

NAVIGATING ASPIRATIONAL NEPAL'S  
UNIQUE TRANSITION

TAXATION OF COMPOSITE CONTRACTS  
IN NEPAL

VOTING ON DISCORD SEALS  
POLITICAL CHANGE FOR NEPAL

VOL 13 • ISSUE 11 • SEPTEMBER 2025 • RS 200

# B<sup>360°</sup> BUSINESS

## IS THE CURE IN THE CRISIS

THE COST OF CORRUPTION

MANAGING  
BUSINESSES  
IN THE  
POST-UPRISING  
PERIOD

REWRITING THE  
RULEBOOK  
HOW CORPORATES  
MUST EVOLVE FOR  
NEPAL'S GEN Z

LESSONS FROM  
NEPAL'S FIRST  
GENERATION  
OF  
DISRUPTORS







Ashley Graham - Ariana DeBose





my little secret



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Anti-corruption, transparency, accountability, freedom, meritocracy and change, all the values that the Gen Z movement stands for, almost everyone wants the same, and high time too. Going Back to September 8, I fail to comprehend how a protest of peace turned ugly and violent. The loss of lives is irreparable; their homes will never be the same again. That morning when these young people walked out of their homes, not one of them had imagined that they would never return, nor had those who are struggling today to recover from injuries and trauma. For me, the biggest question is what happened in those few hours? How did the national intelligence fail? How was leadership at all levels unable to contain what was designed to be one of the darkest pages in our political narrative?

But as days pass, we have declared them martyrs. We have also declared an interim government to shoulder the responsibility of restoring law and order leading towards general elections within six months while delivering on the core agenda of the protest – fight against corruption, establish accountability and transparency, and ensure justice is met with those who have perpetuated corruption and violence while holding positions of authority being brought to books. And while this transformation towards positive leadership and awake citizens gathers momentum we must not forget:

- The agents of change of the Gen Z movement were not the Gen Z population alone (estimated at 10% in the country), it was the Gen X, Y, before that and after that populations too. Almost everyone agreed to the change because we believe in the agenda set by the protestors. Thus, there must be a proportional representation to ensure true inclusivity in all laws and rights.
- Leadership must be on the basis of meritocracy and ability. It doesn't matter which generation the person represents. After all the Gen Z movement did very wisely choose a 70 plus to become the PM in this interim government. Data assets must be created profiling all types of leadership: government, business, social, civil, legal. Leadership must be intention in action. It's not a seat; it's a person doing work for larger good.
- Arson, looting, vandalism, violence must be lawfully dealt with irrespective of who did it and to whom. There is enough evidence should there be the intention to deal with it to deliver justice.
- Populist statements and actions by the interim govt must be watched closely and called out maturely and only when necessary. The sacrifice of so many lives cannot be measured by monetary compensation. We do not just want a change in faces and cosmetic change in policy and government, the interim government stands as an example of what change is possible, knowing that NOT everything can be achieved in this period. But they cannot lose focus.
- Gen Z is a population demographic with the right intention. It is clearly NOT a political party and this must be internalised.
- The voice of SME and value chain businesses tied to the bigger businesses (who have some level of relief from insurance) must not be left out.
- Build back is not a slogan. We have built back so many times. This was not a natural disaster, those who destroyed national property and for that matter private property must be held accountable.
- There needs to be an independent report on the occurrences of the first day of protest where so many innocent lives were lost. The PMO, the IGP and Home Ministry are accountable. This needs to be a public document with a timeline.
- Political parties have an amazing opportunity to clean their systems and human resource. While a party is a legacy of freedom and ideology, no one person owns the party. Good people within the party must come forward. Please remember you exist because people voted for you. All parties should also digitalise and make public their assets in monetary function and human resource.
- Media role is valuable only if it is independent and fair. Please support media that stands for unbiased reporting and ethical practices.
- We have immense wealth of people with intelligence, wisdom, experience and strong values. Many of them are silent heroes, not active on social media or television. Know them. Celebrate them. Even if they belong to a political party. Collaboration works better than division.
- We must choose our leaders wisely knowing that they are here to represent us and serve the country. Do not look for heroes or do not make them wear capes in your mind. They are as human as you and I. Support them but don't ever believe they are the ones to rescue the nation; the onus is on each one of us to do what we can from where we can. It's not a 100-meter race, it's a marathon that we run for life.
- A country's government is a reflection of the people it represents. No more, no less.

*Charu Chadha*

Charu Chadha  
editor



## BIZ INDICATORS

| FOREX MARKET                           | Unit          | 15-Aug-25     | 15-Jul-25     | YOY (15 August 2024) |
|--|---------------|---------------|---------------|----------------------|
| INR                                    | 100           | 160.00        | 160.00        | 160.00               |
| USD                                    | 1             | 139.79        | 137.28        | 134.02               |
| EUR                                    | 1             | 163.35        | 160.56        | 147.72               |
| GBP                                    | 1             | 189.82        | 185.15        | 172.12               |
| AUD                                    | 1             | 91.21         | 90.19         | 88.80                |
| CNY                                    | 1             | 19.50         | 19.15         | 18.77                |
| SELECTED MACROECONOMIC INDICATORS      |               | Mid-July 2025 | Mid-June 2025 | YOY (Mid-July 2024)  |
| Real GDP at Basic Price                | %             | 4.00          | 4.00          | 3.40                 |
| Gross National Income (GNI)            | %             | 6.70          | 6.70          | 6.90                 |
| Gross Domestic Product (Current Price) | Rs in billion | 6107.20       | 6107.20       | 5709.10              |
| CPI (y-o-y)                            | %             | 2.20          | 2.72          | 3.57                 |
| BOP (-Deficit)                         | Rs in billion | 594.50        | 491.40        | 502.50               |

Source: Nepal Rastra Bank

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## COVER STORY

### IS THE CURE IN THE CRISIS

The events of September 8 and 9, now etched into Nepal's history as the Gen Z revolution, have unleashed a wave of political and economic shock whose reverberations continue to shape the national discourse. What began as a protest against corruption and the sudden government ban on social media platforms quickly transformed into a larger reckoning with entrenched misrule, systemic failures and a generation's demand for accountability.



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"BEFORE THE PROTEST, NEPAL WAS WELCOMING ABOUT 3,200 INTERNATIONAL VISITORS DAILY. DURING THE UNREST, THIS NUMBER DROPPED BY AROUND 40%. BUT IN THE LAST FEW DAYS, ARRIVALS HAVE STARTED TO PICK UP AGAIN WHICH GIVES US CAUTIOUS OPTIMISM"

DEEPAK RAJ JOSHI  
CEO, NEPAL TOURISM BOARD

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"FROM THE INITIAL ESTIMATES, I BELIEVE TOTAL CLAIMS WILL EXCEED RS 20 BILLION, POSSIBLY MORE ONCE ALL SURVEYS ARE COMPLETED. WHILE THAT NUMBER IS DAUNTING, IT IS WITHIN THE CAPACITY OF NEPAL'S INSURANCE SECTOR TO HANDLE, ESPECIALLY WITH THE BACKING OF INTERNATIONAL REINSURERS. I WILL SOON BE CONVENING A BOARD MEETING WITH THE NEPAL INSURANCE AUTHORITY TO ENSURE WE COORDINATE OUR RESPONSE AND KEEP THE PROCESS MOVING QUICKLY"

RAJENDRA MALLA  
PRESIDENT, NON-LIFE INSURANCE ASSOCIATION

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TRUST IN PROCESSES  
MUST PRECEDE TRUST IN  
NUMBERS

TULSI KHEMKA  
FOUNDER, BEYOND BOOKKEEPING  
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retention





## COMMENTARY BEYOND “I TOLD YOU SO”

By now everyone knows, that Nepal is not poor, but poorly managed. The rulers have always found ways to keep the country poor while leading a life of luxury.

Gen Z at least had one outlet to vent their anger and frustration at the political elite and their children. The social media platforms were full of this frustration; and the government decided to shut them down. There is no doubt that the advisors and people politicians had appointed into key positions of power supported this idea.



