development (+Rs 47.1) and Sindhu Bikas (+Rs 45).

**Figure 1 NEPSE Index during the review period**  
(February 25 to March 26, 2024)



Source: Nepal Stock Exchange

Life Insurance sub-index (+2.51%) followed suit with an increase in share prices of Sun Nepal Life (+Rs 36), Citizen Life (+Rs 22.8) and Himalayan Life (+Rs 18.8). Commercial Bank sub-index (+0.69%) also witnessed a growth in the share prices of Standard Chartered (+Rs 11.9), Agricultural Development (+Rs 4.5) and Himalayan Bank (+Rs 3.8). The Others sub-index (+0.38%) also saw a marginal increase with growth in share prices of Sonapur Minerals and Oil (+Rs 68.5), Nepal Republica Media (+Rs 41) and Nepal Telecom (+Rs 0.8).

Hydropower sub-index (+2.91%) was the only loser in the review period with a decline in shares prices of Molung Hydropower (-Rs 178), Samling Power (-Rs 129) and Mountain Energy Nepal (-Rs 66.1).

microfinance, insurance companies and the share market.

The Securities Board of Nepal (SEBON) has not approved new initial public offerings (IPOs) during the review period. Nonetheless, SEBON has placed the IPO of Lower Erkhwa Hydropower (Rs 280.57 million) under preliminary review in the Hydropower sub-index with Muktinath Capital as the issue manager.

## Outlook

Investors have shown some confidence in anticipation of a favourable policy environment following the sudden change in government. Even though a majority of the sub-sectors saw positive recovery during the review period, investors are expected to continue to exercise caution, resulting in a market that is expected to remain somewhat volatile without a clear or steady trend. **B**

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**Table 1 Sub-indices during the review period**  
(February 25 to March 26, 2024)

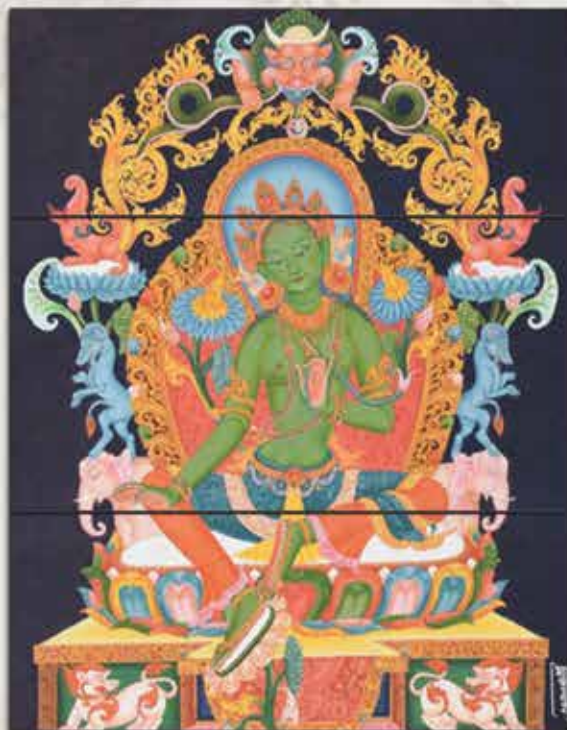
	February 22, 2024	March 26, 2024	% Change
NEPSE Index	1,979.02	2,041.70	3.17%
Sub-Indices			
Commercial Bank	1,070.69	1,078.09	0.69%
Development Bank	3,899.59	4,004.50	2.69%
Hydropower	2,501.29	2,496.50	-0.19%
Finance	1,828.22	1,951.90	6.77%
Non-Life Insurance	10,296.60	10,584.05	2.79%
Others	1,684.56	1,690.90	0.38%
Hotels and Tourism	5,059.32	5,230.12	3.38%
Microfinance	3,529.09	3,936.26	11.54%
Life Insurance	10,019.89	10,271.52	2.51%
Manufacturing & Processing	6,025.22	7,035.97	16.78%

Source: Nepal Stock Exchange

## News and Highlights

The 'Principles and Priorities of the Budget for Fiscal Year 2024/25' submitted by the Ministry of Finance to the Parliament has highlighted strengthening the financial sector through effective supervision and regulatory measures. It has underscored the importance of reinforcing transparency and accountability in banks, financial institutions,





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# Powerful Online Tools for Investment: Unlock Opportunities in Crowd Investing and Angel Investing



The realm of investing in the current digital landscape has undergone profound transformation rendering it more accessible and inclusive than ever before. This evolution owes much to the emergence of a diverse array of online platforms tailored to accommodate a wide spectrum of investment styles and individual preferences.

Among the multitude of avenues available, crowd investing and angel investing have emerged as prominent players attracting substantial attention and participation. These platforms extend a unique opportunity for individuals to channel their investments into budding startups, nascent ventures, and innovative projects, thereby becoming integral contributors to their journeys of growth and development.

What distinguishes these investment avenues is not only their potential for generating financial returns but also their capacity to foster a sense of connection and empowerment among investors who find fulfillment in backing promising initiatives and shaping their trajectories.

Likewise, the surge of crowd investing and angel investing platforms represents a paradigm shift in the investment landscape, democratising access to opportunities that were once confined to a select few. These platforms serve as conduits for bridging the gap between aspiring entrepreneurs and eager investors, facilitating a symbiotic relationship where both parties stand to benefit.

For investors, the appeal lies not only in the promise of financial gains but also

in the opportunity to align their capital with causes and ventures that resonate with their values and aspirations. Also, for startups and early-stage companies, these platforms offer a lifeline, providing crucial access to capital, mentorship and a supportive community of backers. In essence, crowd investing and angel investing exemplify the democratisation of finance, empowering individuals to participate in shaping the future of innovation and entrepreneurship, one investment at a time.

Here, we explore five powerful online tools for investments, focusing on crowd investing and angel investing, and delve into how they work:

## SeedInvest

SeedInvest stands out as a premier equity crowdfunding

platform acting as a bridge between investors eager to support promising startups and nascent ventures in need of funding. At its core, SeedInvest offers a meticulously curated selection of investment opportunities spanning diverse industries and investment types. The curated approach ensures that investors have access to high-quality investment prospects that align with their preferences and risk profiles.

What sets SeedInvest apart is its unwavering commitment to due diligence, exemplified through its rigorous vetting process for each startup listed on the platform. Prior to listing, startups undergo comprehensive scrutiny, encompassing background checks, financial analysis and market research.

For investors navigating



the plethora of investment opportunities available on SeedInvest, the platform serves as a example of transparency and insight. Detailed information about each opportunity is readily accessible, empowering investors to conduct thorough due diligence and make informed investment decisions. From perusing business plans and financial projections to scrutinising team profiles, investors gain a comprehensive understanding of the startups they are considering backing. Armed with this knowledge, investors can confidently allocate their capital, knowing that their investments are grounded in sound research and analysis.

Moreover, SeedInvest goes beyond merely facilitating investments; it fosters a sense of community and engagement among investors and startups alike. Through tools for tracking investments and avenues for connecting with the startup community, SeedInvest cultivates a dynamic ecosystem where stakeholders can collaborate, share insights and collectively contribute to the success of innovative ventures.

#### **AngelList**

AngelList stands as a cornerstone in the dynamic world of angel investing providing a comprehensive platform that seamlessly connects investors with a multitude of investment opportunities across the startup ecosystem. Catering to a broad spectrum of investors, from individuals to venture funds, AngelList serves as a vital catalyst for facilitating angel investments.

What sets AngelList apart is its extensive portfolio of opportunities, ranging from early-stage startups seeking seed funding to established companies pursuing growth capital. This diverse array of offerings ensures that investors can find opportunities tailored to their investment criteria

and risk appetite, thereby maximising their potential for financial growth.

At the heart of AngelList's appeal lies its robust suite of tools designed to empower investors on their quest for promising investment opportunities. Through intuitive search filters and personalised recommendation algorithms, investors can effortlessly navigate through a vast repository of startups, refining their search based on industry sector, geographic location and funding stage.

Further, AngelList equips investors with the necessary tools for conducting thorough due diligence, providing access to critical insights such as pitch decks, financial metrics and founder profiles. Armed with this wealth of information, investors can make informed investment decisions grounded in comprehensive research and analysis. Moreover, AngelList fosters a collaborative ecosystem through its syndicate model, enabling investors to pool their capital and leverage the expertise of seasoned angel investors.

#### **Crowdcube**

Crowdcube stands as a pioneering force in the equity crowdfunding landscape offering individuals unparalleled access to investment opportunities in innovative startups and burgeoning growth companies. With a diverse array of prospects spanning technology, finance, healthcare and consumer goods, the platform caters to a wide range of investor interests.

Crowdcube's rigorous due diligence process ensures that listed companies undergo thorough scrutiny, assessing market potential, competitive positioning and management calibre, instilling investor confidence in the platform's offerings.

For investors, Crowdcube embodies transparency and empowerment, providing intuitive tools to navigate investment opportunities

with ease. From browsing live investment opportunities to reviewing company profiles and financials, investors can make informed decisions effortlessly. Moreover, with a low financial entry point, Crowdcube fosters inclusivity, enabling participation from investors of all backgrounds. Through tools for monitoring investments, receiving updates and connecting with peers, Crowdcube cultivates a vibrant community where stakeholders can engage, collaborate and thrive together, exemplifying the democratisation of investment in the digital age.

#### **Republic**

Republic revolutionises crowdfunding by granting retail investors access to startup investments previously restricted to accredited investors. Through its curated selection of investment opportunities, Republic opens doors to a diverse array of sectors, including technology, real estate and consumer products.

The platform's commitment to due diligence ensures that each company undergoes rigorous evaluation, considering factors such as market traction, scalability and regulatory compliance, thereby fostering a secure and trustworthy investment environment.

For investors, Republic offers a seamless experience, providing tools to browse investment opportunities, review company profiles and engage with founders and experts. The platform's diverse investment structures, including equity, revenue share and tokenised securities, cater to varying risk profiles and investment preferences, empowering investors to tailor their portfolios accordingly.

#### **Gust**

Gust serves as a global nexus, seamlessly connecting startups with a vast network of angel investors, venture capitalists and accelerators. Entrepreneurs leverage the

platform to create compelling profiles, pitch their businesses and forge meaningful connections with potential investors.

Gust prioritises transparency and security, providing a robust environment for due diligence where investors can access critical company documents, financials and legal agreements.

Investors on Gust benefit from a wealth of investment opportunities tailored to their preferences, whether based on industry sector, geographic location or funding stage. The platform facilitates direct communication between investors and entrepreneurs, fostering collaboration and enabling informed decision-making.

Moreover, Gust streamlines the investment process from negotiation and documentation to closing and post-investment management, enhancing efficiency and effectiveness for both investors and startups alike. In essence, Gust empowers stakeholders to navigate the complex landscape of startup investing with confidence, facilitating connections and facilitating growth on a global scale.

