

THE DEATH OF THE 'YOLO ECONOMY' IS
NOT BAD FOR ECONOMIC HEALTH

AI IN MEDICINE: THE FUTURE
OF HEALTHCARE

SERVICE AGREEMENT: HOW IS IT DIFFERENT
FROM TECHNOLOGY TRANSFER?

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B^{360°} BUSINESS

**NEPAL'S
ECONOMIC
OUTLOOK IN
CURRENT
DECELERATION
MIGRATION**
COMPULSION, NOT CHOICE

**CONVERTING
OBSTACLES INTO
OPPORTUNITIES**

JAYADIN SHRESTHA
JOINT MANAGING DIRECTOR, ICTC







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As I engage with many entrepreneurs across industries in the country today, I keep hearing the word, 'survival', often said with a crease of worry on their forehead. They question: how long do you think it will last. This makes me think about how hard it probably is for them. Their livelihoods and career goals in crisis. And then I look at the government; people we chose to represent and lead us especially through times like this. It frustrates me. Because the parliament and authorities are only focused on unveiling scandal after scandal. Now there is no shame in being black listed, no shame in going to jail, no shame in having your name headlined in the news for corruption, bribery and misuse of authority. In fact, it is joked that if you have not achieved this feat, you are probably not important. I feel for my entrepreneur friends, continually challenging the status quo of uncertainty to run their business.

There is no set rulebook for survival, every individual, every business is different. Staying competitive during hard times means being able to look over the horizon and decide what are the things that you must and can do to ensure you tide over the low periods. Sometimes, these decisions can be hard. Sometimes, it may even call for you to change course completely. You have to be able to do what is required in the face of self-doubt and sacrifice. But in our case, the situation is harder because we do not have enough people in the position of authority paying enough attention to finding solutions that work.

Scores of young people are leaving the country looking for work, and more than that, looking to find a home that allows them a quality of life they deserve for the hard work they are willing to do. The trend has shifted and now, even mid-career professionals are seeking opportunities abroad. Remittance may sound great but does it make the economy stronger? Making ourselves believe that the people who leave today will be back tomorrow with skills and innovations is just a false sense of assurance, there are those who will stay on and acquire permanent resident status and nationality. More couples are having children outside the country. What does all this indicate? Why are we pretending otherwise? Soon people will leave not out of compulsion but out of choice.

The government may, may not wake up. But it is in each person's interest to equip ourselves with a mindset built on resilience, focus and the ability to adapt. Uncertain times will come and go, know that you only have a finite amount of time to live your life, so make intentional decisions that are meaningful and enabling, in business, career and in life.

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

Charu Chadha
editor

BIZ INDICATORS

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

Source: Refinitiv Eikon, Nrb

P = Provisional, R = Revised

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IN THE LEAD

CONVERTING OBSTACLES INTO OPPORTUNITIES

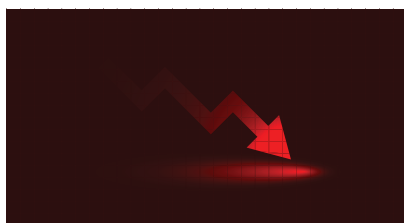
JAYADIN SHRESTHA
MANAGING DIRECTOR, ICTC

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



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"I AM EXCITED ABOUT THE MARKET HERE. THE LAUNCH EVENT WAS FANTASTIC. THERE IS A LOT OF POTENTIAL IN THE NEPALI MARKET. I AM AN OPPORTUNIST AND WHEN I SEE ANY OPPORTUNITY I LIKE TO GRAB IT. MOREOVER, WE HAVE A GREAT PARTNER IN JYOTI GROUP HERE. SO, I AM LOOKING FORWARD TO BUILDING A GOOD BUSINESS IN NEPAL"

MAZHAR ALI
VICE PRESIDENT – SALES, MARKETING AND
SUPPLY CHAIN
PURE ICE CREAM CO LLC AND GRAVISS

ETC

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HI 5

THROUGHOUT MY CAREER, THE SOURCE OF MY INSPIRATION HAS NOT BEEN TIED TO A SINGLE INDIVIDUAL OR IDOL. INSTEAD, MY DRIVE HAS STEMMED FROM A WIDE RANGE OF EXPERIENCES AND INTERACTIONS WITH PEOPLE FROM DIVERSE BACKGROUNDS. EACH PERSON I HAVE ENCOUNTERED HAS CONTRIBUTED TO MY UNDERSTANDING OF THE WORLD AND MY APPROACH TO LEADERSHIP.

SP DR KALAUNEE
COUNTRY
REPRESENTATIVE
BLINKNOW

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"BRANDS THAT CAN TAILOR THEIR OFFERINGS TO SUIT LOCAL TASTES AND PREFERENCES ARE MORE LIKELY TO SUCCEED. ADDITIONALLY, WE CONSIDER THE SCALABILITY OF THE BUSINESS MODEL AND THE SUPPORT SYSTEM PROVIDED BY THE FRANCHISOR. OUR GOAL IS TO BRING FRANCHISES THAT NOT ONLY THRIVE IN THE LOCAL MARKET BUT ALSO CONTRIBUTE TO ITS ECONOMIC DEVELOPMENT"

GAURAV MARYA
CHAIRMAN, FRANCHISE INDIA GROUP

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THE DEATH OF THE 'YOLO ECONOMY' IS NOT
BAD FOR ECONOMIC HEALTH
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CONVERTING OBSTACLES INTO OPPORTUNITIES

JAYADIN SHRESTHA

JOINT MANAGING DIRECTOR, ICTC

ICTC Group, one of Nepal's leading business conglomerates, had humble beginnings as a small stationery mart in the back streets of Kathmandu in the early 70s. This modest start laid the groundwork for the establishment of the Inter Continental Trading Concern in 1975, whose initials were retained when ICTC Pvt Ltd was formed. Over the decades, ICTC has evolved into a diverse powerhouse, with interests ranging from hydropower and construction to liquor and hospitality to insurance and information technology.

At the helm of this multifaceted enterprise is

Jayadin Shrestha, the Joint Managing Director of ICTC and the third generation of his family. With a fresh, innovative outlook, Shrestha aims to further diversify the group's verticals, steering ICTC towards new horizons while maintaining its core values and traditions.

In a conversation with Business 360, Shrestha shares insights into the advantages and challenges of continuing a business legacy, the values that guide him, and the strategic changes he has implemented at ICTC. He also offers his perspective on the current economic climate, both locally and globally, and reveals his vision for the future of ICTC.





There are many challenges and uncertainties in Nepal's path to leveraging the immense opportunities that are present in the country. We are as a country growing and with growth comes hurdles and obstacles but we believe with these obstacles there are immense opportunities as well.

What are the plus points and challenges taking forward a business legacy?

Taking forward a business legacy offers several advantages. Utilising a robust existing platform eliminates the need to start from scratch, which can save time and resources. From attracting top talent to financials to organisation strengths, there are many professional advantages to having such a legacy. On a personal note, it is a matter of huge pride for us as well as an incredible source of inspiration to be part of such a legacy. The knowledge, values and experience of our wiser and older generation is priceless, no university can teach us what they can teach us and I feel incredibly fortunate to be part of such a legacy.

However, there are also challenges to consider. Balancing the need for innovation and staying competitive with the need to preserve the core values and traditions of the business can be difficult. Though there are a number of challenges in carrying such a legacy forward, I personally feel that one of the most difficult aspects can at times be the weight of expectations. Coming from a family where the older generations have achieved so much despite coming from a non-business family is an immense inspiration but at the same time also extremely intimidating.

Trying to live up to those expectations is uniquely challenging specially with such large shoes to fill nevertheless, I try to take it as an inspiration as I feel that our group ICTC and my older generation is an example of how with hard work and determination, you can achieve great success even if you don't have the background or resources.

What are the values you adhere to while doing business? What are you guided by and what is your success mantra?

Our values are to draw on the wisdom of older generations while combining it with the energy of our own generation, aiming to create a harmonious blend of tradition and innovation to further escalate business growth and in turn contribute to the overall economic growth of our country. My personal view on the pathway to success are the three Cs that my father Sri Dinesh Lal Shrestha advised me when I initially started 15 years ago which is Commitment, Consistency and Communications. Also, I keep in mind the mantra that my grandfather and our founder Sri Ram Lal Shrestha gave me "दुखमा नञ्जित्तु, सुखमा नमज्जित्तु". This helps to keep me grounded.

Could you please tell us about the changes that you have initiated in ICTC?

We believe, that it is essential to maintain a professional approach in business. It is also important to be able to adapt to changes by staying informed about industry trends, technological advancements and customer preferences.

As a member of the new generation, we believe it is essential for us to initiate change to foster a culture of continuous learning and development among employees which in turn will enhance their skills and knowledge. We believe our employees are our most valuable assets in all of our companies.

How do you view the current economic scenario, particularly in the business you are engaged in?

We are hopeful that with improvements in relevant laws, a more stable investment climate, consistent policies and a positive working environment, we will see improvements in our business and the overall

business environment in the country. We remain optimistic about the future and are committed to finding innovative solutions to drive growth and success in this ever-changing landscape.

What are some of the changes in business trends globally that could be applicable in Nepal?

Adapting all global trends to Nepal's unique context is presently slightly difficult but it is definitely essential for sustainable growth in the future.

Collaborating with international organisations and businesses to bring in expertise (knowledge transfer), technology, and investment to support Nepal's economic development would be helpful. Investing in the education and skill development of our workforce that can eventually compete in the global market is important for the overall development of our businesses as well as development of the country as a whole.

What excites you about doing business in current times?

There are many challenges and uncertainties in Nepal's path to leveraging the immense opportunities that are present in the country. We are as a country growing and with growth comes hurdles and obstacles but we believe with these obstacles there are immense opportunities as well.

I strongly believe that we can be the generation that helps build this country standing on the platform that the older generation has given, be it in business or politics. A lot needs to be done and therefore a lot can be done. We are hopeful and believe in our country. This excites me.

How do you view the current economic climate in relation to government policies?

The policies and legal frameworks have evolved significantly over time, as highlighted by major business organisations through various chambers of commerce.



However, there is a need to stimulate the economy and attract foreign investments. It might be helpful to bring well thought out, researched and consistent policies for a positive and business/investment friendly environment, however, I believe making policies is a relatively easy part, implementing them is the challenge and we need to focus on that.

I trust our various business chambers and umbrella organisations who are advising relevant government institutions on such policies and their implementation.

Can you provide an overview of ICTC's involvement in various industries in Nepal, including the company's main projects or partnerships in these sectors?

ICTC Group, established 49 years ago, is a leading business conglomerate in Nepal with activities focused on various core business sectors.

ICTC Pvt Ltd, the representation arm of the group specialises in providing value-added local liaison representation services. We offer local logistics and advisory services to foreign principals seeking to secure and

execute various infrastructure development projects in Nepal.

We are also the major promoters of the Upper Solu Hydroelectric Company (USHEC), which is a publicly listed hydropower company. Our plant is located in Solukhumbu district and is currently in operation, generating 23.5 megawatts of power.

ICTC Group is also one of the promoters of one of the largest private sector investments in tourism sector in Nepal – Taragaon Regency Hotels (Hyatt Regency). Hyatt Regency Kathmandu is a five-

star super deluxe city resort hotel built on a 40-acre site in Bouddha.

Insurance is another sector that we have a stake in through Siddhartha Premier Insurance. Initially, the ICTC Group promoted Premier Insurance Co that had been in operation since 1994, and was amongst the top non-life insurance companies in the country. We were one of the first insurance companies in Nepal to be certified with ISO 9001:2000 quality certification. Later, in March 2023, we merged with Siddhartha Insurance to



A quote from Theodore Roosevelt is always in my mind when I navigate my days. "It is not the critic who counts: not the man who points out how the strong man stumbles or where the doer of deeds could have done better. The credit belongs to the man who is actually in the arena, whose face is marred by dust and sweat and blood, who strives valiantly, who errs and comes up short again and again, because there is no effort without error or shortcoming, but who knows the great enthusiasms, the great devotions, who spends himself in a worthy cause; who, at the best, knows, in the end, the triumph of high achievement, and who, at the worst, if he fails, at least he fails while daring greatly, so that his place shall never be with those cold and timid souls who knew neither victory nor defeat."



become one of the top second-generation non-life general insurance companies in Nepal, with more than 120 branch offices across the nation.

We are also the promoters of Highland Distillery, which is one of the most successful alcoholic and non-alcoholic beverages producing companies in Nepal with iconic brands such as Virgin, Highlander as well as the most sought-after brands such as Gurkha and Guns, Bandipur and Yeti vodka. In 2011, we further established United Liquors, which is located in Chitwan.

This is a large-scale high-grade liquor production unit. Looking at the scope of the liquor industry in Nepal, we acquired Avanish Distillery in 2016. Avanish Distillery is ICTC's third modern manufacturing, blending and bottling unit. We also have Prime International, which is one of the largest trading and marketing companies involved in trading, marketing and distribution of fast-moving consumer goods.

Recently, in 2021, we established ICTC Infrastructure, which is an infrastructure company that plans to

provide local construction and engineering services such as civil works, EM, HM, and substations/transmission lines fabrication, installation and commissioning services in Nepal. Our plans have broad scopes/sectors and our service areas include hydropower and dam construction, housing construction, infrastructure engineering works and project development schemes such as EPC, PPP in partnership with civil, mechanical contractors and investors etc.

Meanwhile, ICTC Real Estate, established in 2007, has the vision of becoming a major real estate developer in Nepal. Group synergy gives ICTC Real Estate a strategic advantage, making it an ideal company to provide real 'value-added' services to the real estate sector. Currently we are working on a real estate development project in Nijgadhi.

Established in 1976 and acquired by ICTC Group in 2019, CEMAT Consultants provides a complete range of consulting activities, from design and management of projects to construction supervision and project management to Operations and Maintenance (O&M) advisory services. CEMAT is recognised as one of the leading consulting agencies in Nepal with a sound track record of a large number of successfully executed projects. Our services have covered over 65 districts of Nepal and extended to countries like Japan, Bhutan, Kuwait, Timor-Leste (East Timor), and Afghanistan.

In the IT business, we have Infocom Solutions, a system integrator; and Arhant Solutions, a software development company.

How does ICTC support digital transformation and technological advancements in your businesses and what specific initiatives or solutions has the company implemented to drive innovation in these sectors?

The shift towards digitalisation is reshaping the way businesses operate and interact with customers, we are gradually investing in new technologies to streamline processes and improve productivity in our various core sectors.

How does ICTC address the unique challenges and requirements of the hotel, hydropower, and construction sectors in Nepal when it comes to policy adaptation?

ICTC group addresses the unique challenges and requirements of all the business

sectors we are involved in by prioritising compliance with all legal and regulatory requirements to ensure that our operations are conducted ethically and responsibly. Our commitment to compliance helps us maintain a positive reputation and build trust with our stakeholders. We strictly adhere to the policies, acts, and rules set by the government for each industry, as well as our group's internal policies.

With the increasing importance of sustainability and environmental considerations in the industries ICTC operates in, how do you integrate sustainable practices and technologies?

With the increasing importance of sustainability and environmental considerations in the industries ICTC operates in, we try to integrate sustainable practices and technologies into our solutions by keeping track of green technology advancements and promoting the use of renewable energy sources where practical.

Could you provide examples of how ICTC has contributed to sustainable development in Nepal through its projects in these industries?

ICTC has contributed to sustainable development in Nepal through its various companies in various industries/projects by directly and indirectly employing more than 3,000 individuals, thereby supporting over 15,000 families. Our renewable energy is generated through a sustainable hydropower plant. We also try to prioritise inclusive development, with majority of our liquor factory staff being women. Additionally, the group has established the ICTC Ram Rukmani Charitable Trust (named after our grandparents), which offers assistance to various causes in an organised and fair manner.

As the Joint Managing Director, what is your vision for the future of the hotel, hydropower, and construction industries in Nepal?

My vision for the future of the ICTC Group is to consolidate, scale up and expand the present group of industries while continuing to explore other industrial sectors. This will involve strategic planning, market research and investment in new technologies, industries and resources to ensure sustainable growth and profitability. By expanding into new industries, our aim is to tap into new markets, reduce risk by further diversifying our revenue streams, and capitalise on emerging opportunities.

Are there any specific industry partnerships or initiatives that the company has established to foster innovation and industry-wide collaboration?

Our founding company, ICTC Pvt Ltd, has been partnering with multiple international organisations in numerous infrastructure development projects funded by various bilateral and multilateral funding agencies for almost 50 years. Hyatt International manages Taragaon Regency Hotels, offering branding and global management expertise. Our liquor industry was founded in collaboration with Shaw & Wallace India, and we currently partner with Macduff International Scotland for some of our products.

Our insurance company has reinsurance agreements with reputable foreign reinsurers, while our software company collaborates with top software firms. The hydropower plant utilises machinery from renowned foreign manufacturers. While our engineering arm Cemat is currently working as subconsultants with multiple international companies in sectors such as hydropower, transport and water supply.

Could you share any future plans or upcoming projects that ICTC has in the pipeline?

At the moment our plans are limited to exploration and research, we are waiting for the right opportunity, environment and time for further expansions. Our plans include exploring opportunities for further diversification within our existing industries as well as exploring strategic partnerships or collaborations with other local and international businesses in newer industries.

How does ICTC measure the success and impact of its projects?

We as a business/corporate group gauge our success and impact by looking at profits, growth and the overall positive influence on society but at the same time I personally put emphasis on the efforts and its sincerity, success will eventually follow.

A quote from Theodore Roosevelt is always in my mind when I navigate my days. "It is not the critic who counts: not the man who points out how the strong man stumbles or where the doer of deeds could have done better. The credit belongs to the man who is actually in the arena, whose face is marred by dust and sweat and blood, who strives valiantly, who errs and comes up short again and again, because there is no effort without error or shortcoming, but who knows the great enthusiasms, the great devotions, who spends himself in a worthy cause; who, at the best, knows, in the end, the triumph of high achievement, and who, at the worst, if he fails, at least he fails while daring greatly, so that his place shall never be with those cold and timid souls who knew neither victory nor defeat." **B**

NEPAL'S ECONOMIC OUTLOOK IN CURRENT DECELERATION

ECONOMIC EXPERTS WEIGH IN ON THE STATE OF THE COUNTRY'S ECONOMY



RAMESHWORE KHANAL
Former Secretary, Ministry of Finance



NEELAM DHUNGANA TIMSINA
Deputy Governor, Nepal Rastra Bank



DIKSHYA SINGH
Programme Coordinator, South Asia
Watch on Trade, Economics and
Environment (SAWTEE)



NARA BAHADUR THAPA
Former Executive Director, Nepal
Rastra Bank

Nepal's economy has undergone a complex trajectory in recent years. While it has displayed resilience, it continues to grapple with structural challenges.

The Covid 19 pandemic dealt a severe blow to the economy, disrupting supply chains, curtailing tourism, and dampening remittance flows. While the economy has shown signs of recovery, the scars of the pandemic are still evident. Inflationary pressures, exacerbated by the Russia-Ukraine conflict, have eroded purchasing power and stifled consumption.

Nepal's trajectory towards economic prosperity is fraught with obstacles that demand careful navigation. Climate change, an increasingly pressing global issue, poses a significant threat to the nation's economy. Its agricultural backbone, the lifeblood of millions, is highly vulnerable to shifting rainfall patterns, rising temperatures, and extreme weather events. Beyond the fields, climate change also imperils Nepal's burgeoning tourism industry, a key foreign exchange earner.

Geopolitical tensions, a constant in the global arena, can cast a long shadow over Nepal's economic prospects. Trade disruptions, a

common consequence of such tensions, can disrupt supply chains, leading to shortages, price hikes, and decreased economic activity. Moreover, the political climate in neighbouring countries can influence investor sentiment, impacting foreign direct investment, a crucial catalyst for growth.

Debt sustainability is another critical challenge. The increasing debt burden can constrain government spending on vital sectors like education, healthcare, and infrastructure. Furthermore, fluctuations in global interest rates can exacerbate debt servicing costs, diverting scarce resources away from development priorities.

Nepal's heavy reliance on remittances, while a lifeline for many families, also presents economic vulnerabilities. Economic downturns in remittance-sending countries can lead to a sharp decline in inflows, impacting consumer spending and overall economic growth. Diversifying the economy to reduce this dependence is imperative but challenging.

The skill gap between the education system and the demands of the modern job market is a persistent issue.

Producing graduates equipped with the skills necessary for a thriving economy is essential. However, brain drain, the outflow of skilled professionals to countries offering better opportunities, further exacerbates this challenge.

Infrastructure development is a cornerstone of economic growth, but Nepal faces significant hurdles. Insufficient funding, coupled with implementation delays caused by corruption and bureaucratic inefficiency, hinders progress. A robust infrastructure network is vital for attracting investments, enhancing productivity, and improving the lives of citizens.

Political instability is a recurring challenge that undermines investor confidence and hampers policy continuity. Frequent changes in government and economic policies create uncertainty, discouraging both domestic and foreign investments. A stable political environment is essential for fostering long-term economic growth.

Overcoming these challenges requires a comprehensive and strategic approach. Diversifying the economy, investing in human capital, improving governance, and building resilience

to climate change are crucial steps. Additionally, Nepal must leverage its unique strengths, such as its natural beauty and hydropower potential, to attract sustainable investments and create jobs.

To get a deeper dive into the current state and the future possibilities of the country's economy, in this edition of Business 360 we spoke to eminent economists like Rameshwore Khanal, Former Secretary, Ministry of Finance; Neelam Dhungana Timsina; Deputy Governor, Nepal Rastra Bank; Nara Bahadur Thapa, Former Executive Director, Nepal Rastra Bank; and Dikshya Singh, Programme Coordinator, South Asia Watch on Trade, Economics and Environment (SAWTEE).



How do global economic trends affect Nepal's economic growth prospects?

Nara Bahadur Thapa:

Nepal is an open economy, which means that global economic trends always influence our country's economy in a variety of ways. We are very open to international trends, which influence, not just our economy, but also the way we run our industries. Our industrial sector depends heavily on internationally available raw materials, any escalation in price affecting every industry drastically.

Concerning remittance, as most of those who leave the country do so as students or low-skill workers, global trends do not seem to affect it as much.

The foreign aid that Nepal receives has definitely decreased due to the global economic trends. Another thing that has decreased is the Foreign Direct Investment. A few years ago, Nepal used to receive almost 20 billion in foreign direct investment. In the past two years that number has not crossed 7 billion. FDI and foreign aid are factors that play a huge role in the modernisation of Nepal's economy and infrastructure. Many integral institutions for Nepal were constructed with the help of foreign aid.

One of the most important economic indicators for Nepal is tourism. As the world faces recession, it is inevitable that the expected tourists decrease. While tourists have definitely increased it could have increased so much more.

Neelam Dhungana

Timsina: The global economy is expected to remain stable with slightly higher than 3% growth for 2024 and 2025. Global inflation is expected to taper off, but at a slower pace especially in developed countries because of higher service cost and commodity prices. However, energy prices are expected to remain low,

though uncertainties loom due to global geo-political tensions. Further, the world trade of goods and services has significantly improved in 2024. The growth rates of China and India, the major trade partners of Nepal, are expected to remain stronger due to their improved private consumption and exports.

Nepal's key sectors that are highly linked to the global economy are trade, employment abroad and tourism. Around 75% of trade takes place with India and China, which are growing 7% and 5% respectively, showing that global economic shocks are shielded by these countries. On the other side, the geopolitical issues in the Middle East might impact robust remittance growth. Tourism, one of the major drivers of economic activities, is also growing in Nepal as global economic growth remains stable around the world. Finally, the remarkable and sustained growth in India and China show the optimistic prospects for Nepal too, if we can well manage the domestic economic issues and raise private sector confidence.

Rameshore Khanal:

Currently Nepal's economic growth has definitely slowed down. However, the growing sentiment that we are in a huge economic crisis is not true. Our airline industry is thriving, the cost of living is relatively low, inflation was high but has since decreased. Of course, the economy is not growing as much as we can hope for, but it is not too weak. The only aspect that is weak I would say is the federal government's public funds. Taxes are not being raised enough, current spending is too low and the capital that the federal government has is weak. Due to the government not investing enough capital the economy has fallen behind. We are in a strange situation at the moment. Yes, various factors have caused different problems in the past but it is not feasible or responsible to assume that the same will happen in the future as well. It is not suitable for me to say that the economy is in grave trouble. There are some problems but it is not as

grave as many are making it out to be.

The main trouble is getting investors as no one really wants to invest. This is happening for two main reasons. The environment around investing is weak. The government's weak capital spending has not been able to create an environment of investment. Next, the losses faced by the private sector during the Covid-19 pandemic, to a certain degree where a lot of funds had been misused, causes investors who lost money then to be more apprehensive towards investing again. This lack of investing has definitely slowed economic growth in many industries. Industries related to production and construction have suffered a lot. Other industries, however, have made decent growth. Tourism and farming are among those who have bounced back despite everything.

How will Nepal's transition from least developed nation to a developing nation affect access to concessional loans, trade preferences, or other benefits?

Dikshya Singh: Nepal's

graduation from an LDC to a developing country is a major milestone for Nepal. As an LDC, Nepal has been receiving certain international support measures in the forms of preferential market access, greater development support, and other special treatment. The graduation in 2026 means Nepal might lose some of these support measures. After the transition period is over, Nepal will still avail certain support measures as a developing country but there is a possibility that Nepali products might not be eligible for duty-free-quota-free access to the markets such as the EU, UK and some non-EU countries like Switzerland and Turkey under their Generalised System of Preference Programme. Modelling exercises have shown that post-graduation tariff increases could have a significant impact

on Nepal's top exports unless Nepal qualifies for GSP+. More efforts need to be invested by the government in getting Nepal eligible for GSP+ before the transition period is over. In addition, firms that are exporting their goods under GSP need to be vigilant about the possible loss of preference and the impact on their exports and plan ahead accordingly. After graduation, Nepali products are highly likely to face stringent rules of origin — requiring significant value addition domestically, which could pose significant challenges.

As for development cooperation, Nepal may not face significant impact since concessional loan rates charged by our major development partners, the ADB and the World Bank, are primarily tied to the GNI per capita classification and other criteria of creditworthiness. Still there might be some impact in terms of the grace period for repayment. In terms of bilateral aid, countries like Japan and South Korea consider LDC status for lending, but, in general, the impact on development cooperation, including the terms and conditions of the concessional loans, is expected to be modest.

A significant impact of LDC graduation but not much talked about is Nepal losing flexibility in the implementation of World Trade Organisation rules related to subsidies (Nepal may have to review export cash incentives too), protection to domestic industry, flexibilities with regard to intellectual property regulations, among others. More discourse is necessary to assess the potential impacts on different sectors and their distributional impacts and inform the stakeholders, most importantly the private sector. Similarly, more concerted effort from the government side to generate more bilateral and multilateral engagement to receive similar preferences for Nepal is necessary.