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# IS THE CURE



# IN THE CRISIS ECONOMIC SHOCK

FOLLOWING THE Gen Z FIGHT AGAINST CORRUPTION  
HOW WE GOT HERE AND WHAT TO DO NOW

The events of September 8 and 9, now etched into Nepal's history as the Gen Z revolution, have unleashed a wave of political and economic shock whose reverberations continue to shape the national discourse. What began as a protest against corruption and the sudden government ban on social media platforms quickly transformed into a larger reckoning with entrenched misrule, systemic failures and a generation's demand for accountability. In the aftermath, businesses burned, public property was destroyed and confidence was deeply shaken. Yet, within the turbulence lies an opportunity, one that has prompted voices across sectors to reflect on lessons, priorities and the way forward.

The responses gathered here from leaders, entrepreneurs, academics, policymakers and thinkers converge on a shared recognition: corruption is not only a moral failing but also the root of Nepal's economic fragility. It is an invisible tax on honest work, an obstacle to innovation and a force that robs citizens of both trust and

opportunity. As several contributors point out, the cost of corruption is measured not just in wasted resources but also in the lost potential of an entire generation that feels excluded from meaningful participation in its own country's progress.

But amid the grief and uncertainty, optimism has also emerged. The resilience of Nepal's youth – digitally connected, globally aware and unwilling to remain silent – has renewed hope. Business leaders stress the need for radical transparency, responsible entrepreneurship and rebuilding trust with communities. Economists and policymakers emphasise fiscal discipline, reconstruction and the creation of jobs that can anchor young people's aspirations at home. Innovators and entrepreneurs highlight the urgency of digital transformation, logistics reform and support for small businesses as essential tools to restore confidence and competitiveness.

Many responses underline the importance of immediate measures such as temporary tax relief, swift insurance

settlements and easing regulatory bottlenecks, to buy time for recovery. Others point toward long-term reforms like diversifying exports, modernising education, investing in infrastructure, digitizing systems and empowering inclusive governance. Crucially, there is consensus that no single actor can drive change alone. The state, private sector and civil society must act in partnership, guided by integrity and shared responsibility.

The Gen Z revolution has reminded Nepal that stability cannot be built on weak foundations. For businesses, the test lies not only in resilience but also in redefining their role as agents of positive change. For policymakers, it is about proving that leadership can be transparent, accountable and responsive. For citizens, it is about holding power to account and rejecting complicity in everyday corruption.

This moment of disruption, then, is also a moment of possibility. If the lessons are heeded, the crisis could become the catapult for Nepal's resurgence.





**Sukritya Khatiwada**  
CEO, Nepa Rudraksha

“

This economic shock is not sudden. It is the product of years of compromises where influence triumphed over merit and public wealth was treated as personal property. The result is what we see today: a nation rich in spirit and resources, yet forced to struggle under the weight of mismanagement and greed. The way forward begins with accountability at the top.

The protests we are witnessing today are not just about politics; they are the voice of a nation that refuses to be broken. Corruption is not only a moral failure, it is an assault on Nepal's dignity. It robs us of opportunity, forces our brightest minds to leave, and tells ordinary citizens that their dreams do not matter.

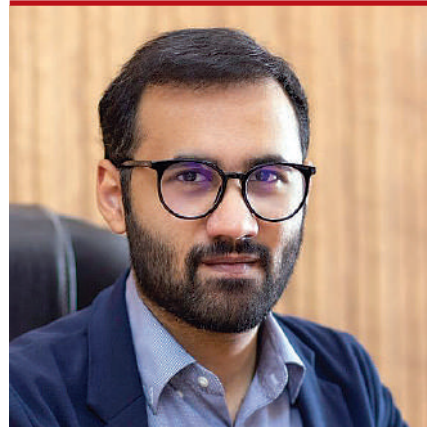
This economic shock is not sudden. It is the product of years of compromises, where influence triumphed over merit and public wealth was treated as personal property. The result is what we see today: a nation rich in spirit and resources, yet forced to struggle under the weight of mismanagement and greed. The way forward begins with accountability at the top.

Without genuine responsibility from those entrusted with power, reforms will remain hollow promises. Transparent systems for taxation, procurement and governance must be implemented in ways that leave no room for manipulation. Technology can be a tool but courage from leadership is the true test.

Yet, laws and systems alone will not save us. Patriotism must live in action, not only in words. Every Nepali – citizens, businesses, leaders – must reject the easy excuse of ‘this is how things work’. Our love for our country must mean refusing to tolerate dishonesty, even in the smallest of ways.

Nepal is a sacred land, blessed with extraordinary human spirit, culture and natural wealth. We cannot allow corruption to define our story. The outrage in the streets today is proof that the heart of Nepal still beats strong. If we channel this moment into courage, unity and integrity, this crisis can become the turning point we will one day celebrate as the rebirth of a proud nation.

The cost of corruption is heavy but the reward of courage is a Nepal worthy of its people and its destiny.



**Aditya Dugar**  
Director, Century Group of Companies

“

**It is vital to remember that Nepal's progress depends on unity of purpose. Leaders, bureaucrats, businesses and citizens alike must rise above personal interests and work collectively. The only way forward is together.**

The events of September 9 will always be remembered in Nepali history as a major turning point. It marked not only a shift in the political landscape but also a call for deeper reforms across society. What happens hereafter lies entirely on the intent and actions of not just the policymakers but also bureaucrats, who play a crucial role in the daily functioning of the system and in translating vision into reality.

In my opinion, the leadership must prioritise the following: uprooting corruption from the very core of governance, developing long-term macroeconomic policies that foster sustainable and inclusive growth, and working in close partnership

with the private sector to rebuild both the physical and economic infrastructure of Nepal. At the same time, the government should take on the role of a guardian – urgently establishing a hotline to connect directly with victims of the riots, while also acknowledging the views of citizens from all classes and backgrounds to restore trust and confidence. Equally important is ensuring transparency and accountability, so that promises made are actually delivered.

As for the business community, they must prepare for a turbulent year ahead in terms of business and growth. Caution should guide decisions on expansion, as stability is more critical than rapid gains. Yet, even during challenging times, every business house has a responsibility to contribute – whether through monetary donations, distributing essential goods, or active participation in community service. Beyond this, industry leaders should form internal committees to streamline such efforts and invite professionals from the international community to collaborate with both the government and local stakeholders in rebuilding the nation. A shared commitment to innovation, resilience and social responsibility will be key in navigating the road ahead.

It is vital to remember that Nepal's progress depends on unity of purpose. Leaders, bureaucrats, businesses and citizens alike must rise above personal interests and work collectively. The only way forward is together.



**Menuka Karki PhD**  
Economist and Visiting Faculty,  
Kathmandu University

The Gen Z revolution has underscored both the fragility and resilience of our economy. The initial shock of political instability and public unrest reminded us how quickly uncertainty can derail production and investment. To move forward, both the business community and policymakers must embrace a renewed partnership built on trust, respect and accountability.

For businesses, the lesson is clear: production cannot stall in the face of uncertainty. Instead, the focus should be on continuity, innovation and resilience. The interim government has signalled positive intent but the private sector must take the lead in reviving supply chains, restoring regular production and creating jobs. Equally important is for businesses to recognise their role in society – not just as profit-makers but as tax contributors, job creators and partners in reducing inequality. Corporate social responsibility and fair labour practices should be viewed not as obligations but as investments in long-term stability.

For policymakers, the immediate priority is restoring confidence. This requires a strong stance against lawlessness to ensure that disorder does not become normalised. At the same time,

policymakers must change the narrative around wealth creation. Too often, businesses are unfairly generalised as corrupt, undermining their morale. Recognising their contributions to tax revenues, employment and growth will help provide both social respect and security for the business community.

Concrete policy support is equally vital. Investment in public infrastructure – roads, electricity and logistics – must be accelerated to ensure businesses can

“

Policymakers must change the narrative around wealth creation. Too often, businesses are unfairly generalised as corrupt, undermining their morale. Recognising their contributions to tax revenues, employment and growth will help provide both social respect and security for the business community.

operate without disruption, especially in the aftermath of natural calamities. Fiscal tools, such as concessional financing and progressive taxation, can simultaneously encourage production while addressing inequality. In the short term, measures to boost domestic demand, stabilise supply chains and ensure fair pricing – particularly during festive seasons – can create a multiplier effect across product and labour markets, benefiting households and firms alike.