In conclusion, online tools for investments, such as crowd investing and angel investing platforms, offer investors unprecedented access to a diverse range of investment opportunities. By leveraging these platforms, investors can discover promising startups, conduct due diligence and participate in fundraising rounds with ease. However, it's essential for investors to perform their own research and analysis before making investment decisions and to diversify their investment portfolios to mitigate risk. With the right tools and strategies, individuals can unlock the potential for financial growth and contribute to the success of innovative ventures in the digital economy. **B**

## ADB forecasts Nepal's growth to stand at 3.6% this year and 4.8% in 2025

The Asian Development Bank (ADB) has forecast Nepal's growth to stand at 3.6% this year and 4.8% in 2025. It has said developing economies in Asia and the Pacific are forecast to expand by 4.9% on average this year as the region continues its resilient growth amid robust domestic demand, improving semiconductor exports and recovering tourism.

Growth will continue at the same rate next year, according to the Asian Development Outlook (ADO) April 2024, released on April 11 by the Asian Development Bank. Inflation is expected to moderate in 2024 and 2025, after being pushed up by higher food prices in many economies over the past two years.

Stronger growth in South and Southeast Asia – fuelled by both domestic demand and exports – is offsetting a slowdown in China caused by weakness in the property market and subdued consumption. India is expected to remain a major growth engine in Asia and the Pacific, with a 7% expansion this year and 7.2% next year. China's growth is forecast to slow to 4.8% this year and 4.5% next year, from 5.2% last year.

"We see strong, stable growth for the majority of economies in developing Asia this year and next," said ADB Chief Economist Albert Park. "Consumer confidence is improving, and investment is resilient overall. External demand also appears to be turning a corner, particularly with regard to semiconductors."

Policy makers should remain vigilant, however, as there are a number of risks. These include supply chain disruptions, uncertainty about US monetary policy, the effects of extreme weather, and further property market weakness in China.

Inflation in developing Asia and the Pacific is expected to decline to 3.2% this year

and 3% next year, as global price pressures ease and as monetary policy remains tight in many economies. However, for the region excluding China, inflation is still higher than before the Covid 19 pandemic.

Rice prices have contributed to higher food inflation, especially for import-reliant economies. Prices for rice are likely to stay elevated this year, according to ADO April 2024. Reasons include crop losses due to adverse weather and India's restrictions on rice exports. Increased global shipping costs, due to attacks against ships in the Red Sea and drought in the Panama Canal, may also add to inflation in Asia, according to the report.

To tackle surging rice prices and protect food security, governments can give targeted subsidies to vulnerable populations and enhance market transparency and monitoring to prevent price manipulation and hoarding.

In the medium to longer term, policy should focus on establishing strategic rice reserves to stabilise prices, promoting sustainable farming and crop diversification, and investing in agricultural technology and infrastructure to raise productivity. Regional cooperation can also help manage rice prices and their impact, the report says.

## Government, MDBs and IFIs agree on Harmonisation of Disbursement Practices

The Government of Nepal and six Multilateral Development Banks (MDBs) and International Financial Institutions (IFIs) – Agence

Française de Développement, Asian Development Bank, Asian Infrastructure Investment Bank, International Fund for Agricultural Development, OPEC Fund for International Development, and World Bank – agreed to work together to harmonise disbursement procedures and practices to help enhance operational efficiency and achieve Nepal's development goals.

The agreement was reached at a two-day 'MDBs Disbursement Harmonisation Workshop' organised in Kathmandu on March 25-26, by the MDBs and IFIs, in close partnership with the Ministry of Finance.

"Fostering a unified disbursement system among all MDBs will help facilitate allocation of funds, enhance operational efficiency, and ensure timely disbursement of funds to the government to achieve development results," said Dr Krishna Hari Pushkar, Secretary, Ministry of Finance.

The Government of Nepal and MDB-IFIs agreed to focus on harmonising flow of funds, reporting, legal and disbursement arrangements for the three-tier structure of government in the future. They also agreed to focus on standardising reporting templates across MDB-IFIs' operations in Nepal to reduce the administrative burden on the government, and strengthening and aligning country system with MDBs-IFIs to the extent possible.

"Unprecedented challenges demand urgent action and the need for harmonisation among the MDB-IFIs. The World Bank, in its continued

efforts to improve operational efficiency and support better development results for our mutual clients, is committed to work with co-financing partners in the area of disbursement harmonization," said Pamela O'Connell, World Bank Vice President and Controller.

Government representatives and MDB-IFIs agreed to carry forward the momentum by way of a memorandum of understanding between the government and MDB-IFIs which will be prepared and implemented in a phased manner. The Kathmandu Declaration would be a model to be emulated in other countries.

"To achieve sustainable economic growth and poverty reduction it is imperative that budget allocation is fully utilised. The government is committed to strengthening reforms to build transparency and accountability of public financial management systems and strengthen service delivery," said Hari Prasad Mainali, Financial Comptroller General.

The workshop was attended by high-level representatives from the government and MDB-IFIs. Participants discussed disbursement and implementation-related opportunities and challenges, and the way forward to supporting MDB-IFIs operations in Nepal. In view of the federalism transition, legal and disbursement options available for project implementation at provincial and local levels were also discussed, and international experiences were shared.







## Nepal's growth rebounds amidst low private investment

Nepal's economy is expected to grow by 3.3% in Fiscal Year 2024, driven by revived tourism and a pickup in hydropower exports. On the demand side, private consumption will drive growth, supported by a substantial increase in remittance inflows, according to the World Bank's twice-a-year country development update.

The latest Nepal Development Update, Nepal's Economy on a Recovery Path, but Private Investment Remains Low, projects a further rebound in growth of 4.6% in fiscal 2025. However, the forecast is subject to multiple risks, including a growth slowdown in partner countries, notably India, Gulf countries and Malaysia which could lead to a drop in remittances and tourism. Further business environment reforms aimed at attracting more private investment will be needed to support medium-term growth.

"Strengthening the implementation of capital expenditure, boosting business confidence, and strengthening Nepal's international competitiveness are key to stimulating economic growth and reducing poverty," said Faris Hadad-Zervos, World Bank Country Director for Maldives, Nepal and Sri Lanka.

The Nepal Development Update is prepared in parallel with the South Asia Development Update, a twice-a-year World Bank report that examines economic developments and prospects in the South Asia region and analyses policy challenges countries face. The April 2024 edition titled Jobs for Resilience shows growth in South Asia is again higher than any other emerging markets and developing country region in the world, projected at 6% in 2024 and 6.1% in 2025. But this strong outlook is deceptive, says the report. For most countries, growth is still below pre-pandemic levels and

is reliant on public spending. At the same time, private investment growth has slowed sharply in all South Asian countries, and the region is not creating enough jobs to keep pace with its rapidly increasing working-age population.

"South Asia is failing right now to fully capitalise on its demographic dividend. This is a missed opportunity," said Franziska Ohnsorge, World Bank Chief Economist for South Asia. "If the region employed as large a share of the working-age population as other emerging markets and developing economies, its output could be 16% higher."

The South Asia Development Update recommends a range of policies to spur firm growth and boost employment, including increasing trade openness, improving business climates and institutions, removing financial sector restrictions, improving education, and strengthening legal protection of women's rights. And these measures would also help lift employment growth and boost productivity, and free up space for public investments in climate adaptation.

## Remittance inflows increase 21% to Rs 961.22 billion, BoP at surplus of Rs 327.55 billion

As per the Current Macroeconomic and Financial Situation of Nepal based on eight months data ending mid-March, 2023/24, published by Nepal Rastra Bank, the year-on-year (y-o-y) consumer price inflation moderated to 4.82% in mid-March compared to 7.44% a year ago. Food and beverage category inflation stood at 5.94% whereas non-food and service category inflation stood at 3.95% in the review month.

Under the Food and Beverage Category, y-o-y price index of spices sub-category increased 28.17%, vegetables 14.07%, pulses and legumes 11.22%, cereal grains and their products 7.35%, and milk products and eggs 7.11% in the

review month. The y-o-y price index of ghee and oil sub-category decreased 11.79% in the review month.

Meanwhile, under the Non-Food and Services Category, y-o-y price index of recreation and culture sub-category increased 12.61%, miscellaneous goods and services 10.67%, and education 7.31% in the review month. The y-o-y price index of transportation sub-category decreased 1.15% in the review month.

The report states that the y-o-y consumer price inflation in Kathmandu Valley, Terai, Hill and Mountain region stood at 4.88%, 4.42%, 5.49% and 4.42%, respectively in the review month. Such inflation in these regions was 7.95%, 7.50%, 6.67% and 8.07%, respectively a year ago.

During the review period, merchandise exports decreased 4% to Rs 100.62 billion compared to a decrease of 29.1% in the same period of the previous year. Destination-

wise, exports to India dropped 7.7% whereas exports to China and other countries increased 275.5% and 0.3%, respectively. Exports of zinc sheet, particle board, juice, readymade garments, polyester and thread, among others increased whereas exports of palm oil, soyabean oil, cardamom, woollen carpets and brans, among others decreased.

In the review period, merchandise imports decreased 2.7% to Rs 1,030.22 billion compared to a decrease of 19.1% a year ago. Destination-wise, imports from India and other countries decreased 2.8% and 22.9%, respectively while imports from China increased 33.7%. Imports of readymade garments, transport equipment, vehicle and other vehicle spare parts, aircraft spare parts, electrical equipment and textiles, among others increased whereas imports of crude soyabean oil, gold, petroleum products, crude palm oil and rice/paddy, among others decreased.



# Training

### LEVEL 1

Bread  
Muffins  
Puff Dough  
Croissant Dough  
Doughnuts  
Sponge  
(dark, white, swiss roll)

### LEVEL 2

Mousse  
Brownie  
Cheese Cake  
Dry Cake  
Assorted Pastries  
Assorted Cookies  
Cake Assembling

### LEVEL 3

Macaroons  
Cake Writing  
Fondant Work  
Chocolate Work  
Sugar Work  
Flower Garnish  
Cake Design & Decorations

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The central bank data mentions that total trade deficit decreased 2.5% to Rs 929.61 billion during the review period. Such deficit had decreased 17.9% in the corresponding period of the previous year. The export-import ratio decreased to 9.8% in the review period from 9.9% in the corresponding period of the previous year.

Net services income remained at a deficit of Rs 44.82 billion in the review period compared to a deficit of Rs 55.91 billion in the same period of the previous year. Under the service account, travel income increased 42.1% to Rs 51.39 billion in the review period which was Rs 36.16 billion in the same period of the previous year. Under the service account, travel payments increased 45.7% to Rs 122.81 billion, including Rs 80.14 billion for education. Such payments were Rs 84.32 billion and Rs 54.70 billion, respectively in the same period of the previous year.