Nara Bahadur

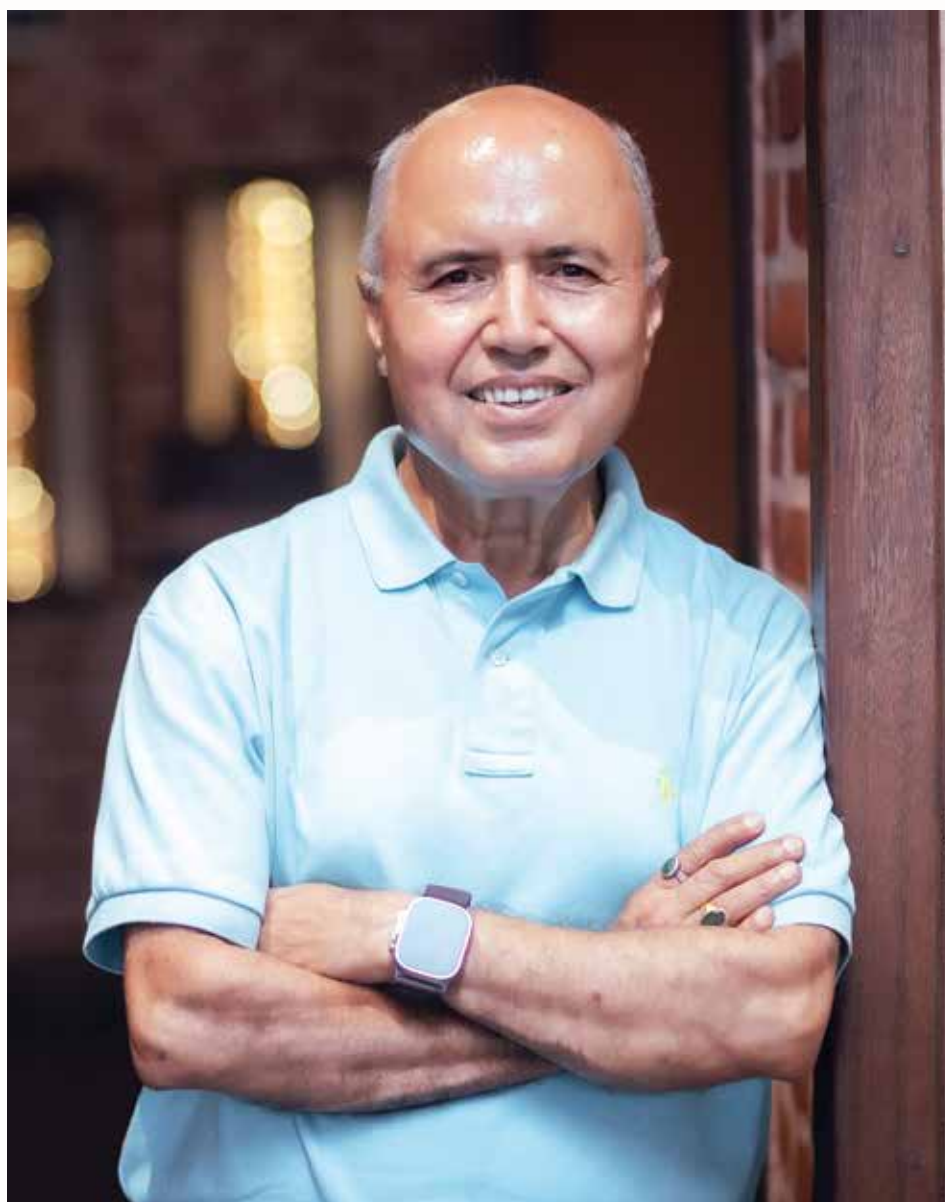
Thapa: 1971 was when the categorisation for LDCs was created. Since then Nepal has remained as a LDC for more



Banks have been giving a large amount of loans to specific individuals and families. These are not given as a personal transaction but through the organisations they represent, but there is generally only one person or family who holds the majority stake in such organisations. I would say around 20% of these people have been availing around 80% of the loans in Nepal. This is not good for any country.

RAMESHWORE KHANAL

Former Secretary
Ministry of Finance



than 50 years, indicating that for half a century Nepal has not developed relative to other nations. If Nepal is to graduate from an LDC in 2026, it will be the only country to not meet the income criteria and still become a developing nation. It is a very risky proposition with a huge question mark regarding if this is beneficial to Nepal. No one is going to go against the LDC graduation because it is a good indicator of economic growth and a matter of national pride. This does create a dangerous situation where Nepal may lose access to a lot of foreign aid it was receiving on the basis of being a LDC. Studies have shown that concessions in trade and export in the European countries, Turkey and China and others may decrease by at

least 5 million dollars. Grants from the World Bank and other similar organisations may similarly disappear. As an LDC we currently do not take loans but rather beg for aid. This is not something we can do as a developing nation. There is also a sentiment that Nepal is a corrupt nation that does not utilise aid properly. As a developing nation, it would be incumbent on us to take loans from institutions like the World Bank and pay it back by working. Is Nepal ready for that? The loss of foreign aid will not affect any politician or rich person, but the poor will end up suffering. With foreign aid being restricted, the first things that will be affected are healthcare and education for the poor. To thrive as a developing

nation, Nepali people have to work extremely hard and be competitive. Investments also have to increase both from the private and public sectors. In conclusion, LDC graduation is a challenge for Nepal, and whether Nepal can put in the concerted effort to surmount that challenge remains to be seen. There is also the risk of relapsing to a Least Developed Nation if Nepal does not plan properly.

Neelam Dhungana

Timsina: The transition from an LDC to a developing nation can both bring challenges and potential benefits to Nepal. Regarding the access to concessional loans, it also depends on whether the aid is bilateral or multilateral. Some studies have shown that bilateral

aid may not be affected much as it depends on a more strategic geo-political situation. Obviously, the aid disbursement crucially depends on the government's budget execution and especially the realisation of expenditure plans. On the other hand, we observe that multilateral donors like the World Bank, ADB and UN agencies base per capita income as a major criterion for concessional aid allocation, which can be significantly higher than the graduation threshold. From this perspective, graduation may have minimal impact on their loans. However, the other multilateral and bilateral donors may consider graduation status for determining interest rate, potentially impacting the loan service costs.



For skilled and educated individuals in developed countries, Nepal could explore policies that allow them to work and earn in Nepal, potentially contributing to the economy and sharing their expertise. Additionally, efforts to attract foreign direct investment from Nepali diaspora and others abroad could further enhance economic growth and development initiatives in the country.

NEELAM DHUNGANA TIMSINA

Deputy Governor
Nepal Rastra Bank



Regarding the impact on trade preferences, the graduation might mean loss of preferential regimes accorded to LDCs, higher tariffs and more stringent rules of origin (ROO). However, as shown by few studies, the potential loss emanating from these provisions might be low.

More than 75% of Nepal's trade is concentrated on India and China, with exports significantly smaller than import. Historically, Nepal has not experienced significant benefit from multilateral trade preferences, thus, bilateral arrangements could be a strategic direction for gain after graduation.

However, the negative impact could be significant on export industries which are

already working on a small scale with high cost. These industries should be protected through other benefits from the government. Nepal's graduation requires strategic planning, effective implementation, commitment to policy stability and good governance to ensure a conducive investment climate to boost exports.

Rameshore Khanal: The amount of foreign aid that we receive from the international community is not that large. In the last ten years the amount of taxes collected has expanded a lot. The reason that taxes are not enough is because the government has increased the recurrent expenditure too much. But the notion that we cannot develop without foreign aid or the government cannot

function without foreign aid is not the situation we are in. The total absence of foreign aid will also not affect us too much.

Speaking on foreign debt, until or after 2026, as long as we are an LDC we should receive the corresponding loans. But as the nation's income increases, the debt we have from international multilateral agencies will have a corresponding interest rate. In times where the nation feels that we can build something that will have an eventual profit, and a lot of capital is required, we could be brave and take loans from these international organisations. We should not grow too dependent on low interest rate loans and foreign aid, and expect that we will always receive them. We should

follow the path a developing nation takes by improving the nation's psychology. One type of aid we can always expect to receive is humanitarian aid during times of trouble caused by natural disasters like earthquakes, droughts and floods.

How effective are the government's fiscal and monetary policies in addressing inflation and promoting domestic investment?

Nara Bahadur Thapa: As long as a country's fiscal policy does not focus on job creation, capital formation, human resource development, science and technology, a country



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will not receive any benefits from its fiscal policy. As we are below the production possibility frontier, our aim should be to pursue the above frontiers. That is not something I see happening, which is why Nepal has not received much benefit from its fiscal and monetary policy.

Neelam Dhungana

Timsina: The monetary policy and fiscal policy have both coordinating and independent roles to promote domestic investment in Nepal. In general, fiscal policy is growth focused while monetary policy has the primary role of maintaining internal and external sector stability.

In the current situation, monetary policy has ample room to support investment and growth due to the build up of foreign exchange reserves, abundant liquidity in the system and low inflation. However, raising business confidence and appetite for investment are key challenges to monetary policy as there is low absorption of credit by the private sector. Nepal's recent monetary policy has been able to contain inflation below its target and accumulate official reserves to cover more than a year's imports of goods and services. Under this condition, NRB has ample space for accommodative monetary stance to support economic growth. Thus, it should focus on creating a credible macroeconomic policy environment to support domestic and foreign investment.

On the other side, tax revenue is just enough to finance recurrent expenditure, imposing constraints on fiscal policy. However, there is still sufficient room to mobilise foreign debt for productive investment. Moreover, fiscal policies aimed at promoting domestic investment have included concessions and tax rebates, but their effective implementation has been elusive.

Rameshore Khanal: Due to the government's instability in terms of strategy, a lot of investments are facing risks resulting in future investment

chances decreasing as well. The policies of the government as a whole are not bad. Some of the policies that were working well were often changed, either through the budget or otherwise, often without prior warning which has created a climate of suspicion and distrust. To attract foreign direct investments or to incite investments inside Nepal itself the government needs to listen to the suggestions made by industrialists from the hydroelectricity, forest and many other sectors and make relevant changes. While we are not really weak as a whole there are many aspects that need to be cleaned up regarding policy.

Another thing is stability is necessary for policies, and they should not change again and again. If someone is taking advantage of something, it is not the government's role to put them in their place by changing the policies.

How does political instability in Nepal manifest in terms of implementation of policies, economic uncertainty, and investor confidence?

Nara Bahadur Thapa:

While it has its role, political instability is not the only factor that is a detriment to our economy. We had observed political stability during the Rana period, but we did not observe proportional development. Similarly, we were stable during the Panchayat period, which also did not see proportional development, especially in comparison with our neighbouring countries.

Constant political change rarely affects the economy if a country has a strong macroeconomic framework and a functionable monetary policy framework. This is why institutions and frameworks are very important in addition to political stability. Central Banks, Insurance Authorities, Securities Board of Nepal, all need to be independent and strong. If institutions for industries like civil aviation,

hotels and restaurants are created that can take care of various aspects of the industry and help regulate business in their own fields, a constant change in the government would not make a difference to their regular functioning. Since such institutions rarely exist, political instability makes a bigger difference. Countries with strong institutions and frameworks are not affected by political instability. While we made our constitution, we were unable to make strong economic frameworks or strong economic institutions either, which is why I believe the government has not been able to deliver and we have fallen behind economically.

Recently the fourth investment summit was conducted. There was one held in the 90's as well, other than the recent ones in 2017, 2019 and 2023. The one conducted in the 90's was extremely successful as they brought in Unilever and Dabur among others. One of the main reasons for FDI not being as successful in Nepal as in other countries is due to the existence of outdated bureaucracy that makes it necessary to get various licences and generally go through an unnecessary complicated procedure that deters the already sparse foreign investment. This regime of licences and prior approval needed to be updated before the investment summits. A good example of what to do is India. If we had a better framework, political instability would not really affect us. There is not enough effort to bring the system online, and even if it were successfully implemented, the process is so frustratingly complicated that it is a legitimate reason that deters businesses.

Neelam Dhungana

Timsina: It is evident from the low level of foreign direct investments in Nepal that political instability has manifested in low investor confidence. However, besides political instability, other factors also play crucial roles for investor confidence such as infrastructures, financial

development, level of digitisation, market size, skill of human resources, etc. Based on our experience, we can surmise that political instability has affected implementation of policies and has increased economic uncertainty. It is obvious that political parties have their own set of agenda and programmes according to political ideologies they follow. But implementation of policies related to economic development can be enhanced if all political parties come together to form a common minimum understanding on economic prosperity and development on the basis of the constitution of Nepal. Stable government can support formulation and implementation of policies by reducing economic uncertainty and enhancing investor confidence.

Political instability might contribute to the cost of doing business in several ways. It might affect starting a business, dealing with construction permits from soil tests to completion certificates, getting electricity, registering property, trading across borders, employing workers etc. However, longer term development plans, strategy papers, policies, and implementation of such plans and policies by bureaucracy, the stable government, can also help build investors' confidence. Furthermore, investors might also consider the global business environment viz., pandemics, supply chain disruptions, Russia-Ukraine War, Israel-Gaza War, etc. for exploring business opportunities farther from home. Nevertheless, with amendments having been made to major foreign investment related laws before the Investment Summit, Nepal is expected to attract more investments in the coming days.

Rameshore Khanal:

Political instability is not an issue for the economy on its own. Other countries also have governments in flux all the time. Some countries are similar to us in that there are the same few parties who come in and out of power, but they



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If Nepal is to graduate from an LDC in 2026, it will be the only country to not meet the income criteria and still become a developing nation. It is a very risky proposition with a huge question mark regarding if this is beneficial to Nepal.

NARA BAHADUR THAPA

Former Executive
Director, Nepal Rastra
Bank



are not known for political instability. In Nepal as soon as the government changes the institutional leadership changes. All the ministries have different leadership, including regulatory and implementing institutions. This constant change in leadership in public institutions results in important tasks remaining incomplete. We call this institutional instability. Instead of political instability, I would say that institutional instability is a more damning problem. The changes of political parties causing institutional changes causes the work these institutions do to remain incomplete. This causes a lot of problems for industrialists and regular citizens. The international community also brings up this

institutional instability as a reason for the lack of foreign direct investment.

What is the optimal level of foreign borrowing for Nepal, considering its current debt-to-GDP ratio and long-term economic goals?

Dikshya Singh: First, when we talk about public debt or expenditure, it needs to be understood that household (or individual) finance and public finance are not the same. Fiscal deficit is not always bad, it is an important tool to stimulate the economy. The term per capita debt has no economic

significance at all. There is no universally acknowledged threshold for the debt to GDP ratio that is considered safe or reasonable as the 'safe level' is subjective to the situation of the country. Nepal's debt to GDP ratio at about 43% is neither big nor unsustainable but the rapid growth rate in the last few years and the reason behind that expansion is definitely a bit alarming. The size of the debt itself is not a concern but whether the borrowed amount is being spent on productive activities is what matters. At present, the government is borrowing to meet the recurrent expenditure needs not solely to finance capital expenditure, which is definitely worrisome.

Moreover, most of the narrative when it comes to

public debt is dominated by fear of Nepal being under the debt-trap of some foreign country or multilateral agencies. The external borrowing of Nepal is being done at concessional terms with low interest rate and longer payback terms. The rise of domestic borrowing should be more concerning as higher domestic debt tends to increase real interest rates and have wider implications on the economy beyond public finance.

Neelam Dhungana

Timsina: There is no single, universally accepted optimal level of foreign borrowing. The optimal level of debt differs from country to country depending on various factors such as foreign exchange reserves, export situation, remittance, inflation along

with economic growth and political stability. As for Nepal, maintaining a debt to GDP ratio of 45% is generally regarded as manageable and sustainable. In FY 2023/24, the debt to GDP ratio is 42.38% (foreign debt 21.68% of GDP) which is moderate compared to many other countries. However, the rapid growth of debt in recent years, especially of domestic debt has increased the debt servicing costs and put a strain on the budget.

It is thus important to encourage domestic savings and channel the foreign loans towards productive investments in Nepal. Nepal has a lower domestic savings rate compared to its neighbouring South Asian countries. Domestic savings as a percentage of GDP in Nepal is approximately 7.4%, whereas it is 21.4% in Bhutan, 25.6% in Bangladesh, and 29.2% in India. This disparity might seem alarming, but it's important to note that many Nepali citizens work abroad, and their income isn't reflected in these figures. However, a significant portion of income is typically spent on consumption, and there's a tendency towards conspicuous consumption. Moreover, Nepal's high imports compared to exports indicate that much of the consumption leaks into the foreign economy.

To redirect domestic savings into productive investments, Nepal must overcome several structural barriers. There is a notable lack of entrepreneurial capacity among Nepali citizens, coupled with an absence of a conducive environment to foster such activities. Additionally, financial sector development and inclusion, promoting financial literacy and various fiscal incentives and policy stability could create a favourable investment climate.

Nepal may not face significant debt issues in the mid-term if it consistently achieves its targeted economic growth, investing in human capital and infrastructure raising the productive capacity of the economy. To sustain a high debt-to-GDP ratio effectively, Nepal must prioritise prudent fiscal management by eliminating wasteful

expenditures and enhancing revenue administration efficiency. These measures are crucial for managing debt sustainability.

Rameshore Khanal: The debt per capita does not have any importance. What we need to compare is the revenue that that country generates to the debt accrued. If the debt is more than the annual GDP then we need to be worried. Our debt to GDP ratio at the moment is around 44%. This is very good compared to other nations in the South Asian region. So, to understand the ratio we need to know the taxes levied throughout the year and especially our foreign reserves as that are what we would have to use to pay back our debts. Considering these factors, we are known as a debt solvent country, or a country which is capable of paying back their dues. Legally we have mandated that the debt to GDP ratio should not cross 33% according to the Public Debt Management Act. So, we should not be in much of a desperate situation. In a situation where we may need to spend beyond our means, due to a disaster or a pandemic, we are in a position where we can avail some more loans.

How does Nepal's position of having to balance relations with India and China affect the economy of the country?

Nara Bahadur Thapa: If the incident at Galwan had not taken place, Nepal would be in a much better place economically. The skirmishes between the countries have led to the relationship between the countries souring immensely. This does not really affect either country too much, but the effect on Nepal is tremendous. Companies like Huaxin Cement came to Nepal in lieu of the 2017 Investment Summit before the Galwan incident, which has resulted in Nepal becoming self-reliant in the cement industry. If we had been able to get Chinese funding for Nepal's hydroelectricity plans, we would

have been self-reliant in four months. China is one of the world's biggest economies, to the point that they are desperate to invest. India is growing but has not reached the level of China just yet. We should, however, learn from how the current Indian government is dealing with Russia and the USA and keeping them both equidistant. A better example would be how Bangladesh deals with both India and China. Nepal needs to create a climate where both our neighbours want to invest in our development.

Neelam Dhungana Timsina: The open and transparent relations of Nepal with India and China could avoid doubts of both neighbours. For this, we could focus on economic relations, especially on trade, tourism and investment. The non-discriminatory policies towards businesspeople and investors of both neighbours should be ensured to enhance trade and investment as well as trust and credibility of the country. China is the world's second-largest economy, and India is one of the fastest growing emerging market economies being the fifth-largest one. Nepal is a relatively small economy compared to both India and China. Being neighbours, India and China can offer distinct advantages to Nepal from trade and investment and potential transit routes. Recently, Nepal's tourism sector has also become increasingly dependent on these neighbouring nations. Therefore, I see numerous economic opportunities for Nepal. The key lies in effectively harnessing the opportunities of neighbours for economic and social benefit.

Rameshore Khanal: If we are able to properly navigate this situation, we have the two biggest markets in the world as our neighbours. If we were to produce enough and start exporting then we have access to two population demographics, each in the billions. On the other hand, if we are unable to satisfy their security and other concerns then our desires of development may not be realised. An example could be the Lumbini

airport or the Pokhara airport. Due to political problems, they cannot work to their full limit. India is concerned about giving a Chinese funded airport access to airspace. Some industries that had the opportunity to be set up in the Terai with Chinese funding have been met with objections from India. Our dreams for development have to go alongside cooperating with India and China. There are opportunities for profit as well as detriments.

How can citizens be part of the conversation about fostering new industries and job opportunities to reduce loan burden and remittance dependence?

Nara Bahadur Thapa: In countries like India, if there is a new discovery it is immediately added to the syllabus. A lot of colleges have discussions based on the topic. There are always conversations going on around the country. Information regarding matters of national importance is disseminated throughout the country through a variety of channels so that the citizens are always intimately aware of economic policies, industry policies, etc. The mediums through which such matters are brought to the ground are through schools, colleges and the media. This happens in Nepal as well, but not to the degree it should. Citizens in Nepal are not as aware as many other democracies. Voting is not the only thing we should be beholden to. We have not reached a stage where we vote based on what the political parties are going to do if they win.

Neelam Dhungana Timsina: Nepal faces challenges with entrepreneurship and managerial skills due to brain drain. A proportion of skilled individuals have migrated to developed countries, while another segment of the youth population has moved

abroad for low-skilled jobs in Gulf countries. To foster new industries and job opportunities, Nepal needs a nurturing and enabling conducive investment climate to create meaningful jobs for the youths. Creating such an environment is a gradual process that requires concerted efforts to develop local talent, improve education and skills training, and create attractive opportunities for skilled individuals to stay or return to Nepal. Addressing these challenges is crucial for sustainable economic growth and reducing the impact of brain drain on the country's development prospects.

Nepal can initiate by organising its agricultural sector, investing in necessary infrastructure, and promoting agro-based industries that process agricultural products. This approach aims to retain low-skilled workers who might otherwise migrate.

For skilled and educated individuals in developed countries, Nepal could explore policies that allow them to work and earn in Nepal, potentially contributing to the economy and sharing their expertise. Additionally, efforts to attract foreign direct investment from Nepali diaspora and others abroad could further enhance economic growth and development initiatives in the country. These strategies could help mitigate the effects of brain drain and leverage the skills and resources of Nepali individuals both domestically and internationally.

Rameshore Khanal:

The leadership for this is something that the government needs to take. The citizens or industrialists cannot create a government-business compact with much effectiveness as they are not one singular body. The government has tried to create such forums from time to time. The investment summit was one such medium of discourse. There were both foreign and domestic investors present.

Since the government is so prone to change there is no stability to creating a compact with the national level. Citizens should be close to their municipal governments.

A compact is more possible at this level. The reason such forums for dialogue don't exist is because of the political instability and the parties not having a set agenda.

The coalition governments are not strong enough to establish these avenues for dialogue between citizens, businesspeople and the government which is very important for the development of the nation. Each of these actors are necessary. Collaboration between the public and private sectors is necessary for large projects like building dams as the private sector can bring the necessary capital and expertise. This is not happening due to mutual distrust between the private sector and the government, as they both expect the other to try and keep all the profits for themselves.

Does foreign investment offer opportunities for skill development, career advancement, and competitive wages?

Dikshya Singh: FDI could be an important tool propelling much needed structural transformation in Nepal that would shift resources to sectors with high productivity and ability to create mass employment. FDI in the manufacturing and services sector would definitely expand the existing employment opportunities. Firms with FDI are more professionally managed, use better technology, and are highly likely to be integrated with the global value chain. So, these firms not only bring in capital but also other advantages such as technology transfer and market access. Relationship between FDI and wages is a bit complex as in some countries FDI has lowered wages in the sectors and regions where bargaining power of labour is low. Impact of FDI on wages varies depending on the sectors and the skill levels of the labourers. Understanding these dynamics is crucial for policymakers aiming to maximise the benefits of FDI

while mitigating its potential downsides.

Nara Bahadur Thapa:

The most important path to resolve this is through education. The government needs to continuously invest in education and human resource development. While the top-level positions of many institutions may be held by foreigners, it is also a positive thing. They also give us the opportunity to learn from them. There should not be any push towards not having foreigners, as they bring a lot of positives as well.

Neelam Dhungana

Timsina: Foreign investments can create both high and low-wage jobs, directly or indirectly. Foreign establishments in Nepal do also offer various opportunities for skill development, career advancement and competitive wages. With a view to have transfer of advanced technology in Nepal that can translate to skill development, career advancement, competitive wages and a pathway from decent-paying jobs to advancement for Nepal workers, Nepal has been open in attracting technology transfers along with foreign investments since September 30, 1981 with enactment of Foreign Investment and Technology Related Act, 2038 BS, later replaced by Act of 2049 BS and now effective Act, 2075 BS. Moreover, the Act has the provision to give employment priority first to Nepalese citizens and only if a suitable Nepali candidate is not available, foreigners can be employed.

Rameshore Khanal:

In terms of cost itself, if a person of a similar skill level is available in Nepal, a foreign company will not bring a more expensive worker from abroad all the way to Nepal. The most important thing is skill. If the skill is not available, it is not enough that people are here. If a qualified person is available then there is no reason to bring in someone from abroad. The biggest example is the banking sector. In the past even mid-level employees were brought in from abroad. Nowadays,

even the top level is made up of Nepali people. Similarly in the IT industry. Forcing unskilled Nepali to work somewhere will hamper a company's growth. These foreign companies also create a lot of tertiary jobs and ancillary businesses. It is important to consider if these companies have created an ecosystem of jobs.

How would you rate us on preparedness on the potential impact of Artificial Intelligence on specific industries in Nepal?

Nara Bahadur Thapa:

Nepal's preparedness is not good. I say this because technology is imported through institutions and not individuals. I would attribute India's massive growth to the establishment of good institutions in the past, whether it be universities or research institutions. It is through these institutions that citizens get the opportunity for skill development. These institutions were not established in Nepal, and the sparse few that exist have been weakened due to it being politicised. There is politics in India as well, but not at the level of learning, either in school or colleges. In Nepal, there is politicisation from NGOs to Cooperatives to Schools. For development in skill and technology, institutions are required. If cooperatives were strong then there would be great development in farming. The research centres in places like Khumaltar and Lumle exist but are not as effective as they could be.

Concerning AI, it will look like it is taking away jobs for the beginning but eventually, it will end up creating more jobs. I also believe that it will free us from many menial jobs that are still dependent on humans. That is why I believe the apprehension people have for the technology is only temporary. I believe it will play a huge role in reforming the systems of governance and will help raise the standard of living for all humans. We cannot close down hospitals because the Jhakris will lose their jobs.



Nepal's debt to GDP ratio at about 43% is neither big nor unsustainable but the rapid growth rate in the last few years and the reason behind that expansion is definitely a bit alarming. The size of the debt itself is not a concern but whether the borrowed amount is being spent on productive activities is what matters.

DIKSHYA SINGH

Programme Coordinator,
South Asia Watch on
Trade, Economics and
Environment (SAWTEE)



Neelam Dhungana

Timsina: In recent years, Nepal's IT industry is showing IT competence of Global standard and growing rapidly generating noticeable revenue for the country. As of today, it is well predictable that education, health care and financial sectors will be mostly impacted by AI showing transformational results with AI powered HR, enhanced diagnostic and health care, improved customer service and fraud detection. Government should encourage AI related education and adopt liberal policies to implement AI based initiatives. We are in the initial stage of adoption of AI technology. For example, Banks are using 'ChatBot' for customer services.

Rameshore Khanal: At the governmental level there is not much preparation as far as I can see. In the private sector, especially in youth entrepreneurship, it is definitely causing a buzz. But compared to the global scene there is not enough work going on, either in research or development. A lot of foreign countries see governments investing in such technology which is definitely not taking place here. I believe that if the government creates an enabling environment, then the public sector is prepared.

How does the banking sector's instability affect access to credit for individuals and businesses?

Nara Bahadur Thapa:

Banks and financial institutions are financial intermediaries for savers and borrowers. They are simply mediums for capital to move around and accumulate. For the economy to be healthy, for the country to develop, for job creation, the financial health of these intermediaries is important. Currently, the state of these financial intermediaries has reached a point where the state needs to intervene to strengthen them. The reason the country's economy is stagnating is in some part due to the country not having a vision for what areas these financial intermediaries need to work in, what kinds of policies need to be implemented and what institutions need to be established.

The reason that the government may have to get involved in our open-economy is because our regulators have become weak, both for banks and cooperatives. They should have been working more effectively. The reason that the microfinances, cooperatives and banks are in trouble is because of the regulators not being committed to their work. The banks have not completely drowned yet because Nepal Rastra Bank is still alive. But it is not strong enough to make sure that there is adequate development happening in the banking sector. Recently, with the corruption exposed in certain cooperatives all that ended up happening was some drama, where the most that happened was a report being

created which will inevitably remain on a shelf, not bringing any actual solutions. Regulators should also be held accountable for negligence.