Ultimately, the path forward lies in striking a balance: fostering wealth creation while ensuring inclusive growth. By protecting businesses, empowering consumers, and delivering predictable policy, Nepal can turn the Gen Z moment of uncertainty into a foundation for resilience and shared prosperity.





**Hemanta Bhandari**  
Founder & Managing Director  
Nepal Eighth Wonder Media

“

Policymakers should focus on broadening the tax base by formalising the informal sector and making better use of revenue as well as international aid for recovery. Transparent and efficient allocation of these funds will be crucial to avoid repeating the cycle of corruption, and this will also create an optimistic environment for entrepreneurs to invest.

After the Gen Z revolution, Nepal stands at a crossroads of economic and political adjustment. Alongside the beginning of positive change, we are all expecting economic setbacks due to vandalism and property damage, which has hit the confidence of both the public and private sectors.

Having worked alongside the tourism industry, I can sense an immediate impact that might cause economic hurdles to the actors of this industry. As the festive season approaches and people take advantage

of long holidays, this used to be a perfect time for the tourism industry to benefit. But the recent instability might make foreign visitors hesitant, which will ultimately affect businesses that rely heavily on seasonal tourist inflows. The way forward lies in strengthening domestic tourism. If we Nepalis feel safe and encouraged to travel, it will build confidence and send a signal to international tourists that Nepal still remains a peaceful and welcoming destination, as beautiful as before.

Another major challenge that I sense is the reconstruction of damaged private and public properties, which will require significant resources.

Policymakers should focus on broadening the tax base by formalising the informal sector and making better use of revenue as well as international aid for recovery. Transparent and efficient allocation of these funds will be crucial to avoid repeating the cycle of corruption, and this will also create an optimistic environment for entrepreneurs to invest.

Likewise, the creator economy that I am part of will be impacted as brands will hesitate to invest in campaigns during this upcoming festival season. We, as creators, must find new ways of collaboration and engagement that are less costly for businesses incurring losses, while also boosting our capacity to create.

However, this moment should not be seen as an ordinary setback but rather as the backward pull of a catapult that can launch Nepal toward greater stability and growth. In my opinion, the only way to ride out this wave of economic uncertainty is to have an effective partnership between the public and private sectors, building resilience in the economy.



**Deepak Rauniar**  
CEO, Oorja World

“

The cost of corruption, is not only stolen money. It is stolen mobility. Stolen hope. Stolen reciprocity. That is what erupted on the streets. The lesson for leaders and businesses is blunt: dismantle the closed loop. Make opportunity visible and let it flow to those who truly deserve it. Let contracts, credit and careers be decided by merit alone, not connections, and never bribe. Gen Z has shown what they will not accept.

The protests that shook Nepal last week were not sudden. They were years in the making. They just exploded on September 8 and 9. Nepal's economy has long run on a closed loop. Over the last two decades, reinforced daily by the ruling class – whatever their party colours – the mantra was clear: contracts for the connected, jobs for the loyal, and migration as the safety valve. For those outside the circle, the message was brutal. Merit did not count. Education did not count. Effort did not count. Only proximity or a bribe did.

Yet a new generation was coming to its senses, raised in an environment where technology had leveled the field and shaped their upbringing with equal access to ideas, culture and competition. They grew up watching Prabal Gurung dress the New York Met Gala, coders in Bangalore, creators in Seoul. From Netflix to Kendrick Lamar, from Wimbledon to the NFL – everything was accessible, except opportunity at home.

Then came the betrayal of a generation. The people's revolt against the old Raj Durbar had promised democracy and opportunity, but those promises were nowhere to be found. Instead, politics hardened into patronage. The elites prospered, while a generation was told to wait, to migrate or to surrender. Reciprocity – the unwritten contract between citizen and state – collapsed.

So, when the government this September tried to silence them by blocking digital platforms, it lit a match in a dry field. The protests were not just about digital access or even corruption. They were about exclusion. About being denied both future and voice.

The cost of corruption, is not only stolen money. It is stolen mobility. Stolen hope. Stolen reciprocity. That is what erupted on the streets.

The lesson for leaders and businesses is blunt: dismantle the closed loop. Make opportunity visible and let it flow to those who truly deserve it. Let contracts, credit and careers be decided by merit alone, not connections, and never bribe. Gen Z has shown what they will not accept. The question is whether Nepal is ready to give them what they deserve: a future worth staying for.



**Anil Keshary Shah**  
Chairperson, Lead Nepal Inc

The Gen Z-led revolution of September 8–9 in Nepal has left an indelible mark on the nation's political and economic landscape. While the immediate aftermath has been tumultuous, it offers a critical juncture for the business community and policymakers to recalibrate and align with the aspirations of a more engaged and digitally empowered populace.

The primary lesson from this upheaval is the imperative for transparency and accountability. The protests were ignited by the government's decision to ban 26 social media platforms, a move perceived as an attempt to suppress dissent and shield political elites from scrutiny. This action not only curtailed freedom of expression but also exposed the deep-seated frustrations of a generation disillusioned by systemic corruption and economic inequality. The widespread use of digital platforms by the youth underscores the need for policies that embrace, rather than stifle, digital connectivity.

For businesses, this moment calls for a shift towards ethical practices and social responsibility. The destruction of properties, including the Hilton Hotel, and the significant economic losses reported – such as the hotel industry alone suffering damages worth Rs 25 billion – highlight the risks of ignoring public sentiment. Companies must recognise that their success is intertwined with the well-being of the communities they serve. Engaging in transparent operations, fair employment practices, and contributing to societal welfare can build trust and resilience in the face of uncertainty.

Policymakers must prioritise reforms that address the root causes of discontent. This includes tackling corruption, ensuring equitable economic opportunities, and fostering inclusive governance. The



Policymakers must prioritise reforms that address the root causes of discontent. This includes tackling corruption, ensuring equitable economic opportunities, and fostering inclusive governance. The appointment of Sushila Karki as Nepal's first female Prime Minister is a step towards breaking traditional political moulds and introducing fresh perspectives. However, sustained efforts are needed to create an environment where meritocracy and integrity are the cornerstones of leadership.

appointment of Sushila Karki as Nepal's first female Prime Minister is a step towards breaking traditional political moulds and introducing fresh perspectives. However, sustained efforts are needed to create an environment where meritocracy and integrity are the cornerstones of leadership.

In conclusion, the Gen Z revolution serves as a clarion call for both businesses and policymakers to embrace change, uphold ethical standards, and engage with the aspirations of a new generation. By doing so, Nepal can navigate the current economic uncertainty and pave the way for a more inclusive and prosperous future.





**Dr Bijay KC**  
Dean, Kathmandu University  
School of Management

The economic performance of Nepal can be broadly assessed using three fundamental measures: growth in output, as indicated by the growth in Gross Domestic Product and per capita income; productivity, measured by gross domestic product per economically active person; and job creation, reflected in the employment rate. It is regrettable to note that on all these fronts, Nepal's economic performance has been profoundly dismal. Economic studies indicate that growth stems from wealth creation which itself arises only through increased productivity. With sound policies, productivity can elevate national income and enhance the well-being of the population. As Michael Porter observes, a country fails to boost productivity due to inadequate policies, insufficient investments, and other factors that render wages and national income difficult to sustain, much less increase.