The NRB report mentions that remittance inflows increased 21% to Rs 961.22 billion in the review period compared to an increase of 25.3% in the same period of the previous year. In US dollar terms, remittance inflows increased 18.8% to \$7.24 billion in the review period compared to an increase of 14.8% in the same period of the previous year.

In the review period, the number of Nepali workers, both institutional and individual, taking first-time approval for foreign employment stood at 286,932 and taking approval for renew entry stood at 184,278. In the previous year, such numbers were 351,761 and 192,559, respectively.

Meanwhile, the current account remained at a surplus of Rs 166.87 billion in the review period against a deficit of Rs 55.28 billion in the same period of the previous year. In US dollar terms, the current account registered a surplus of \$1.25 billion in the review period against a deficit of \$429.3 million in the same period last year.

In the review period, capital transfer decreased 30.2% to Rs 3.89 billion and net foreign direct investment (FDI) remained a positive of Rs 5.63 billion. In the same period of the previous year, capital transfer amounted to Rs 5.58 billion and net FDI amounted to Rs 1.17 billion.

Similarly, Balance of Payments (BoP) remained at a surplus of Rs 327.55 billion in the review period against a surplus of Rs 142 billion in the same period of the previous year. In US dollar terms, BoP remained at a surplus of \$2.46 billion in the review period against a surplus of \$1.08 billion in the same period of the previous year.

The gross foreign exchange reserves increased 21.7% to Rs 1,872.82 billion in mid-March 2024 from Rs 1,539.36 billion in mid-July 2023. In US dollar terms, the gross foreign exchange reserves increased 20.8% to \$14.14 billion in mid-March 2024 from \$11.71 billion in mid-July 2023.

Of the total foreign exchange reserves, reserves held by NRB increased 22.2% to Rs 1,644.06 billion in mid-March 2024 from Rs 1,345.78 billion in mid-July 2023. Reserves held by banks and financial institutions (except NRB) increased 18.2% to Rs 228.76 billion in mid-March 2024 from Rs 193.59 billion in mid-July 2023. The share of Indian currency in total reserves stood at 22.1% in mid-March 2024.

Based on the imports of eight months of 2023/24, the foreign exchange reserves of the banking sector are sufficient to cover the prospective merchandise imports of 14.8 months, and merchandise and services imports of 12.4 months.

## NRB discusses Nepal's current economic situation with AIIB

A meeting was held between a team from Asian Infrastructure Investment Bank (AIIB) visiting Nepal and senior officials of Nepal Rastra Bank on March 28.

The AIIB team, led by Board of Directors member RMP Rathnayake met with Governor Maha Prasad Adhikari, Deputy Governor Bam Bahadur Mishra, and other bank officials. During the meeting, Governor Adhikari discussed Nepal's current economic situation, including GDP growth, inflation, foreign exchange reserves and the external sector.



He expressed his belief that Nepal's financial sector is overall satisfactory due to the effective regulation and supervision of Nepal Rastra Bank. Governor Adhikari also mentioned that Nepal has a favourable environment for foreign investment and briefed the visiting team on the investment approval process and institutional arrangements.

Highlighting the lack of domestic resources for Nepal's infrastructure development, he emphasised the need for institutions like AIIB to increase investment in infrastructure sector such as hydropower and transmission lines.

During the meeting, AIIB team leader, Rathnayake, and other members expressed interest in Nepal's investment policies, potential infrastructure areas for AIIB investment, loan approval processes, and loan interest rates. Additionally, they inquired about Nepal's policy efforts to address the challenges posed by climate change.

The programme included discussions between the two parties on various topics, including Nepal's development priorities and investment opportunities in infrastructure development.

Nepal Rastra Bank was represented in the meeting by Executive Directors Dr Nephil Matangi Maske, Dr Gunakar Bhatta, Dr Prakash Kumar Shrestha, Guru Prasad Poudel, and other officials.

## Rakuten Viber teams up with Inflection to deliver personal AI for all

In a collaboration that embraces the belief that 'conversation is the new interface', Rakuten Viber, the leading global platform for private and secure messaging and voice-based communication, has partnered with AI studio Inflection, which brings its cutting-edge conversational AI expertise to Viber's millions of users worldwide. Viber users will have direct access to Pi, enhancing their messaging experience through advanced conversational capabilities.

With a name that stands for personal intelligence, Pi brings an exceptionally empathetic and supportive personality to conversations with users. It is powered by Inflection in house-built Inflection-2.5 large language model which is competitive with the world's best foundation models on key industry benchmarks.

Pi combines world-beating EQ with smart IQ to help users with all their questions. Viber users can ask for advice, up-to-date information, or just chat. Pi will help them organise their thoughts, make clear plans and act on them whether they are changing jobs, trying to get healthier, learning a new skill, want to know the latest news or just in the mood for a chat. Now, Pi is available to Viber users round the clock so they always have a friend to turn to.

Alongside their new personal AI, Pi-inspired stickers are available to all users on the platform for the next three months to use in both personal conversations with friends and chats with Pi. Users can bring positive messages to their chats with friends through the stickers, featuring expressive, supportive, and friendly lines, like 'I can help', 'Let's talk', 'Hi friend' and even 'Love you'.

Rakuten Viber has joined the League of Super Apps, offering its users an array of versatile services and functions from instant in-app payments through ordering services and





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entertaining channels to an endless collection of stickers, GIFs and chatbots enhancing users' conversations and empowering business growth. The expansion of the AI capabilities on the platform has been an essential component of Viber's evolution and growth during the past few years. Now together with Inflection, backed by \$1.5 billion of investment from major investors including Microsoft, Nvidia, Bill Gates and Eric Schmidt, the messaging app dares to envision a future where users can leverage the power of artificial intelligence seamlessly and effectively at their fingertips.

## SAS is redefining trading experience in Nepali Share Market



Stock Analytics Software (SAS), a groundbreaking platform developed by Source Code, is reshaping the Nepali share market landscape following its successful launch. SAS, the first-of-its-kind in Nepal, sets unprecedented international standards in financial technology, empowering investors and brokers with advanced tools and insights.

Since its launch, SAS has garnered increasing acclaim among industry leaders and users, marking a significant milestone in Nepal's financial sector. Amod Bhattarai, CEO of Source Code, expressed satisfaction with the platform's reception, stating, "The overwhelming response to SAS reaffirms our commitment to innovation and excellence in the Nepali finance sector. We are proud to bring world-class technology to our market, empowering investors and brokers with cutting-edge technology, which helps clients track their share portfolio, broker transaction and get real

time share market information through a single platform."

SAS introduces a comprehensive suite of features aimed at revolutionising the trading experience for investors and brokers alike. From providing real-time updates of clients' portfolio after buy/ sell transaction to streamline account opening processes with a 3-in-1 KYC procedure, including video verification, SAS offers a range of functionalities that enhance efficiency and transparency to client on their trading transaction with brokers.

Notably, SAS enables effortless tracking of receivable and payable balances with respective brokers, promoting transparency and timely payments. Access to five years of financial data allows users to identify stock valuation trends for informed investment decision, while powerful charting tools with over 100 technical indicators facilitate effective trend analysis and market forecasting.

Detailed updates on indices, broker activities, and market dynamic empower users to make strategic decision, complemented by an AI Broker Assistant for real-time assistance and issue tracking.

Timely notifications on stock price movements, portfolio updates, and new investment opportunities facilitate proactive decision-making, while a customisable stock screener tailors trading strategies to individual preferences and goals. Additionally, brokers gain access to clients' risk profiles based on transaction history, enabling personalised service and informed decision-making.

## Global IME Bank and Aloï join forces for Sustainable Development in Nepal

In a significant step towards fostering sustainable development and promoting green financing initiatives, Global IME Bank and Aloï have announced the signing of a memorandum

of understanding. This collaborative effort marks a pivotal moment in Nepal's financial landscape, as two leading entities join forces to drive positive environmental impact through innovative financing solutions.



Under the terms of the MoU, Global IME, renowned for its commitment to environmental responsibility, will extend financing in various green initiatives including dairy, coffee and electric vehicles. The aim is to channel resources towards projects that not only contribute to sustainable development but also align with the principles of environmental conservation. This move underscores Global IME's dedication to utilising finance as a catalyst for green economic growth.

Aloï, a pioneering software platform, will play a crucial role in this collaboration by connecting Global IME with prospective clients and facilitating due diligence processes effectively. With its innovative climate financing monitoring system, Aloï ensures transparency and accountability in the lending process, thereby fostering trust between lenders and borrowers.

The agreement, formalised between Ashim Karmacharya, Head of Green and Sustainable Banking at Global IME Bank, and Sonika Manandhar, Co-Founder and CTO of Aloï, signifies a shared commitment towards identifying strategic opportunities within green and sustainable sectors. Together, they will work collaboratively to simplify the introduction and progress of these opportunities, promoting mutual growth and sustainability.

Collaboratively, Global IME and Aloï stand ready to investigate and seize potential opportunities within the green economy. Through the harmonisation of their

individual strengths and networks, their goal is to come up with new innovative ideas and make a real difference in how sustainable development happens.

Essentially, this partnership highlights a shared dedication to building a sustainable future and making a positive impact on the environment through teamwork. By working together like this, Global IME and Aloï are showing how companies can responsibly engage and take the lead in promoting sustainability.

## USAID and Nepal Tourism Board launch 2024 International Tourism Campaign



USAID and Nepal Tourism Board, in partnership with Steller, a renowned global travel-inspired storytelling platform, launched the 2024 International Tourism Campaign on April 1. The campaign aims to showcase Nepal's rich history, cultural diversity and abundant tourism opportunities to a global audience, building upon the success of the 2023 campaign which reached over 16.3 million travellers and achieved \$15.8 million in earned media value.

In its second phase, the 2024 campaign will feature international influencers from Steller, who will capture the essence of Nepal through captivating videos and photos during their exploration of key destinations such as Kathmandu, Pokhara, Bardia and Ilam. With an expected reach of over 20 million viewers, this initiative aims to stimulate tourist arrivals and position Nepal as a premier destination.

Speaking at the launch event, US Ambassador to Nepal Dean Thompson emphasised Nepal's vast potential as a top-tier travel destination, citing its diverse landscapes, rich biodiversity and vibrant



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cultures. Expressing USAID's unwavering support for Nepal's tourism sector, Ambassador Thompson underscored the pivotal role of tourism in advancing inclusive, sustainable economic growth. "I am grateful to Stellar for its partnership for helping us accomplish this whole campaign," he stated.

Echoing this sentiment, Nandini Lahe Thapa, Officiating CEO of Nepal Tourism Board highlighted Nepal's remarkable tourism growth, with over one million international visitors in 2023. Thapa further added, "This campaign's focus is on digital marketing and driving tourism through social media." The campaign, she noted, is poised to sustain this upward trajectory by showcasing Nepal's year-round tourism offerings and positioning the country as a preferred destination for global travellers.