Recently we went into the Universal Banking Business Model, which has not been able to deliver as expected. The mergers of many necessary banks have caused many issues as well. There were around 88 development banks, the number has now decreased to 17. This has ruined entrepreneurship. Startups do not require loans in the billions. The institutions that adequately financed startups merged with larger institutions that only deal in the billions, leaving startups with no options to get financing from. These mergers and acquisitions are a lot like having all of your eggs in one basket. The banks had reached a certain point where they were essentially playing Dhukuti. If Rastriya Banijya Bank had not joined the IMF's programme it would have been in the same position as many of the cooperatives currently. The Rastra bank has to focus on entrepreneurship and the development of the private sector.

To make the financial intermediaries strong, financial auxiliaries like Asset Management Companies are required to repair the balance sheets of banks by liquidating assets so the bank can have capital. Another auxiliary necessary are Business Development Service Providers. There used to be a few but they have closed now. Without BDS's SMEs don't generally get financed, Venture Capitals and Startups cannot get financed properly. There should be places to get loans on the basis of movable assets like vehicles. Provisions exist but they need to be more defined. The Credit Information Bureau has provision for this but does not receive much mileage.

Neelam Dhungana

Timsina: Nepal Rastra Bank (NRB) is deeply committed to increase the access of financial service and public confidence towards the banking and financial system. These goals are fundamental objectives of NRB outlined in the NRB Act.

To maintain financial stability and safeguard public deposits, NRB issues directives to banks and financial institutions which are based on international best practices and norms of banking. The banking sector operates under close supervision and regular monitoring of NRB in accordance with these directives. In the recent scenario, the major indicators of banks such as capital adequacy, CD Ratio, Liquidity, etc are as specified by NRB. This regulatory framework has fostered a climate of trust among the general public regarding the safety of banking services. Over the past eleven months, deposits in financial institutions have grown by 9%, while private sector credit has increased by 5.1%. Year-on-year, deposits have risen by 12.6% and private sector credit by 5.6%. Despite reduced interest rates in financial institutions, the rise in deposits reflects public confidence in the banking sector.

Mergers and acquisitions are viewed as crucial strategies to enhance the efficiency and performance of the financial industry, thereby improving financial indicators. The merger and acquisition bylaws 2073 had the aim of strengthening the financial, human, technical, and overall capabilities of financial institutions to safeguard clients, investors, and stakeholders. Mergers have predominantly contributed to operational growth rather than resulting instability.

Regarding recent issues in cooperatives, the concerned regulatory bodies of cooperatives are actively addressing these challenges and working to restore public trust in the cooperative sector.

Rameshore Khanal: As a whole, saying that the situation with the banking systems is bad is incorrect. Compared to the past it has definitely declined, especially in terms of the property. There is an increase to the amount needed to provision, and a prediction that profits are going to decrease because the quality of the property has decreased. Compared to our neighbouring countries, the situation is not so bad. While it

might not have improved to the scale we hoped it would, it has definitely increased. The bank's property has not decreased, the amount of money in the system has definitely increased.

Cooperatives have definitely suffered due to many oversights. Especially due to the institutions not giving enough care and attention, with many bad investments being made, cooperatives have reached a breaking point, but not to the point where they would endanger banking systems. The government has not done enough to resolve the situation yet but it will take some time. As a whole I would have to say that the banking systems are doing well.

The mergers were prompted because individual banks did not have the capital to sustain themselves. It did however work towards some detriment because well-functioning banks had to merge with subpar banks and take on their mistakes as well, solving which took time and resources away from the innovation they could be achieving. Thus, this has put some doubt on the effectiveness of this policy.

A significant portion of Nepal's workforce operates in the informal sector. Can this sector be formalised to some extent, creating tax revenue for the government and providing social security benefits for workers? Are there innovative approaches being considered to improve working conditions and provide access to credit for informal businesses?

Dikshya Singh: The narrative that informal is bad and formal is good is not entirely correct. Informal jobs are providing income opportunities to the section of the population that could

have been left out of the labour force. In Nepal, almost 85% of the workforce is employed informally and 90% of women in the workforce are informally employed. Even in terms of paying taxes, although informal workers may not pay direct income taxes, they contribute to government coffers while buying any goods and services in the form of indirect taxes, such as VAT, customs, excise etc. Having said that, it is also important to recognise that informal workers lack protection from labour laws and any other forms of social protection afforded to formal workers. Hence, informal workers are more vulnerable to losing jobs and have to work in unsafe and unhealthy working conditions, and work in low-skill, low-paying jobs with irregular working hours. Since it is practically not possible to make all the jobs formal, as there are reasons why workers choose to remain informally employed (that is, daily wage or piece-rate basis), efforts need to be made to improve existing conditions of the workers. Policies that incentivise the businesses to instil a better working environment could help protect the workers too. Provisions to encourage workers to come under the social security coverage, irrespective of the nature of employment would be useful in protecting workers' welfare.

Nepal Economic Census reports that almost half of business establishments in Nepal are operating without being registered — meaning informally. A study by the Central Department of Economics, TU estimates the size of the informal economy to be equivalent to 43% of Nepal's GDP. Informal economy does not stand alone afar from the formal and the lines between formal and informal sectors get blurred as these sectors get integrated at various stages of production networks. Businesses operate informally as the cost associated (real or perceived) with becoming formal is higher compared to the benefits accrued. Remaining informal may accrue some benefits such as not having



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to pay taxes or fulfil all the compliance requirements but it also means these businesses will be excluded from facilities provided by the government. In addition, informally operating firms will find building credit worthiness difficult as they rarely maintain systematic accounts and have limited documentation available to show the soundness of their businesses. Operating informally limits the possibility of upgrading for many businesses and they remain micro or small. One of the effective ways to convince businesses to get registered could be to simplify the registration processes and reduce compliances. For micro enterprises, taxes may not be an issue as the Government of Nepal exempts micro enterprises from income tax for seven years and women-led micro enterprises are exempted for 10 years.

Nara Bahadur Thapa:

The informal sector does not have social security. As more of the informal sector is formalised more people end up more secure. The transparency of organisations increases as they are formalised. The effectiveness of policies created by the government to secure citizens goes up as well. The taxes collected by the government may go up as well. What will definitely happen is that the more accurate data that formalisation entails will help in drafting policies and budgets. These things can only be drafted on the basis of the formal sector. Thus, formalisation is a necessary step for the development of the nation, social security and justice, functioning of the systems, and effectiveness of policies.

Neelam Dhungana

Timsina: The National Economic Census Report 2018 shows about half of the establishments are not registered businesses. This shows there is still a huge prospect for formalisation of businesses in Nepal. However, the formalisation of businesses should be done through a plan as a gradual process. At least,

the process should not dampen the earnings of people.

The substantial existence of the informal economy might be caused by several constraints i.e., geographical barriers, limited access to government services, bureaucratic hurdles, and a tendency to evade taxes. However, there's an opportunity to formalise the informal sector by leveraging digital services, which can streamline procedures significantly. Digital payment systems, for instance, can aid in tracking informal businesses.

To transition informal sectors into formal channels, the government can create a favourable and simplified environment, initially focusing on incentives rather than from a revenue source perspective. This approach could involve tax exemptions for very small businesses in the early stages, while implementing regulations that ensure social security benefits for employees. This strategy aims to encourage informal businesses to register formally, thereby enhancing overall economic transparency and inclusivity. Further, there should be a seamless cooperation between three levels of government to bring the informal sector to formality through incentives and social benefits.

Rameshore Khanal: Most country's revenue to GDP ratio is at around the 25% mark. Ours is not much different. If someone says that we are losing a lot of taxes to the informal sector they would be wrong. The character of our economy ensures that around 40 to 50% will be informal. This happens because 24% of our revenue comes from farming. These large amounts of farmers consume their own produce which is a substantial amount of consumption not counted in the GDP. Only around 30% of people in Nepal live in the cities. A lot of the business conducted in these villages, with 70% of the population, are outside the tax net. If it is below 50 lakhs it is not included in the VAT. A lot of small businesses need to only pay presentive taxes. So, a lot of businesses will foreseeably remain informal

without much effect on the tax collected. To make sure that each and everyone receives the advantages and security that comes with being registered, an effort must be made to formalise more businesses.

What kind of effects will the concentration of wealth in Nepal cause?

Nara Bahadur Thapa:

This concentration of wealth will have a political, economic and social effect. Politically the systems get captured by those with wealth power resulting in political systems getting defunct. Economically there is a danger of policies being made solely to cater to these people. The level playing field will not exist as more and more systems are changed for the profit of the elite. There may be a regulatory capture where the policies are not made any more for the benefit of the citizens but rather for the vested interest a select group of people have. Socially, this type of inequality is unacceptable. This will result in issues related to law and order and social unrest. Obviously, society will never be 100% fair, but it can be fairer. Some individuals have become richer by not paying taxes, getting favours from the government and generally exploiting the masses. A lot of people abuse and misuse the system. This happens because the richer the person the more likely to receive loans, which is wealth the public accumulated. Such systems benefit the rich as they get richer, but such systems do not help society as a whole get more prosperous. It is the state's responsibility to take care of such matters as well.

Neelam Dhungana

Timsina: Nepal Rastra Bank (NRB) has directed financial institutions (BFIs) to focus their lending on specific sectors and underserved groups with the aim of supporting productive sectors and improving conditions for marginalised groups. To promote lending diversity, NRB has set a Single Obligor Limit (SOL) restricting BFIs from lending more than

25% of their primary capital to any single individual or entity. Additionally, NRB has defined sector-specific lending limits to prevent over-concentration in any one sector of the economy. In its regulatory role, NRB ensures that BFIs diversify their lending across various sectors rather than concentrating it among a few individuals or sectors.

Based on macroeconomic and financial data from the first eleven months of 2080/081, 12% of total outstanding credit by BFIs is secured against current assets, while 68.5% is secured against land and buildings. This indicates the collateralisation of loans disbursed by BFIs.

Furthermore, NRB has introduced stress testing guidelines mandating BFIs to conduct stress tests quarterly and report the results to NRB. These stress tests include scenarios that assess credit risks, which also includes downgrades in large exposures. Stress tests help evaluate a bank's resilience to adverse future scenarios, facilitating internal improvements and ensuring risks are communicated effectively within the bank and to the regulator.

Rameshore Khanal:

In a wider sense this is the phenomenon known as wealth concentration, in this specific narrow sense it is known as credit concentration. Banks have been giving a large amount of loans to specific individuals and families. These are not given as a personal transaction but through the organisations they represent, but there is generally only one person or family who holds the majority stake in such organisations. I would say around 20% of these people have been availing around 80% of the loans in Nepal. This is not good for any country. This access to finance is something that Nepal is weak in. There have been provisions created to reduce related party lending and make loans more equitable, without which the inequality is only bound to increase more and more. **B**



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Gender Equity Must For Business

GENDER EQUITY IS NOW SEEN NOT ONLY AS AN ETHICAL CHOICE BUT ALSO AS A SMART BUSINESS MOVE



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

Diversity drives the world. Our planet earth is populated by persons who are unique in themselves. It is almost impossible to come across two persons, male or female, who are carbon copies of each other either in looks or behaviour. It would not be wrong to state that this diversity sustains our planet. Everyone has a role to play. Thus, we complement one another.

If diversity is so significant for our very existence, then how can business remain untouched by this phenomenon? Like most other commercial professions and activities business too has been dominated by males. For a long time, women were few and far between on the business canvas. But things are changing in favour of females, at least, in the advanced world. Other countries are trying to catch up. Gender equality is the current catchword.

Though Nepal has a law against discrimination on the basis of gender, presence of women in the corporate world is far from heartening. No data is available on the subject. One reason could be the feminisation of agriculture in the country. As more and more young males either migrate to other countries for carving out a better future or head to urban

centres, women have been forced to take up agricultural activities. The female talent pool is bound to shrink in such a scenario.

Though neighbouring India too does not compare well with the West, it has been including women in business corporates quite briskly. The percentage of white-collar women employees is likely to reach 38% by the end of 2024 from 35% in 2022. Titan of Tata group had 28.6% females in 2023 against 26.9% in 2022. The company is targeting 35% female headcount by the end of 2024. Tata Steel, Pepsico and Airtel are on the same path. The tech sector leads in employing women in leadership roles and fast-track careers. Telecom operator Bharti Airtel is moving towards an inclusive

balance in the senior leadership of 40% of all businesses in the last two years. It is estimated that this lapse has caused 2.1% loss in profitability increase.

There is no gain saying that innovation helps businesses save time and money. It not only provides a competitive edge but also time to balance personal and professional lives. It has been found that inclusive teams are better at decision-making. According to a report in Business Victoria, "Different life experiences generate different insights, perspectives and approaches, removing bias and leading to innovative thinking... If increasing business performance is part of your 2024 business plan, don't miss out on the opportunities that introducing more women into your team can bring."



and gender-neutral workplace culture. Gender equity is now seen not only as an ethical choice but also as a smart business move. No wonder, that the theme of this year's International Women's Day is 'Invest in Women: Accelerate progress'. Let us probe how gender equity benefits business.

Gender equity is a key ingredient for improving the bottom line of businesses irrespective of their nature and domain. Research data shows that gender balance fetches stronger business profits. The US has not witnessed gender

knowledge and productivity. Add to that the hiring cost of replacements. All that will mean critical loss to the company.

Research by USA's Virginia-based Society of Human Resource Management suggests that the total costs associated with employee turnover can range between 90% and 200% of their annual salary. Introducing practices that support gender equity will go a long way in retaining talented employees.

Research from Charlesworth, Hall and Probert asserts that having gender-diverse strategies in place boosts a business's reputation. Studies show that women are often influential when it comes to making purchasing decisions. "Regardless of your industry, more employees that reflect your customers — such as women, even in heavily male-dominated industries — will only improve your business' reputation," Business Victoria states.

However, the Harvard Business Review says that there is no research to support the notion that diversifying the workforce automatically improves a company's performance. The reputed journal states: "To fully benefit from increased racial and gender diversity, organisations must adopt a learning orientation and be willing to change the corporate culture and power structure." This is a big rider. We need to abide by HBR's advice if we want to extract the best from gender equity. **B**

It has been seen that gender equity enables corporates to attract more talent. The new generation prefers companies that actively develop and maintain a diverse and equal workplace. Thus, gender equity provides you a bigger, better and diverse talent pool.

Putting gender equity in practice helps companies to retain good human resources because it demonstrates how corporates value a range of perspectives, experiences and talents. Loss of experienced managers impacts specialist



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MIGRATION

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Text: Pushpa Raj Acharya

The uncertainties in the country following the Covid 19 pandemic and economic slowdown have led to rampant outmigration. Data reveals that around 2.5 million people have migrated for foreign employment and higher studies in the last three years.

“The reason behind this exodus is the lack of opportunities and also the uncertainties in the country. Most of the youth aspire to leave the country at the earliest possible,” says Gagan Thapa, member of parliament, adding, “I have never seen so much of pessimism in the society before.”

About six years back, the government had announced

that it would come up with policies that would put an end to the compulsion of people having to migrate to seek foreign job opportunities within five years. With the focus on work and employment, the fiscal budget of 2018/19 vowed to create 500,000 new jobs within a year through the implementation of various programmes. One among them was the introduction of the Prime Minister Employment Programme which had been allocated a significant amount of fund. The programme has continued in the subsequent years, however it has failed to create the desired impact due to the failure to execute it effectively.

The Prime Minister Employment Programme was initiated to create more employment opportunities within the country in order to gradually develop a scenario whereby Nepalis would not have to seek foreign employment. The programme had envisaged to create employment opportunities ranging from commercial agriculture to irrigation, drinking water, river training (control), forest, tourism, transport infrastructure and other public construction sectors in all three tiers of the government.

The fiscal budget 2018/19 was significant as it prioritised work, employment and entrepreneurship. Despite this

focus, the government, with its two-thirds majority at the time, could not make a substantial intervention.

A favourable environment for private sector development and encouragement of entrepreneurship have been announced several times before. However, the prevalent political instability has stifled opportunities in the country. The single-party majority government led by former Communist Party of Nepal (Unified Marxist–Leninist) Chair, KP Sharma Oli, took initiatives to create opportunities in the country. History repeats itself, as Oli has been reappointed prime minister with the mandate to address the growing pessimism



in society and create hope and opportunities.

It may be too early to form an opinion on the new government, but it faces a herculean task in creating employment opportunities within the country, however, contradictorily, it has been looking for new avenues for Nepali foreign job seekers. The Ministry of Labour, Employment and Social Security (MoLESS) has signed agreements with a few European nations for foreign

A paradox

The government, on one hand, has been expressing commitments to create job opportunities within the country, however, contradictorily, it has been looking for new avenues for Nepali foreign job seekers. The Ministry of Labour, Employment and Social Security (MoLESS) has signed agreements with a few European nations for foreign

Migrant workers in various destinations

Country	Nepali Migrant Workers
Malaysia	999,682
Qatar	941,897
Saudi Arabia	779,898
United Arab Emirates	575,204
Kuwait	149,624
Oman	46,858
Cyprus	12,296

(Source: Department of Foreign Employment)

employment opportunities. In October last year, Nepal signed a labour pact with Romania and Germany. These are the first formal labour agreements with European nations. The government is preparing to sign labour pact with Portugal, Malta, Poland, Spain and Croatia, among others. The government has said that it is an attempt to diversify the labour destinations.

Ghanshyam Upadhyay, Secretary at the Ministry of Labour, Employment and Social Security, has said that the government is exploring new destinations that are more secure, have decent working environment and where human and labour rights prevail. “Our ultimate target is to create job opportunities within the country, but until that time it is duty of the government to explore better destinations for aspiring foreign job seekers,” he says.

Upadhyay further adds that the government has been emphasising on sending skilled and high-yield labour force to Europe and other countries of Asia such as South Korea, Japan and other potential destinations. Since the introduction of EPS (Employment Permit System) in Nepal in 2007, more than 100,000 Nepali workers have got the opportunity to work in South Korea. Last year alone, 20,000 people had the opportunity to work in South Korea. Likewise, nearly 2,529 Nepalis are working under specialised skilled work visa

Flow of remittances over the years

Fiscal Year	Remittances (Rs in bn)
2013/14	543.29
2014/15	617.28
2015/16	665.06
2016/17	695.45
2017/18	755.06
2018/19	879.27
2019/20	875.03
2020/21	961.05
2021/22	1007.31
2022/23	1220.56
2023/24*	1327.51

(Source: Nepal Rastra Bank/*11 months of 2023/24)

in Japan. Also, even without any formal agreement, the number of migrant workers going to Europe has increased significantly in recent years. Secretary Upadhyay says that labour agreements with European nations will not only open new avenues but also streamline the labour rights of those already working in these countries.

Dismal effort

Despite MoLESS’s focus on skilling potential foreign workers, overall efforts to develop a skilled workforce remain inadequate. Nepal faces a shortage of even semi-skilled workers like plumbers, electricians and hairdressers. This gap is filled by Indian migrant workers. The Vocational and Skill Development Training Academy, under MoLESS, struggles to meet the job market’s demand for skilled labour. “Effective

monitoring and supervision are crucial for success,” says Rajendra Bhandari of the Nepal Association of Foreign Employment Agencies (NEFFA).

Remittance: Boon for Nepali economy

Remittances are seen as a boon for Nepal’s economy, consistently greasing the wheels by fuelling imports and providing macroeconomic stability. This has bolstered the economy’s resilience against internal and external shocks. Barring major turmoil in labour destinations, remittance flows are likely to keep rising. It has improved the quality of life for recipient households and spurred economic activity. Returning migrant workers, equipped with skills and capital, are increasingly embracing entrepreneurship. “Nepal may prioritise foreign employment for years to come as there is no reliable alternative,” says Pitambar Bhandari, Assistant Professor, Department of Conflict, Peace and Development Studies, Tribhuvan University, adding, “Policymakers have not considered a scenario without remittances.”

Experts believe promoting foreign employment can reduce youth dissatisfaction, a potential cause of unrest, and ease pressure on public services. Remittances have surged, with inflows in 2023/24 being two and a half times higher than in 2013/14.

Reality remains that with growing political and economic instability in the country, migration remains a compulsion. Experts are of the view point that even if there was a choice, perhaps, the youth would still continue to leave as the country shows no improvement or commitment across parameters of good governance, opportunities and innovation. **B**

Migrant workers in Europe

Country	Nepali Migrant Workers
Poland	8,249
Romania	24,636
Turkey	4,309
Malta	10,352
Portugal	1,952
Germany	248



LEGALISATION OF MARIJUANA

Nepal Contemplates Pros & Cons

Text: Pushpa Raj Acharya

With many people now in favour of legalising the cultivation of marijuana in the country, policy makers have begun giving strong consideration to it. The fiscal budget 2080/81 has announced conducting a feasibility study of cannabis cultivation for medicinal purposes. Some years back, a group of lawmakers had registered a motion of urgent public importance in the parliament to legalise cannabis cultivation citing that the high value commodity had tremendous potential for cultivation across Nepal. They claimed that Nepali farmers

could have a regular source of income through cannabis farming. Though the Cannabis Farming Regulation and Management Bill has been registered in the parliament it has not yet been discussed on the parliamentary floor. However, it has strongly sensitised policy makers about the possible benefits of the commodity.

Cannabis-tourism in Nepal: Popular destination for hippies

Historically, marijuana trade was open in Nepal and the country was popular for cannabis tourism in the 1960s. Kathmandu was a popular destination for hippies and

marijuana traders then used to sell different varieties of marijuana by obtaining licence from the government.

Later, western countries started a debate to ban cannabis categorising it as an illegal drug. Subsequently, the United Nations banned cannabis, endorsing the resolution in 1961. The resolution considers cannabis as harmful for human health and a commodity of no medicinal importance. Thus, cannabis cultivation and associated businesses were restricted across the world.

However, Keshab Acharya, a senior economist, narrates a different story as to why

cannabis was banned in Nepal. "Personnel enlisted in the United States Army used to consume excessive marijuana during the Vietnam War and cannabis was blamed for the huge losses the US had to suffer at that time," he shares, adding that the US government then decided to restrict the cultivation and sale/export of marijuana. "The US government then approached Nepal and proposed to provide grants if Nepal considered restricting cultivation and trading of cannabis," he says, adding, "Nepal, thus, agreed to restrict cannabis and enjoyed overwhelming grant support from the US government."

Against this backdrop, cannabis cultivation remained banned for a long period of time. Again, in December 2020, the 53 member states of the Commission on Narcotic Drugs – the UN’s central drug policy-making body – voted to remove cannabis from that Schedule, where it had been placed for 59 years, and to which the strictest control measures apply, that generally discouraged its use for medical purposes. Since the Commission on Narcotic Drugs has opened the door to recognising the medicinal and therapeutic potential of marijuana, countries including Nepal have started adopting soft measures for the cultivation of cannabis and moving towards opening up restrictions.

However, it should be noted that the use of marijuana for non-medical and non-scientific purposes will continue to remain illegal. Nepal’s Narcotic Drugs (Control) Act of 1976 classifies cannabis/marijuana as a narcotic drug and restricts its cultivation, production, preparation, purchase, sale, distribution, export, import, trafficking, storage and consumption. To permit cultivation, the law must be amended.

Initiatives to legalise cannabis cultivation

Cannabis has remained banned in Nepal for 59 years due to the strict control measures adopted by the United Nations expect for medicinal purpose and scientific research. But the government has been taking some initiatives to gradually open up. Along with the registration of the bill, and the announcement made by the fiscal budget 2080/81 to conduct feasibility study of cannabis cultivation, the government has released a research paper titled ‘Legalisation of Cannabis Cultivation in Nepal: Potential and Challenges’ through the Policy Research Institute, a think tank run by the government.

The research paper has provided the Government of Nepal a few recommendations which are as follows:

- To amend the restrictive provisions of Narcotic Drugs (Control) Act, 1976.
- To define cannabis (and its varieties) based on the use.
- Scientific research should be conducted to develop informed knowledge regarding its medicinal values.
- Cannabis cultivation should be promoted for industrial use.
- Regulation, system and mechanism should be developed for trading and use of cannabis.
- Evidence-based ayurvedic medicines should be promoted.
- Establish well-facilitated rehabilitation centres.
- Demand and supply of cannabis should be monitored and analysed regularly.

Further, the bill registered in the parliament has envisioned the provision of licensing for the cultivation, transport, trading and export of cannabis. “It is appropriate to have a legal instrument to open up cannabis cultivation in Nepal for medicinal, scientific research, commercial and industrial use as well as for the economic upliftment of farmers and control of illegal production, trading and consumption,” states the preamble of the bill.

These initiatives have provided the ground for the government to move forward towards legalising cannabis cultivation.

Competitive edge

Reportedly, high-quality cannabis can be cultivated in Nepal. Cannabis sativa and cannabis indica are the types most popular among users. Cannabis is categorised as male and female, with the flower of the female plant used for intoxication and the seed resulting from the pollination of male and female flowers. In the forests of Nepal, there is an equal distribution of male and female cannabis plants.

Traditionally, people used cannabis fibre to knit clothes and utilised the plant for medicinal purposes for both humans and pets. Additionally, cannabis is used recreationally to alleviate tiredness, fatigue and stress. Various studies have revealed that cannabis is less harmful than alcohol, tobacco, and other drugs. The entire cannabis plant has multiple uses: the root can reduce heavy metals in soil, absorb water, and serve medicinal purposes; the bark can be used to produce fibre for rope, clothes, thread, paper and other products; the stalk can be used for insulation material and biomass fuel; and the flower can be used in cosmetics, essential oils, psychoactive substances and medicines derived from chemical compounds like THC and CBD. Moreover, cannabis seeds are used to make pickles, food products such as chocolates, dietary fibre, baking additives, oil and cosmetics.

Industrial benefits

Cannabis also offers significant industrial benefits. Cannabis/hemp fibre is a major raw material for industrial products. The United Nations resolution does not restrict the cultivation and use of cannabis for industrial purposes. Blending hemp fibre with Himalayan nettle (allo) and other threads creates a high-quality raw material for producing clothes. Additionally, hemp fibre can be used to make floor coverings, table mats, purses, shoes and high-quality paper due to its high cellulose content.

According to a research paper by the Policy Research Institute, pulp-wood paper made from hemp can be recycled seven to eight times. A study carried out in the USA has shown that cannabis cultivated on 2.5 acres over 20 years produces four to 10 times more paper compared to other trees on the same area of land within the same period.

It is said that there is a huge demand for hemp fibre products. In terms of fibre production, hemp yields three times more fibre compared to cotton. Additionally, hemp

can be used to produce construction materials (blocks) and automobile parts. Research by the Policy Research Institute indicates there are around 261 cottage, small, and medium enterprises related to hemp fibre. About 60% of the fibre is used by carpet factories, 15% by fabric industries, and 25% in cottage industries. According to fibre producers, Nepal has the potential to produce 2.8 million kg of fibre annually, but current production is only 38.4% of this potential.

Cannabis to cope with climate change

Cannabis is useful in coping with the challenges of climate change. Its carbon accumulation is higher compared to other plants. Additionally, cannabis can absorb water and prevent soil erosion and landslides. According to climate scientists, ‘Cannabis plantation is a good method of bioengineering alongside roads in the hills’. Cannabis can be cultivated in the mid-hills and Terai districts.