The current economic situation in Nepal is deeply troubling, and a primary cause is rampant corruption. Weak law enforcement and a deficit of good governance have severely hampered

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History demonstrates that revolutions have failed to alter the system because they merely removed those in power, not the system itself. To rescue the nation from economic shock, a strong government is essential – one that ensures good governance and adopts a zero-tolerance to corruption. We need inclusive institutions that guarantee justice and opportunities for all. Given our limited resources, we must ensure their efficient allocation and discourage unproductive activities. The list of requirements is extensive. However, the quality of our human resources and an effective mechanism to utilise them cannot be overlooked. For this, we must focus on implementing the best management practices and providing quality education.

the nation's economy. The misuse of public funds and the legalisation of misconduct through corrupt practices – amending laws, regulations, and policies to serve vested interests – has institutionalised corruption in Nepal. In such an environment, it is unsurprising that businesses often prioritise non-market competencies, such as lobbying politicians and bureaucrats through bribery, while neglecting market efficiencies that require quality enhancement, innovation and cost reduction. Corruption has detrimentally impacted the political and judicial systems, the bureaucracy, business conduct, and societal norms and values, creating an 'iron cage'. This has resulted in a loss of trust among the younger generation in the entire system. Have we built Nepal as a nation, leaving aside all questions of development and growth? The recent protests by Gen Z are a clear manifestation of outrage over this situation.

Is there a way out? Yes, but it requires leaders with vision, integrity, commitment and dedication. We need leaders who uphold meritocracy and work tirelessly for the welfare of the nation's people. Without such leadership, eradicating corruption will be merely a wild goose chase.

History demonstrates that revolutions have failed to alter the system because they merely removed those in power, not the system itself. To rescue the nation from economic shock, a strong government is essential – one that ensures good governance and adopts a zero-tolerance to corruption. We need inclusive institutions that guarantee justice and opportunities for all. Given our limited resources, we must ensure their efficient allocation and discourage unproductive activities. The list of requirements is extensive. However, the quality of our human resources and an effective mechanism to utilise them cannot be overlooked. For this, we must focus on implementing the best management practices and providing quality education.

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**Abhimanyu Golchha**  
Director, Golchha Group

“For those of us in business, the path is about balance, being prudent and prepared for uncertainty while staying bold enough to seize opportunities. That means improving internal systems, diversifying ideas and fostering talent so that Nepal’s youth can see a future here at home. It also means presenting a united private sector voice to encourage entrepreneurship.

Nepal stands at a turning point and the business community has a vital role in shaping what comes next. The recent unrest has reminded us that economic confidence and social harmony go hand in hand, but it has also shown how resilient and determined our people are. Rather than focus on the turbulence, this is a moment to channel optimism and build a stronger foundation for growth.

The priority now is collective confidence. We need to strengthen trust between businesses and government, among entrepreneurs, and within our workforce so that investment and innovation can flourish. Clear communication, fair practices and a shared commitment to stability will reassure both domestic and international partners that Nepal is ready to move forward.

For those of us in business, the path is about balance, being prudent and prepared for uncertainty while staying bold enough to seize opportunities. That means improving internal systems, diversifying ideas and fostering talent so that Nepal’s youth can see a future here at home. It also means presenting a united private sector voice to encourage entrepreneurship.

Nepal has faced and overcome challenges before and each time we have emerged stronger. If we approach this period with openness and a long-term view, we can turn the lessons of recent weeks into momentum for lasting stability and sustainable growth, proving once again that Nepal’s best days are still ahead.



**Akash Shrestha**  
Director – Strategy and Development, Samriddhi Foundation

Nepal today faces not just political turmoil but an unprecedented economic shock. The situation remains fluid and uncertain, with the private sector’s morale at its lowest in decades. Confidence has been deeply shaken, and many entrepreneurs are questioning whether it is worth continuing operations at all. Scepticism about recovery and the prospects of new investment are pervasive.

Compounding this is the interim nature of the government. Its principal mandate is to shepherd the country toward elections in six months, not to launch sweeping reforms. That said, the scale of the crisis demands that even an interim government act to symbolically but substantively signal support for the private sector.

Some steps are well within reach. Temporary tax concessions or rebates for affected businesses would ease immediate pressure. The government could also facilitate expedited insurance settlements and commit to covering gaps left by insurers, helping firms resume operations quickly. Moreover, the current Finance Minister, who also led the High-Level Economic Reform Recommendation Commission, is uniquely positioned to implement select reforms his own team previously championed. Measures such as easing foreign exchange restrictions for businesses, digitising selected regulatory approvals, or streamlining customs procedures could be welcome gestures for those still enterprising, and those considering doing business in Nepal.

Perhaps most importantly, the government must launch a clear public campaign to restore dignity to enterprise. In the face of populist suspicion toward business, leaders must affirm that doing business is good, profits are good, and prosperity is desirable. The private sector is not an enemy but the engine of the

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The government must launch a clear public campaign to restore dignity to enterprise. In the face of populist suspicion toward business, leaders must affirm that doing business is good, profits are good, and prosperity is desirable. The private sector is not an enemy but the engine of the economy. It not only invests, but also creates jobs, expands Nepal’s access to global goods and services, and directly raises living standards.

economy. It not only invests, but also creates jobs, expands Nepal’s access to global goods and services, and directly raises living standards.

Rebuilding confidence will take more than technical fixes; it requires a fundamental shift in attitude. If the government can set that tone now, that would go some way in laying the groundwork for economic recovery.





**Anal Raj Bhattarai**  
CEO, NRN Nepal Development Fund

Nepal's interim government faces the urgent task of conducting elections within six months while preserving economic stability. The focus must be on clarity, fiscal discipline, and confidence-building, ensuring markets, investors and citizens remain secure during this uncertain period.

**Immediate Priorities (First Two Weeks):**

The government should launch a short Economic Stability Package pledging no arbitrary new taxes, continuing targeted social transfers, and safeguarding a select list of vital capital projects. To restore confidence among depositors and stabilise the markets, Nepal Rastra Bank and Ministry of Finance should consider issuing a joint statement, providing clear assurances of uninterrupted banking operations alongside strengthened monitoring measures. Existing foreign-exchange rules should be reaffirmed, alongside targeted safety nets for food and energy in poorer municipalities.

A bold but necessary step would be the demonetisation of Rs 500 and Rs 1,000 notes, replacing them with new Central Bank Digital Currency (CBDC). This would curb illicit cash holdings, strengthen fiscal transparency, and accelerate the shift toward formal transactions.

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The government should endorse an Economic Continuity Code of Conduct, committing to no abrupt fiscal changes, no arbitrary expropriations, and honouring existing contracts. Publishing updates on anti-money laundering compliance and clarifying hydropower policies will help preserve investor confidence. Liquidity support, if needed, should be targeted at small businesses and agriculture. Equally crucial is administrative reform and digital transformation.

**During the Election Period (0–6 Months):**

The government should endorse an Economic Continuity Code of Conduct, committing to no abrupt fiscal changes, no arbitrary expropriations, and honouring existing contracts. Publishing updates on anti-money laundering compliance and clarifying hydropower policies will help preserve investor confidence. Liquidity support, if needed, should be targeted at small businesses and agriculture.

Equally crucial is administrative reform and digital transformation. Streamlining approval processes, digitising public services, and expanding digital payment infrastructure will reduce corruption, improve efficiency and reinforce confidence in governance during a politically sensitive period.

**Preparing for Recovery (1–6 Months):**

The interim government should publish a six-month reform calendar outlining improvements to tax administration, progress toward establishing an independent fiscal council, and timelines for bank asset-quality reviews. Fast-tracking the Alternative Investment Fund (AIF) with strong governance safeguards will mobilise diaspora capital into infrastructure.

A phased tax reform plan should broaden the VAT base and advance digital tax collection. At the same time, a joint public-private task force should target three priority export sectors – agro-processing, ICT and hydropower. Strengthening financial sector resilience will require amendments to the NRB Act, systematic loan portfolio reviews, and clearer frameworks for asset grading and non-performing assets (NPAs). To address the capital constraints of BFIs, it is essential to revise the asset gradation system, align NPA management with regional standards, and mobilise fresh capital within the system to expand financing for the private sector.

**Communication and Governance:**

Weekly updates on reserves and treasury balances, supported by an independent monitoring cell, will boost transparency and accountability.

By advancing fiscal discipline, digital transformation and bold measures such as demonetisation, the interim government can stabilise the present and hand over a stronger foundation for Nepal's post-election recovery.