The partnership between Nepal Tourism Board, USAID and Stellar underscores a shared commitment to catalyse growth in Nepal's dynamic tourism industry and attract investments that will further enhance the country's tourism services and infrastructure.

## Cimex Inc honoured at BYD Asia Pacific 2024 Dealer Conference



Cimex Inc, the distributor of BYD Auto Industry Co in Nepal, announced its triumph at the prestigious BYD Asia Pacific 2024 Dealer Conference, held in Xi'an, China. Cimex seized the spotlight by clinching two esteemed awards – Asia Pacific Major Contribution Distributor Award, and Sales Contribution Award. By consistently exceeding expectations and driving remarkable sales performance, Cimex has cemented its position as a leading distributor in the Asia Pacific region.

In addition to its remarkable achievements on the international stage, Cimex Inc also hosted the Nepal Annual Dealers Meet 2024 in Xi'an, China. The event served as a platform to foster collaboration, share insights and strengthen partnerships within the dealers of BYD in Nepal.

Furthermore, Cimex's relentless pursuit of expansion is evident in its ambitious plans for 2024. With the successful establishment of BYD showrooms in 15 different locations and three more in the pipeline this year, BYD is poised for exponential growth and enhanced accessibility for customers across Nepal.

Moreover, Cimex has demonstrated its commitment to sustainable mobility by spearheading the installation of 23 DC fast chargers, with ongoing expansions in progress. This initiative underscores Cimex's dedication to enhancing customer experience and advancing the adoption of BYD EVs in Nepal.

"We are honoured and humbled to receive these prestigious awards from BYD," said Anil Shrestha, Chairman of Cimex Inc. "This recognition is a testament to the hard work and dedication of our team, as well as the unwavering support of our customers and partners. We remain steadfast in our commitment to driving innovation, promoting sustainability and delivering unparalleled value to our stakeholders," he added.

## Seven Years of Fairfield - Pioneering Progress and Perseverance



Fairfield Kathmandu, the first Marriott International property in Nepal, celebrated its seventh anniversary this March with a glamorous '007 Bond' theme party, marking a milestone of unwavering commitment in the hospitality

industry. Since its inception, Fairfield Kathmandu has been a beacon of sustainable practices, continually implementing initiatives aimed at serving Nepal's tourism industry and cultural heritage.

Nestled in the heart of Thamel, Fairfield Kathmandu offers guests unparalleled access to Kathmandu's rich cultural tapestry, comfortable ambiance and vibrant atmosphere. Boasting three distinct food and beverage outlets, Fairfield Kathmandu caters to every palate and occasion.

The '007 Bond' themed celebration, held on March 29, saw Fairfield Kathmandu transformed into a glamorous setting, attracting guests from various corporate sectors, media houses and influencers. The event served as a testament to Fairfield's pioneering progress and perseverance over the past seven years.

"We are thrilled to celebrate seven years of Fairfield Kathmandu and our continued dedication to sustainable practices and exceptional hospitality," said Vishal Mehra, Cluster General Manager of Fairfield by Marriott Kathmandu. "As we look ahead, we remain committed to setting benchmarks for responsible tourism in the region while providing unforgettable experiences for our guests," he added.

## IME and One Point Financial Services sign remit switch digitisation agreement

A Remit Switch Digitisation agreement has been reached between IME and One Point Financial Services, which provides the 'API Management System-APIMS' to banks and financial institutions, to further automate remittance services.

The agreement was signed by Khilendra Poudel, Chief Executive Officer of IME and Shree Pratap Shrestha, Chief Executive Officer of One Point.

According to the pact, One Point will provide a remit switch

to IME. Following international practices, the Open API standard will be followed through this remit switch to simplify the integration of all internal and external systems. An open testing environment will also be provided for internal and external partners to test and integrate the APIs provided by IME.

This is the first time the Open API standard system, which is only practised in the international market, has been launched in Nepal. Through this, internal and external partners who want to integrate with APIs can move forward with the system integration process themselves.

Committed to bringing remittance services to every Nepali citizen, IME has been following new technologies to make traditional remittance services more convenient and refined, proving itself to be a leader in the fintech sector as well. Poudel believes that this partnership will be important in making remittance services faster and more reliable by adopting the rapid digitisation of financial services.

One Point, which has been supporting banks and financial institutions to strengthen their digital payment infrastructure, has been providing secure and reliable digital systems and platforms.

## Government needs to take initiative to increase market demand: FNCCI President Dhakal



President of the Federation of Nepalese Chambers of Commerce and Industry, Chandra Prasad Dhakal, has mentioned that although the external sector of the country's economy is balanced, the economy has not been able to run due to low demand in the market. He said the



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government needs to take more initiatives to increase market demand.

President Dhakal said so while addressing the 67th Annual General Meeting of Morang Chamber of Commerce and Industry on April 4.

He also pointed out to the need to amend the laws that the government has said it will amend before the investment summit. He stated that if the amendments are not done on time, it will send a negative message to potential investors. Dhakal informed that on the suggestion of FNCCI, 12 laws and regulations have been proposed to be amended. After the amendment, it will address some complicated issues, he added.

Dhakal also mentioned that the subsidised loan facility that was being provided to businesses has been stopped and requested the government to restart the subsidised loan facility. Due to the halt in the facility, it has affected entrepreneurship, he added.

He said that when domestic demand is low, the demand should be increased by exporting and attracting more tourists but the subsidy being given to exports has been stopped. In this way, there is no export incentive at the moment, he said. He urged the government to increase capital expenditure and also pay the remaining dues of contractors. Dhakal further urged the government to take steps to increase the morale of business persons.

Meanwhile, President Dhakal congratulated Morang Chamber of Commerce and Industry for its contribution to the chamber movement and in the economic development of the country. He mentioned that the Morang Chamber of Commerce and Industry has played a decisive role in promoting entrepreneurship in the region, supporting small and medium industries and enhancing the competitiveness of businesses.

Speaking on the occasion, Naveen Rijal, President of Morang Chamber of

Commerce and Industry, thanked Dhakal and the FNCCI for its role in helping reduce the credit interest rate. However, since there is still low market demand, businesses have been facing some problems. He was positive that the market will improve soon and the economy will be back on track.

It has to be noted that the Morang Chamber of Commerce and Industry was previously called Morang Merchants' Association. This change in the name of the organisation was done on April 4.

The chief guest of the programme was Shekhar Koirala, who is a central working committee member of Nepali Congress and a member of the House of Representatives.

### CAN Federation urges government to prioritise IT sector in policies and programmes



The Computer Association of Nepal Federation (CAN Federation) submitted its recommendations for the formulation of the policies and programmes for Fiscal Year 2081-82 to the government.

A delegation led by CAN Federation President, Ranjeet Kumar Poddar, and General Secretary, Chiranjibi Adhikari, presented a 24-point suggestion paper to Dr Kiran Rupakheti, Joint Secretary of the Office of the Prime Minister and Council of Ministers, on April 3.

CAN Federation has urged the government to recognise the information technology sector as an industry through its upcoming policies and programmes. Highlighting Nepal's software export of Rs 67.8 billion in the last fiscal year alone, the federation emphasised the significant contribution of the private sector to the national income through software and service

sales. They believe additional government support for the IT sector could lead to even greater revenue generation.

The federation also requested government initiatives to achieve self-reliance in software production and promote domestic software production within Nepal.

CAN Federation recommended including the establishment of a finishing school in each province in the policies and programmes. They believe these finishing schools would bridge the gap between the skills taught in IT programmes and the specific needs of the IT industry, leading to better job placement for graduates and improved IT workforce management within Nepal.

Highlighting the approaching expiration of some GIDC licences, CAN Federation suggested the creation of a concrete framework (guidelines) for GIDC operation.

Other recommendations included establishing a cyber security response team, implementing proper regulations for IT-based content control as opposed to strict censorship, emphasising e-governance, and introducing scholarship programmes for IT students.

The federation also proposed establishing a National ICT Council, focusing on disaster recovery, automating data centre operations, prioritising domestic resources and workforce for critical government IT systems, enacting clear legal provisions for data security and privacy, standardising government software, assigning a unique identification number to each Nepali citizen, encouraging private sector participation in technology transfer, creating a centralised system for citizen biometric identification, updating customs duty valuation methods, and using digitalisation to transform customs checkpoints into 'Islands of Excellence'.

Chiranjibi Adhikari, General Secretary of CAN Federation, stated that the suggestions

aim to address the existing problems and challenges in the information technology sector through the government's policies and programmes.

Dr Kiran Rupakheti, Joint Secretary of the Office of the Prime Minister and Council of Ministers, acknowledged receipt of the suggestions and expressed commitment to including them in the government's policies and programmes.

### 'Hackathon: Hacking for an empowered Nepal' to take place on May 11-13



The SHEQUAL Foundation, in partnership with the US Embassy, hosted an Ideathon as a pre-event for Nepal's largest all-female Hackathon. 'Hacking for an Empowered Nepal' on March 29. The event took place at Padma Kanya Campus, showcasing a collaborative effort to promote innovation and empowerment among Nepali women in the tech industry.

SHEQUAL Foundation, as the name implies, is derived from the powerful notion of 'She is equal'. SHEQUAL aims to promote innovation and empowerment among Nepali women in the tech industry. Operating in all seven provinces of Nepal, SHEQUAL addresses various aspects of women's lives through six core areas, engaging people of all ages. "What sets SHEQUAL apart is its commitment to a 360-degree approach, acknowledging that societal change requires the involvement of all stakeholders. Whether it is educating girls on sexual reproductive health or advocating for gender equality in governance, SHEQUAL actively engages parents, teachers and even male counterparts to foster a collective responsibility for change," said Co-founders Melisha Ghimire and Astha Sharma.



SHEQUAL is organising pre-events, including ideathons and innovation challenges, across various colleges and venues nationwide to encourage girls to propose solutions to societal problems, focusing on problem-solving skills. Participants engage in activities such as eye-to-eye introductions with mentors, bridge conversations, idea conversion into chart papers, and delivering one-minute elevator pitches. The main event, scheduled for May 11-13, will culminate in an award ceremony where participants and mentors will come together to celebrate their achievements. This year's theme, 'Hacking for an Empowered Nepal', encompasses five key aspects: government, art and culture, health and lifestyle, economic empowerment, and sustainability.

Chelan Bliss, Chief Consular at the US Embassy, also acknowledged the historical dominance of men in technology worldwide. She highlighted the need for events like the ideathon, where women can showcase their talents and contribute to the ongoing transformation of the tech landscape. "Today promises to be challenging," Bliss remarked, "But I envision it as more than just a competition, it's an opportunity for us to celebrate women in technology." She emphasised that while change may not happen overnight, events like the ideathon serve as important stepping stones toward a more inclusive and equitable tech industry. She encouraged participants to inspire, educate and motivate their peers, fostering a collaborative environment where women can thrive and contribute to a better world through technology.