International practices

By early 2024, more than 40 countries have legalised the cultivation of cannabis, with some permitting it partially for medicinal purposes and scientific research. Canada and Uruguay have legalised cannabis cultivation for both medicinal and recreational use. Additionally, the Netherlands and Spain have decriminalised cannabis. The United States and India have adopted state-level strategies for regulation. In the US, 41 states have legalised cannabis for medicinal purposes, 10 states have completely banned it, 24 states have legalised it for both medicinal and recreational use, and six states have lifted bans for both purposes. Thailand is the first country in Asia to legalise cannabis for income generation and poverty alleviation among farmers. Considering it less harmful compared to other narcotic drugs, Thailand legalised cannabis in June 2022 to reduce the pressure of drug abusers in its jails. **B**



Gaurav Marya
Chairman, Franchise India Group

Gaurav Marya is the Chairman and Founder of Franchise India Group, the world's leading integrated franchise consulting company since 1999. With over 25 years of experience in franchising and business growth, he has advised more than 15,500 corporations, both large and small, in India and international markets. His focus spans franchising, licensing, retailing, real estate and marketing.

"My mission is to build entrepreneurs and create

opportunities for business development and expansion," says Marya, adding, "We have helped hundreds of investors choose the right opportunities and assisted various organisations in domestic and international franchise expansions."

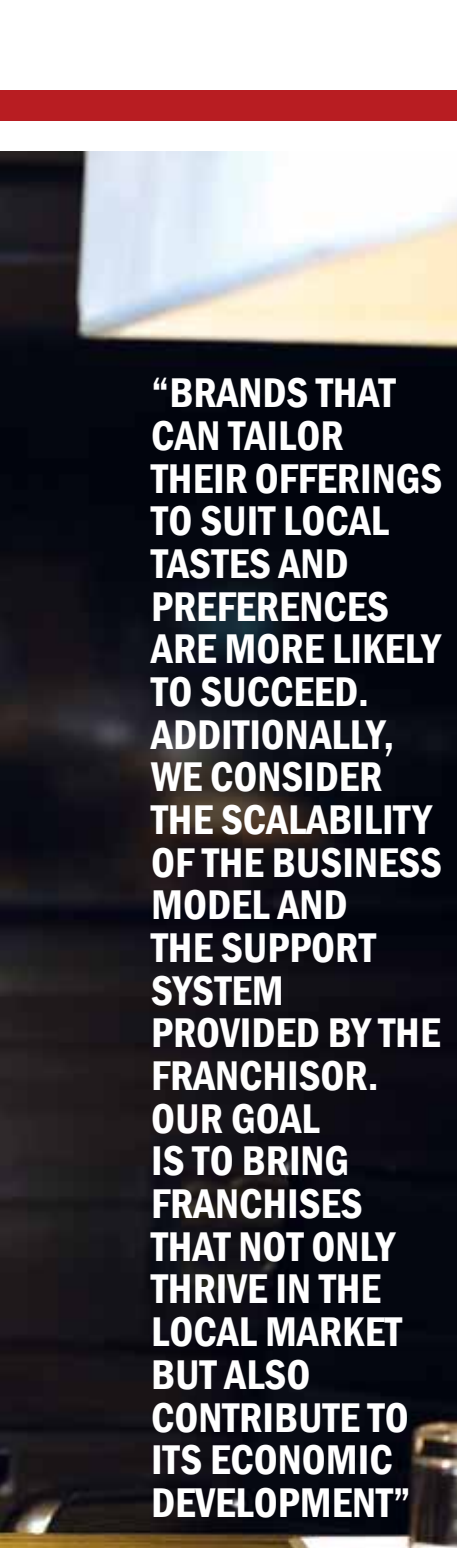
Marya is also the Director of ActionCOACH India and Middle East, the world's number one business coaching firm, and Chairman of the Indian Small Business and Franchise Association,

a premier non-profit body representing the Indian franchise sector. "We have established partnerships with counterpart chambers worldwide, creating a platform for consensus building and networking in the franchise sector," he shares.

Marya was recently in Kathmandu when **Business 360** caught up with him to know about his expertise and what franchising really entails. Excerpts:

Why is Franchise India interested in the Nepal market?

Nepal presents both a challenge and an opportunity. The challenge is the lack of job creation, leading to reverse immigration as people leave for better opportunities abroad. If we can provide opportunities within Nepal, not only will people stay, but they will also create more jobs. For example, when a Domino's franchise opens, it creates jobs for about eight people. Franchising has always been an economic



“BRANDS THAT CAN TAILOR THEIR OFFERINGS TO SUIT LOCAL TASTES AND PREFERENCES ARE MORE LIKELY TO SUCCEED. ADDITIONALLY, WE CONSIDER THE SCALABILITY OF THE BUSINESS MODEL AND THE SUPPORT SYSTEM PROVIDED BY THE FRANCHISOR. OUR GOAL IS TO BRING FRANCHISES THAT NOT ONLY THRIVE IN THE LOCAL MARKET BUT ALSO CONTRIBUTE TO ITS ECONOMIC DEVELOPMENT”

booster. In the United States, franchising contributes \$3.5 trillion to a \$27 trillion economy. When brands like Marriott, McDonald's or KFC open franchises, they create local jobs and opportunities for entrepreneurs.

Nepal is uniquely positioned next to two of the largest economies – India and China. This proximity offers a significant advantage. Brands and businesses can flourish by leveraging access to these vast markets. Moreover, there

is a high demand for better consumer goods and services in Nepal, particularly in education, healthcare and skill development. So, we see a lot of potential in Nepal.

How do you view the need for skill development in Nepal?

We are bringing in various skilling brands from basic training in beauty, hospitality and travel to advanced fields like cybersecurity, machine learning and artificial intelligence. For instance, Nepal is one of the top three countries at risk for cybersecurity lapses. This presents a huge opportunity to develop a secure digital infrastructure, similar to what Israel has achieved in cybersecurity.

We aim to provide comprehensive training to equip people with the skills needed in today's market. Skilled individuals can secure better-paying jobs abroad and contribute significantly to their home country's economy through remittances. By focusing on skill development, we can transform adversity into opportunity.

Can you elaborate on how this will work?

We plan to introduce a range of skilling programmes from basic vocational training to advanced technical education. This includes areas like beauty, hospitality, travel, cybersecurity, machine learning and AI. For example, cybersecurity is critical as Nepal is among the top three countries at risk for cyber threats. By enhancing cybersecurity training, we can build a more secure digital infrastructure.

Our approach will involve partnering with local institutions and leveraging global expertise to deliver these training programmes. The goal is to equip individuals with marketable skills that lead to better job opportunities, both domestically and internationally. This not only helps individuals improve their livelihoods but also contributes to the overall economic growth of Nepal.

What inspired you to venture into franchising?

While living in the US in the late 90s, I was fascinated by how franchising empowered entrepreneurs and small businesses. It offers a great way for individuals without prior business knowledge to start their ventures. Franchising provides them with a brand, knowledge and support to succeed. These aspects fascinated me and I decided to foray into the franchising world.

How does Franchise India help entrepreneurs and businesses navigate the complexities of franchising?

We have developed a well-crafted process over the years. We guide them through three stages: information, evaluation and negotiation. This process ensures they make informed decisions. By understanding their financial goals, passions, skill sets and the strategic fit of the franchise, we help them choose the right business opportunities.

Success in franchising depends on several factors, including fitment. For instance, running a restaurant requires strong operational skills, while a hospital demands significant financial investment. The right location is crucial for retail stores and effective marketing is essential for product-based businesses. Timing also plays a critical role. A successful franchise owner understands these dynamics and aligns their strengths with the business requirements.

How do you foster collaborations and knowledge sharing in the franchise sector?

We conduct numerous seminars, webinars, and content creation initiatives. We also engage with credible media and organise events, conferences and networking opportunities to facilitate knowledge sharing and collaboration.

How do you identify the right franchise opportunities for a market like Nepal?

Identifying the right franchise opportunities involves

understanding the local market dynamics, consumer behaviour and economic conditions. We conduct thorough market research to identify sectors with high growth potential and unmet demand. In Nepal, for example, there is a significant opportunity in sectors like education, healthcare and retail.

We also look at the adaptability of global brands to local preferences. Brands that can tailor their offerings to suit local tastes and preferences are more likely to succeed. Additionally, we consider the scalability of the business model and the support system provided by the franchisor. Our goal is to bring franchises that not only thrive in the local market but also contribute to its economic development.

There is much debate on what constitutes a startup. How do you define it?

A startup can be a large company starting a new vertical or a young entrepreneur with an idea aiming for commercial success. It represents a business with a new direction and approach. Often, startups are seen as disruptive and innovative, but many successful startups are iterations of existing ideas. For instance, Ola in India is modelled after Uber, and Flipkart after Amazon. The key is to bring these ideas to new markets and adapt them successfully.

To truly foster a startup ecosystem, we need to provide exposure. Sending young talents to places like China and India to learn and bring back innovative ideas can be transformative. It is about adapting successful models to local contexts and creating an environment that encourages entrepreneurship.

What advice would you give to someone looking to start a franchise?

My advice to aspiring franchisees is to carefully evaluate their interests, financial goals and skill sets. It is important to choose a franchise that aligns with your passion and expertise.

Conduct thorough research on the industry, the brand and the market potential. Understand the franchisor's support system and the terms of the franchise agreement.

It is also crucial to consider the location and market conditions. A great location can significantly impact the success of your franchise. Lastly, be prepared for hard work and dedication. Running a franchise requires commitment and effort, but with the right approach, it can be a rewarding venture.

How does Franchise India support franchisees in their journey?

Franchise India provides comprehensive support to franchisees throughout their journey. We offer detailed information on various franchise opportunities, helping them understand the market potential and business model. Our evaluation process includes assessing the franchisee's financial capacity, operational readiness and strategic fit with the franchise.

We also assist in negotiations with the franchisor to ensure favourable terms for the franchisee. Our ongoing support includes training, marketing assistance and operational guidance. By providing a robust support system, we help franchisees navigate the complexities of franchising and increase their chances of success.

Could you share a success story from your experience in franchising?

One of our notable success stories is the expansion of the KFC brand in India. When we first introduced KFC, the market was unfamiliar with the concept of fast-food chicken. Through strategic marketing, localisation of the menu, and a focus on quality and customer service, we were able to establish KFC as a popular and trusted brand in India. Today, KFC has a strong presence across the country, contributing significantly to the local economy and providing numerous job opportunities.



Another success story is a local entrepreneur who partnered with us to bring a global educational franchise to India. With our guidance and support, he was able to establish multiple centres across the country, offering high-quality education and creating jobs for educators. These success stories highlight the transformative power of franchising in creating opportunities and driving economic growth.

You have also authored books. Could you tell us about that?

My first book, 'The Science of Reproducing Success', explores how successful ventures can be replicated. My

second book, 'Takecharge', is about entrepreneurs from the subcontinent facing daily challenges and building their businesses from scratch. The third book, 'It Takes Two to Tango', focuses on building small businesses through aggressive marketing and leveraging sentiment. These books reflect my belief in the potential of entrepreneurs and the power of franchising to transform lives.

Your future plans for Franchise India?

Our future plans involve expanding our footprint in emerging markets, including Nepal, and introducing innovative franchise models

that cater to evolving consumer needs. We aim to focus on sectors with high growth potential such as technology, healthcare and education. Additionally, we plan to enhance our digital capabilities to provide better support and resources to our franchisees. We also intend to strengthen our global partnerships and foster collaborations with international brands to bring more opportunities to local markets. By continuously innovating and adapting to market trends, we aim to remain at the forefront of the franchise industry and contribute to the economic development of the regions we operate in. **B**



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THE DEATH OF THE 'YOLO ECONOMY' IS NOT BAD FOR ECONOMIC HEALTH

The broken window fallacy never dies



PETER JACOBSEN IS A WRITING FELLOW AT THE FOUNDATION FOR ECONOMIC EDUCATION.

CNN's Business and Investing website recently published an article titled 'YOLO is dying.'

That could be bad news for the economy.' YOLO, a played-out acronym meaning 'You only live once,' represents an attitude of carelessness in decision-making. Do you want to buy a treat for yourself? Why not – you only live once!

What is the YOLO economy? It's a market characterised by rampant consumerism. The article quotes Sameer Samana of Wells Fargo:

"Covid showed all of us that life doesn't go on forever," Sameer Samana, senior global market strategist at the Wells Fargo Investment Institute, told Before the Bell. "Preparing for a retirement that's way off into the future and could be interrupted by something like a global pandemic changed our mindsets. People wanted to live in the moment."

Now, five years after the onset of the pandemic, the free-spending party is coming to an end. And that may be bad news for the economy.

So, is that what happened? Is it the case that Covid made people scared of death and more likely to live in the moment? I don't think so. I also don't think a free spending party is necessarily good news for the economy. There's one thing I agree with the article on, though: the free spending party is, in fact, coming to an end.

So, let's look at why consumerism actually ramped up, and why it's not a bad thing if it slows down.

The Free Spending Party

CNN is right that there was a free spending party during the Covid era. But I am suspicious of their explanation. The claim

that Covid made people spend because they had some deep existential reflection about how life is short seems far-fetched at best. Instead, there is a simple economic explanation.

Way back in May 2021, I wrote about why inflation was soaring to record highs. The answer was simple. To quote the article:

The quantity of money (measured as 'M2' by the Federal Reserve) has increased more than 32.9% since January 2020. That means nearly one-quarter of the money in circulation has been created since then...

The newly printed money helps fund the slew of trillion-dollar coronavirus spending which benefitted massive corporations. It also is an attempt to satisfy consumers' demand to hold money so they will be comfortable spending again. And spending they are.

As lockdowns end and finally allow consumers to return to normal economic activity, the new money begins to move through the economy more quickly. Banks have more money to lend out and people are building new homes. As more

4 Savings are not bad. It is by saving that we are able to invest in projects which will make us richer in the future. The idea that a YOLO economy, wherein people simply consume their wealth, can be a healthy economy in any sustainable way flies in the face of a basic understanding of how wealth is generated.

homes are built, the demand for wood increases. As the demand for wood increases, the price of wood goes up. Sound familiar?

The reason for increased spending was simple and twofold. Monetary policy increased the supply of money. When this money entered people's pockets, they may have saved a portion, but they spent some. This spending drove up prices as more money chased the same number of goods.

Not only that, but this sort of monetary policy discourages saving. As new money drives inflation, your checking account balance stays the same in nominal terms, but it can buy less of the same goods and services in reality. How do people fix this?

Well, you have two options: you can either invest your checking account into something that earns interest, or you can spend that money before it becomes devalued. It wasn't some YOLO attitude which drove people to spend in the Covid policy era. It was a rational response to the policies imposed by the monetary authority.

The government adopted policies for the explicit purpose



of increasing consumption to avoid recession, and the policies succeeded at increasing consumption. There was no YOLO driving things.

The Broken Window Never Dies

The CNN article goes on to claim that the so-called YOLO economy is drying up and, if it does, this could lead to a recession:

And it still continues to be the most important measure of a strong economy – spending accounts for about 70% of gross domestic product, the go-to measure of US economic health.

So, if that slows, that would be bad news and could potentially trigger the recession that economists began warning about way back in 2021. (Don't worry, most economists at major banks and firms don't predict that will happen anytime soon, and if it does happen, it might not be a slowdown for everyone.)

There are lots of issues with this analysis. First of all, GDP is a measure of economic health. It's not the same thing as economic health.

To use an analogy, imagine your doctor tells you that your cholesterol levels are too high. Would it make sense to recommend that the lab remove some of the cholesterol from the blood sample then test it again? Of course not. Merely trying to boost the GDP number does not address underlying issues of economic health.

The logic of the article and its emphasis on consumer spending as the key to economic health is one of many examples of the broken window fallacy.

The broken window fallacy stems from Frédéric Bastiat's parable of the broken window. In Bastiat's parable, he has the reader imagine a shopkeeper who must deal with a broken window. It's easy to see the downside, but Bastiat points out that sometimes people will argue that this event has a silver lining.

The shopkeeper will have to hire the glazier to fix the window. The glazier will have more money which he can spend on something else. That spending results in higher income for someone else, and so on.

Bastiat then explains that this supposed upside is only part of the

story. It's true that the income of the glazier will go up, but what is not seen is that if the shopkeeper had been able to keep his money, he would have been able to use it elsewhere. Perhaps he would have bought a new suit, or he could have put his money in the bank where it could have been loaned out.

Policies which encourage consumer spending are the same. They increase incomes of one group at the expense of whatever alternative use to which the person could have employed his or her income.

Savings are not bad. It is by saving that we are able to invest in projects which will make us richer in the future. The idea that a YOLO economy, wherein people simply consume their wealth, can be a healthy economy in any sustainable way flies in the face of a basic understanding of how wealth is generated.

One thing the CNN article gets right is that it may be the case that as consumption slows down, we run into an economic downturn. The article implies that this downturn will be because of the spending slow down, but this isn't right.

Instead, if a recession comes, it will be the result of using monetary policy to kick the can down the road. When monetary policy artificially increases consumption spending, resources are not channelled into saving for large investments. This means future stagnation relative to a world of saving.

In fact, insofar as monetary policy caused businesses to make investments they wouldn't have made otherwise, the misallocation of resources may cause more future unemployment.

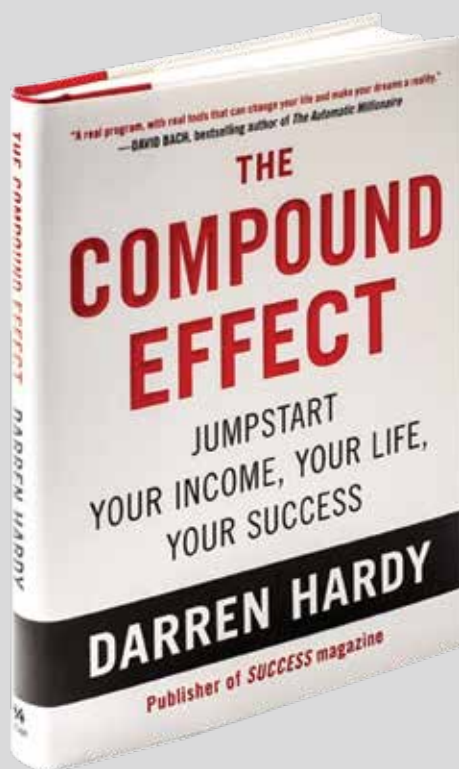
So, while the CNN article is hopefully right that the free spending party is over, we shouldn't mourn the death of the so-called YOLO economy. Instead, we should embrace a policy environment where people aren't punished for saving and spending responsibly. **B**

Source: fee.org

BOOK OF THE MONTH

The Compound Effect

Author: **Darren Hardy**



**Do you want success?
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No gimmicks. No hyperbole. Finally, just the truth on what it takes to earn success.

As the central curator of the success media industry for over 25 years, author Darren Hardy has heard it all, seen it all, and tried most of it. This book reveals the core principles that drive success.

The Compound Effect contains the essence of what every super-achiever needs to know, practice, and master to obtain extraordinary success. If you're serious about living an extraordinary life, use the power of The Compound Effect to create the success you desire.

Service Agreement: How Is It Different From Technology Transfer?



Arjun Prasad Pradhan is an Associate at Pioneer Law Associates and is a member of the Corporate Team of the firm. His practice encompasses drafting and review of advisory opinion, preparation of transaction agreements, corporate resolutions and conducting due diligence surrounding foreign investment, private equity, project finance and land transactions.



Effective transfer of services remains a persistent challenge for developing countries. Nepal, in particular, has faced significant difficulties in obtaining services from developed regions to enhance its local capabilities. Unclear laws and regulatory practices hinder foreign service providers from receiving their fees as per the agreed terms of payment. This regulatory ambiguity creates uncertainty and discourages foreign professionals from rendering service to the Nepali market.

Foreign professional services are crucial for existing Nepali businesses, given the limited local resources and expertise. For instance, hydropower companies often need to procure services from foreign consulting firms to conduct feasibility studies, which are essential for the development and sustainability of such projects. Addressing these regulatory challenges is vital for Nepal to fully benefit from global expertise and advance its development goals.

What is Transfer of Service?

Transfer of service is the process by which expertise skill or knowledge is transferred from one party to another in consideration of certain remuneration. This can include technical support, professional consulting, educational services, and various other forms of service, often transmitted across national borders. Transfer of service is structured through service agreement which is a contract between the service provider and recipient, outlining the scope of services, payment terms, duration, responsibilities, confidentiality and other relevant conditions. Service agreements ensure that both parties have a clear understanding of their obligations and the terms under which services will be delivered.

Technology Transfer under FITTA

The Foreign Investment and Technology Transfer Act, 2075 (FITTA) and Nepal Rastra Bank Foreign Investment and Foreign Loan Bylaw, 2078

(FIFL) define technology transfer as transfer of (a) patent, design, trademark, goodwill, technological specialisation, formula or process, (b) user's licence, know-how sharing or franchise, and (c) providing foreign technological consultancy, management and marketing services or other technical skill or knowledge through an agreement between an industry and foreign investor. However, transfer of foreign skill or knowledge including consultancy, management and marketing services should not fall within the ambit of FITTA.

Regulatory Challenges

FIFL and Nepal Rastra Bank Unified Circular, 2080 stipulate the requirement of the approval/recommendation of the regulatory authority for the approval of repatriation of amount exceeding \$5,000 for countries other than India and amount exceeding INR 300,000 in case of India. The determination of regulatory authority for the pure service agreement itself is unclear in

the present context.

The Department of Industry (DOI) interprets all service agreements surrounding technical transfer as Technology Transfer Agreements (TTA), without distinguishing between pure service agreements and TTA. Consequently, both TTA and pure service agreements exceeding the threshold of \$5,000 or INR 300,000, require DOI approval / recommendation. Also, they are subject to royalty cap as provided under the Foreign Investment and Technology Transfer Regulation, 2077 (FITTR). If the fees are within the cap prescribed by FITTR, TTA and service agreements are generally approved. However, this regulation and repatriation fee cap should not apply for pure service agreement.

FITTR has set an annual cap on royalty and service fees payable to foreign parties under a TTA. If an industry has multiple technology transfer arrangements with a foreign investor, the total fee payment

of those arrangements must not exceed the fiscal year cap. This low cap is unattractive to service providers, as it restricts adequate fee payments for services rendered.

Despite FITTA's clear provisions indicating that only foreign investment made through technology transfer is covered under its ambit, there is lack of clarity when services are required by entities other than industries. This ambiguity results in regulatory challenges, especially regarding payment terms for foreign service providers.

In practice, if there is confusion about whether a service falls under TTA, the DOI reviews the terms of payment. Continuous and recurring payments are deemed as technology transfer, while one-time payments are considered pure service agreements.

There is a grey area in regulatory interpretation regarding whether service agreements fall within the purview of technology transfer under FITTA. Unless the nature of service provided falls within the definition of technology transfer, such services should not be construed as technology transfer and should fall outside the scope of FITTA. Misinterpreting general services as technology transfer creates regulatory hassles for foreign service providers, especially concerning payment. The determination of the regulatory authority for service agreements remains unclear, further complicating the approval process for repatriation of earned amounts.

Need for clear distinction between Service Agreement and TTA

There is a need for a clear distinction between pure service agreements and TTA in terms of their nature, purpose and terms of payment. Service agreements focus on delivering specific tasks or projects that meet defined standards and requirements. These agreements involve

There is a need to amend existing laws by clearly defining and differentiating service agreements and TTAs, streamlining regulatory processes, and ensuring fair and transparent payment arrangements. These changes will help manage intellectual property rights effectively and foster a conducive environment for both service provision and technological innovation.

straightforward payment structures, where fees are paid individually for each service rendered, without concerns about royalties. In contrast, TTAs are designed to facilitate the transfer of technology, including licences and technical know-how that are registered and recognised. These agreements enable the recipient to utilise proprietary technology, often involving complex payment arrangements such as royalties and licensing fees.

It is essential to differentiate between foreign investments through technology transfer and pure services agreement, as they should not be regulated under a single framework. Each type of investment has unique challenges and requirements, necessitating tailored legal approaches. To address these issues, there is a need to amend existing laws by clearly defining and differentiating service agreements and TTAs, streamlining regulatory processes, and ensuring fair and transparent payment arrangements. These changes will help manage intellectual property rights effectively and foster a conducive environment for both service provision and technological innovation. **B**

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Within nearly a decade, LaMa Walks has become a trusted companion for adventurers seeking personalised, one-of-a-kind trekking experiences through some of the world's most stunning terrains. Founded by Rajesh Lama, known simply as Lama to friends and clients, LaMa Walks is led by a man whose life has been defined by an unexpected yet profoundly fulfilling shift from science to adventure.

"I was a science student," Lama begins, "But later, whether by destiny or sheer interest, I found myself immersed in the world of adventure." Despite never having studied adventure formally, Lama's hands-on experiences have served him well. He embodies the adage, "Either a person can study and learn, or suffer through a situation and learn," having gained his knowledge by navigating challenges that now inform his guidance and expertise.

LaMa Walks was initiated in 2013, initially as a simple Facebook page where Lama documented his travels and connected with fellow adventurers. "It was essentially a travel network," he explains. The page quickly gained popularity as friends trusted his insights and began recommending him to others. This grassroots support encouraged Lama to transform his passion into a registered company by 2015.

Central to LaMa Walks is a commitment to reducing environmental impact. Lama encourages clients to minimise their footprint while visiting Nepal, a country where recycling practices are limited and products made from recycled materials can be costly. "I always ask clients to think about how they can reduce their impact," Lama says. This philosophy extends to practical measures: clients receive reusable water bottles to discourage single-use plastics and bamboo toothbrushes at the end of their trips, promoting eco-friendly practices.

Lama's dedication to client safety is evident in his meticulous preparation. "We begin by understanding our clients' health, trekking and adventure histories,"

he explains, adding, "This information helps us tailor each trip to individual needs." Communication in remote areas can be challenging, so Lama ensures there is always a satellite phone available, and staff are trained to handle emergencies. "Our staff must meet specific standards," he emphasises, including certification in wilderness first aid.

As a certified wilderness first responder himself, Lama understands the importance of these skills. "In remote areas, immediate medical assistance is often unavailable, so preparation is crucial. Safety is our top priority," Lama asserts, proudly noting that despite the potential for emergencies in Nepal's rugged terrain, in their nine years of operation, they have had zero rescue incidents. He attributes this achievement to rigorous preparation and the expertise of his team.

Despite its small size, LaMa Walks offers exclusive, custom-built trips designed with meticulous attention to detail. "Our trips are crafted to consider every aspect of the client's needs," Lama explains. This personalised approach comes at a higher price, but it ensures that guides are well-compensated and motivated. By hiring local guides from the regions they visit, LaMa Walks supports local economies and provides an authentic travel experience. "If I go to Rasuwa, I try to source guides from there," Lama says. This approach benefits the community and enriches the travel experience. This financial resilience also proved crucial during the Covid 19 pandemic, allowing LaMa Walks to continue supporting its staff and operations. "Thanks to the loyalty and support of our clients," he adds.

Reflecting on the early challenges faced by LaMa Walks, he recalls a time when the company's seasonal nature posed significant financial pressures. "Like they say, when you start as a small company, challenges grow with time," he remarks. The business operated primarily during Nepal's trekking seasons of March to May and September to November, leaving extended periods without income. "Those months without work brought financial strain," he admits. To mitigate these pressures, Lama focused on personal development, investing heavily in skills training and building a strong professional reputation through climbing and mountaineering. These efforts not only stabilised the business but also positioned LaMa Walks as a trusted name in personalised adventure tourism across Nepal.

"The company does not engage in direct marketing or open dates trekking. Instead, it invests in local events and social media to promote and share insider content on trekking essentials, such as what trekkers should carry and the recommended gear," Lama explains. "Instead of focusing on partnerships, we concentrate on our own practices and their effects," he adds.