**Resham Thapa**  
Associate Professor, Central  
Department of Economics,  
Tribhuvan University



Sudden changes bring opportunities, and we must have more robust economic diplomacy at the forefront. Soft power, like Non-Resident Nepali (NRN) and other individuals working abroad, is ready to contribute to the motherland. We can establish consortium-based investment contact points in several countries to strengthen foreign direct investment channels.

Unequal economic opportunities and a lack of hope for improvement are urgent issues faced by Nepali youths, especially those with access to information. The political landscape has shifted away from traditional party structures. Unfortunately, traditional political parties and security agencies failed to recognise this shift, and both the media and academia overlooked the increasing dissatisfaction among young people. Consequently, the youth's response led to a breakdown in governance, with the system failing to protect both public and private property. The physical damage is substantial and the psychological trauma may persist for generations. Understanding the underlying economic system, governance failures and youth frustrations is essential. This moment should be viewed as an opportunity for improvement, not a threat. The newly formed government must prioritise addressing these issues immediately to rebuild and shape the country's future.

1. Public and private properties have been severely damaged, and the government should begin reconstruction immediately. Let's build a powerful and resourceful authority. We can subcontract construction work and seek support from local and provincial governments. Trusting the local community enhances a sense of ownership and presents an opportunity.

2. The private sector is the engine of a modern economy, and there are modern business engines in Nepal as well. Supporting the private sector through tax channels and interest and loan restructuring options is crucial. Facilitating the insurance process when needed is also essential for reviving the private sector. The curriculum needs to be improved on a large scale to convey that making a profit is not a crime, and the inability to collect proper revenue from the business sector is not solely the private sector's problem. It is, rather, a failure of the government.

3. The national treasury and fiscal space suggest that besides tax revenue collection, other dimensions are in good shape. We are a classic example of poor capital expenditure, a trend that has persisted for years. Therefore, the new government must create a mechanism that guarantees no reduction in capital expenditure. We cannot afford to cut any development expenditures. This is the time to explore alternative fiscal space options. We can also bring in savings from local and provincial governments into the picture.

4. Sudden changes bring opportunities, and we must have more robust economic diplomacy at the forefront. Soft power, like Non-Resident Nepali (NRN) and other individuals working abroad, is ready to contribute to the motherland. We can establish consortium-based investment contact points in several countries to strengthen foreign direct investment channels.

5. The most important and urgent task is to design a carefully structured corruption control mechanism. Let's establish a powerful mechanism, one that is less politicised than the current system. We should promote transparency in the public, private and political sectors. Last but not least, holding elections on time is crucial for progress and prosperity. Elections come with both direct and indirect costs. Let's not curtail any development expenditure in the name of elections.





**Swastika Shrestha**  
CEO, Teach for Nepal

Nepal's economic story in recent decades has been shaped by remittances. While this inflow of money has reduced poverty, it has also come at a high cost: families separated, communities hollowed out, and a nation dependent on jobs created elsewhere. This model cannot sustain long-term prosperity. Nepal must now invest in building opportunities at home, and the pathway runs through education – not only as preparation for work but as preparation for citizenship and democracy.

Economic growth is not just about factories, highways or hydropower plants. It begins with people. A strong public education system is the most equitable and accessible economic policy Nepal can pursue. When children from every background – rural, urban, privileged or marginalised – have access to quality learning, they gain the tools to innovate, create livelihoods and strengthen local economies. More importantly, they also learn to question, to collaborate, and to take responsibility as active citizens. In this way, education powers both prosperity and democracy.

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A democratic society depends on citizens who are informed, engaged and capable of shaping collective decisions. Schools are the training grounds for this civic life. They cultivate critical thinking, dialogue and a sense of responsibility toward the community. Without such an education system, economic progress risks becoming shallow – measured only in GDP figures but detached from justice, participation and inclusion.

For this vision to succeed, economic policy must be holistic. Growth cannot be separated from strong public institutions – education, healthcare and transportation – that provide the foundation of equal opportunity. Without reliable schools, accessible healthcare and functioning roads, citizens are excluded not only from the economy but also from full participation in national life.

Equitable development also requires reimagining investment priorities. Empowering people with knowledge and skills is as critical as expanding industries. Policies that support smallholder farmers, women entrepreneurs, and local enterprises – through access to credit, simplified procedures and sustainable technologies – will allow economic growth to take root at the community level. Building resilience in this way reduces dependency on external forces and channels the creativity and energy of Nepalis toward national prosperity.

In short, Nepal's path forward depends on economic policies that are equitable, accessible and rooted in human potential. By aligning reforms with strong public institutions and an education system that strengthens democracy and citizenship, the country can move beyond remittance-driven growth toward a more resilient and inclusive economy – where prosperity is shared widely, democracy is deepened and no community is left behind.

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**Asheem Man Singh Basnyat**

Managing Director  
Pathao Nepal



The cost of corruption is also measured in wasted resources. The Finance Minister recently admitted that cancelling poorly studied projects could save the country almost Rs 100 billion. This is money that could build schools, hospitals or critical infrastructure. Yet, we see bridges built in the middle of empty fields while children in rural areas still pull ropes across rivers just to reach school. This is not just inefficiency. It is injustice.

Corruption in Nepal is not just about bribes. It is about bending laws to benefit a few, blocking opportunities for others, and approving projects without study. When rules are twisted for personal networks, the real cost is borne by the entire nation.

Recent months have shown us how fragile our economy is. Floods washed away the China border road, stopping cross-border trade. The sudden social media ban hit small businesses hard, especially traders who rely on online

platforms to market and sell. Soon after, arson and destruction wiped out billions in property, leaving citizens more shaken than the economy itself. These shocks exposed how unprepared we are to absorb disruption.

The cost of corruption is also measured in wasted resources. The Finance Minister recently admitted that cancelling poorly studied projects could save the country almost Rs 100 billion. This is money that could build schools, hospitals or critical infrastructure. Yet, we see bridges built in the middle of empty fields while children in rural areas still pull ropes across rivers just to reach school. This is not just inefficiency. It is injustice.

If we want to rebuild with confidence, three areas demand urgent attention. First, Nepal must promote product and service exports. Growth will not come only from consumption; we need to create value that can compete globally.

Second, we must support small businesses by simplifying taxation, improving access to finance, and equipping them with digital tools. Third, business and taxation education should be made integral in schools and colleges so that a new generation grows up understanding how economies function and why integrity matters.

Equally important, the government must focus on logistics reform. Logistics is the backbone of consumer cost. If transportation remains unreliable and expensive, the burden falls on every citizen, from farmers to urban families. Making logistics smoother and more transparent is one of the fastest ways to bring relief and competitiveness back into the economy.

The way out is clear. We cannot rely on one institution alone. Public and private sectors must work together where partnerships make sense, while some areas remain firmly public and corruption-free. Nepal needs action that restores trust, rewards merit and creates a climate where citizens and investors alike believe this is a country worth building in.

The cost of corruption has brought us here. The choice to rise beyond it rests with us.



**Anup Raj Upreti**

Managing Partner  
Pioneer Law Associates



Nepal needs to achieve economic growth at the rate of about 10.5% every year to achieve our ambition to achieve per capital income of \$12,100 in next 20 years. That means a lot needs to be done. I want to see Nepal taking reform initiatives in a war footing on (a) digital transformation and digital governance, (b) allowing and equipping private sector to raise cheaper funds from both domestic and international market, (c) making it easier for deployment of these funds in the form of investments and (d) government taking a back seat in terms of regulation – only regulate what is necessary which is not the case now.

The Gen Z revolution in Nepal has both created disruption and opportunity, forcing businesses and policymakers to confront deep-rooted corruption, youth frustration and fragile state institutions.

The sole focus for next six months should be conducting the election. This period is really not to experiment with any policy reforms or economic policy changes. The current government does not have that mandate nor will it have 'democratic' credentials for any policy reforms.

The new government post-election will have a pile of challenges. Nepal probably never lacked good laws to achieve the aspiration of its people. The failure primarily was on account of people that were responsible in its implementation. The most important will be on how to instill public trust in most important institutions – legislative, judiciary and executive. We have seen in many jurisdictions how a single good leadership can change the fate of the nation. Georgia got rid of corruption overnight. Why can't our leadership make that happen?