### Aloft Kathmandu Thamel bags Exceptional Achievements at 2024 MUSE Hotel Awards

Aloft Kathmandu Thamel has announced its latest triumph: clinching the

prestigious MUSE Gold award in the esteemed City Hotel category during the 2024 MUSE Hotel Awards Season 1.

The MUSE Hotel Awards, presented in partnership with the International Awards Associate (IAA), stands as a beacon of excellence in the hospitality realm, celebrating innovation and exemplary service that redefines industry benchmarks on a global scale.

The hotel said that this remarkable achievement underscores its relentless pursuit of excellence and dedication to crafting unforgettable experiences for guests, setting new standards of distinction within the hospitality landscape.

"We are incredibly honoured to receive this prestigious MUSE Award. It's a testament to the dedication and hard work of our team at Aloft Kathmandu Thamel, who consistently strive to provide exceptional experiences for our guests," said Vikram Singh, General Manager of Aloft Kathmandu Thamel.

Understanding the importance of impartial and diverse evaluations, MUSE has brought together a group of industry experts and professionals, featuring leaders from across the globe, including the likes of Kushal Birari (United States), Mark Turner (United Kingdom), Tiago do Vale (Portugal), Jeremy Smith (New Zealand), Pal Pang (United Kingdom), Christina Kuo (Canada), Mihaela Plesca (Romania), and more. Their involvement ensured a fair evaluation process, where excellence is the sole criteria, and blind judging is practiced.

### Everest Bank successfully completes Global Money Week 2024 programme

Following the initiative of Nepal Rastra Bank, Everest Bank, like previous years, conducted financial literacy programmes across the country under a week-long campaign from March 18 to celebrate Global Money Week 2024.

As part of this programme, the bank organised financial literacy programmes in various schools and colleges through its branches across all seven provinces, raising awareness about the importance of financial education among nearly 3,000 students.

Themed 'Protect Your Money, Secure Your Future', the programme aimed to raise awareness among young people about financial knowledge, skills and attitudes. It also focused on financial inclusion, bank services and necessary precautions.

Everest Bank, a joint venture with Punjab National Bank (India), has been the preferred choice of customers since its establishment. Today, the bank boasts a satisfied customer base of around 1.3 million. With a network of 128 branches, three extension counters, seven regional offices, and 164 ATMs spread across the country, Everest Bank offers state-

of-the-art SMS and internet banking services along with a global network. The bank also provides services through 32 collection centres for government revenue collection.

### Interaction on problems faced in the implementation of Social Security Fund



An interaction programme was held between representatives of the Social Security Fund and industrialists and business people regarding the changed provisions of the Social Security Fund and the problems and solutions encountered during its implementation.

The discussion, organised by the Chamber of Industries

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Morang and coordinated by the Social Security Fund, saw Rakesh Surana, President of the Chamber, expressing his views on the need to address the problems faced by industrialists and business people who are part of the contribution-based social security system during the implementation phase. He also called for policy clarity.

Surana requested the fund to expand the scope of the health insurance facility it provides to include other dependents of the family. He further emphasised the need for the fund to be established in a way that ensures social security for industrialists and business people as well.

During the programme, Uttam Raj Nepal, Director of Social Security Fund, stated that the legal basis of the fund will be reformed according to the times to make social security more comprehensive and effective. He clarified that the fund is committed to ensuring social security by minimising social risks for all those associated with it.

Nepal informed the participants that the fund is working to make some practical problems encountered during implementation smoother and to further expand the scope of dependent families.

Industrialists and business people who participated in the interaction, which also included representatives of industrial establishments and hospitals, requested the fund to coordinate with hospitals to address the problems they face in availing services under the medication and treatment, health security plan, and accident security plan.

### Nepal Chamber of Commerce concludes 'Chamber Expo 2024'



Nepal Chamber of Commerce (NCC) concluded

'Chamber Expo 2024', on March 11. The expo held at Bhrikutimandap, Kathmandu, from March 7 to 11, showcased a diverse range of products, from local commodities to international goods. The NCC said the 'Chamber Expo 2024' attracted over 40,000 visitors. According to NCC President Rajendra Malla, the Chamber Expo was executed splendidly, despite the prevailing economic downturn.

The expo displayed a variety of domestically produced agricultural products and handicraft items. The event was organised in partnership with the Trade and Export Promotion Centre under the Ministry of Industry, Commerce and Supplies.

The Chamber Expo, which featured more than 160 stalls from both national and international companies, witnessed participation from traders from Nepal, India, South Korea, Bangladesh and Pakistan.

NCC President Malla stated that the event was organised to stimulate the economy and expand business activities amidst economic challenges. He claimed that the expo was successful in maintaining economic momentum and expanding business activities in the face of challenging economic conditions. The NCC has been organising the expo annually.

### NBI and Siddhartha Bank to study potential for electric vehicle financing in Nepal



National Banking Institute (NBI) and Siddhartha Bank have signed an agreement to conduct a study on the potential for electric vehicle financing in Nepal. Sundar Prasad Kandel, CEO of

Siddhartha Bank, and Kumar Lamsal, CEO of National Banking Institute, signed the agreement on behalf of their respective institutions.

According to the agreement, National Banking Institute will conduct research and prepare a report on the feasibility of financing electric vehicles in Nepal.

Established with the participation of Nepal Rastra Bank (NRB) and various banks to enhance the capacity of banks and financial institutions in Nepal, the National Banking Institute has been conducting various programmes such as training, certification courses, seminars, workshops and symposiums. Recently, the institute has also been increasing its activities in the field of research and analysis.

NBI aims to conduct research on various topics related to the banking and financial sector in the coming days and provide essential information, data and statistics to banks and financial institutions in the country.

### NMA implements QR code scanning system

The Nepal Mountaineering Association (NMA) has implemented a QR code scanning system to process royalty and permit fees much faster. This system streamlines and simplifies the payment process for the convenience of service seekers. The QR code is only intended for submitting royalty and permit fees.

### NIC Asia Capital introduces VKYC for online demat account holders



NIC Asia Capital, with its core strategy of utilising technology to provide convenient, accessible and hassle-free services to its customers through digital means, has enabled online and

electronic access for most of its services.

Following this strategy, NIC Asia Capital has introduced a system for verification (VKYC) through video call for customers who have opened a demat account through NIC Asia Online Demat Service.

This video KYC allows Nepalis residing abroad and those who have opened a demat account through NIC Asia Online Demat Service within Nepal but have not completed verification yet, to complete the process. Customers can click on the link sent by NIC Asia Capital to the email address registered during demat account opening. They can then fill in the required details and proceed with the video KYC process. Verification through video KYC will only be approved if the details provided match those submitted during demat account opening.

### Advocate for a gender just world for over five decades, Chandni Joshi receives the WOW Women Achievers lifetime achievement award



The WOW Women Achievers Award 2024, an annual event of the Media 9 group, was held at Hyatt Regency Kathmandu on March 4, 2024 where Deputy Speaker, Indira Rana Magar was the guest of honour.

Awards were presented in six categories. The honorees for 2024 were:

**The Arts** – Menuka Poudel, visually-impaired 26-year-old singer who has received significant popularity in shows like Nepal Idol and Indian Idol.

**Leadership** – Neera Adhikari, first blind person to



The event concluded on a note of high energy with a performance by Meghna Gewali.

The WOW Women Achievers Award 2024 was supported by Ncell, Standard Chartered Bank Nepal, Honda Dio 125, WWF, Mahalaxmi Bikas Bank, Hyatt Regency, NIMB Ace Capital Limited, Britannia, Dabur Real, Tsubaki, NIBL Equity Partners, Select, Vyasa Media Network, Osti by Prakriti, and Khukri Rum.

be promoted to the post of under-secretary of the Nepal government. She is Director at the Department of Women and Children under the Ministry of Women, Children and Senior Citizens in Nepal, and Founder President of the Blind Women Association Nepal (BWAN).

#### **Social Change/Activism**

– Bimala Shrestha Pokharel, Founder & CEO of Higher Ground Nepal, a certified John Maxwell Coach, Speaker and Trainer, and a strong advocate for social justice and mental health.

#### **Entrepreneurship –**

Prakriti Mainali, Founder of a social enterprise called Shakti Milan Nepal and Founder of WISE, Women in Social Entrepreneurship

#### **Inspiring Woman of the Year –**

Dr Sunnie Joshi, Data Scientist at the World Bank, Nepa. With research interests in mathematical modeling and simulation, machine learning, statistical methods and optimization.

#### **Lifetime Achievement Award –**

Chandni Joshi, Gender, Rights and Policy Specialist; Enforcer of HomeNet South Asia; and Former Regional Director of UNIFEM - South Asia Regional Office

WOW magazine created this platform 2017 to celebrate and recognize the achievements of women leaders, change agents, enablers, and opinion makers. Every year, the event is

held highlighting the theme of the International Women's Day. This year the theme was Inspire Inclusion.

This year's jury included Ashrayata Karki Chaudhary (Chairperson of Nepal Super League), Keki Adhikari (Actor and Producer), Dr. Shrujana Shrestha, (Consultant Dermatologist, Executive Director, Yeti Airlines), Bishakha Lakshmi Khadka (Head of Corporate Affairs and CSR, Ncell), Santoshi Rana (Founder of Bihani) and Dikila Lama (Managing Director, Himalayan Outdoor Gears).

Charu Chadha, Editor of Media 9, highlighted, "Every speech by a politician champions equality, inclusivity and equity. But we lack accountability and integrity in action. Injustice anywhere is a threat to justice everywhere".

Dr. Ramji Ram, who against the odds of caste discrimination and poverty became a doctor and is currently a Medical Officer at Chandranigahpur Hospital, Rautahat gave the keynote address. He serves as an example of courage and resilience and what a person can achieve if they are determined to.

A panel discussion titled 'Power of One. Power of Choice. Power to Change' was held. The session was moderated by Amuda Mishra, Executive Director of Ujjalo Foundation and DEI coach. The panellists included Swastika

Shrestha, CEO and Co-founder of Teach for Nepal; Saurav Rimal, Founder of Karmayog Foundation; Sarosy Neupane, a transgender model and Vice President of Sahashi Kadam Nepal; and Shristy Singh Shrestha, animal rights and environment activist.