His passion for exploring remote, challenging areas like Kangchenjunga and Dolpa, as well as his journey from Kathmandu to the summit of Mount Everest on foot, underscores his love for adventure and the unique experiences these places offer. "The best thing I can offer clients is the chance to push their limits in these incredible locations," he says.

Additionally, LaMa Walks is dedicated to fostering personal development among its guides and supporting local communities. The company's 'Making a Difference' initiative highlights these efforts, including support for local athletes like Swastika Chaudhary and ongoing investments in first aid training for guides. "We believe in empowering our team members," Lama emphasises, highlighting their commitment to enhancing both professional skills and personal growth. Core values such as safety, environmental stewardship, and community support form the foundation of LaMa Walks' mission. By prioritising these principles, the company not only ensures exceptional trekking experiences but also contributes positively to Nepal's tourism industry and local communities.

He acknowledges that LaMa Walks is not fundamentally different from other trekking companies. "We still sell the same things," he admits. While not claiming uniqueness among trekking companies, he believes clients discern the difference through their journey with LaMa Walks, marked by top-notch service, environmental consciousness, and a commitment to community and client satisfaction.

Thinking into the future, Lama remains committed to maintaining LaMa Walks' core values while continuously seeking feedback to improve. "Clients can always expect top-notch services from us," he mentions. With a dedication to safety, the environment, and personal growth, Lama and LaMa Walks continue to inspire in the world of adventure travel. **B**



RAJESH LAMA
FOUNDER, LAMA WALKS



Commodity Markets in Developing Economies

B360 Correspondent

Commodity markets assume a significant role in shaping and determining the economic landscape of developing economies. They generate export earnings, contribute to GDP, and lead to robust economic growth. The dependance on commodities influences investment portfolios, technological development and human capital. Success stories of economic transformation via diversification and innovation can guide developing economies towards economic growth but challenges arise from political instability and inadequacy of organisations. To encourage sustained economic growth, developing countries should diversify their economies, invest in productive sectors, prioritise innovation and develop human capital. It must be noted that impact is not always straightforward as volatile and fluctuating prices expose risks.

Evolution in Developing Economies

The evolution of commodity markets in developing economies has been shaped by many factors through history. Agricultural commodities, metals and energy products have played vital roles in the development and growth of these nations. Looking back, the Green Revolution earmarked a significant turning point in the 20th century as it produced high-yielding crops, improving irrigation structures and introducing modern farming techniques. This revolution produced increased agricultural productivity and played a vital role in reducing food scarcity in developing economies. India's affinity with the Green Revolution is an apt example.

In the 1960s, the Indian economy faced severe food shortages and production from the agricultural sector failed to meet the demands of the growing population. With the introduction of high-yielding varieties of wheat and rice, India's agricultural output climbed substantially. It had transformed from a food-deficit country to a surplus producer guaranteeing food security for its citizens and also gradually exporting to other nations.



Due to rapid industrialisation in developing economies, the demand for metals and minerals surged. Corresponding nations emerged as major consumers and producers of resources including iron ore, coal, copper and aluminum. The rise of China as an economic powerhouse illustrated the evolution of commodity markets in developing nations. China transformed from an agricultural-driven to an export-oriented economy at the turn of the century. This drive fuelled an immense appetite for commodities to complement the industrial expansion. For example, the nation's demand for iron ore increased many

folds leading to a surge in prices and a paradigm shift in the global trade patterns. As a result, economies including Australia and Brazil invested heavily in the mining sectors to cater to this developing market.

The energy sector also witnessed noteworthy developments in developing economies. The discovery and exploration of oil reserves played a pivotal role in guiding commodities markets. Economies like Saudi Arabia

market access. It facilitated the inflow of foreign investment, technology transfer and knowledge sharing which boosted the production and consumption levels.

Conclusion

The experiences of different economies and regions vary largely based on political and policy instability and corruption. Experts recommend that developing economies focus on economic diversification and invest in productive sectors as this will help mitigate price volatility and fluctuations. They should prioritise investment in infrastructure, education and IT to enhance productivity and human capital. Also, regional

and Venezuela became major producers and exporters of petroleum alleviating their economies on the global map. The increased adoption of renewable energy sources, including wind and solar, is slowly changing the energy landscape in developing nations aiming to reduce dependence on traditional fuel sources thereby contributing to sustainable development.

In numerous economies, globalisation and trade liberalisation drove and shaped commodity markets in developing nations. Opening up borders and economies to international trade led to increased trade volumes, competition and expanded

integration and cooperation can be advantageous for developing economies. With the formation of economic blocs and trade agreements, market access increases, knowledge sharing is boosted and collectively addressing common challenges in commodity markets has greater impact. Policymakers must adopt strategies that promote economic diversification, human capital investment regional integration and sustainable practices. With this, developing economies can maximise the advantages of commodity markets and ensure inclusive and long-term economic growth. **B**

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Beed's take on the market

The Nepal Stock Exchange (NEPSE) index fell by 53.93 points (-2.58%) to close at 2,037.09 points in the review period between May 30 and June 30, 2024. During the review period, the market surged above 2,100 points. However, it failed to sustain the momentum as selling pressure has been mounting in the market as fiscal year-end approaches and investors look to book profits. Further, the lack of new primary issues in the market has dampened investor sentiment, underscoring a cautious market environment. Despite the drop, the overall market volume increased by 24% to reach Rs 95.39 billion.

During the review period, seven of the 11 sub-indices landed in the red zone. Commercial Bank sub-index (-6.62%) was the biggest loser as the share value of Nabil Bank (-Rs 37), Himalayan Bank (-Rs 20.7) and Sanima Bank (-Rs 20.3) decreased substantially. The Hotels and Tourism sub-index (-5.26%) followed suit with drop in the share prices of Kalinchowk Darshan (-Rs 74.6), Chandragiri Hills (-Rs 56.9) and Oriental Hotels (-Rs 34.7).

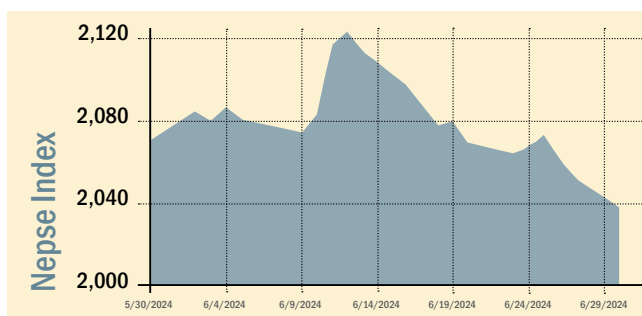
The Manufacturing and Processing sub-index (-5.01%) was next in line as it witnessed decline in share prices of Bottlers Nepal-Terai (-Rs 312.2), Himalayan Distillery (-Rs 169.1) and Sarbottam Cement (-Rs 85.2). Similarly, Life Insurance sub-index (-4.16%) saw decrease

in share values of Life Insurance Corporation Nepal (-Rs 43.9), Nepal Life Insurance Co (-Rs 35.5) and IME Life Insurance (-Rs 31.9).

The Others sub-index (-3.32%) followed suit as the share prices of Himalayan Reinsurance (-Rs 38.4), Nepal Doorsanchar (-Rs 33) and Nepal Reinsurance (-Rs 32) went down. Non-Life Insurance sub-index (-2.78%) also decreased with drop in share prices of Rastriya Beema Company (-Rs 286), Shikhar Insurance (-Rs 35.8) and United Ajod (-Rs 27.1). Similarly, Development Bank sub-index (-2.67%) declined with dip in share values of Narayani Development Bank (-Rs 100), Shine Resunga Development Bank (-Rs 21.6) and Lumbini Bikas Bank (-Rs 13.8).

In the green zone, the Microfinance sub-index (+0.36%) saw a slight increase with rise in share prices of Samaj Laghubitta (+Rs 604), Ganapati Laghubitta (+Rs 422.1) and Swabhimaan Laghubitta (+Rs 163). Trading sub-index (+2.42%) was next in line with increase in the share prices of Salt Trading (+Rs 110) and Bishal Bazar Company (+Rs 74). Similarly, Hydropower sub-index (+3.28%) also saw growth with increased share values of Kutheli Bukhari Small Hydropower (+Rs 327), Mailung Khola Jal Vidhyut (+Rs 223) and Mandu Hydropower (+Rs 212.9). Finally, the Finance sub-index (+13.63%) was the biggest gainer

Figure 1 NEPSE Index during the review period
(May 30 to June 30, 2024)



Source: Nepal Stock Exchange

in the review period as share prices of Nepal Finance (+Rs 464), Goodwill Finance (+Rs 136) and Sambriddhi Finance (+Rs 100) climbed up.

News and Highlights

Nepal Rastra Bank (NRB) amended its integrated directives allowing banks to issue preference shares to raise additional capital. As per the directive, NRB has laid out 12 conditions for issuing preference shares, including requiring them to be non-redeemable and perpetual, to not be issued with any collateral, and to only be held by institutional investors, among others. Moreover, preference shares can be considered Tier 1 capital instruments under the Capital Adequacy Framework, thus seeking to bolster financial stability.

The process of appointing the chairperson for Securities Board of Nepal (SEBON) has been terminated. As per the Securities Act, the selection committee is required to recommend at least three candidates to the Council of Ministers. However, three of the five candidates did not show up at the presentations and interviews for the appointment on June 16, leading to the committee not having enough names to recommend. With the process scrapped, the position for the chairperson will continue to remain vacant. In an effort to not disturb the administrative functions of SEBON any longer,

Joint Secretary of the Ministry of Finance, Narendra Kumar Rana, has assumed the responsibilities of the Chairperson until an appointment is made. Due to this, SEBON has started seeing some movement in the issuance of securities after a six-month gap.

SEBON has approved the initial public offering of Reliance Spinning Mills for the general public under the Manufacturing and Processing sector. The issue is worth Rs 948.81 million at a premium rate of Rs 820.8 per unit. Global IME Capital has been appointed the issue manager. SEBON has also approved the right share issue of Himalayan Urja Bikas Company worth Rs 9.90 million. Nabil Investment Banking will serve as its issue manager.

Outlook

As SEBON gradually releases pending public primary issues from its backlog, the market anticipates increased capital flow. Further, the market is likely to continue experiencing selling pressure as the end of Fiscal Year 2023/24 approaches as both individual and institutional investors adjust their portfolios and book profits. However, new political developments and upcoming monetary policy for FY 2024/25 are likely to influence the market course. **B**

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Table 1 Sub-indices during the review period
(May 30 to June 30, 2024)

	30 May, 2024	30 June, 2024	% Change
NEPSE Index	2,091.02	2,037.09	-2.58%
Sub-Indices			
Commercial Bank	1,142.52	1,066.91	-6.62%
Development Bank	4,107.26	3,997.45	-2.67%
Hydropower	2,474.77	2,555.88	3.28%
Finance	2,139.93	2,431.67	13.63%
Non-Life Insurance	10,689.40	10,391.84	-2.78%
Others	1,642.16	1,587.62	-3.32%
Hotels and Tourism	5,529.77	5,238.93	-5.26%
Microfinance	4,448.41	4,464.52	0.36%
Life Insurance	10,197.32	9,773.22	-4.16%
Manufacturing & Processing	6,689.81	6,354.32	-5.01%
Trading	2,758.46	2,825.32	2.42%

Source: Nepal Stock Exchange



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AI in Medicine: The Future Of Healthcare



The integration of artificial intelligence (AI) in medicine is revolutionising the healthcare landscape, promising significant advancements in diagnosis, treatment and patient care. AI, with its ability to analyse vast amounts of data and identify patterns beyond human capability, is transforming how medical professionals approach patient care. This transformative technology is not just a futuristic concept but a present reality that is enhancing the efficiency and accuracy of healthcare services worldwide.

One of the most significant contributions of AI in medicine is in the realm of diagnostics. AI algorithms, particularly those utilising machine learning and deep learning, have shown remarkable proficiency in interpreting medical imaging. For instance, AI systems can analyse radiological images

to detect anomalies such as tumours or fractures with a level of precision that rivals, and in some cases, surpasses that of experienced radiologists. These systems learn from thousands of images, continuously improving their diagnostic accuracy. This capability is especially crucial in early detection of diseases like cancer, where timely and accurate diagnosis can significantly improve patient outcomes.

AI is also at the forefront of personalised medicine, an approach that tailors treatment plans to individual patients based on their genetic, environmental and lifestyle factors. By analysing data from various sources, including electronic health records (EHRs), genetic information and wearable devices, AI can identify the most effective treatment options

for each patient. This level of personalisation ensures that treatments are more effective and minimises adverse reactions, leading to better patient care and outcomes. Moreover, AI can continuously monitor patients' responses to treatments and adjust plans in real time, ensuring optimal efficacy.

Predictive analytics is another area where AI is making substantial inroads. AI can predict potential health issues before they become critical by analysing historical health data and identifying trends. For example, AI models can forecast the likelihood of a patient developing chronic conditions like diabetes or heart disease based on their current health metrics and lifestyle choices. This proactive approach allows for early intervention, which can prevent the onset of disease, reduce

healthcare costs, and improve the quality of life for patients. Preventive care powered by AI can transform healthcare from a reactive to a proactive model, emphasising health maintenance rather than disease treatment.

Beyond clinical applications, AI is also streamlining administrative tasks in healthcare. Managing patient records, scheduling appointments, and processing insurance claims are time-consuming activities that often burden healthcare professionals. AI-powered systems can automate these processes, reducing administrative workload and allowing healthcare providers to focus more on patient care. For example, natural language processing (NLP) algorithms can efficiently transcribe and organise clinical notes, while robotic process automation

(RPA) can handle repetitive administrative tasks. This efficiency not only improves the workflow within healthcare facilities but also enhances patient satisfaction by reducing waiting times and errors.

The drug discovery and development process, traditionally a lengthy and expensive endeavour, is being revolutionised by AI. Machine learning algorithms can analyse vast datasets to identify potential drug candidates, predict their efficacy, and optimise clinical trials. This accelerates the process of bringing new drugs to market, reducing costs and improving access to life-saving medications. AI can also assist in repurposing existing drugs for new therapeutic uses by identifying previously unrecognised biological pathways. The integration of AI in pharmacology holds the promise of more effective treatments reaching patients faster than ever before.

Robotics and AI are increasingly being used in surgical procedures, enhancing precision and reducing recovery times. Robotic surgical systems, guided by AI, can perform complex procedures with minimal invasiveness. These systems provide surgeons with enhanced visualisation, dexterity and control, leading to more accurate and consistent surgical outcomes. AI also assists in preoperative planning by simulating surgical procedures and predicting potential complications. As a result, patients benefit from shorter hospital stays, reduced pain and faster recovery, while surgeons can perform with greater confidence and precision.

AI-powered telemedicine platforms and virtual health assistants are transforming patient access to healthcare services. These technologies enable remote consultations, allowing patients to receive medical advice and treatment without the need to visit a

healthcare facility physically. AI-driven chatbots can provide initial diagnoses, answer health-related queries, and guide patients to appropriate care. This is particularly beneficial in rural or underserved areas where access to healthcare is limited. Telemedicine, enhanced by AI, is making healthcare more accessible, convenient and efficient, particularly in times of crisis such as the Covid 19 pandemic.

Despite the numerous benefits, the integration of AI in medicine also raises ethical considerations and challenges. Issues such as data privacy, algorithmic bias, and the transparency of AI decision-making processes must be addressed to ensure the responsible use of AI in healthcare. Ensuring that AI systems are trained on diverse datasets is crucial to avoid biases that could affect diagnostic accuracy and treatment recommendations. Additionally, maintaining patient confidentiality and securing health data against cyber threats are paramount. Regulatory frameworks and guidelines must evolve to keep pace with technological advancements, ensuring that AI is used ethically and safely in medicine. Continued collaboration between technology experts, medical professionals, and policymakers is essential to realise the full potential of AI in healthcare. Investment in AI research, development and education will drive innovation and ensure that healthcare providers are equipped to leverage these technologies effectively. As it continues to evolve, AI will play an increasingly integral role in shaping the future of medicine, ultimately leading to better health outcomes, improved patient experiences, and a more efficient healthcare system. **B**

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Building Shinise in Nepal: An Investor's Perspective



Ujjwal Chand works as Chief Investment Officer at Global Equity Fund. He has over a decade of investment management experience in Nepal. He sees Private Equity Venture Capital as a major source of capital to build sustainable and ethical businesses in Nepal.

Shinise is a Japanese term for long-established businesses that have been in operation for a long time, at least for a hundred years. In an attempt to build Shinise in Nepal, Global Equity Fund (GEF), over the past five years, since its establishment has analysed a diverse range of companies. The team has analysed not only financials but qualitative aspects, including founders, regulatory aspects, consumer demands and industrial sentiment. While not claiming mastery in company analysis, GEF has identified traits in companies that have failed or underperformed. These insights highlight crucial factors for creating long-lasting and resilient companies in Nepal, capable of growth in good times and which have the ability to sustain in bad times, thereby fostering long-lasting enterprises.

The Debt Trap

Among the companies assessed by GEF, a very few of them maintained low or no debt, while most exhibited leverage equal to or exceeding equity. While leverage is a boon when the interest rates are low and economy is booming,

the downside effect is equally catastrophic when the rates increase and economy subsides (which actually happens simultaneously in most of the cases). Companies with high leverage face an elevated risk of insolvency under such circumstances. Moreover, many entrepreneurs, encouraged by economic booms, tend to expand capacity without considering economic cyclicality, thereby increasing their debt and operational costs. When economic downturns occur, these businesses struggle with rising interest rates and declining revenues.

While there may not be a thumb rule to how much debt is reasonable, sensitivity analysis to test the companies' financials under high interest rates and/or lower revenues would help assess comfortable debt levels in any company. With comfortable debt to equity ratios, a company can survive the bad times and when it reaches good times, it will have far less competitors (most of them faltering during bad times due to reasons mentioned above).

Single Founder - No one to share

Entrepreneurship is a very demanding path, particularly in developing economies like Nepal. Apart from running the business on a day-to-day basis, an entrepreneur must also understand and navigate regulatory complexities and compliance requirements. Ideally, businesses should have at least two co-founders, who bring complementary skill sets, share responsibilities, and provide emotional support. Co-founders facilitate rational decision-making, succession planning, and team-based decision-making, which enhances productivity. While

having a few co-founders is beneficial, having too many can be detrimental. Therefore, the ideal number of co-founders is typically two to three.

Revenue vs Profits

A lot of companies that were assessed by GEF, had prioritised revenue growth without due focus on costs. While this approach may be suitable for the tech-enabled companies that aim to achieve significant market share before leveraging cross-selling or price increases to drive profits, like the cases of Amazon and Jio, it is crucial for management to have a clear understanding of the optimal revenue size before pursuing improvements in bottom line.

Unfortunately, we have seen companies looking to expand revenues, while their return on equity is meagre in single digits or at times even negative. This looks extremely dangerous if revenue expansion is funded with high amount of debt, and at an interest rate that is higher than the return on capital. These companies fall under the gruesome companies' category, as labelled by Warren Buffet.

In these cases, it is preferable for companies to remain small but have high return on equity, allowing promoters to receive high cash dividend that can be further invested into other opportunities. Pursuing higher revenues with lower returns increases vulnerability, particularly during bearish economy, where such companies are often the first to face significant challenges.

Catering to all markets

While many companies focus on their target market, there are some that attempt to cater to both mass (cost-

based approach) as well as niche (differentiation approach) simultaneously. This dual approach often results in the use of the same production facilities and similar raw materials for both product lines, leading to uncertainty among promoters and management about when to shift focus from one product to another. Also, the company then does not specialise in its competitiveness, either cost or creating brand. It often takes years for the management to realise their mistake, if the company survives long enough to do so. During the time, it will lose both market share in the mass as well as niche market due to its ever-fluctuating strategy (if we can call it strategy) and focus.

It is easier to aim for a specific market and then work to re-enforce its competitive advantage. This can be achieved through cost-efficient measures such as process re-engineering, procurement or by distribution efficiencies or by enhancing brand value and offering unique proposition and product designs to the niche market.

Ad-hoc decision-making

Most businesses do not outlive their founders, and often fail to last a decade. One major cause for this is a one-person decision-making system, where the founder, having taken significant risks, makes decisions for all aspects of the company, often prioritising speed over rational data-based approach. While this may be effective for a small company, as the company grows and as competitors and markets evolve, it becomes essential to transition to a team-based, data-centric decision-making process and establish a

robust governance structure. Delegation of authority (this is imagined as sharing power in the minds of founders) seems harder even for members of the founder's family. This often results in a lack of succession planning, creating a leadership vacuum when founders can no longer compete effectively, ultimately limiting the business's longevity.

Consideration to ESG

In Nepal, companies have commendably high standards for ESG consideration and incorporation in their businesses. Smart entrepreneurs have integrated ESG principles, reflecting our cultural and religious emphasis on the importance of environmental and societal well-being. Any activity that goes against the wellbeing of the environment and society is scrutinised publicly, and has to be avoided. Beyond mere compliance, companies engage in various initiatives to promote environmental sustainability and social welfare. These include afforestation efforts, water treatment and reuse, avoidance of harmful chemicals, promotion of organic farming, and sourcing green energy. Additionally, by prioritising local employment, contributing to education and healthcare, and participating in community festivals, businesses enhance their social acceptability and long-term viability.

A key area for first-generation entrepreneurs to focus on is governance, which is critical for building enduring businesses. Key aspects such as rational decision-making, delegation of authority, and sharing roles and responsibilities are fundamental to establishing a business that can outlive the founders and ensure its longevity.

Conclusion

Building Shinise in Nepal represents a vision for creating businesses that not only thrive but endure

Shinise is a Japanese term for long-established businesses that have been in operation for a long time, at least for a hundred years. In an attempt to build Shinise in Nepal, Global Equity Fund (GEF), over the past five years, since its establishment has analysed a diverse range of companies. The team has analysed not only financials but qualitative aspects, including founders, regulatory aspects, consumer demands and industrial sentiment.

for centuries. The insights garnered by GEF provide a roadmap for achieving this vision. By focusing on prudent financial management, fostering collaborative co-foundership, prioritising profitability, targeting specific markets, adopting structured decision-making processes, and integrating strong ESG principles, Nepali enterprises can lay a robust foundation for long-term success. As we look to the future, the implementation of these strategies will be pivotal. Companies that embrace these principles will be better equipped to navigate economic cycles, outlast their competitors, and contribute to Nepal's economic development. By building resilient and sustainable businesses, we can foster a landscape where companies flourish, driving growth, stability and prosperity for generations to come. **B**

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Your most unhappy customers are your greatest source of learning.



- BILL GATES

It takes 20 years to build a reputation and five minutes to ruin it. If you think about that, you'll do things differently.



- WARREN BUFFETT

It is not the size of your business that matters; it's the size of your dedication and determination.



- DHIRUBHAI AMBANI

The biggest risk is not taking any risk... In a world that's changing really quickly, the only strategy that is guaranteed to fail is not taking risks."



- MARK ZUCKERBERG

Setting Up a Factory in Nepal: Key Considerations and Challenges



Anuj Bhattarai is currently pursuing a Bachelor's degree in IT and Business. He is a fourth semester student at Nepal Mega College.

Setting up a factory in Nepal can be a promising venture given the country's strategic location between two large markets, India and China. However, establishing a factory in Nepal requires careful consideration of various factors due to the nation's unique challenges and limited resources. This article will explore the important factors to consider, the types of factories suitable for Nepal, the challenges faced, and effective marketing strategies for products post-production.

IMPORTANT FACTORS TO CONSIDER

• Government Policies and Regulations

Understanding Nepal's industrial policies and regulations is crucial for establishing a factory. The government has introduced several policies to encourage industrialisation such as tax incentives, import duty exemptions, and the establishment of industrial zones. Familiarise yourself with the Industrial Policy of 2010, which emphasises joint efforts between the public, private and cooperative sectors to promote industrial growth.

Tax Incentives: The government offers tax holidays and reduced tax rates for certain industries, particularly those located in less developed areas. These incentives can significantly reduce the initial financial burden on new factories.

Import Duty Exemptions: Factories importing machinery and raw

materials may benefit from reduced or exempt import duties, lowering the cost of production.

Industrial Zones: The establishment of industrial zones, such as the Balaju Industrial Estate and Hetauda Industrial Estate, provides essential infrastructure and services, reducing the logistical challenges of setting up a factory.

• Location and Infrastructure

Choosing the right location is vital for the success of a factory in Nepal. Most industries in Nepal are concentrated in the Terai region due to better road connectivity, access to electricity, and proximity to the Indian border.

Road Connectivity: Good road networks are essential for the transportation of raw materials and finished goods. The Terai region offers better connectivity compared to the hilly and mountainous areas.

Electricity Supply: Consistent access to electricity is crucial for manufacturing

operations. Industrial zones often have dedicated power supplies, minimising the risk of power outages.

Proximity to Markets:

Being close to the Indian border allows for easier access to a large market and simplifies export processes.

Availability of Resources:

Assess the availability of raw materials and other resources. Nepal's diverse geography offers resources like hydropower, minerals and agricultural products. However, the lack of local raw materials for certain industries can be a significant challenge. For instance, while there is an abundance of agricultural produce, the country may lack other essential industrial raw materials, necessitating imports which can increase costs and complicate logistics.

Skilled Workforce:

Ensure access to a skilled workforce. Nepal faces a shortage of skilled labour which

Businesses must navigate through periods of political uncertainty, which can impact everything from regulatory frameworks to the enforcement of laws and contracts.



can hinder the productivity and efficiency of factories. Investing in training and development programmes is essential to mitigate this issue. Establishing vocational training centres and collaborating with educational institutions can help develop the necessary skills among the local population, thereby ensuring a steady supply of qualified workers.

CHALLENGES IN ESTABLISHING A FACTORY

- **Geographical and Infrastructural Constraints**

Nepal's rugged terrain and underdeveloped infrastructure pose significant challenges. The difficult geographical structure makes transportation and logistics a major hurdle. Additionally, there is a lack of adequate social infrastructure such as health facilities and sanitation, which can affect the overall quality of life for employees and their families, further complicating industrial operations.

- **Political Instability**

Political instability and frequent changes in government policies can disrupt business operations. The lack of a stable political environment affects investor confidence and long-term planning. Businesses must navigate through periods of political uncertainty, which can impact everything from regulatory frameworks to the enforcement of laws and contracts.

- **Bureaucratic Inefficiencies:**

Delays in obtaining permits, licences and approvals increase costs and hinder project completion.

- **Unpredictable Policy Changes:**

Revoked incentives with government changes cause unexpected financial strain.

- **Investor Confidence:**

Erodes confidence, making it hard to attract investment; investors prefer stable, predictable environments.

- **Social Unrest and Strikes:**

Disrupts operations and supply chains, leading to production halts and financial losses.

- **Corruption and Nepotism:**

Increases operational costs and legal risks due to unethical practices like bribery.

- **Mitigation Strategies:**

Diversify investments, maintain operational flexibility, form local partnerships, and invest in political risk insurance.

- **Financial Constraints**

Limited access to capital and financial institutions is another major challenge. High-interest rates and stringent lending conditions make it difficult for entrepreneurs to secure necessary funding for establishing factories. Additionally, the underdeveloped financial market in Nepal means that businesses have fewer options for raising capital through instruments like bonds or equity.

- **High-Interest Rates:**

Increases borrowing costs and debt management challenges.

- **Stringent Lending Conditions:**

Strict requirements make qualifying for loans difficult.

- **Underdeveloped Financial Market:**

Limited options for raising capital through bonds or equity.

- **Limited Investment Opportunities:**

Few venture capital and private equity firms.