The new government should create an environment for the private sector to anchor economic development and to lead reconstruction and job creation of new economy. The public sector should limit itself to those areas where it can undertake more efficiently than the private sector.

Nepal needs to achieve economic growth at the rate of about 10.5% every year to achieve our ambition to achieve per capital income of \$12,100 in next 20 years. That means a lot needs to be done. I want to see Nepal taking reform initiatives in a war footing on (a) digital transformation and digital governance, (b) allowing and equipping private sector to raise cheaper funds from both domestic and international market, (c) making it easier for deployment of these funds in the form of investments and (d) government taking a back seat in terms of regulation – only regulate what is necessary which is not the case now.



**Chaeng K Agrawal**  
Managing Director  
Image Group of Companies



Transparent procurement, open financial tracking, and no shortcuts; these aren't slogans, but survival tools for any business or public office. Trust is getting harder to earn and easier to lose. Without it, talent and investment melt away.

Nepal doesn't lack potential; it lacks honest systems. The cost of corruption is paid in wasted days, lost deals, and broken public faith.

Walk through any market in Kathmandu or sit with small business owners over tea, and the issue is clear: corruption is not just a headline, it's a daily reality. From stalled building permits to surprise 'fees' at checkpoints, honest Nepalis pay an invisible tax every day. Every project takes longer. Every investment feels riskier. And every year, younger, talented people start dreaming about leaving Nepal for good.

Nepal sits at 107th in the world for perceived corruption, according to the latest global rankings. That number means more than international shame; it means failing hospitals, broken roads, and rising frustration. Businesses spend energy making the right connections instead of building products. Small startups see their limited capital drained by unpredictable demands. Even farmers find their produce delayed at checkpoints that shouldn't exist.

Yet look at countries not so different from ours. Georgia cleaned up its government offices, and investors returned. Estonia built digital systems so transparent that corruption all but vanished. Singapore's predictability turned it into a business magnet. These are real places, not fairy tales, proving reforms work when action beats talk.

Today, Nepal's Gen Z is showing a new kind of courage. Their protests are not just noise! Bangladesh's youth overturned unfair education taxes, Sri Lanka's movement forced leadership changes. In Nepal, their anger is about futures stolen and opportunities lost. They want results, not promises.

That message is a challenge for every leader. Transparent procurement, open financial tracking, and no shortcuts; these aren't slogans, but survival tools for any business or public office. Trust is getting harder to earn and easier to lose. Without it, talent and investment melt away.

Nepal doesn't lack potential; it lacks honest systems. The cost of corruption is paid in wasted days, lost deals, and broken public faith. If Nepalis, young and old, demand integrity, the rewards could finally exceed the cost.





**Narayan Adhikari**  
Co-founder and South East Asia  
Lead, Accountability Lab

**Politics of Republic:** The events of recent weeks have reminded Nepal's political class of a simple truth; this is now a genuine republic, where citizens, especially the youth, will not passively accept top-down decrees that ignore their voices. The majority of Nepalis, particularly the younger generation, sees their rights as non-negotiable and are prepared to defend them, even at great personal cost. For policymakers, the lesson is clear: inclusivity in decision-making is not just desirable, it is essential for their political survival. Any failure to acknowledge this reality risks another cycle of unrest that could destabilise the state and end political careers overnight.

**The Business Community's Stake:** The private sector has felt the direct impact of this instability. Political missteps that spark social chaos inevitably disrupt markets, weaken confidence and delay investment. Business leaders therefore have a strong interest in discouraging policies that alienate the public. They must remind politicians that decisions lacking public legitimacy are doomed to face fierce opposition. At the same time, businesses should recognise that ordinary citizens are united in rejecting corruption and demanding good governance. Aligning with those aspirations protects long-

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One lesson from the turmoil is that Nepal cannot afford to repeat cycles of street protests, violence and destruction each time policy decisions spark outrage. Instead, businesses and civic actors could support the creation of more constructive, institutionalised channels for public participation and opposition. Such platforms could help citizens express dissent productively while protecting macroeconomic stability. In this sense, the business community has a role to play not only in markets but also in sustaining social peace.

term business interests and avoids alienating the very communities they depend on.

#### **Building Constructive Alternatives:**

One lesson from the turmoil is that Nepal cannot afford to repeat cycles of street protests, violence and destruction each time policy decisions spark outrage. Instead, businesses and civic actors could support the creation of more constructive, institutionalised channels for public participation and opposition. Such platforms could help citizens express dissent productively while protecting macroeconomic stability. In this sense, the business community has a role to play not only in markets but also in sustaining social peace.

#### **Investing in Transparency and Youth:**

The private sector can drive systemic reform by investing in digital public infrastructure that strengthens transparency in procurement, beneficial ownership and related processes. These efforts build fairer competition, encourage external investment and reduce entry barriers for new players. At the same time, businesses should embrace the role of supporting youth inclusion, whether through workforce development, innovation or reforms that expand opportunities for young people. In doing so, they safeguard their own long-term interests by nurturing a capable, engaged and loyal workforce.

**Adapting to a New Era:** Ultimately, both policymakers and businesses must learn to adapt with resilience and vision. For the private sector, this means diversifying markets, building global connections, and staying agile in uncertain times. For political leaders, it means being transparent, inclusive, and accountable at every step. Nepal's Gen Z awakening is not only a call for justice but also an engine for deeper structural change. Those willing to embrace this shift with clarity and courage will shape the country's democratic and economic future.

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**Sunil Babu Pant**  
Founder, Blue Diamond Society

The recent Gen Z revolt did not erupt in a vacuum. It was the result of two decades of entrenched corruption, nepotism and extreme 'dalitiekaran' in every sector of government – from the centre to the local level. Senile political leaders have monopolised decision-making while a vast majority of young people remain jobless and deprived of opportunities. Nepal has experimented with monarchy, multiparty democracy and the current republican federal system, but none has delivered political accountability or economic justice. The governance structures imposed so far have proven unsuitable for our diverse nation. What Nepal urgently needs is a consensus-based socialist system that reflects our multiple communities – across gender, caste, geography, language, and cultures. Only such an inclusive model can provide political stability, which is the prerequisite for restoring economic confidence.

The immediate economic damage of this revolt is visible: tourism has collapsed, small businesses are struggling, and investor confidence has plummeted. The long-term consequences are even more staggering. Both foreign and Nepali investors will hesitate before committing to Nepal unless we



The immediate economic damage of this revolt is visible: tourism has collapsed, small businesses are struggling, and investor confidence has plummeted. The long-term consequences are even more staggering. Both foreign and Nepali investors will hesitate before committing to Nepal unless we demonstrate credible political reform.

demonstrate credible political reform.

#### A Foundation for an Inclusive Future

The state's fundamental responsibility is to create an enabling environment that ensures economic opportunities are accessible to all, especially for marginalised communities who have been historically excluded. This involves dismantling systemic barriers and proactively building spaces for those who have been left behind. For the youth, this means not only investing in

education and skills training but also creating job markets that can absorb them, preventing the brain drain of talent. For women and sexual and gender minorities, this requires implementing and enforcing policies that combat discrimination in the workplace, ensuring equal pay for equal work, and supporting entrepreneurship through targeted financial and mentorship programmes. By doing so, a nation can unlock the full potential of its entire population, leading to a more innovative, equitable and prosperous society. The economic dividends of such inclusion are substantial, as it broadens the tax base, reduces social inequality, and fosters a more resilient and dynamic economy.

#### The Path to Recovery

To rebuild, Nepal must focus on fundamentals:

- Job creation through manufacturing and by supporting farmers with reliable inputs, irrigation and fair trade policies.
- Effective public administration, which is vital for managing structural transformation and ensuring service delivery.
- Investment in rural infrastructure, particularly in agriculture, to raise productivity and incomes.
- Energy sector reform, with transparent regulation and better market systems, to unlock hydropower's potential.
- Harnessing remittances by creating financial tools that channel migrant workers' earnings into productive ventures.
- Tourism revival and agricultural modernisation through stronger public-private partnerships.
- Subnational economic development, empowering provinces and municipalities to innovate and generate local growth.