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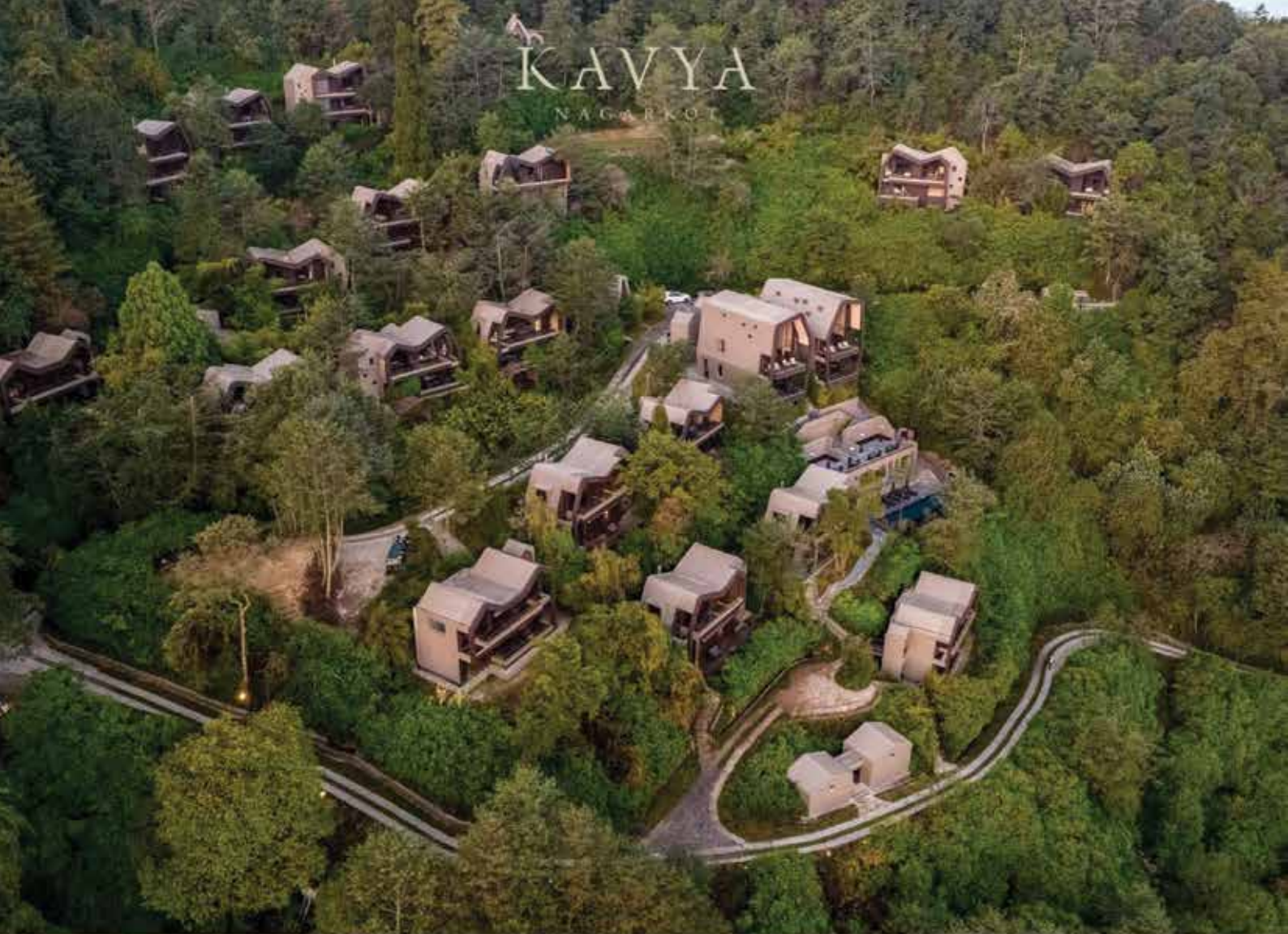
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**“WITH ITS HISTORY OF 25 YEARS, I BELIEVE BYD IS THE FUTURE. IT’S CORE STRENGTH IS ITS TECHNOLOGY. I BELIEVE BYD IS TWO, THREE GENERATIONS AHEAD IN TERMS OF TECHNOLOGY”**



**Aashutosh Gautam**  
Senior Manager, Cimex Inc

Aashutosh Gautam is the Head of Sales of Cimex Inc, the authorised distributor of BYD Auto Industry Co in Nepal. BYD Auto Co is the automotive subsidiary of BYD Company, a publicly listed Chinese multinational manufacturing company. It manufactures passenger battery electric vehicles (BEVs) and plug-in hybrid electric vehicles (PHEVs), collectively known as new energy vehicles (NEVs) in China. It also produces electric buses and trucks. BYD has established over 30 industrial parks across six continents in over 20 years. A company listed

on both the Hong Kong and Shenzhen Stock Exchanges, its turnover and total market value both exceed RMB 200 billion.

With a Bachelor's degree in Business Administration and an MBA, Gautam describes himself as someone always keen to learn. In his work, Gautam strives to supplement the vision of his young CEO, Sahil Shrestha, to spearhead a green revolution in Nepal's automobile sector and bring formative improvements to people's lives.

In this edition of **Business 360**, we spoke to Gautam about his choice of brands and why brands matter. Excerpts.

#### **Does branding matter?**

It does. The major reason is because brands do not get established in a day. The reason something is a brand is because it has a strong core. If a brand's identity is strong, it will definitely lure people.

#### **When does branding matter?**

For me personally, I would focus on the use of the product. For something like a TV, I would like a good, recognised brand. If it is something like a toilet cleaner, then I would not focus on finding a brand for it. It really depends on the utility of the product.

#### **iPhone or Android**

I am using an iPhone 15 at the moment. I used to use a Samsung but after the Note series was discontinued, I have switched to Apple.

#### **Most used apps**

As a search engine, I always look to Google. I also use Instagram a lot. The third is a digital wallet like eSewa. For news, especially automobile news, I have been using LinkedIn.

#### **Electric or Fuel Car**

Obviously electric. It is imperative to shift to alternative energy, and right now there



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is no other alternative that is better than electric.

### What do you drive currently

I drive the BYD Dolphin

### Dream car

We have the BYD Seal but in the future, I would love to drive BYD's Yangwang U8.

### Notable startups in Nepal

Hamro Bazaar at one point of time was all the rage. I don't know why or how, but Facebook Marketplace seems to have replaced it. That is unfortunate but I was following it judiciously at one point in time.

### Bucket list destinations

I have mostly covered the Terai belt. Unfortunately, I have not had the opportunity to travel to the hilly and mountainous regions as much. I don't really trek a lot but I would love to. I love Mustang, Sauraha and Ilam.

### Preferred airline

Buddha Air, but I would rather travel by road than by air.

### Global company that inspires you

BYD. With its history of 25 years, I believe it is the future. BYD's core strength is its technology. I believe BYD is two, three generations ahead in terms of technology.

### Most used gadget

PlayStation. I love to play FIFA on the PlayStation.

### Sports you follow

I watch football and am a huge fan of Cristiano Ronaldo. I really admire his work ethic. I also watch cricket occasionally and am a fan of Virat Kohli.

### Favourite clothing brand

I prefer wearing formals and specifically tailor made for me. I shop for my casual wear at Roots.

### Online shopping

I am an offline, in-person shopper.

### Perfume

Cristiano Ronaldo's fragrances

### Wristwatch

Series 9 Apple watch

### Go-to eating spot

I love to explore food. I don't have a specific go-to eating spot but recently I have been really enjoying Chinese food. Other than that, it is difficult to beat Nepali dishes like sekuwa.

### Mentor

My first boss from my first job, a man named Alok Joshi, is someone I would consider my mentor. To this day, I seek guidance from him.

### Best work advice

Try to earn people, money will follow.

### Favourite media personality

Bhusan Dahal

### Favourite way to unwind

Quality time with my wife

### A show you are currently watching

House of Cards

### Is expensive necessarily better?

If there is a justifiable reason for something being expensive, then it makes sense. But if something is expensive solely for effect, it makes no sense.

### How do you balance luxury and affordability?

If something has a legacy worth mentioning, then the luxury is justified.

### What are the most important qualities in a brand?

Its core strengths, the benefit it provides, the advantages it offers. Whatever makes it worthwhile for a customer. **B**

"No matter what your current condition, how or where you grew up, or what education or training you feel you lack, you can be successful in your chosen endeavor. It is spirit, fortitude, and hardiness that matter more than where you start."



- JACK MA

"I wouldn't be where I am now if I didn't fail ... a lot. The good, the bad, it's all part of the success equation."



- MARK CUBAN

"You don't learn to walk by following the rules. You learn by doing, and by falling over."



- RICHARD BRANSON

"The big secret in life is that there is no big secret. Whatever your goal, you can get there if you're willing to work."



- OPRAH WINFREY



HI 5



**Upaul Majumdar**  
Head of Practice-Tourism for South Asia  
Dolma Consulting UK

**“MY SUCCESS EARLIER WAS DOING EVERYTHING FOR MYSELF, WHAT I WANTED, WHAT I HAD, AND WHAT I GOT ATTACHED TO. BUT ITS DEFINITION CHANGED OVER TIME. TODAY, SUCCESS FOR ME MEANS HAVING A VERY COMFORTABLE PLACE TO STAY WITHOUT WORRYING FOR THE FUTURE, HAVING A GREAT SET OF FRIENDS, AND BEING ABLE TO DO THINGS FOR PEOPLE. IT IS ALSO ABOUT HAVING AN OPPORTUNITY TO DO SOMETHING FOR PEOPLE AND THE WORLD”**

With over 30 years of experience in the hospitality industry, Upaul Majumdar is currently the Head of Practice-Tourism for South Asia with Dolma Consulting UK. He looks into tourism rejuvenation and development across South Asian countries like Nepal, India, Bhutan and Bangladesh. He holds a hotel management graduate degree along with an MBA specialised in marketing from Institute of Management Technology, Ghaziabad.

Majumdar first came to Nepal in 2012 and worked in the capacity of CEO of Hotel Annapurna for about two-and-a-half years. Then in 2015, right after the massive earthquake, he joined the Intercontinental Hotel Group (IHG) and served as General Manager of Soaltee Crowne Plaza. He headed the operations of Soaltee as well as the flight services of Lufthansa. During Majumdar's tenure as general manager, the hotel received various awards and recognitions including the Highest Tax Payer Award from the Government of Nepal in the hotels sector in 2017, Best Destination MICE Hotel from Hospitality India Awards in 2017, Leader in F&B Sales from IHG-SWA in 2016, and Brand Leader in Hospitality from CMO Asia. Additionally in 2018, he was awarded as 'The Best General Manager in Asia'.

After the Covid pandemic, Majumdar joined Dolma Consulting. He has been working in tourism looking into how Nepal can further develop the sector. He has helped set up several hotels in Nepal and last year, he helped Dusit Princess during its opening. This year, he was involved in the launch of the luxury boutique hotel, Varnabas Museum Hotel.