- **Cash Flow Management:**

Difficulty in managing cash flow due to lack of accessible credit facilities.

- **Mitigation Strategies:**

Explore alternative funding sources, build relationships with local financial institutions, and improve financial literacy.

- **Regulatory Hurdles**

Navigating through complex regulatory frameworks and obtaining necessary permits and licences can be time-consuming and bureaucratic. Simplifying

these processes is essential for fostering a conducive business environment. Entrepreneurs must deal with various government agencies, which can delay the setup process and increase the cost of compliance.

TYPES OF FACTORIES SUITABLE FOR NEPAL

Given Nepal's limited resources and infrastructural challenges, certain types of factories are more viable:

- **Agro-based Industries**

Agro-based industries, such as processing plants for tea, coffee and herbs are highly suitable. Nepal's diverse climate allows for the cultivation of various crops, making it an ideal location for such industries. These industries can capitalise on the country's agricultural strengths and add value to raw agricultural products, boosting both local and export markets.

- **Diverse Crop Cultivation:**

Utilise Nepal's varied climate to grow a range of crops, from tea and coffee to herbs.

- **Value-Added Products:**

Enhance the economic value by processing raw agricultural products into market-ready goods.

- **Export Potential:**

Develop products that meet international standards for export, opening new markets globally.

- **Rural Employment:**

Generate employment opportunities in rural areas, helping to reduce urban migration.

- **Organic Farming:**

Promote organic farming practices to meet the growing demand for organic products worldwide.

- **Hydropower Plants**

Nepal has significant hydropower potential, with numerous rivers and waterfalls. Setting up small to medium-sized hydropower plants can be highly beneficial and

sustainable. These plants can provide a reliable source of energy for other industries and help reduce the country's reliance on imported fossil fuels.

- **Micro-Hydro Projects:**

Develop small-scale, community-driven hydro projects to support local energy needs.

- **Export Electricity:**

Explore the potential of exporting surplus electricity to neighbouring countries, such as India and China.

- **Green Energy:**

Position Nepal as a leader in renewable energy by focusing on clean, sustainable hydropower.

- **Local Partnerships:**

Partner with local communities and international investors to fund and operate hydropower plants.

- **Infrastructure Development:**

Utilise hydropower projects to improve local infrastructure, such as roads and bridges.

- **Tourism-related Industries**

Factories producing goods for the tourism industry, such as handicrafts, textiles and traditional Nepali products, can thrive. These industries leverage Nepal's rich cultural heritage and attract tourists seeking authentic products. By focusing on high-quality, culturally significant items, these factories can tap into both local and international markets.

- **Cultural Workshops:**

Establish workshops where tourists can see and participate in the creation of traditional handicrafts.

- **Online Presence:**

Create e-commerce platforms to sell products globally, enhancing reach beyond physical tourism.

- **Certified Authenticity:**

Develop a certification programme to assure tourists and buyers of the authenticity and quality of Nepali products.

- **Collaborations:**

Work with local artisans and designers to innovate and preserve traditional craftsmanship.



Tourist Packages:

Bundle products with tourism packages, offering exclusive, limited-edition items as part of the travel experience.

- **Light Manufacturing**

Light manufacturing industries, including textiles, garments and consumer goods, can be established with relatively lower capital investment and infrastructure requirements. These industries can benefit from the availability of labour and proximity to large markets in India and China.

Textile Hubs: Develop dedicated textile hubs that provide shared facilities and resources to small manufacturers.

Skill Development

Programmes: Implement training programmes to improve the skill set of the workforce in light manufacturing.

Export Processing

Zones: Create zones with tax incentives and streamlined regulations to encourage export-oriented manufacturing.

Customisable Products:

Focus on producing customisable and niche market products to cater to specific customer needs.

Technology Integration:

Integrate modern manufacturing technologies to improve efficiency and product quality.

MARKETING YOUR PRODUCTS

Effective marketing strategies are essential for the success of any factory. Here are some key approaches:

- **Leveraging Digital Platforms**

Utilise digital marketing platforms to reach a broader audience. Social media, e-commerce websites, and online marketplaces like Vistaar Trade can help promote products both locally and internationally. Digital marketing can be a cost-effective way to reach a large audience and build brand awareness quickly.

Form partnerships with local distributors, retailers and exporters to expand your market reach. Collaborating with established businesses can provide valuable market insights and distribution channels. Strategic partnerships can help in overcoming logistical challenges and accessing new customer segments.

Targeted Advertising:

Use social media platforms like Facebook and Instagram for targeted advertising to specific demographics.

SEO Optimisation:

Optimise your website and product listings for search engines to increase organic traffic.

Influencer

Collaborations: Partner with local influencers to promote your products and enhance credibility.

Email Marketing:

Build an email list to directly reach customers with promotions and updates.

- **Building Brand Awareness**

Invest in building a strong brand presence. This can be achieved through consistent branding, quality products and engaging marketing campaigns. Participating in trade fairs and

exhibitions can also enhance visibility. A strong brand can differentiate your products in a competitive market and foster customer loyalty.

Brand Storytelling:

Develop a compelling brand story that resonates with customers.

Customer Engagement:

Use social media to interact with customers, respond to feedback, and build a community.

Content Marketing:

Create informative and engaging content about your products and industry to attract and educate potential customers.

Brand Ambassadors:

Identify and partner with brand ambassadors who align with your values and can advocate for your products.

Forming Strategic Partnerships

Form partnerships with local distributors, retailers and exporters to expand your market reach. Collaborating with established businesses can provide valuable market insights and distribution channels. Strategic partnerships can help in overcoming logistical challenges and accessing new customer segments.

Joint Ventures: Enter into joint ventures with local businesses to share resources and expertise.

Cross-Promotions:

Collaborate with other brands for cross-promotional activities to reach a wider audience.

Local Market

Penetration: Partner with local retailers to ensure your products are available in key markets.

Export Partnerships:

Form alliances with export agencies to streamline the process of entering international markets.

Focusing on Quality and Innovation

Ensure that your products meet high-quality standards and continuously innovate to stay competitive. Offering unique and high-quality products can differentiate your factory from competitors. Investing in research and development can help create innovative products that meet changing consumer demands.

Quality Assurance

Programmes: Implement rigorous quality control processes to ensure product excellence.

Customer Feedback

Loop: Regularly collect and analyse customer feedback to drive product improvements.

Innovative Design: Invest in innovative design and technology to create products that stand out in the market.

Sustainable Practices:

Incorporate sustainable practices in your production process to appeal to environmentally conscious consumers.

Conclusion

Establishing a factory in Nepal offers significant opportunities but it comes with its own set of challenges. By carefully considering government policies, location, resource availability, and workforce training, you can set a strong foundation for your factory. Addressing the challenges related to geography, political stability, financial constraints, and regulatory hurdles is essential for long-term success. Choosing suitable industries and implementing effective marketing strategies will ensure that your products reach the right audience and achieve commercial success. **B**

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“I am excited about the market here. There is a lot of potential in the Nepali market. I am an opportunist and when I see any opportunity I like to grab it. Moreover, we have a great partner in Jyoti Group here. So, I am looking forward to building a good business in Nepal”

Mazhar Ali is the Vice President - Sales, Marketing and Supply Chain of Pure Ice Cream Co and Graviss, a UAE-based company that manufactures the globally recognized, Kwaliti brand of ice creams.

Though Ali is also involved in the frozen foods business through his involvement in Graviss, a subsidiary, he essentially looks into the business of Kwaliti ice cream in Nepal.

Ali reveals that the business first originated in India in the 1940s and later a plant was established in Dubai in 1977. “Since then, we have been catering to global markets and we are present in more than 20 countries,” he says. He mentions that Pure Ice Cream has been steadily gaining popularity globally due to its focus on innovation. “Ice cream is an indulgent category where people look forward to something new every summer and every year we come out with some exciting new products for our consumers,” he shares.

With a major focus on research and development, Ali states that the company is one of the leading innovative companies in the region. Having joined hands with Jyoti Group in Nepal, he states he looks forward to building the business in Nepal. “We want to have a place in the people’s hearts as a quality brand,” he says.

Recently, Ali was in Nepal for the official launch of Kwaliti Ice Cream on June 19, where **Business 360** caught up with him to learn more Kwaliti’s plans for Nepal.



Mazhar Ali

Vice President – Sales, Marketing and Supply Chain
Pure Ice Cream Co LLC and Graviss

What do you think sets Kwaliti apart from other ice cream brands?

The unique selling proposition for our brand is our innovation. Every company offers vanilla, strawberry, chocolate, the basic flavours and the chocobars or the lollies. However lately, since the last few years, we have started developing new formats for our consumers. We believe in offering something new to consumers. For instance, we have launched the cupcake ice cream which may not be available with many brands. It is a brownie in a cup swirled with two ice cream flavours with the inclusions of nuts and cherry on the top. This format may be available in some ice cream parlours but we have made it available in retail stores. Also, we have made available sundaes in retail packs which earlier was not available in such packs. These are the innovations we keep offering which has endeared us to consumers globally. We keep making consistent quality improvements from time to time. We use the finest ingredients from across the globe and we try to offer best to our consumers.

Could you elaborate on the sales and marketing strategy for Nepal?

This is the basic reason why I am here in Nepal. This is actually my second visit after six years. We have now forged a collaboration with Jyoti Group and I am very happy about it. The Jyoti Group has an aggressive, professional team who can guide us, take us around the market so that we can see what different we can do in the market than the competition. We will be further developing a strategy with Jyoti Group so that we can build our sales and distribution network and reach consumers far and wide.

Is there a specific strategy for Nepal?

Yes. Firstly, the brand is new to the market, so we need to build the brand. We want to get into various media such as social media, print media as



well as TV so that people can hear about our brand, what the brand is going to offer them which is different from other brands currently available in the market. We need to create that space in the consumers' minds and hearts. The brand has to first be imprinted in the consumer minds so that when they get into a store to buy an ice cream, they recollect our brand and start becoming our consumers.

Since when did the collaboration with Jyoti Group start?

We have been in talks for almost one-and-a-half years now and we finalised all the agreements nearly six months ago. It took us quite a long time to finalise the details because it takes a long time for the products to reach Nepal all the way from Dubai. That struggle is there but we will definitely overcome it. The ice cream business is not an easy one for everybody to handle. It requires a complete cold chain management from the time it is produced until it is in the mouth of the consumer. It is a tough business and not many players can play this business. But Jyoti Group and us, we are tough guys. We can do this.

We have already thought through of how we can collaborate with Jyoti Group. We know the group because we have been doing business with them since many years with Baskin Robbins in India. We know their strengths and their distribution reach. We are also happy with their enthusiasm to build a business in the Nepali market. They are one of the

leading business houses in Nepal. So, expectations are always high. I am sure Jyoti Group will be able to deliver along with our efforts. We will be supporting the brand to build in Nepal.

Could you give us an insight into the supply chain management process that delivers the ingredients, maintaining the quality all the way from Dubai to here?

It is quite a lengthy process and everything has to be looked into in detail. Once the product is made it has to go to a hardening tunnel where the product passes through -40°C environment. The product gets hardened for a couple of hours and then it is immediately shifted to a cold room with a temperature of -20°C. That is where the ice cream lives. Once an order has been received the ice cream needs to be immediately loaded on to pallets very quickly, which is then again loaded into a -20°C freezer container within 15 minutes. Once the container has been sealed it is taken to the seaport from where it is dispatched. The temperature has to be maintained at -20°C all the way to Kolkata from where it is brought to Nepal in freezer trucks and stored in cold rooms. When the product has to be transported to various locations within Nepal, it is again loaded to trucks that maintain the -20°C temperature. Finally, the sales points also store the product in the same temperature. The only time the ice cream is free of -20°C temperature is when it is in the mouth of the consumer.

As long as the temperature is maintained, the product will not lose its taste.

How do you select the locations to place your products?

This is a very crucial aspect of sales. Some top-end supermarkets might have their own freezers but many points of sales do not have them. Freezers are essential to both store and display the products. When we do place freezers in stores that do not have them then it means there is an investment incurred for about seven years. So, we need to see whether the sales coming out of each freezer every month is good enough to recover the ROI. Hence, we need to be very strategic in selecting our location – the geography as well as the demography of the location. Who are my target consumers? Do such consumers live in the vicinity? I cannot go and sell a super-premium brand in a low-income neighbourhood because people residing there will not be able to afford it. That will be a wrong strategy. Apart from that, we also have to be careful about what products go into which outlet because every product is not fit for every freezer or outlet. So, we need to be very careful in the product selection and also mix of products.

What is your pricing strategy for Nepal?

We won't follow a uniform pricing mechanism. The challenge in Nepal is that due to transportation charges and customs duty, the product lands here at a higher price. We will try as much as possible to squeeze our margins, so as to first establish our brand and also make it more affordable to the people of Nepal. But at the same time, we don't want to sell our brand as an economy brand. We are a mid-premium or a premium brand where we want to fill the gap between the super-premium and the mass ice cream, which is there in the market today. **B**

World Bank announces new Country Director for Nepal, Maldives and Sri Lanka



David Sislen is the World Bank's new Country Director for Nepal, Maldives and Sri Lanka, effective July 1, 2024. Sislen succeeds Faris Hadad-Zervos, who will be taking on a new World Bank assignment. Sislen, a dual national of the US and Italy, joined the World Bank in 2001 as an economist in the Urban Cluster Unit and has since held various operational and managerial positions in different regions. His most recent assignment was as Practice Manager for Urban, Disaster Risk Management, and Land in the Latin America and Caribbean Region, based in Washington DC.

"I am looking forward to my new role and meeting with all our stakeholders and partners soon," said Sislen. "My key priority will be to lead the strategic dialogue to shape and implement operational engagements in line with the World Bank's focus on speed, scale and impact, working closely with the government, development partners, and diverse stakeholders."

Sislen will oversee the World Bank portfolio in Nepal, Maldives and Sri Lanka of around \$4.8 billion.

Remittance inflow up 19.2% to Rs 1,198.6 billion, BOP at surplus of Rs 392.64 billion

As per the Current Macroeconomic and Financial Situation of Nepal based on ten months' data ending mid-May, 2023/24 published by Nepal

Rastra Bank (NRB), the year-on-year (y-o-y) consumer price inflation moderated to 4.40% in mid-May 2024 compared to 7.41% a year ago. Food and beverage category inflation stood at 6.27% whereas non-food and service category inflation stood at 2.96% in the review month.

Under the food and beverage category, y-o-y price index of vegetable sub-category increased 23.11%, pulses and legumes 10.85%, spices 8.98%, cereal grains and their products 7.42%, and sugar and sugar products 7.25% in the review month. The y-o-y price index of ghee and oil sub-category decreased 7.13% in the review month.

Under the non-food and services category, y-o-y price index of miscellaneous goods and services sub-category increased 12.26%, education 5.64%, and clothes and footwear 3.46% in the review month. The y-o-y price index of communication sub-category decreased 0.48% in the review month.

The y-o-y consumer price inflation in Kathmandu Valley, Terai, Hill and Mountain regions stood at 4.30%, 4.32%, 4.70% and 4.22%, respectively in the review month. Such inflation in these regions was 7.68%, 7.15%, 7.57% and 7.12%, respectively a year ago.

As per the central bank's report, during the review period, merchandise exports decreased 3.6% to Rs 126.17 billion compared to a decrease of 24.5% in the same period of the previous year. Destination-wise, exports to India and other countries decreased 5.6% and 1.4%, respectively, whereas exports to China increased 68.1%. Exports of zinc sheet, particle board, juice, readymade garment, and oil cakes, among others increased whereas exports of palm oil, soyabean oil, woollen carpet, tea, brans, among others decreased.

In the review period, merchandise imports decreased 2.4% to Rs 1,303.36 billion compared to a decrease of 16.8% a year ago. Destination-

wise, imports from India and other countries decreased 3.4% and 20.8%, respectively while imports from China increased 34.4%. Imports of transport equipment, vehicle and other vehicle spare parts, readymade garments, aircraft spare parts, electrical equipment, textiles, among others increased whereas imports of crude soyabean oil, gold, hot rolled sheet in coil, crude palm oil, rice/paddy, among others decreased.

The report states that total trade deficit decreased 2.3% to Rs 1,177.18 billion during the review period. Such deficit had decreased 15.9% in the corresponding period of the previous year. The export-import ratio decreased to 9.7% in the review period from 9.8% in the corresponding period of the previous year.

Meanwhile, remittance inflow increased 19.2% to Rs 1,198.6 billion in the review period compared to an increase of 23.4% in the same period of the previous year. In US dollar terms, remittance inflows increased 17.1% to \$9.02 billion in the review period compared to an increase of 13.4% 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 374,887 and taking approval for renew entry stood at 237,893. In the previous year, such numbers were 421,279 and 238,976, respectively.

Meanwhile, the current account remained at a surplus of Rs 193.25 billion in the review period against a deficit of Rs 63.74 billion in the same period of the previous year. In US dollar terms, the current account registered a surplus of \$1.45 billion in the review period against a deficit of \$493.6 million in the same period last year.

Capital transfer decreased 17.2% to Rs 5.26 billion and net foreign direct investment (FDI) remained a positive of Rs 6.98 billion. In the same period of the previous year, capital

transfer stood at Rs 6.36 billion and net FDI stood at Rs 4.36 billion.

The NRB report further mentions that the Balance of Payments (BOP) remained at a surplus of Rs 392.64 billion in the review period against a surplus of Rs 209.49 billion in the same period of the previous year. In US dollar terms, BOP remained at a surplus of \$2.95 billion in the review period against a surplus of \$1.59 billion in the same period of the previous year.

Gross foreign exchange reserves increased 26.2% to Rs 1,942.4 billion in mid-May 2024 from Rs 1,539.36 billion in mid-July 2023. In US dollar terms, the gross foreign exchange reserves increased 24.2% to \$14.54 billion in mid-May 2024 from \$11.71 billion in mid-July 2023.

Of the total foreign exchange reserves, reserves held by NRB increased 28% to Rs 1,722.02 billion in mid-May 2024 from Rs 1,345.78 billion in mid-July 2023. Reserves held by banks and financial institutions (except NRB) increased 13.8% to Rs 220.38 billion in mid-May 2024 from Rs 193.59 billion in mid-July 2023. The share of Indian currency in total reserves stood at 22.1% in mid-May 2024.

PATA Nepal elects new Executive Committee at 45th AGM

Pacific Asia Travel Association (PATA) Nepal Chapter successfully concluded its 45th annual general meeting on June 6 under the theme 'Nepal Tourism 2.0: Charting the Future Course'. The AGM unanimously appointed the new executive committee with Khem Raj Lakai, CEO of Global Academy of Tourism and Hospitality Education (GATE), as Chairman. He succeeds Bibhuti Chand Thakur.

The AGM elected General Secretary Narendra Dev Bhatta, Managing Director of Heritage Tours & Travel and Treasurer Reetal Rana, Managing Director of Mid Valley International College. Other Executive Members include Lakhpa Phuti



Sherpa, Founder of Luxury DMC Travel; Rupesh Joshi, Director of Buddha Air; Binod Adhikari, Director of Aarya Village Travels; Sunil Bahadur Bhattarai, Executive Director of Busy Bee Café; Himmat Puri, Director of Destinago Tours & Travel; Sarita Lama, MD of Off The wall Trekking, and Tenzing Peyang Lama, Director of Hotel Lhasa International (Dusit Princess Kathmandu).

During the AGM, PATA Nepal Chapter also elected four Proxy Members to its Executive Committee including Dr Smritee Kala Pant, Head of BHM/BHTM of Little Angels' College of Management; Prakash Chandra Lohani, Chairman of Alpine Rescue Service; Suman Ghimire, Executive Director of Jungle Safari lodge, and Imu Regmi, Director of Basera Boutique Hotel. The executive committee also comprises of four Ex-officio Members including Director General of Department of Tourism; Director General of Civil Aviation Authority of Nepal; Corporate Director of Nepal Airlines, and a representative of Nepal Tourism Board.

On the occasion, PATA Nepal Chapter awarded Ambica Shrestha, President of Dwarika's Hotels & Resorts and Shyam Bahadur Pandey, Founder of Hotel Shangrila with the prestigious 'PATA Lifetime Achievement Award 2024'. This recognition honours their devoted years of exceptional service, leadership, significant contributions, and invaluable dedication to the association and the tourism and hospitality industry in Nepal.

Lakpa Sonam Sherpa, Chairman of Yeti Group, was awarded the 'PATA Tourism Trailblazer Award 2024' for his exceptional leadership, pioneering initiatives and

outstanding contributions to promoting, expanding, and developing the tourism industry in Nepal. Similarly, Bharat Basnet, Founder of Explore Nepal, was feted with the 'PATA Personality of the Year 2024' award for his unconditional support, persistent activism, advocacy, and commendable engagement towards the promotion and sustainable development of Nepal's tourism sector, as well as his invaluable contributions to the association over the years.

Narendra Deo Bhatta, Founder of Heritage Tours and Travels, was honoured with the 'PATA Special Contribution Award 2024' for his unwavering commitment and remarkable contributions to Nepali tourism, as well as his exceptional legal guidance and support to the association.

The Premiere Hotel School, Itahari, received the 'PATA Best Student Chapter of the Year 2023' award in recognition of their dedication and contributions in engaging with the initiatives and events of the PATA Nepal Chapter throughout 2023.

During the programme, Prof Dr Wolfgang Georg Arlt, Founder of Meaningful Tourism Centre, delivered the keynote speech on 'Nepal Tourism 2.0', sharing the manifesto of outcomes from the Experts Roundtable Meet organised by PATA Nepal Chapter on June 5. On behalf of the Meaningful Tourism Centre based in Germany, he presented the Meaningful Tourism Award (Gold) to the Community Homestay Network, Tiger Mountain Pokhara Lodge, and KGH Group of Hotels and Resorts. Similarly, the Nepal Academy of Tourism & Hotel Management received the Meaningful Tourism Award (Silver), while Nepal

Airlines Corporation and Hotel Himalaya received the Meaningful Tourism Award (Bronze). Based on the imports of ten months of 2023/24, foreign exchange reserves of the banking sector are sufficient to cover the prospective merchandise imports of 15.1 months, and merchandise and services imports of 12.6 months.

Nepal's first Waste Management and Climate Conference sets stage for sustainable future



Nepal hosted its first-ever Waste Management and Climate Conference (WMCC) in Kathmandu on the occasion of World Environment Day. The event was organised by the Confederation of Nepalese Industries (CNI), The Coca-Cola Foundation, National Human Rights Commission (NHRC), Khaalisisi, Women for Human Rights (WHR) and CNIYEF, uniting key stakeholders to address Nepal's waste management and climate challenges.

The conference brought together government officials, industry leaders, environmental experts and community advocates to tackle critical issues related to waste management, climate change and environmental sustainability.

The opening ceremony was attended by National Assembly Chairman, Narayan Dahal, as chief guest. It started with a tree-planting ceremony. The conference featured a keynote speech, the unveiling of the Material Recovery Facility (MRF), and the launch of the book 'ABC for Climate'. At the closing, Nawal Kishor Sah Sudi, Minister of Environment and Forest, discussed his ministry's climate action initiatives.

"The WMCC is a milestone event for Nepal," said Carlos

Pagoaga, President of The Coca-Cola Foundation. "It reflects our shared commitment to creating sustainable solutions for the environmental challenges we face."

A key component of the conference was the Mayor's Forum which facilitated dialogue between local government officials and industry leaders on effective municipal waste management strategies. Mayors from Lalitpur, Dhangadhi, Dhankuta, Budhanilkantha, and the deputy mayor from Chandragiri participated, with the session moderated by Dil Bhusan Pathak.

The conference explored innovative solutions to turn waste into useful resources, promoting a circular economy. It discussed issues like carbon emissions, plastic pollution, air pollution in Kathmandu, and the effects of climate change on the Himalayas, including Mount Everest. Presentations highlighted innovative waste management ideas from GIZ and Nepal's commitments to the Paris Agreement.

Nearly 1,000 delegates from 600 organisations across 33 districts and 5 countries attended the event, highlighting the widespread interest and commitment to advancing waste management and climate action in Nepal.

Turkish Airlines expands its US network with new Denver route



Türkiye's national flag carrier has launched its 14th destination in the United States. Having started its operations to the Americas in 1988 with flights to New York, Turkish Airlines has expanded its flight network to include Denver as the 14th destination in the United States of America.

Starting from June 11, 2024, Turkish Airlines has scheduled three flights a week



to Denver, its 347th destination in 130 countries. From July 9, 2024, the frequency will increase to four flights a week, thereby contributing to the tourism and trade volumes between the two countries by transporting thousands of passengers annually on the Istanbul-Denver route. The flag carrier will operate flights between Istanbul Airport and Denver International Airport. epal's conservation efforts.

IME marks 24th anniversary with commitment to digital transformation, economic development



IME, a prominent player in the remittance sector of Nepal, celebrated its 24th anniversary on June 12. Over the past 23 years, the company has established itself as the largest and most reliable company in the remittance sector. IME Group Co-Founder and Managing Director, Hem Raj Dhakal, reflected on IME's business journey during the event which was celebrated under the banner of 'Embracing Digital Transformation'. He highlighted that the company has extended its services beyond formal remittance by contributing to the nation's economic development and improving the quality of life for its citizens, including in areas such as education and health.

IME Group Co-Founder and Chairman, Chandra Prasad Dhakal, in a message expressed the company's commitment to carrying on with providing quality services and contributing to the social and economic transformation of their customers. He also expressed his sincere gratitude to all the well-wishers, including customers, the government,

Nepal Rastra Bank, regulatory bodies, business partners and employees, who have supported them throughout their 24-year journey. He further stated that IME is dedicated to contributing to the national economy by bringing in remittances through legal channels and expanding its investments by diversifying its businesses.

Similarly, IME Chief Executive Officer, Khilendra Paudel, stated that IME is committed to providing services guided by cooperation, technical excellence, professional ethics, and shared values. He also mentioned that by embracing technological advancements, IME will continue to integrate itself into the daily lives of ordinary citizens through a range of diversified services.

The Nepal Distilleries bags three medals at IWSC Awards



Nepal's first and leading distillery, The Nepal Distilleries, has announced the addition of three more prestigious medals to its existing wall of global recognition. The distillery's three different offerings with distinctive tastes, brought home one silver and two bronze at the International Wine and Spirits Competition (IWSC) Awards 2024. IWSC is a global wine and spirits community, discovering and awarding the best spirits from around the world since 1969. The annual event receives entries from over 90 countries.

Khukri XXX Rum, forefront as the distillery's flagship lineup since 1959, bagged the bronze medal with 88 points. The Khukri Spiced Rum, infused with authentic Nepali spices, was awarded the bronze medal with 89 points. Nude Superior

Vodka, the flagship product by the distillery, claimed the silver medal with 91 points.

The Nepal Distilleries has enjoyed a remarkable six decades as the market leader of the domestic spirits segment in Nepal's alcohol industry. Beyond Nepal, the distillery has garnered numerous international recognitions, currently distributing its products across the globe.

Varnabas Museum Hotel joins the Small Luxury Hotels of the World

Varnabas Museum Hotel has joined the esteemed Small Luxury Hotels of the World (SLH) collection. Launched on June 14, this cooperation is an exciting step forward in the hotel's quest to provide unmatched luxury and genuine Nepali hospitality.

This partnership marks Varnabas Museum Hotel as the only hotel in the Small Luxury Hotels collection listed from Nepal. Small Luxury Hotels is a handpicked collection of luxury hotels from all corners of the world that offer bespoke services and unique facilities. The Varnabas Museum Hotel is officially live on slh.com as a member of SLH, providing guests with access to a world of advantages and rewards.