Corruption has cost Nepal not only financially but also socially and morally. The way forward demands bold political restructuring, inclusive governance, and a renewed social contract rooted in equity and accountability. Only then can we transform this moment of crisis into a foundation for sustainable prosperity.

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**Kalpana Khanal, PhD**  
Senior Economist, Policy  
Research Institute

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To go beyond bricks and mortar, Nepal must also address structural issues: the sustainability of agriculture, internal migration, and industrial and commercial investments. To a nation that is faced with difficulties in attracting foreign direct investment, the first step would be creating a safer predictable environment. A reconstruction plan with a Marshall Plan approach, supported by vision, discipline and coordination, would turn the disadvantages of Nepal into opportunities.

Nepal stands at a critical crossroad whereby disaster recovery and long-term development planning need to merge. The current destruction has made it clear how vulnerable our public institutions remain, especially without insurance protocols. When the state is single handedly burdened with the responsibility of reconstruction, little is left to be invested as limited resources are quickly exhausted. In this context,

protecting public assets through insurance is not a luxury but a necessity, and that future projects will have to incorporate risk diversification as their fundamental component. Risk decentralisation will reduce losses that are centralised and enable communities to recuperate quicker.

Recovery cannot be limited to rebuilding what was lost. Done transparently and efficiently, the reconstruction process could restore public trust and attract much-needed investment. It must be a platform to build resilience and confidence in the economic future of Nepal. This necessitates a change in the way resources are distributed, no longer focusing on individualised and politically instigated projects but instead focusing on priority projects based on evidence, which will be effective at the ground level. Such a grand vision will require both domestic and international support.

Nepal has foreign exchange reserves that it can use to jump start reconstruction but this must be coordinated. A robust empowered institution (like the post-earthquake re-construction authority), with the mandate to work directly with international donors to facilitate the process and avoid duplication, could be formed to take charge of the rebuilding process. Additionally, rebuilding needs to utilise the capabilities and workforce of Nepali people itself, spurring domestic demand, the same way it happened following the 2015 earthquake.

To go beyond bricks and mortar, Nepal must also address structural issues: the sustainability of agriculture, internal migration, and industrial and commercial investments. To a nation that is faced with difficulties in attracting foreign direct investment, the first step would be creating a safer predictable environment. A reconstruction plan with a Marshall Plan approach, supported by vision, discipline and coordination, would turn the disadvantages of Nepal into opportunities. Based on the experiences in Sri Lanka and Bangladesh, the future movements are in integrating short term recovery with a long-term structure of sustainable growth.

The recovery of a nation like Rwanda demonstrates that with disciplined governance, a long-term vision, and the shrewd utilisation of both internal and external resources, a crisis can be transformed into an opportunity. Nepal can emulate this model by empowering effective and transparent institutions to spearhead the reconstruction process. The endeavour to rebuild Nepal can transcend mere reconstruction of what was destroyed by maximising local capacity and harmonising foreign assistance with national priorities, thereby laying the groundwork for long-term development and sustainability.



**Dr Biraj Singh Thapa**  
Associate Professor, Department of  
Mechanical Engineering  
Kathmandu University, Nepal

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For the business community, the lesson is ‘Transformation’. The future will not be secured by trading margins alone but by investing in innovation and skills development that align with the aspirations of the rising generation. Companies that integrate entrepreneurship and sustainability into their core strategy will gain both resilience and growth. For policymakers, ‘authority without accountability is no longer enough’. Policies must incentivise entrepreneurship, research and industrial diversification while tackling corruption head-on. Instead of rigid planning, Nepal needs adaptive frameworks that can navigate technological, political and environmental shocks in line with global scenarios.

The Gen Z revolution in Nepal carries a clear message: “The digitally connected and globally aware youth must be at the centre of political and economic reforms.” Their demand is simple yet profound: “Create a system in which talent and hard effort are rewarded, free from the corruption and favouritism that have long obstructed progress and driven skilled individuals to seek opportunities abroad.”

Nepal’s history reminds us that this is not the first turning point. Once a thriving hub of culture and trade, our sovereignty was safeguarded by bravery and resilience. But internal strife, external pressures, prolonged isolation, and political inability slowed growth. Resources went underutilised, and the system grew vulnerable. Yet, the spirit of unity and courage endured, waiting to be renewed.

Nepal stands at a historic crossroads, where the dreams and sacrifices of its youth hold the power to define a new future. Progress must be built on the nation’s resources, shifting from a trading economy to industrial development. The abundant hydropower potential of Nepal is not only sufficient to meet domestic needs but also holds potential for regional exports. Clean electricity can fuel green growth, reduce dependency on imports, and provide a foundation for industrial developments. Looking ahead, Nepal must invest in industries based on green hydrogen derived from its immense hydropower to meet the growing global demand for energy transitions. With strategic planning, Nepal could emerge as a regional hub for green energy solutions, creating high-quality jobs and attracting global investments.

For the business community, the lesson is ‘Transformation’. The future will not be secured by trading margins alone but by investing in innovation and skills development that align with the aspirations of the rising generation. Companies that integrate entrepreneurship and sustainability into their core strategy will gain both resilience and growth. For policymakers, ‘authority without accountability is no longer enough’. Policies must incentivise entrepreneurship, research and industrial diversification while tackling corruption head-on. Instead of rigid planning, Nepal needs adaptive frameworks that can navigate technological, political and environmental shocks in line with global scenarios.

The Gen Z movement is more than a protest; it is a reset. If businesses and policymakers respond with courage and vision, Nepal can transform disruption into opportunity.



**Hemant Golchha**  
Managing Director  
Shangrila Motors



The business community has shown a strong commitment to building back strong and continuing to invest despite the destabilisation from arson and looting, this is commendable and sends a strong message to investors across the world that we are committed to change and progress.

The Gen Z movement against corruption and censorship is a reality check on the extensive reforms needed in the system at all levels – government, business, law and politics. It is very unfortunate that so many young people lost their lives to the violence that unfolded. It need not have been so had we as a society and nation been more attentive to creating and building systems on the values of transparency and accountability.

The impact of corruption on the private sector is considerable. It is not only costly for business, it distorts competition, impedes growth, and represents serious legal and reputational risks. The World Bank has stated that bribery has become a trillion-dollar industry globally. When there is no faith in authority, law or administration, it creates frustration and instability. Accountability systems for government and bureaucracy should be mandatory, as it should be for businesses to function with adherence to transparency.

In the near past, businesses had to continually lobby for better policies much of which were not realized. Corruption grew unchecked. Certain entities bought favours through political clout creating a playing field that was not only unequal but damaging for all. Paperwork for business is a tedious multi window process. Use of technology reduces human interface and loopholes for corruption and this is the need of the hour.

We have been in business for generations, and the one thing I have truly received as a legacy is the ability to make the right choice in the most difficult situations. This ensures that I choose projects with integrity. I am committed to the shift that is taking place in the country towards building good governance and accountability from all stakeholders. The business community has shown a strong commitment to building back strong and continuing to invest despite the destabilisation from arson and looting, this is commendable and sends a strong message to investors across the world that we are committed to change and progress.





**Shabda Gyawali**  
Investment Director  
Dolma Impact Fund

According to the published data, Nepal's economy looks stable. Foreign exchange reserves are strong, inflation is contained, interest rates have eased, and the last government had begun signalling reforms. To multilateral agencies and in official announcements, these indicators projected stability.

On the ground, however, the recent protests and pent-up frustration revealed – and continue to reveal a very different story. Households remain uneasy about jobs and rising living costs. Young people increasingly see their future abroad. Entrepreneurs hesitate to invest despite cheaper credit, citing weak demand and unpredictable regulations. Even the stock market reflects doubt more than confidence.

This is the vibe economy – the gap between official indicators and how people actually experience the economy. Institutions may track numbers but people respond to how secure they feel in daily life.