Majumdar closely works with hotels helping them with hotel operations, and marketing, and also getting international brands into the country. Moreover, he is also involved in developing various tourism projects.

Currently, he is also serving the third term as Advisor at the Tourism and Air Transport Committee of the Federation of Nepalese Chambers of Commerce and Industry. Through this involvement with FNCCI, he tries to add value and help bring the tourism industry to the forefront in Nepal.

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

#### **Nepali at heart**

I have been in Kathmandu for about 12 years now. I was born and brought up in Delhi but I am very fond of Nepal. In fact, one of my best life decisions was actually to come here and slow my life down. In India, it is a rat race and I could have gone to even more rat-race countries like Dubai, Malaysia or Singapore. But in Nepal, I believe that we still have that humanity present. One can still enjoy their sanity, relish good company and experience great things.

I have been working primarily in the hotel, hospitality and tourism areas in Nepal. India is on a big growth journey and I feel that most countries neighbouring Nepal have taken off and reached a high sphere, but Nepal is yet to take off. So, I want to be there helping in fuelling this growth.

Nepal is a very high-growth economy, a country where one wants to come. I also think Nepal is a fantastic country because it greatly depends on

tourism and I believe I can contribute a lot here. I have been here for many years and I have always found very interesting things to do in Nepal that can take us forward. So that way at heart I am a Nepali.

Today as I reflect, I think that it was a very wise decision that I took to move to Nepal and stay here. So, to all the young people seeking to go abroad, I would recommend them to believe in Nepal. If you meet any youngster today, their dream is to go abroad and work. It is vital to believe in Nepal and to do things for your country that can make a very big difference. Having faith in the environment and protecting it is important. If we do not take those steps, then in 10-15 years from now, we will be finished as a country. So, one should believe in Nepal, it is a fantastic place and keep the environment protected.

#### **Learning through Travel**

As a child, I was an adventurer. Living in the urban jungle of Delhi, I loved to explore. Even then I used to travel a lot. I remember going on holiday to some unknown destinations, maybe a village near Delhi. I would go there, explore and learn. And I think that kind of inquisitiveness helped me even later when I started working in the tourism industry. But while growing up, I always wanted to be an engineer. And then by the time I reached my high school. I started to realise that engineering is a very long profession. As a teenager, I wanted to be independent and get things done. I started looking for professions where I could professionally qualify very quickly and get a job and stand on my own feet. That's

when I found hotels to be a very interesting option. So right after Class 12, I sat for the entrance exam and was fortunate to get through to a very fine institute in India called the Institute of Hotel Management Pusa in New Delhi.

After my graduation when I got into the hotel industry, I started realising that probably one of the best companies in India to work for is the Oberoi Hotels. They had a very professional management training development programme. They have an Oberoi School of Hotel Management, which is now known as OCLD (Oberoi Centre for Learning and Development). So, I passed out through the hallowed portals of the Oberoi School of Management, and then I worked with the Oberoi Hotels in Mumbai, Delhi, and also in the Oberoi flight service. And then I worked in various hotels in Nepal.

I have had many remarkable experiences, but one, of course, was to travel. I have been to different countries. But going to Europe was a big eye-opener for me as to how within a small area it could be so diverse. I came to Nepal in January 2012 and the same year in March, I went to Berlin to attend one of the world's largest travel trade shows called ITB Berlin (Internationale Tourismus Börse). I was part of the Nepal pavilion and we did a lot of interactions. A lot of people used to ask where Nepal is and most of our team members used to say we are in between India and China. But I thought to myself that is such a wrong way to market Nepal. And the next day we started to say that Nepal is the country with the highest peak in the world, Mount Everest. This was the

time when I realised that the biggest challenge for Nepal was in marketing. My goal to market Nepal to the world and bring international hotel chains here became resolute.

### **Life is about positivity and people**

I am very bullish about life, let me put it that way. I always think that the fact you are alive is a great thing and it is up to you how you look at it and how you take it forward. I have also had a lot of ups and downs in my life but my ability to overcome that, smile and move ahead has helped me to navigate a lot of difficult situations. So, my life philosophy is 'don't worry, be happy'. You can enjoy different experiences that will make a difference. You know, life is never fair and that is how we think. But when we deeply think about it there are always people who have a more unfair deal. Also, what you are have or what you are dealing with is dealt with by your fate too. It is also up to us either to look up and be happy or look down and be sad. And if you can maintain that balance, I think you live a full life and then you will be an individual who is happy with himself or herself.

I also believe that one needs to have an interest in people. I have a genuine interest in people. I am an absolute people's person and I think once you get to know people, you understand them. And there is always something new which you learn every day from people, even a young child or a very old person. That is what I find is an important trait, which has helped me professionally too.

Earlier, I was a very carefree person. I was all about being there, doing things and not thinking hard about the future. However, over time, I matured and realised that whatever action I took had some impact on my life as well as the life of people around me. And I guess when you are in your junior years, it is more about you, your work and your boss but as you grow higher and acquire a more senior leadership position, your actions impact a lot of people. When you head organisations

your actions impact the whole organisation. So, before I make any decision, I do think a lot about what are going to be the impacts of that.

I am in a position where I can impact people and influence organisations to make a big difference in the country and the world. So that is how I have grown in stature and my thinking, and how I do the various things that I do. I would like to be remembered as a person who impacted people's lives positively. I want to be someone who makes a positive difference in their life. I have worked in different countries and I still have people who call me today. Maybe they are in a more senior position than I am but they do have that respect for me. I believe that my interest in people has helped me create an impact.

### **Proponent of branded hotels**

I am a big proponent of getting branded hotels into Nepal because they have a global reach and they can sell globally. I believe that it is all about branding and marketing. Today, we are underselling ourselves and that is a major problem. So, what I have been telling a lot of hotel owners is that when a person lands in Kathmandu and they need a five-star hotel, then they will have already done the booking. They already know which hotel they are going to stay at. So, if you are a local operator, you do not have access to that market unless you set up a sales office in all these markets, which you cannot. Then you are at the mercy of the online travel agents. They are very big. Today you have various travel agencies and all of them charge a very high rate of commission where they suck the profit out of the owner. So, what is happening is like a chicken and egg story. You do not market so you do not get the customer at the rate at which you should get and because you do not get the rate you do not make a profit.

When you do not make a profit, you will not invest in your product. And when you do not have a global standard product, you are not paying employees

a global standard rate. So, what do they do? They work with you for a short time and then they go abroad. You will be surprised to learn that some of the best bartenders I have met in Dubai are all Nepalis. That is why I feel that Nepal needs branded hotels. Today, there are a lot of branded hotels coming up. Post-Covid, we can see this change even in the provincial level.

I have been quite instrumental in getting some of the brands here. I have very good relations with most of the brands and I advise owners accordingly. I have spent a major part of my life also in consulting. I work with the service industry, telecom, health care, airlines and retail and these are all different businesses, not just hotels. That has widened my horizon in looking at things from a customer perspective, not just from a service perspective.

### **Making good decisions**

A good leader is somebody who is a good decision-maker. You should make really quick and right decisions and many of the decisions are painful even for people and the leader. Being able to make such decisions indicates that they are successful as a leader. One of the best pieces of advice that I have received in my career was regarding decision-making. Early in my career, I was not mature and I used to think it was all about action and I used to do a lot of things. I remember I had a very mature boss at one point in time, and he told me that before making a decision count to ten and during that time review that whole decision and maybe you will change it. And I believe that 50% of the time when I have used this method, I was able to make a little better decision. I think that has helped me a lot. Better decision-making has enhanced my ability to do better in my role as a leader.

A leader should also be very goal-oriented and keep directing their people towards the goal. When you are a leader, you also have to be very inspiring. I also believe that the success of a leader has a greater hand of the team behind. You can be a one-man army. But even when

you use the word army, you still have one general and you have a team. So that is how teams are very important. And teams have to be diverse. Today, most of the time what happens is you have a fantastic team with similar personalities together. That is not what will get you success today. Today it is about having diversity. It is about having people who will descend with you and your ability to take that opinion.

My leadership ability has been tested on many occasions. I remember when I was working at Soaltee, there was this big international conference. They had a choice to hold it here in Nepal or go to another country. My team was firm on our decision to hold the conference here. And one of the major tasks was to host a sit-down dinner for 650 members at the conference. My team did flawless work, the coordination worked out and I remember the president called me onto the stage and thanked me. And later when our president got changed and when we welcomed the new president he said, you guys have set Nepal, you set the bar so high. And I think that was one very, very big moment.

During my tenure in the hospitality industry where I could host such a dinner, I call it one of my greatest successes. Ten years back, success for me was about living the high life, having all these fancy gadgets and being in a beautiful place. My success earlier was doing everything for myself, what I wanted, what I had, and what I got attached to. But its definition changed over time. Today, success for me means having a very comfortable place to stay without worrying for the future, having a great set of friends, and being able to do things for people. It is also about having an opportunity to do something for people and the world. And being in a leadership position where I can do something for the people and the community is also success for me. **B**



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

Joining a gym or a fitness centre is a great way to stay in shape but it's not the only way. For people looking for alternatives, here's a list to help you get started.

**WALK EVERYWHERE.** A good pair of shoes is all you need. Set your pace at different levels to get the most out of this workout. Walk for at least 30-45 minutes every day. Take the stairs when you can. During work hours, make sure to get off your chair and walk around for a few minutes.

**CREATE YOUR BOOTCAMP.** Bootcamp workouts are great fun. Create your own challenge with friends or alone. Try this circuit: jumping jacks, lunges, pushups, triceps dips, sit ups. Do each exercise for 60 to 90 seconds, take short breaks in between and repeat. The whole cycle can be done 4-5 times. Add different set of exercises or variations as you progress.

**TAKE UP A SPORT.** There's nothing quite like playing in team or going it alone. Football, futsal, hockey, cricket, wall climbing, cycling; take a pick of your favourite game and get going. Remember every expert was once a beginner, it's never too late to start.

**HIKING.** With the fantastic hiking trails our country offers, it's a no brainer that hiking is a great choice for working out especially on a weekend. An activity that can be enjoyed alone or with family, get some fresh air in the great outdoors. You'll be filled with a sense of

accomplishment and come back energized for the week ahead. Make sure to have on good sturdy shoes, a cap, some fruits and lots of water to sip.

**ON THE TRACK.** Head to Dashrath Rangashala for a track workout. Running will be more exciting on a real track. Change your speed to challenge your body.

**YOGA.** There are several free yoga classes that are run outdoors; consider joining one. You can always practice at home or outdoors if you have learnt some level of yoga from a trained teacher. I would strongly advise refraining from just following books or DVDs on this one.

**DO MORE DOMESTIC CHORES.** To get yourself into the right mindset, dress as you would for a workout before tackling your chores. Geared up, we put on some upbeat music and focus on the task at hand, adding intensity with a few pushups, squats and planks in between.