Members of the SLH loyalty club are now eligible for exclusive benefits and can exchange their loyalty points for savings when visiting Varnabas. This partnership makes it possible for visitors with loyalty points from other SLH hotels to participate, resulting in a smooth and fulfilling experience.

This is best for guests who are members of SLH Loyalty club, as they can access exclusive benefits and rewards during their stay at Varnabas. Additionally, visitors with Hilton Hotel loyalty points are eligible to use them for their visit at Varnabas Museum Hotel.

World Bank's Senior Managing Director Trotsenburg meets Finance Minister Pun



World Bank's Senior Managing Director, Axel van Trotsenburg, paid a courtesy call on Finance Minister, Barsha Man Pun, in Kathmandu on June 17.

Trotsenburg was on a five-day official visit to Nepal to meet with the government and other stakeholders and to chair the Third Replenishment Meeting of the World Bank's fund for low-income countries, the International Development Association (IDA). The Government of Nepal organised the Third IDA21 Replenishment Meeting in Kathmandu from June 18-21.

In the meeting held at the Ministry of Finance, Trotsenburg along with the World Bank's Vice President (Development Finance), Akihiko (Aki) Nishio; Vice President for the South Asia Region, Martin Raiser; and newly appointed Country Director for Nepal, Maldives and Sri Lanka, David Sislen; and others participated.

Finance Minister Pun expressed his pleasure at hosting the IDA-21 meeting in Nepal. He stated that the World Bank Group's high-level meeting in Kathmandu would enhance Nepal's reputation internationally. He thanked the World Bank management for selecting Nepal as the venue for the IDA-21 meeting and promised full support from the Government of Nepal to ensure its success. Minister Pun reflected on Nepal's six-decade-long partnership with the World Bank and commended the bank's substantial support in Nepal's development. He acknowledged the continuous interest and commitment shown by the World Bank towards constructing two major



hydropower projects, Upper Arun and Dudh Koshi, which are currently in progress. He assured that Nepal is prepared to advance both projects and expressed confidence that financial management will be finalised shortly.

Minister Pun urged World Bank representatives to focus on plans that include strengthening good governance, institutional capacity building, and achieving graduation from Least Developed Countries (LDCs) by 2026, tackling the impacts of climate change, enhancing public service delivery, and creating employment opportunities in Nepal. He appealed to the World Bank to prioritise not only financial assistance but also knowledge sharing and innovation through IDA-21. In a separate context, Minister Pun noted that Nepal's economy should be considered medium-sized rather than small.

In response, World Bank's Senior Managing Director Trotsenburg acknowledged the longstanding partnership between Nepal and the World Bank, affirming that Nepal has always been accorded high priority by the institution. He expressed confidence that this cooperation would continue to strengthen in future.

Private sector's contribution to disaster management in Nepal felicitated



National Business Initiative (NBI), in partnership with USAID's Tayar Nepal, organised a Symposium on 'Promoting and building business resiliency in Nepal', on June 5, in Kathmandu. The event aimed to recognise the significant role of the private sector in Disaster

Risk Reduction (DRR) and its contribution to building resilient communities. The event featured two panel discussions and the presentation of the 'Business Resilience Award' to acknowledge and celebrate the contributions of private sector companies in disaster management and business continuity management.

NBI aims to inspire other businesses to prioritise preparedness and risk reduction initiatives within their operations, through recognition and award events and highlighting Business Continuity Management best practices for building business resilience and learnings of private sector in contributions to DRRM.

During the opening session, NBI President, Kush Kumar Joshi, highlighted the importance of the private sector's involvement in disaster management and resilience building. He remarked that the event can serve as a platform to share the successful efforts, challenges and learnings of the private sector within Nepal and other regions. Inaugurating the event, chief guest Krishna Bahadur Raut, Secretary of Ministry of Industry, Commerce and Supplies, said "More than 90% of government's expenditure on disaster management is on post-disaster rescue, relief and recovery. UNDRR has identified more than 300 hazards but

our government has recorded around 42 only. Now is the time to focus more on building resilience of infrastructures, private sector and ensuring uninterrupted service delivery during emergencies". He commended the efforts made by the private sector in disaster

management and encouraged businesses to utilise CSR funds in their own resilience building and continuity management

The symposium consisted of panel discussions focusing on the importance of disaster risk reduction and management in building resilient economies and the growing roles of the private sector in disaster management and business continuity management.

Following the discussions, the 'Business Resilience Award' was presented to eight companies across various categories for their outstanding contributions to disaster risk reduction and business continuity management. Among the recipients were Ncell Axiata and Bottlers Nepal (Terai) for the multinational corporation category, Panchakanya Steel and The Nepal Distilleries for the large enterprise category, Nepal Dairy and Kanchanjanga Tea Estate and Research Centre for the medium enterprise category, as well as Mahaguthi and Nepal Knotcraft Centre for the micro,

cottage and small enterprise category.

Bajaj launches all-new Pulsar N150 in Nepal



Hansraj Hulaschand & Co, the sole authorised distributor of Bajaj motorcycles in Nepal, has launched the all-new Pulsar N150. The Pulsar N150 is designed for riders who seek a bike with a balanced character, ideal for both everyday commuting and enjoyable rides.

Abhimanyu Golchha, Director of Golchha Group, stated, "Since the day of its launch in Nepal, Pulsar bikes have set new benchmarks in Nepal and globally, making Pulsar one of the most loved motorcycling brands across 70 countries. Today, Pulsar ups the benchmark yet again with the launch of the Pulsar N150."



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The Pulsar N150 is introduced under the theme 'Balanced Power' which captures the essence of a bike that offers both performance and practicality. The major highlight of this motorbike is the digital console with Bluetooth connectivity for call and SMS alerts, enhancing the overall riding experience. Moreover, it also comes with practical amenities such as a USB charging port. Similarly, its fuel injection system and BS6 will make this bike more efficient. The Pulsar N150 boasts a sleek design with an aerodynamic 3D front embodying sculptural purity, finished in a dynamic interplay of metalised dual colours. Equipped with a powerful yet smooth 149.68 cc engine, the Pulsar N150 generates 14.5 PS of power and 13.5 Nm of torque, ensuring an exhilarating ride with an impressive mileage of 48 kmpl. The Pulsar N 150 features several advanced components including a digital speedometer, tachometer, trip meter, and odometer. It supports USB charging and offers a clock and a distance-to-empty indicator for added convenience. Additionally, the bike integrates with the 'cat' notification system and the Hide Connect app, enhancing connectivity.

With a kerb weight of 145 kg, the Pulsar N150 offers a stable and comfortable ride. It has a fuel capacity of 14 litres, making it suitable for long rides without frequent refuelling. The bike's braking system includes a 260 mm front disc brake and a 130 mm rear drum brake, ensuring effective stopping power. It is available in the Nepal at Rs 359,900.

Outreach celebrates 20 years with rebranding and new website

Outreach has celebrated its 20th anniversary with an exciting rebranding. This milestone includes a new logo, a philosophy inspired by Nepali heritage, and a new website. Since its founding in 2003, Outreach has become a leading advertising agency based in Nepal. The agency is renowned for its strategic use of local consumer insights – a concept they call 'Nepalisation' – which has driven the successful launch of many global brands in Nepal. Outreach is also celebrated for its creativity and marketing innovations, setting new benchmarks in brand marketing and impactful Behaviour Change Communication (BCC) campaigns aimed at humanising positive social change.

As part of the rebranding, Outreach has introduced 'The Sherpa Philosophy'. Sherpas, the mountainous people of Nepal, are globally recognised for their exceptional mountaineering skills, guiding climbers to the summit with their expertise and unwavering support. Similarly, Outreach positions itself as a guide for global brands, providing the essential strategic planning tools and consumer insights needed to navigate the market landscape and achieve business growth.

Ujaya Shakya, Founder of Outreach, elaborates, "Sherpas are known for their guidance and support, helping climbers reach their goals. At Outreach, we embody this spirit by using our deep understanding of Nepali culture and local market dynamics to guide brands to success. Our new logo, inspired by the Ice Axe, symbolises the critical tools needed to conquer marketing challenges."

Kwality Ice Cream launched in Nepal; aims for nationwide expansion



Jyoti Group (SIPL) celebrated a significant occasion with the official launch of Kwality Ice Cream in Nepal on June 19.

The event held at Hotel Himalaya in Lalitpur brought together celebrities, influencers, SIPL's Chairman Saurabh Jyoti, Pure Ice Cream's Vice President of Sales, Marketing, and Supply Chain, Mazhar Ali, Jyoti Group's staff, and clients from modern trade, general trade, and food service for a delightful celebration.

According to a press statement issued by the company, Kwality Ice Cream, manufactured by Pure Ice Cream, is a prestigious brand under India's Graviss Group. As the first-ever ice cream manufacturer in the Gulf Cooperation Council (GCC) region in 1977, Kwality's success extends beyond the Middle East. It now boasts over 9,000 outlets across neighbouring GCC countries, Africa, and regions like the UK and Southeast Asia, positioning Kwality for further global expansion.

Discussing the brand launch, Pure Ice Cream's Vice President, Ali, stated, "The Nepali ice cream market has witnessed a notable shift towards premium preferences among consumers, indicating a growing demand for high-quality and exclusive ice cream. With changing consumer lifestyles and a growing appreciation for high-quality products and global ice cream flavours, our brand aims to fill the market gap for consumers seeking luxurious and extraordinary ice cream options."

SIPL Chairman, Jyoti, expressed, "We are deeply gratified by the enthusiastic reception Kwality Ice Cream has received in Nepal. We are planning a strategic expansion to 200 locations nationwide within the next year. To further extend our reach beyond Kathmandu valley, we welcome investment in parlours, carts, food service, modern trade, and collaboration from businesses throughout Nepal."

According to the company, "This expansion will include the installation of attractive parlours, kiosks, and carts in main cities in Nepal, ensuring increased accessibility and convenience for ice cream enthusiasts throughout the country."

Kwality offers a tempting selection of international flavours in sticks, cups, and tubs, featuring delights such as pistachio, fruit salad, mango, malai pista, kulfi, and cookies and cream, among many other exquisite options.



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FISH TAIL LODGE
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Citroën ë-C3 Shine officially launched in Nepal



Citroën launched the eagerly awaited Citroën ë-C3 Shine variant, the top model of the Citroën ë-C3 in Nepal, through its authorised distributor, Shangrila Motors, on June 2. This unveiling signifies a pivotal moment in the realm of electric vehicle innovation within the Nepali automotive market.

The Citroën ë-C3 Shine epitomises excellence with its array of advanced features and heightened comfort levels. Boasting front and rear skid plates, a rear camera, a rear wiper, a rear defroster, a leather wrapped steering wheel, alloy wheels, and electrical ORVMs, this model redefines the driving experience, elevating it to unprecedented heights.

The ë C3 Shine, available at a pre-budget price of just Rs 35.99 lakhs until stocks last, delivers exceptional value for money, bringing cutting-edge electric mobility within reach for the Nepali market.

In addition to revolutionising the driving experience, Shangrila Motors also focuses on sustainable battery management. They work with Lohum Cleantech, India's largest lithium-ion battery lifecycle management company, to handle end-of-life and damaged batteries. This partnership highlights their dedication to sustainability and environmental responsibility.

Since 1919, Citroën has created automobiles, technologies, and mobility solutions to respond to evolutions in society. Being an audacious and innovative brand, Citroën places serenity and well-being at the heart of its customer experience and offers a wide range of models, from the unique Ami, an electric mobility object designed for the city, to sedans, SUVs, and commercial vehicles, most of them available with electric or plug-in hybrid powertrains.

Laxmi Sunrise Bank and Aloï forge partnership to advance sustainable and green financing



Laxmi Sunrise Bank and Aloï have announced the signing of a memorandum of understanding, marking the commencement of a strategic partnership aimed at exploring, evaluating and potentially initiating and scaling sustainable and green financing through digital interventions.

This collaboration is set to enhance sustainable and green financing initiatives, reinforcing the commitment to environmental stewardship. Also, the partnership will strengthen the bank's portfolio

in the SME and MSME sectors, leveraging leads generated by Aloï to drive growth. By supporting the development of SMEs and MSMEs, this collaboration is poised to make significant contributions to economic progress, fostering job creation and enhancing their impact on the economy. Furthermore, the initiative will include financial literacy and banking-related educational programmes for participants identified by Aloï, further solidifying the commitment to economic empowerment and community development.

The agreement was signed by Ashim Karmacharya, Head of Green and Sustainable Banking at Laxmi Sunrise Bank, and Sonika Manandhar, Co-Founder and CTO of Aloï.

KONE celebrates 25+ years in Nepal



KONE Nepal celebrated its 25+ years in Nepal on June 14. The event saw Ramesh Sharma, Chairman and MD of Sharma & Company, as the chief guest. The event also had KONE India's top management team alongside the top management of MAW Engineering, authorised distributor for Nepal.

Vishnu Agarwal, Chairman, MAW Engineering, said, "KONE elevators and escalators have been one of the pioneer brands in the construction sector of Nepal. It has been 25+ years that we have been able to deliver KONE's products all across Nepal. We wanted to celebrate this success in the presence of the leadership team from KONE India and many of Nepal's senior architects, consultants and customers."

MD of KONE Elevator India, Amit Gossain, said, "Within a really short span of our market presence our

distributor MAW Engineering has been able to cater and even exceed the needs and expectations of our customers in Nepal. And all this has been possible because we at KONE believe in delivering products that are brilliant in every aspect, be it functionality, design or innovation. And along this long successful journey of over 25 years, we have learnt that Nepal, though a small market to the untrained eyes, is full of potential. KONE's leadership has been committed with special service support and focus on its customers as we consider Nepal as a very important strategic market."

KONE Nepal is an elevator and escalator brand founded in 1910 in Helsinki, Finland. KONE Elevators India has a long and successful history in Nepal. With its path breaking innovations, it has been listed in the most innovative companies list of Forbes for eight times.

Om Hospital holds 27th AGM; elects Dr Shrestha as new chairman



Om Hospital and Research Centre in Chabahal, Kathmandu concluded its 27th annual general meeting (AGM) on May 25. The AGM unanimously elected the newly appointed director and senior radiologist, Dr Anand Prasad Shrestha, as the Chairman.

Other individuals elected to the Board of Directors include Sarala Rijal, Dr Hari Kishor Shrestha, Dr Gisup Prasiko, Dr Rajesh Kishor Shrestha, Dr Rita Singh Hamal, Sharadkanta Adhikari, Hari Prasad Pathak, Bijay Malla, Babu Kaji Karki, and Prof Dr Jageshwor Gautam.

Dr Shrestha, who specialised in Radiology at the All India Institute of Medical Sciences has more than five decades of experience in

the medical field, and is a leading doctor who established radiology in Nepal's medical sector.

Dr Shrestha, a former member of the Nepal government's Higher Education Technical Committee, former vice president of the Nepal Medical Council (NMC), and former president of the Nepal Medical Association (NMA), is a senator at Patan Academy of Health Sciences (PAHS), founder director and shareholder of Nepal Medical College Teaching Hospital (NMCTH), and consultant of Nepal Radiological Society (NRS).

Om Hospital is a leading health service provider and has been regularly conducting various awareness-raising programmes, free health check-ups, medicine distribution camps for patients from remote areas as part of its corporate social responsibility. In partnership with the Ministry of Health and Population (MoHP) and Department of Health Services (DoHS), the hospital has been providing free dialysis service to kidney patients as well as special treatment service with Rs 100,000 concession provided by the Nepal government for cancer patients. In recognition of senior citizens above 70 years, the hospital also offers a 10% discount on treatment fee.

NYEF Kathmandu celebrates Emerging Leaders 2024: Honours Nepal's brightest young entrepreneurs

NYEF Kathmandu Chapter concluded the Emerging Leaders 2024 event on June 25, where five outstanding student entrepreneurs were recognised for their remarkable achievements across five different categories. This initiative was aimed to foster an entrepreneurial spirit among the youth and provide a platform for young innovators to showcase their successes.

The event began with an opening speech by Aabhusan Jyoti Kansakar, CEO of Jeevee

Health, who drew an analogy between startups and roller coasters. He emphasised the importance of enjoying the startup journey despite its ups and downs, as it spans a significant period of 10 to 16 years.

Awards were presented across different categories including Innovation and Technology; Social Impact; Education; E-commerce and Retail; and Sustainability, Environment and Agriculture.

Saurav Tiwari, Founder of Jod Initiatives won the award in the Social Impact category, while Dipsha Khadka, Founder of Maharani bagged the award in the E-commerce and Retail category. In the Education category Tilak Dhital, Co-founder and Financial Officer of MeroSiksha was the winner and in the Innovation and Technology category, Himal Timalina, Founder of Dark Matter, bagged the award. Finally, Anjana Malla, CEO and Co-founder of Deego Nepal, won the award in the Sustainability, Environment and Agriculture category.

DPM Shrestha meets Indian MNC heads of Nepal



Deputy Prime Minister and Foreign Minister, Narayan Kazi Shrestha, hosted a breakfast meeting with the senior executives of leading Indian multinational companies operating in Nepal and associated with Nepal-India Chamber of Commerce and Industry (NICCI) on June 13. The meeting was coordinated by NICCI.

During the meeting, the chief executives and representatives of the companies shared their success stories in Nepal and briefed about their plans for future expansion, emphasising their

commitment to reinvest from the earnings locally. They also highlighted several challenges they face, including issues in the real sector, difficulties in remitting funds, payments to foreign suppliers, and the impacts of post-Covid economic sluggishness on construction and manufacturing sectors.

The mismatch in customs duties on raw materials versus finished products, which has increased manufacturing cost in Nepal and created an uneven playing field was also discussed. Despite repeated requests to address them in budget suggestions, these issues have remained unresolved.

Additionally, concerns were raised regarding the retention of earnings by Indian nationals working in these companies and the high tax rates in Nepal, which are among the highest globally. The representatives urged the government to address these matters to foster a more conducive investment environment in Nepal.

In response, Minister Shrestha emphasised the need to shift towards import substitution and export-oriented economy for long-term sustainability. Shrestha thanked all the multinational representatives for their presence and for their insights into the current economic situation in Nepal.

The meeting was attended by Ravi Kumar Rayavaram, Managing Director of Surya Nepal; Amlan Mukherjee, Managing Director of Unilever Nepal; Abhiman Bararia, Managing Director of Asian Paints Nepal; G Gopalakrishnan of Asian Paints; Gorakh Rana, Deputy Chief Executive Officer of Standard Chartered Bank Nepal; Ravi Bhakta Shrestha, Promoter Director of Unilever Nepal; Saibal Ghosh, Management Consultant at Berger Jensen and Nicholson Nepal; Mayur Kumar, Financial Controller of Dabur Nepal and Keshab Man Singh, Director General of NICCI.

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On the occasion, Director General of NICCI, KM Singh presented a copy of the 'Investment Guide for Indian Investors, 3rd Edition, 2024' to Minister Shrestha.

Saksham Accelerator and Mentorship Programme 2024 launched



Coca-Cola Nepal has announced the second phase of the Saksham Accelerator and Mentorship Programme, a groundbreaking initiative designed to empower women entrepreneurs across Nepal. Launched on March 8, 2022, Saksham is an initiative of Coca-Cola Nepal and Atelier Platform. Saksham has empowered and trained over 2,000 women all over Nepal till date and aims to equip women with the necessary skills and confidence to succeed in their entrepreneurial ventures.

Chandrika Kalita, Country Director for Coca-Cola in Nepal, said, "We are thrilled to continue our journey with the Saksham Accelerator and Mentorship Programme into its second phase, further empowering women entrepreneurs in Nepal. At Coca-Cola, we believe in creating opportunities that foster innovation, sustainability and inclusivity. Through initiatives like Saksham, we aim to not only support budding entrepreneurs but also contribute to the economic and social development of the country. We are excited to witness the transformative impact these women will have on their communities and industries."

Following a thorough review and selection phase,

the 2024 programme was launched with an orientation session on May 31. This was followed by expert sessions on feminist leadership, company legalities, access to finance, and the circular economy. The two-month programme includes bi-weekly expert-led sessions on various topics, including gender rights, leadership,

climate change, legal processes, marketing and finance.

This year's cohort features 10 exceptional women selected from over 40 applicants, representing agriculture, hydroponics, mental health, cultural heritage promotion, technology and more. The 2024 Saksham Accelerator and Mentorship Programme finalists are Archana Shrestha (Hisi C), Indu Shrestha (Putali Nepal), Luniva Shakya & Co (Re-Up Studio), Pratima Basyal & Co (Pasa – Napa), Rachana Poudel (Vermicast Organics), Roji Maharjan (Project Green Circle), Sabina Chaudhary (Zaika-e-Kathmandu), Sushmita Paudel & Co (Eco Revive), Shreya Malla & Co (Pal), and Shreya Chochchhe (Chochchhe). The finalists are poised to transform their innovative ideas into impactful ventures with the support of dedicated mentors and comprehensive resources.

The Saksham Accelerator and Mentorship Programme is a key element of Coca-Cola Nepal's Women Empowerment initiative, established to promote business equality for women in Nepal. The accelerator programme is part of the larger Saksham Programme which was launched in 2022 with a vision to build the capacity of micro and small-scale

CHN hosts 'Community Connect' event to promote Nepal's unique travel experiences



Community Homestay Network (CHN) organised an event called 'Community Connect' from May 16 to 26. The event hosted 30 international delegates to experience Nepal's unique travel offerings. The event was a collaboration between Nepal Tourism Board (NTB), USAID Trade and Competitiveness, and HI-GRID, a project supported by the Australian government and implemented by the International Centre for Integrated Mountain Development (ICIMOD) and its partners.

International participants included journalists, photographers, media personalities, advocates of sustainable and community tourism, B2B travel companies, and local destination management companies (DMCs).

The event concluded with four immersive exposure trips in various parts of Nepal with the aim was to empower local communities, promote responsible tourism practices, and encourage the preservation of natural and cultural heritage. Participants were grouped into different exposure trips based on their interests and expertise in community-based tourism.

After the exposure trips, the final event on May 26 in Kathmandu, was organised in collaboration with NTB. It brought together around 200 participants from local communities and other stakeholders. The event showcased CHN's values centred on community-based tourism. Through these initiatives, CHN aims to raise global awareness of community-based tourism products and inspire travellers with compelling narratives.

women entrepreneurs in and outside Kathmandu Valley to enhance their knowledge as an entrepreneur and to build their capacity for growth and innovation.

Triveni MotoCorp opens Dongfeng EV showroom in Lalitpur

Triveni MotoCorp has inaugurated a showroom for

Dongfeng electric vehicles (EVs) in Balkumari, Lalitpur as the authorised distributor for China's Dongfeng Automobile Co Ltd.

Dongfeng Automobile Co is one of the top three car manufacturers in China and operates in 50 countries worldwide. Currently, Triveni MotoCorp is selling and distributing 11-seat and 14-seat



Dongfeng electric passenger vans, as well as 4.5 and 5.3 cubic metre cargo vans.

Triveni MotoCorp has dealer networks across Nepal and service, parts and chargers are available at all dealer networks. The company is currently expanding charging stations in its dealer networks. They also have trained and experienced service teams to facilitate after-sales services.

TikTok introduces new rules and safety resources for LIVE

TikTok LIVE will start rolling out new LIVE Monetisation Guidelines and educational initiatives to further foster positive, authentic and joyful LIVE communities. The guidelines lay out how some content – including inauthentic or low-quality content – is not eligible to earn money on TikTok LIVE. While most creators already follow these rules, those who violate them will be notified and may have their access to monetisation features restricted. TikTok's Community Guidelines and Terms of Service will continue to set the foundational standards for which content is allowed anywhere on TikTok, including LIVE.

TikTok is also updating its approach to onboarding new LIVE creators, to better support and welcome new streamers safely. TikTok has some of the industry's firmest livestreaming requirements, as creators must be at least 18 years old and their accounts must meet additional criteria to go LIVE. Now, newly eligible LIVE creators will receive access to advanced LIVE monetisation features in phases, so they can learn LIVE's rules as they grow their audience. To help them do that, TikTok is also launching a new LIVE Safety Centre resource and updating its in-app LIVE Safety Education Centre, where creators can view policy violations and educational content.

These updates build on TikTok's continued investment in LIVE safety and content

quality. More than 40,000 people work alongside technology to keep the TikTok platform safe, and this includes dedicated teams and detection models for LIVE. TikTok offers over ten customisable safety tools specifically for LIVE creators, as well as numerous features that help viewers personalise how they enjoy LIVE content.

SBAN presents grand finale of National Stock Pitching Competition at KUSOM



National Stock Pitching Competition 2024 was organised successfully in all seven provinces of Nepal from May 5 to May 19. Each winner of the respective provinces was brought together in Kathmandu for the grand finale where they had to compete with each other presenting their respective stock investment strategies.

The grand finale of the National Stock Pitching Competition took place on May 31 at Kathmandu University School of Management (KUSOM), culminating in a thrilling and thought-provoking event that brought together the brightest financial minds in the nation.

Organised by the KUSOM Finance Club and supported by Stock Brokers Association of Nepal (SBAN), the competition featured teams from top institutions and universities across the country, all vying for the prestigious title.

The event had Dr Nabaraj Adhikari, Executive Director of the Securities Board of Nepal, as the chief guest. Invitees included Dr Bijay KC, Dean of KUSOM; Prajwal Upreti, Executive Member of SBAN; and Jayant Srivastav, General Manager of Siprabi Securities.

Provincial were Kasturi College, Itahari (Koshi Province); Birgunj Public College, Birgunj (Madhesh Province); Boston International College, Chitwan (Bagmati Province); Prithvi Narayan Campus, Pokhara (Gandaki Province); New Horizon College, Butwal (Lumbini Province); Mid-West University School of Management, Birendranagar (Karnali Province); and Galaxy Multiple Campus, Dhangadhi (Sudurpashchim Province).

The grand finale featured

demonstrating analytical prowess, and exhibiting strategic thinking through their stock proposals. Each team had a 15-minute presentation followed by a rigorous Q&A session with the judges. The judges assessed the pitches based on several criteria, including depth of analysis, innovative thinking, risk assessment, and overall presentation skills.

The competition concluded with the announcement of the top three teams. Team Mt Manaslu from Kathmandu College of Management (KCM) stood first, while Team Invincible from Shankar Dev Campus came second, and Team BAP from KUSOM stood third.

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Learning Curve Workshop Explores Digital Marketing Trends, Influencer Strategies



Catalyst, in association with Business 360, recently introduced 'Learning Curve' a dynamic quarterly initiative dedicated to exploring contemporary business themed learning events. The inaugural session was titled 'What's Trending: Unlocking the Future of Marketing—Trends, AI, and Data-Driven Strategies,' that was held in Kathmandu on June 27. Forward-thinking professionals, business leaders, and media representatives participated in this exclusive workshop that provided insights into the ever-evolving digital landscape, exploring how consumer content consumption has changed and the transformative impact of AI and machine learning on digital marketing.

Rohan Chincholi, Chief Digital Officer and Nishant Shekhar, Head of Data and Analytics, Havas Media Group, India, were the resource team for the session of Learning Curve.

Chincholi emphasised the critical role of digital marketing in today's business landscape. He discussed how companies have shifted their focus to adapt to changing audience preferences. Additionally, he highlighted an intriguing phenomenon known as the 'lipstick effect'. During the Great Depression of 1929, when economic hardship prevailed, people reduced spending on household goods. However, they continued to invest in beauty and cosmetic items — a trend that became known as the 'lipstick effect'. Even during global economic recessions, companies reported declining sales, yet certain products, like lipstick, saw increased demand. For instance, L'Oréal, one of the world's leading cosmetics manufacturers, experienced a remarkable 5.3% growth in sales during the economic recession. Chincholi predicted that it wouldn't be limited to lipsticks; other affordable luxuries would also thrive. He

further emphasised that cost-effective items with substantial returns can sell out just like cosmetics. As an example, alcohol and chocolate sales skyrocketed during the Covid 19 pandemic lockdowns.