**VOLUNTEER WORK.** Community service is of great value. Sign up to help rebuild homes, clean public areas, make toilets, paint or clean debris... it's hard work but comes with a lot of satisfaction and definitely counts as a workout when you are constantly on the move.

Just remember, your body needs to keep moving to stay healthy and strong. Climb walls, cycle, jump and dance, whatever you choose keep aside 30 to 45 minutes each day for an organized activity that helps you sweat, frees up energy and makes you feel good. **B**



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# BUSINESS DURING A SLOWDOWN

## REST AND RETRAIN



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

**Sadhguru, you wrote that “If you have money in your pocket, it is great. Only if it enters your head, it becomes a perversion.” Right now, there is a real fear that money is not even coming into our pocket. What do we do in times like these?**

**Sadhguru:** The money is still going into someone’s pocket, though maybe not the kind of pocket that will use it to create wellbeing and wealth for humanity at large.

When there is a certain slowdown it hurts, because you have prepared yourself in terms of people and material for a certain speed. Suddenly, when there is slowdown, you have an excess capacity and not enough to do. When such a thing happens, normally, most companies in the world go for retrenchment. They want to cut down their staff. There is a difference between cutting down on your stock of material and cutting down on people who work for you. Modern management tends to treat both the same way.

I would say there is a different way to approach this. Instead of laying off people, why not sit down

with them and let them take a cut on their salary and use the saved amount to retrain them into a new possibility? There may be a slowdown in your current field of activity, but there are definitely other opportunities. You can use such a time to retrain yourself and people around you and retool everything. If, instead of looking at it as a recession you look at it as a period of rest, after a while you could come back into activity with much more vigour. Rest is the basis of all activity. If the business is getting a little bit of rest, it could be a phenomenal advantage – unless the rest lasts for too long.

In the present situation, the rest will not last for too long because businesses are not limited to geographical boundaries. People can always rejig themselves and move to other areas where they could function better. There are many possibilities. But fundamentally, instead of cutting back on human resources, we can approach them in a friendly manner, ask them to share the burden and keep their colleagues with them. That way, you can pass through this period of rest with a certain level of bonding and togetherness and be ready for the next level of action.

**Although many business leaders are very focused right now on resolving current issues and minimising damages and losses, there are many entrepreneurs who are keeping their eyes slightly higher and seeking new opportunities. Can you predict two new industry of businesses that will emerge because of this pandemic crisis?**

**Sadhguru:** One unfortunate development could be that arms and ammunition sales go up tremendously because those who are doing

well would like to protect what they have. It has happened in the United States. In California, gun sales have gone up heavily because of the virus. They are buying guns because now they understand when people have nothing to eat, they may enter your homes and grab whatever little you have. These situations could happen between societies and nations. I hope it does not go there, but that is one possible immediate development.

The agro-related industry could also take off in a big way because once people taste a little bit of food scarcity, they will become very conscious about how food should be organised. Let us say, every family in the country went without food, just for one day – you saw your children without food for just a single day. Suppose even if you had the money, there was no food in the market. If that happened, you will see that the food industry will become very important, not necessarily in terms of processing and packaging. Agriculture and agro-based related activities could become crucial – which is a very positive step in the world, because only when that happens will people stay on the land; otherwise, they will try to move somewhere else.

Technology could also become very big because right now everyone is talking about working from home. I think those who go through a phase of working from home for six months, once they overcome whatever domestic troubles they have, will not want to go back to the office. They will enjoy working from home on their own time, in their own way, while probably being more productive than going to the office. And in most

cities, particularly in India, commuting to work is quite a daily circus. It is not a joke; it needs enormous skill just to get from one place to another. Three hours back and forth on a polluted street, breathing in everyone’s exhaust smoke. So once people understand the peace and quiet from which they can work, technology and telecommunications will become very important. Another important sector which could get seriously disrupted, apart from tourism – which may come back after some time – is education. If people are in education as a business, this could go for a big toss. This whole idea of children or students congregating in one building to learn something may completely evaporate. Fundamentally, transmission of information is all that is largely happening in educational institutions. With the advent of artificial intelligence, this kind of education has already been on the way out. But the virus has brought a haste to that process. So, for the education industry to change in a massive way, we will have to do significant innovation. For that also, we will need bandwidth – data delivery, telecommunications and technology. I feel there is going to be a massive upsurge for those who are in that segment of business; the next five years’ time could see anywhere between 500% to 1,000% growth. Because if you want to deliver education and various services on technological platforms, you will definitely need a tenfold growth to make it happen. **B**

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## SUDIP THAPA

PRESIDENT

ADVERTISING ASSOCIATION NEPAL (AAN)

Sudip Thapa is the President of the Advertising Association of Nepal (AAN). Starting his journey in the advertising industry with ANS Creation, he has expanded his ventures to create ANSCo Group of Companies. Thapa is the Executive Chairman of ANS.CO, ANS.Creative, ANS Soft Incorporation, Adpad, Adpad Acquisition, Stuti Retails and Gloto Hills. With nearly 30 years of experience in advertising and brand strategy, Thapa has worked on multiple portfolios of more than 50 brands focusing on

creative outlook and impactful communication, also directing over a hundred television commercials.

Thapa's strength lies in his ability to handle multi-disciplinary professionals and keep team members motivated. He is also good at multitasking to achieve exceptional outputs. He holds a Master's degree in commerce, and is recognized for his management and public relations abilities.

In this issue of **Business 360**, Thapa speaks about various aspects of leadership. Excerpts:

### How do you define leadership?

I do not believe much in leadership principles and fundamentals. When a leader has varied access to resources, opportunities or power then they can be opportunists too. So, I view contribution to the industry as the greatest asset of leadership, no matter which sector one is involved in.

My definition of leadership is being able to contribute to the industry that one comes from. And for this contribution, I believe that experience is very important. Along with experience comes the ability of

a leader to make sacrifices to meet the desired objectives.

A leader should also be someone who can listen. Listening to their team and amplifying their voices in the required place is also important. Advertising industry gave me 30 years of experience and now it is about what I can give back to this industry in my three years as President of AAN.

### Is leadership inborn or acquired?

A person may not have even seen a football when young but could later become



a star in the sport. When they see, learn and gain experience then they can master anything whether it be football or leadership.

God created all human beings equal but it is the environment in which they are that makes a difference. Even in a school the teacher teaches the same thing to many students but how each student perceives it is different. Similarly, when a person starts working professionally the work culture and environment influence their experiences. Throughout the various stages in life a person keeps collecting and perceiving all these sorts of experiences. Now those who can positively delve into these experiences and manage things properly can become a leader.

#### **What aspects of your personality have helped you to serve in leadership roles?**

Leadership is also about maintaining a balance. For instance, we have a fantastic constitution but where we lack is in the implementation aspect. I feel there is a gap between the policies being framed and the producers and consumers. In the advertising industry it is crucial to bridge this gap between the big corporate houses, government and consumers. And as a leader, I believe that I can contribute to bridging the gap and maintaining the balance, which I believe to be my leadership strength.

Additionally, I also have the listening and decision-making skills. I do not wait while making decisions. I believe in listening to everyone's opinions, filtering what is right and wrong and then making decisions accordingly.

In the marketing industry we really have to be quick in making decisions. Sometimes we need to make decisions in a fraction of second and sometimes in 10 days. So, catching up that pace and staying prepared for the competition is really important.

And as a leader, my skills and capacity have helped me do the needful.

#### **Any agenda that you want to take forward as the leader of AAN?**

The government has given around 1,500+ media licences and the advertiser also feels the pressure. The advertising industry works in the midst of consumer, advertiser and media. Today the threat is not our creativity or communication; the threat is the increasing number of media and the frustration of advertisers. As the President of AAN, my major agenda is to maintain a balance and to ensure that all three industries sustain. It has been around 100 days since I took on the leadership position of AAN. As I mentioned earlier there is a gap between advertiser, media and agency. And to bridge this gap we are coming up with a memorandum of understanding between the three parties. The MoU can solve the existing problems of this industry that has been present for a long time. As the President, I think this is a major agenda that we are trying to address to ensure that the industry runs smoothly.

#### **Have you faced any failure and what did you learn from it?**

Focus on your capacity and your passion. The advertising industry is my passion. I have worked as a communication expert, ad maker, brand manager and many other areas. While doing all these things, I gained various experiences and decided to make it a bit corporate. So, we added many extensions and reached diverse spaces like tourism, retail, consumer and many others. I might have made the organisation bigger but in this journey, I somehow lost happiness. I realised that it is not always necessary for one person to do everything. Do what is within your capacity and the rest, the others who can do. If you have skills for

entrepreneurship, be one. If you want to be in the capital segment, open a capital venture. So do what you best can and be happy.

#### **How do you view leadership in the present and future generation?**

Earlier when we were in college, leaders had their own philosophy and ideology. But as the world started to change, the ideologies also started to change. In between, we saw leaders who can neither leave their ideologies and philosophy nor adapt to the fast-growing world. We can witness its effects now too. Today, everyone wants to be a leader but they lack experience. A youth who could be a leader tomorrow needs to be an executor today. They need to work with midline leaders, gain experience and then become a leader.

Today even seniors must listen to the opinions of the youths. The leadership patterns might have changed over time but the capacity and the core motive to contribute is the same.

So, a collaborative effort is required where there is an environment for youths to gain experience and be a leader and established leaders need to adapt to the fast-changing world.

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

We are in a democracy, so a leader by himself alone is not enough. The team also needs to share his values. Whether we talk about the country, community or organisation, the team needs to be strong and have values. The right person should be at the right place and should be given the right responsibility. The team backing the leader is crucial. And if the team also has similar qualities like the leader, then one need not be afraid of anything. If these things are taken into consideration, no problems are insurmountable.

#### **How can a leader effectively lead the team?**

A leader is not a manager. Even when we talk about AAN or any other organization, a president, vice-president and secretary alone do not function, every member is entrusted with responsibilities. A leader is definitely there in the process of execution and policy-making but to lead the industry every member should be equally ready. I believe that for a team to function the managerial model is the best.

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

Every leader has a time frame to deliver to the community. So, during this time frame, it is advisable for a leader to accomplish three-four objectives which they have set. Once they meet their objectives they should pass on the leadership role to the next generation. It is not about accomplishing too many objectives; it is about the impact that you create.

Even in AAN we are trying to reduce the president's tenure to two years from three years. We believe that changes need to be brought in every two years and at the same time, give continuity to the good work of the previous leaders.

#### **What advice would you give to young emerging leaders?**

Do not look for self-interest only. Always remember your roots. You need to be clear in your objectives, plans and execution. After all where you come from, what you have learned, and what you can contribute to society are important. If you want to be a leader and if you do not consider these factors and values, then you are an opportunist and not a leader. **B**

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