Chincholi drew attention to the fact that during economic downturns and pandemics, consumers become budget-conscious and prioritise essential purchases over high-priced items like homes, cars or electronics.

Shekhar delved into the efficiency of influencer campaigns for product marketing. He suggested, "Brands with investment capital should strategically allocate resources across various media channels to maximise audience reach while minimising costs. Rather than concentrating all funds on a single medium, companies should distribute investments for product launches and promotional campaigns."

Shekhar outlined several methods for analysing social

influencers. Shortlisting influencers based on their accounts is one effective approach. He also emphasised the role of artificial intelligence (AI) in enhancing content creation. Building continuous consumer engagement and fostering brand consideration are essential steps in the digital ecosystem.

Shekhar said, "Creating consumer affinity is crucial for organic growth. Overspending on a particular channel should be avoided, and key performance indicators (KPIs) must align with business objectives. Understanding the target audience is paramount."

Following the session, certificates of participation were awarded to the participants.

Learning Curve embraces the philosophy of ongoing professional growth. It offers a platform for comprehensive discussions, expert insights, and collaborative learning, tailored for industry professionals. **B**

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Asia Pacific Summit 2024

Power of youth leadership, cultural exchange and global collaboration



The Asia Pacific Summit (APS) 2024, an annual conference organised by AIESEC, concluded with great success, bringing together potential leaders from across the Asia-Pacific region. Held from April 3 to 7 in Kathmandu, the summit emphasised its theme, 'AIESEC is Exchange', highlighting the significance of exchanges and exchange programmes in fostering global collaboration and leadership development.

The opening ceremony saw Yuga Thapa, Core Committee President, deliver the welcome speech. Speakers included MCP Satkar Raj Shrestha, AP OD Manager Vy Diep, and AIESEC Nepal Founding Member Samanata Thapa who emphasized the importance of collaboration and cultural exchange.

Delegates were treated to a captivating celebration of cultures on the second day, showcasing the diversity of the 19 entities present. This immersive experience fostered a deep appreciation for global

diversity, empowering youth to become active global citizens committed to driving positive change. The Global Village event facilitated meaningful connections, inspiring dialogue and paving the way for impactful actions, promoting a more interconnected and harmonious world.

On April 4, AIESEC, in collaboration with Accenture, delivered the World's Largest Lesson (WLL) to students of Global College in Kathmandu. The 'Sustainability Hour' lessons, conducted by 121 facilitators, reached 1,163 students aged 16-17. This initiative reinforced a strong commitment to the importance of sustainability in today's world.

The third day featured the launch of Elevate + This is AIESEC, a platform designed to connect the youth of Nepal with the AIESEC network across the Asia-Pacific region. With 510 online registrations and 275 attendees, the event showcased volunteering,

internship and teaching opportunities from 17 entities, fostering real-time exchanges and promoting global connections.

The summit culminated in a Gala Night on the fourth day, celebrating the achievements and contributions of AIESEC members, partners and supporters. This event served as a moment of reflection, celebration and inspiration, reinforcing AIESEC's commitment to leadership development, cultural understanding, and global impact. It was a night filled with a deep sense of camaraderie.

Throughout the summit, delegates participated in Lead Sessions and Capacity Development Sessions on crucial topics, including AIESEC Essence, Current Context of the Asia Pacific Region, Performance Management, Customer Flow Management, Product and Network Management, Synergy Management, Making Data-Driven Decisions, and

Owning a Limitless Asia Pacific. These sessions, facilitated by 20 experts, aimed to enhance leadership skills and knowledge, contributing to the overall development of 118 delegates from 19 entities.

The meticulous preparation over four months and the collaboration with 14 partners ensured the summit's success. The testimonial by the Country Director captured the essence of the event: "Asia Pacific Summit 2024 was an opportunity for us to bring Asia Pacific delegates to Nepal and Nepal to them. Bringing people from 19 different countries to Nepal and delivering the promise of Nepal to them was an amazing experience for me. The involvement and clarity shown by the Nepali delegates during and after the conference would be my highlight. I am hopeful for growth in impact and numbers for AIESEC in Nepal in the coming days. I am proud to have hosted APS in Nepal." **B**



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Sonna Amatya

Founder & CEO
Full Circle House of Communication

Sonna Amatya is a notable female entrepreneur recognised for her significant contributions to the advertising industry. She is the Founder and CEO of Full Circle, an advertising agency with an annual turnover exceeding Rs 100 million. Her agency manages various multinational and prestigious local brands and had also won the 'Best Ad of the Year' award from the Advertising Association of Nepal in 2018

Amatya also leads several other ventures that include FC Brand Promotion, Full Circle Digital, Animake International, Mindgraph, Smart Circle, and FullCircle IT Solutions. Additionally, she is Director of Reliable Communication and Promoter of Reliable Lumbini Medical Centre.

Besides her business achievements, Amatya is a trained singer with three solo albums and numerous awards, including Best Female Singer at the 19th Annual Image Awards.

In this edition of Business 360, Amatya talks about her pick of top brands.

Top 3 brands

- Apple, because of its unparalleled innovation and the ecosystem it creates which seamlessly connects all its devices and services.
- Nike, for its branding and customer engagement.
- Rolex, recognised for its enduring quality and precision in timekeeping, coupled with a strong heritage that epitomises luxury and status.

Your all-time favourite brand

Apple, because their products consistently deliver both high functionality and aesthetic appeal.

Do you think expensive is better?

While expensive products often provide superior craftsmanship and longevity, they aren't automatically the best choice for everyone. I believe in evaluating whether an expensive item offers a tangible benefit in quality or experience before deciding whether it is worth the cost. It is about finding products that deliver the best performance and durability for their price, not just opting for luxury for the sake of luxury.

How does advertising influence your purchase?

Advertising serves as a gateway to discovering products but does not always sway my decision. I am particularly influenced by ads that showcase a product's unique features and how it fits into my lifestyle. However, I primarily base my purchasing decisions on comprehensive research, including customer reviews, product demos, and comparative analysis to ensure the product meets my specific needs.

A company that has got its branding spot on

Tesla has mastered the art of branding by not just selling cars but promoting a lifestyle choice centred around

sustainability and cutting-edge technology. Their minimalistic marketing approach, coupled with Elon Musk's public persona, creates a brand that is both aspirational and revolutionary.

Gadgets you use

I regularly use an iPhone 15 for its user-friendly interface and ecosystem, a MacBook Pro for its powerful processing capabilities and reliability, and an iWatch for its robust outdoor features that help track my fitness activities with precision. And also, I am using Honor Magic V2 phone which goes perfectly with my style.

Functionality or aesthetics

I prioritise functionality because a product needs to perform effectively to meet my needs. However, I also appreciate good design and aesthetics, particularly when they complement functionality, making the product not only useful but also enjoyable to use.

An entrepreneur you admire

I admire Elon Musk, for his vision and relentless drive in pioneering space travel and sustainable energy.

3 things brands can do to retain customers

- Brands can provide Exceptional customer service.
- Ensure consistent product quality.
- Engage with customers personally through social media and feedback channels.

You would never buy a brand that...

I steer clear of brands that engage in unethical practices such as exploiting workers or harming the environment and lack transparency.

A startup in Nepal that deserves recognition

Khaalisisi, which is tackling waste management and

recycling, providing a valuable service in urban areas.

Online or offline shopping

I prefer online shopping for the sheer convenience and variety it offers. The ability to shop from anywhere at any time and access a wider range of products than available locally makes online shopping my go-to choice.

3 top online sites you use for purchases

- Amazon for everyday items due to its vast selection and quick delivery.
- ASOS for a wide range of fashion choices that are good in quality and current in style.
- Alibaba for bulk purchases.

One thing you would never buy online

I would never buy fine jewelry online as I prefer to see and feel such high-value items in person to assess their quality and authenticity fully.

A brand you would never hesitate to recommend

Honor, especially for their mobile segment. Their commitment to quality, innovation, aesthetic design and user-focused design makes their products a reliable choice.

Would you ever buy a fake of your favourite brand?

No, I would not. Fakes do not only undermine intellectual property rights but often support unethical practices. I prefer to invest in genuine products to ensure quality and support legitimate businesses.

3 things that top your search list on Google for shopping or travel

- Latest tech gadget releases and reviews
- Top travel destinations for 2024
- Best promotional deals on clothing **B**

“THE ABILITY TO INFLUENCE AND SHAPE PROGRAMMES THAT BRING ABOUT MEANINGFUL CHANGE IS BOTH A PRIVILEGE AND A RESPONSIBILITY. THROUGH BLINKNOW, I AM DEDICATED TO CONTINUING OUR EFFORTS TO UPLIFT AND TRANSFORM THE LIVES OF VULNERABLE COMMUNITIES IN NEPAL.”

Born in the far west region of Nepal, Dr SP Kalaunee's life journey has been marked by diverse experiences and continuous growth. At the age of 16, before even completing his high school, he started his teaching career. The principal of a local school offered him the opportunity to teach, and he eagerly accepted, beginning with preschool children. This was to be the first step in a long and fulfilling career in education.

Over the years, Dr Kalaunee says that he has been fortunate to teach students of various academic levels. He also advanced his academic career alongside teaching becoming a school principal and an academic coordinator in a higher secondary school. He has also taught in different colleges and served as an exchange faculty in Finland and Vietnam. Most recently, he taught at an university in the United States, which he says has enriched his life perspective and teaching experience. He finds the diverse courses he did, including the doctoral degrees he received at the Eastern and the executive course at Harvard University, highly enriching.

Currently, Dr Kalaunee serves as the Country Representative of BlinkNow and Chairperson of the Association of International NGOs in Nepal (AIN). These roles allow him to contribute to social empowerment and development of education. Passionate and committed to advocating for equitable access to resources and opportunities, Dr Kalaunee has the rare ability to see that every individual has the potential to make a difference.

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

From humble beginnings to a visionary educator

As a child, I was curious and driven to study, values instilled by my parents and family culture. Despite limited resources and accessibility, my determination to pursue education never wavered. At the age of 16, I began my teaching career at a local school, teaching preschool children. My initial teaching experience with preschoolers was just the beginning of a journey that would see me engage with students at every educational level. As I pursued my own academic goals, I simultaneously expanded my teaching repertoire. I moved from nurturing the youngest minds in primary school to guiding the more complex inquiries of middle and high school students. This progression wasn't merely about moving up the academic ladder; it was about understanding the unique needs and potential of students at each stage of their development.

Teaching across such a wide range of educational levels has been incredibly rewarding. It has given me a comprehensive understanding of the educational journey, from the foundational stages to advanced learning. This breadth of experience has been instrumental in honing my teaching strategies and has reinforced my belief in the transformative power of education.

Championing health and community development

While my professional journey has largely been centred around education, my involvement in health and community development has also been a significant aspect of my career. Growing up in

a region with limited access to healthcare, I have always been acutely aware of the challenges faced by marginalised communities in terms of health and well-being. This awareness has driven me to work towards improving healthcare systems and addressing public health issues.

In my role with various non-profit organisations, I have had the opportunity to contribute to initiatives aimed at strengthening public healthcare. One of the most impactful projects I have been involved in was developing a public-private partnership model for healthcare delivery in the far west of Nepal. By collaborating with both governmental and non-governmental sectors, we were able to enhance the management and quality of care in public hospitals, making healthcare more accessible and effective for the local population.

This experience underscored the importance of innovative solutions and collaborative efforts in addressing health disparities. It was immensely gratifying to see tangible improvements in the health status of the communities we served and to know that our work was contributing to achieving the Sustainable Development Goal related to health and wellbeing.

Leadership in social empowerment

As the Country Representative for BlinkNow, I am dedicated to empowering vulnerable communities throughout Nepal. My role involves overseeing various programmes aimed at providing comprehensive support to marginalised children and their families. At BlinkNow, we focus on ensuring that these communities have access to essential resources such as

education, healthcare and opportunities for sustainable livelihoods.

Our initiatives at BlinkNow are designed to create lasting, positive change. By addressing both immediate needs and long-term goals, we work to break the cycle of poverty and provide families with the tools they need to build better futures. Our commitment to sustainable livelihoods involves supporting community development projects that foster economic self-reliance. This includes providing vocational training and resources to help individuals start small businesses or gain employment. By empowering families to become self-sufficient, we aim to create a more resilient and prosperous community.

Leading BlinkNow has been a profoundly fulfilling experience, allowing me to witness firsthand the positive impact of our work. The ability to influence and shape programmes that bring about meaningful change is both a privilege and a responsibility. Through BlinkNow, I am dedicated to continuing our efforts to uplift and transform the lives of vulnerable communities in Nepal.

Inspiration can be derived from multiple facets

Throughout my career, the source of my inspiration has not been tied to a single individual or idol. Instead, my drive has stemmed from a wide range of experiences and interactions with people from diverse backgrounds. Each person I have encountered has contributed to my understanding of the world and my approach to leadership. These experiences have often come from observing actions, receiving guidance or reflecting on personal feedback. The real



impact of these interactions has been in how they have shaped my beliefs and actions, reinforcing the value of learning from both positive and challenging experiences.

One of the most valuable pieces of advice I have received is the importance of letting go. This advice, though seemingly simple, has profound implications. Holding onto past grievances or disappointments can obstruct progress and hinder personal and professional growth. Learning to let go allows one to focus on the present and future, fostering resilience and maintaining a clear path toward achieving goals. Although mastering this skill is a continuous journey, it has been crucial in managing the complexities of leadership and personal development.

Incorporating these insights into my leadership at BlinkNow, I strive to balance personal growth with the pursuit of our organisational goals. Embracing inspiration from various sources and practicing the art of letting go have helped me lead with a sense of purpose and clarity, driving our mission to empower and uplift vulnerable communities.

Lifelong commitment to social change

Throughout my career, whether in education, healthcare or community development, my underlying motivation has been to drive social change and improve the lives of those in need. I have learned that impactful change requires not only vision and dedication but also collaboration and empathy. By listening to and understanding the needs of the communities we serve, we can develop more effective and sustainable solutions.

As I continue this journey, I remain committed to advocating for equitable access to resources and opportunities. My experiences have taught me that every individual has the potential to make a difference, and together, we can create a more inclusive and just society. **B**

PLANKS TO WORK YOUR CORE



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

When it comes to core workouts, nothing beats the plank for effectiveness and time. This exercise move challenges the entire body and burns more calories than the crunch. It's easier on the back and helps prevent injuries. I strongly suggest that you add planks to your workout every day.

Why are planks so great? Here's why:

Planks provide core definition. Planks engage the transverse abdominis which increases abdominal pressure so you can lift more weight and helps flatten out the stomach; the rectus abdominis improves performance in sports that require jumping and gives you the six pack look; obliques are used for side bending and waist twisting moves; and glutes support the back and give you a strong and shapely backside.

A strong core means the body has an increased ability to perform a range of movements which include sport and daily activities without pain and lowers risk of injury. It is a safe way to build muscle and spine and hips during movement.

It's a great workout anywhere, even in a confined space. Just doing planks can give you a great workout. It's also a quick metabolism booster and calorie burner.



Planks improve posture because a strong core ensures an upright body. The muscles in the core support the spine and this makes you stand taller and less likely to hunch over.

A strong core also increases stability in the entire body. Planks are great for balance and coordination. Planks you can consider incorporating into your exercise routine are: Forearm Plank, Side Plank, Straight Arm Plank, Reverse Plank. There are a number of variations and its best if you ask your trainer to show you how.

When building strength, planks also increase flexibility in your posterior muscle groups – the muscles around your shoulders, collarbone, shoulder blades, hamstrings and even the arches of your feet and

toes. If you do a side plank, you also stretch out your sides especially if you extend your arm up over your head in line with your body.

Just something to remember – Planks alone will not do the trick. Whether you do crunches, v-sits, roll backs or planks, more ab work will NOT flatten your abs. A lean look is best achieved with a combination of healthy eating and a balance of cardio and resistance training. But planks are a great exercise to ensure that your abs are strong and supporting your back during your workouts and in everyday life. The tension release is also great as it stretches and relaxes the muscles. It is also known to reduce back pain.

Here's how to do a plank: Start by getting into a pushup position, but bend your elbows and rest your weight on your forearms instead of your hands. Your body should

form a straight line from your shoulders to your ankles. Brace your core by contracting your abs as though you are about to be punched in your stomach. This is a standard plank. Hold for 30 secs or as long as you can, a little beyond your comfort level. Release.

Avoid these common mistakes while doing a plank:

- Allowing your hips, head or shoulders to drop
- Placing your hands too close together which creates internal rotation and instability in the shoulder joints
- Holding the position for too long. It is better to maintain proper form for a shorter period of time.
- Holding the breath. **B**



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INVESTING IN INFRASTRUCTURE TO RAISE HUMAN CONSCIOUSNESS



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

Societies always believed that affluence will bring wellbeing. But if you look at nations that have enjoyed long periods of affluence, such as the United States, they tell me that 70% of the adult population there is on prescription medicine. In Europe, which has enjoyed many decades of continuous affluence, 38% of the population suffers from mental illness. If you just take away a few drugs from the market, a big portion of the population will go crazy. This is not wellbeing.

The journey from poverty to affluence is a hard journey, whether it is for an individual person or for a society, nation or large populations in the world. And it is not eco-friendly. But most of the time when people get there, they cannot enjoy their affluence.

Human beings need to realise that the quality of their life is not determined by what they drive, where they live or what they wear. It is determined by how joyful and peaceful a person is. In pursuit of wellbeing, human beings have looked up and fought forever. Then they looked out and ripped the planet apart. But wellbeing will happen only when

you turn inward. In is the only way out.

Investing in a spiritual possibility, a possibility beyond one's physicality is the only ultimate answer. If you want long-term benefits, you must make long-term investments.

"If there is no infrastructure, how will you produce enlightened beings?"

A hundred years ago, if you walked into an Indian village, you had to search the whole village to get one man who could read and write in just the local language itself. But today, at least 70% of the population can read in their own mother tongue and many can speak English. The turnaround happened because someone built schoolrooms and trained teachers.



Similarly, to raise human consciousness, to transform the individual human being, the most important thing that needs to happen in the world is that we build the needed infrastructure, both human and otherwise.

In the past, there was phenomenal infrastructure in this country for inner wellbeing. For example, Krishna established over a thousand ashrams across the northern plains and central India. Gautama Buddha, after his enlightenment, was invited by kings and emperors to many cities and towns. But he said, "If you want me to come, you must build a meditation hall and a garden." This became a standard.

This is the only society that built a lot of infrastructure for inner wellbeing. There are

more places created for spiritual blossoming than anywhere else on the planet. So, it is not a coincidence nor is it an accident that every generation produced enlightened beings.

But that infrastructure is now receding, not growing. There is not much infrastructure for the making of the human being. There is infrastructure for all kinds of things. How many bars do you think exist in Mumbai or Delhi? There is enough infrastructure to get drunk but not enough infrastructure to get enlightened. That is a very lopsided way of dealing with the world. If there is no infrastructure, how will you produce enlightened beings? You will not! That is what is missing. We need to put that back.

Physical and Human Infrastructure

This is one of the commitments that Isha has for the world: we want to build infrastructure for the inner wellbeing of the human being. When I say infrastructure, I am not just talking about physical infrastructure. Physical infrastructure is just to incubate human infrastructure. The most important thing is what kind of people you generate. Without the right kind of people, you cannot transmit this science because this is a subjective science. Without the right kind of people, it will not get across to people the way it should.

When it comes to the programmes of Isha Yoga, Inner Engineering and advanced programmes, we do not allow

anyone to teach these as a profession. One must hold this above his or her life, more important than their life, only then are they allowed to teach. This is given as an offering, never as a profession or a hobby.

Our intention is, without any discrimination of caste, creed, religion, gender or region, we want to offer a spiritual process to every human being on the planet. We have the necessary knowledge, energy and the competence to offer this to the modern world today. This is the time and age where we can empower every human being with the necessary tools, know-how and ability to handle their own inner wellbeing by themselves, without impeding upon any other life.

Today, for the very first time in the history of humanity, as human beings we are capable of addressing all the basic human problems on the planet – problems of nourishment, health, education, ecology and basic wellbeing. We have the necessary resource, technology and capability to do this. Only an inclusive consciousness is missing. We as a generation are sitting on this possibility – will we translate this into reality is the big question.

If I am given an opportunity, the best thing to do would be to consecrate the whole planet because no human being deserves to live in an unconsecrated place. A consecrated space is a cared for, cultured space. That is where a human being should be if he has to blossom. Very few people have that opportunity today but it need not be so.

In my mind, in my understanding, in my experience of life, I feel giving that possibility to another being is the best thing you can do, because ultimately that is all that matters. **B**

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I AM A VERY DOWN-TO-EARTH PERSON AND ALWAYS FEEL GOOD WHEN I AM IN THE MIDDLE OF PEOPLE. I AM FLEXIBLE BUT AT THE SAME TIME VERY CONSISTENT IN MY EFFORTS TO ACHIEVE MY GOAL. I HAVE ALWAYS BELIEVED IN MY CONSCIENCE AND NOT DONE ANYTHING AGAINST IT. I HAVE HAD TO FACE SIGNIFICANT LOSSES BUT I HAVE NEVER COMPROMISED WITH MY ETHICS; IF SOMETHING IS WRONG, I WILL SAY SO. THAT HAS BECOME MY IDENTITY AND ATTITUDE IN MY PERSONAL AND PROFESSIONAL LIFE IN THE LONG RUN”

Mohan Ojha, with a career spanning 37 years, has held key roles in various corporate organisations. His journey began from ground up, working at the Khetan Group of Industries in Nepal for 15 years, followed by a five-year tenure at the Chaudhary Group of Industries worldwide, where he served as HR/Admin and Corporate Affairs Head.

After nearly two decades in the corporate world, Ojha recognised the challenges faced by the human resources (HR) sector. Driven by a desire to strengthen HR practices, he founded Growth Sellers, a comprehensive HR solutions provider, in 2008. Ojha is also the founder of Growth Leadership Academy, and Corporate Club Nepal. Additionally, he is the President of Management Association of Nepal since 2023, an organization that works to actively shape the country's management landscape.

Ojha's commitment extends beyond business. He actively advocates for the skilling, upskilling, and reskilling of Nepal's human resources. As a Founder Member and Past President of the Human Resource Society Nepal, he continues to champion excellence in HR management. Furthermore, he serves as the Founder/President of the Federation of Outsourcing and Staffing Institution Nepal, a role he has held since 2017. His influence also reaches the international stage as a Council Member of the Asian Association of Management Organisations since 2017.



MOHAN OJHA

**PRESIDENT, MANAGEMENT ASSOCIATION OF NEPAL & FEDERATION OF OUTSOURCING AND STAFFING INSTITUTIONS NEPAL
FOUNDER, GROWTH SELLERS, GROWTH LEADERSHIP ACADEMY AND CORPORATE CLUB NEPAL**

In the issue of Business 360, we spoke to Ojha about what leadership means to him. Excerpts:

As someone who has been in various reputed positions, how do you define leadership? What are a few qualities that are necessary to become a good leader?

Leadership is basically the ability of an individual, group or organisation to lead, influence or guide other individuals, teams or entire organisations. Some of the qualities a leader must possess are they should be collaborative, persuasive and have good decision-making skills. A leader must also be able to orient the team, organisation or group to the right path. I believe in collaboration and team work; a leader must be able to take the team together and gain trust. A leader must also have to think for the greater benefit of the organisation and team. They should have strong determination, high morale and integrity, and attitude towards making a contribution for the greater benefit of the society and organisation.

Is leadership 'inborn' or 'acquired'?

I believe leadership is basically acquired. Leadership is often cultivated through experience. When faced with challenges, confidence and leadership skills naturally develop. Conversely, excessive comfort and overprotection can hinder leadership growth and willingness to lead. Effective leaders possess the ability to find solutions even in difficult situations. Their qualities – such as experience, learning and determination – are shaped by family, society and interactions with diverse individuals. However, upbringing and social environment significantly influence one's inclination to become a leader.

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

I believe I have the ability to lead teams, societies and organisations. Throughout my journey - from being a classroom mentor to participating in various forums - I have consistently prioritised the collective success and objectives of leadership over personal glorification. When an organisation achieves success through the ongoing efforts of both the leader and the team, that success equally benefits everyone involved. I have not only established and led organisations under favourable conditions but also transformed struggling institutions into stable entities, ensuring effective succession planning for future leadership.

When should a leader pass on the baton?

One of the major qualities of a leader is developing successors. Whether it is a public entity or a private company, effective succession planning is a must for the sustainability and growth of the institution.

How can one win over or influence people?

As a leader, I must be able to influence people with my work. I am hardworking and determined. I take my responsibility seriously and always think for the greater benefit of the organisation. I am always cautious towards the position I hold and focus on delivery with high integrity. I also honour the position I have taken and try to always prove myself. The best way to win over people is through actions.

How can a leader prepare for the unknown?

A leader sometimes has to take prompt decisions. However, a leader should be consultative to the extent possible. Leadership is all about taking on challenges. While dealing with a challenge a leader must think wisely, and

with a pious objective and a positive mindset. A leader must also possess good analysing capacity. There will be times when things might go wrong despite doing it with a good intention. These are the times when a leader should not be hesitant or reluctant to correct their decision.

What leadership style do you follow?

I follow a flexible leadership. I feel a leader should be flexible, consultative, collaborative and have a problem-solving attitude to the extent circumstances allow.

Is there any leader you look up to?

There are many leaders I draw inspiration from but if I have to name a person then it would be Dr Sanduk Ruit who has established a globally acclaimed eye hospital with state-of-the-art facilities. The ophthalmic lenses that Tilganga Institute of Ophthalmology exports are renowned globally. Coming from a humble background, Dr Ruit has placed Nepal in the global map of ophthalmology care.

The other person I look up to is Dr Bhagawan Koirala, who has led various institutions such as the Shahid Gangalal National Heart Centre and Institute of Medicine, TUTH where he has done an astounding job. Currently, he is involved in establishing a hospital for children. Dr Koirala had all the opportunities to settle down and make a career abroad but he chose to return and service his country. I believe Dr Ruit and Dr Koirala are the people who everybody should look up to.

How important is a team for a leader?

A team is always important for leader. Leadership drives a team for effective delivery. Without a team, a leader cannot do much. Whatever a leader delivers is ultimately a collective effort of the team.

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

I have encountered many failures in life but I have learned valuable lessons from those failures. They have made me strong, resilient and helped me find the right way in my life and the right domain in my career. The learnings from the failures and mistakes are unparalleled to others. The failures that I faced as an entrepreneur have taught me several lessons for life and I am now conscious about not repeating those mistakes. I have learnt not to make random decisions; any decision that one makes should be based on evidence. I started a grocery store which failed, and then I started a showroom selling shoes and that too failed. I even left my job at the university. But now I have realised I am a people's person and have achieved success in the human resources domain.

What aspects of your personality have helped you to serve various roles in the past?

I am a very down-to-earth person and always feel good when I am in the middle of people. I am flexible but at the same time very consistent in my efforts to achieve my goal. I have always believed in my conscience and not done anything against it. I have had to face significant losses but I have never compromised with my ethics; if something is wrong, I will say so. That has become my identity and attitude in my personal and professional life in the long run. In my opinion, the success of people can be measured by how satisfied they are with the job they are doing. The job you do as a leader must have meaningful reflection in the society. **B**

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