And this gap matters. Nepal does not need grand, capital-heavy projects to shift public mood nor is that the expectation from an interim government. What it needs are quick, visible reforms: faster approvals, consistent rules, reliable public services, and easy access to petty, day-to-day government services without delays or hassles. Small, tangible improvements can restore confidence. Only then will the vibe economy begin to align with the macro data, making stability more than a headline.

Immediate steps could help. The government could announce targeted relief for businesses hurt during the protests through concessional loans, easier insurance claims, temporary tax breaks or streamlined approvals. Such

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measures would send a clear signal that the state stands with its private sector.

Equally important are the low-hanging reforms already flagged by the Khanal Commission. Process improvements such as digitised services, quicker clearances, and simpler tax and licensing rules directly affect daily life. Now that Khanal himself is finance minister, decisive action would show that reforms are not just promises but reality.



**Suman Rayamajhi**  
MD & Co-founder, Upaya

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Nepal has often been labelled as a ‘crony capitalist state’ a stigma that must be addressed and eliminated for the advancement of democracy and the preservation of our constitutional framework. It is crucial that we come together in a spirit of unity and responsibility to transform these challenges into opportunities for a more transparent, accountable and democratic Nepal.

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The recent Gen Z revolution has brought about unexpected changes in Nepal. While the movements has resulted in the tragic loss of young lives and damage to both private and public property, an outcome that is deeply unacceptable and heartbreaking, raises an important step toward addressing biggest issue of systematic corruption in the country. We remain hopeful that these changes will contribute to the long-term prosperity and stability of Nepal.

Currently, the nation is in a transitional phase. The private sector, which is vital for economic growth, requires a stable environment that can only be assured through the successful conduct of upcoming elections. It is imperative that all stakeholders, including the interim government, political parties, bureaucrats, the private sector and the general public should collaborate and cooperate to ensure the elections are held as scheduled.

The key lesson for all stakeholders moving forward is to intensify efforts in curtailing corruption and enhancing accountability. Sadly, Nepal has often been labelled as a 'crony capitalist state' a stigma that must be addressed and eliminated for the advancement of democracy and the preservation of our constitutional framework. It is crucial that we come together in a spirit of unity and responsibility to transform these challenges into opportunities for a more transparent, accountable and democratic Nepal.

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**Narottam Aryal**  
President, King's College



Profit should not be viewed as something ugly; it is the fuel that drives industries, creates opportunities and helps society progress. At the same time, businesses themselves must rethink how they operate. This is the right moment to reflect and redesign missions and processes so that companies focus not only on profit but also on impact. Nepal's young generation is not just a market of customers but also workers, entrepreneurs, and community voices. They care deeply about honesty, fairness, autonomy and responsibility. To succeed in this environment, businesses must listen carefully and act with integrity.

I strongly believe in individual freedom and entrepreneurship. Only when people are free to use their imagination and creativity can a society truly prosper. Nepal has tremendous young talent and resources, but to unlock this potential we need a safe and supportive ecosystem backed by sound public policies. At the heart of this lies a fundamental requirement: the protection of individual property. Sadly, respect for wealth creators is still weak, and many entrepreneurs live in constant fear about the safety of their assets. The recent Gen Z protests, where businesses were vandalised and burned, exposed this problem. Such acts must be punished, affected businesses must be compensated, and the state must guarantee protection in the future. Profit should not be viewed as something ugly; it is the fuel that drives industries, creates opportunities and helps society progress.

At the same time, businesses themselves must rethink how they operate. This is the right moment to reflect and redesign missions and processes so that companies focus not only on profit but also on impact. Nepal's young generation is not just a market of customers but also workers, entrepreneurs, and community voices. They care deeply about honesty, fairness, autonomy and responsibility. To succeed in this environment, businesses must listen carefully and act with integrity.

Young people today do not tolerate hidden deals or unclear decisions. They expect openness and honesty in the way businesses function. By definition, a business exists to create and exchange value transparently. Companies should communicate clearly, make decisions openly, and practice good governance, because that is what builds trust. They must also follow the law strictly, uphold the highest ethical standards, and avoid unhealthy ties with politics or bureaucracy. Doing the right thing should be valued more than chasing quick, narrow gains.

Nepal also faces a serious shortage of meaningful employment opportunities. Businesses must therefore commit to creating jobs that help young people develop skills and plan their futures, in partnership with the state, educational institutions, and the community.

Finally, businesses must see themselves as part of society at large. Great companies don't just give back to communities; they work alongside them as true partners. By engaging in education, social initiatives, or collaborative projects, businesses can build trust and earn lasting respect. When communities thrive, businesses thrive too.





**Anil Kumar Sinha**  
Former Judge, Supreme Court  
of Nepal

The entire economy of Nepal is now facing an unprecedented shock, attributable not only to mass destruction of businesses but also to a profound loss of confidence and deep social damage. The Gen Z protests targeted rampant and visible corruption as well as the political audacity to conceal 'money grab adventurism' under the shield of power. People within and around the government, in both politics and the bureaucracy, underestimated the non-violent strength of Gen Z. While previous generations had accepted corruption as a part of doing business – often adding it as an attributable cost to their inputs to pass on to consumers – Gen Z demanded a system free from corruption and simpler processes to enable their work for good causes.

It is difficult to believe, but the manner of the destruction clearly points to orchestrated planning rather than spontaneous action. Do the conspirators and perpetrators intend to force this innovative generation to leave the country as a result of vanishing jobs and opportunities? Gen Z recognised corruption as a deep-rooted, hidden enemy, not only for the money lost but for the opportunities stolen.

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**Trust in government and institutions must be restored to create a stronger and more united society. Success should depend on hard work, not access to power. Investors must regain the confidence to put their money where risks are reduced and fairness enhanced. Transparency must be at the heart of the recovery. Let digital tools, transparent audits and public reporting prevail. Fair systems and a positive attitude toward business – coupled with an enabling environment – can give genuine entrepreneurs a chance to rebuild the nation economically. Strong and fair investigation, proper action against corruption and favouritism, and public faith in the judiciary for fair judgement can alone send a positive message.**

Mental preparedness, system development and physical infrastructure are now the way forward. What is needed is not only the reconstruction of physical infrastructure but also tactical and sustainable planning. We must beware of possible corruption during reconstruction through bribes and favouritism. Instead of helping society heal, such practices will again waste scarce resources and further deepen public frustration.

Now is the time to test the nation's resilience. Let us make integrity the foundation of rebuilding.

Trust in government and institutions must be restored to create a stronger and more united society. Success should depend on hard work, not access to power. Investors must regain the confidence to put their money where risks are reduced and fairness enhanced. Transparency must be at the heart of the recovery. Let digital tools, transparent audits and public reporting prevail. Fair systems and a positive attitude toward business – coupled with an enabling environment – can give genuine entrepreneurs a chance to rebuild the nation economically. Strong and fair investigation, proper action against corruption and favouritism, and public faith in the judiciary for fair judgement can alone send a positive message.

The fight against corruption is not only the government's job. Communities, media and citizens must demand accountability. Refuse corruption and speak up against unfair practices.

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**Raj Gyawali**  
Founder, Social Tours

The tourism sector in Nepal is once again standing at a crossroads. The recent nationwide protests, the tragic loss of lives, the resignation of the government, and now the formation of an interim leadership with elections announced for March 2026, have shaken confidence in the country. For tourism, this means an immediate threat of cancellations, and in the longer term, a serious need to rebuild credibility.

Our first responsibility as an industry is accurate crisis communication. We must speak in one voice: yes, Nepal has had a political upheaval, but it has successfully transitioned into a stable interim government. Critical tourism infrastructure is in place and fully functional. Security has been re-established. Health care and emergency rescue systems remain operational. Most importantly, the sector remains deeply committed to keeping travellers safe and ensuring the hundreds of thousands of jobs it supports are protected. This message must be clear, coordinated and consistent.

But once that is established, the upheaval also offers an opportunity. The movement that triggered these changes was largely Gen Z. We need to listen to their concerns, invite them into the discourse, and ensure their voices shape the future of tourism. Their priorities – whether around climate action, transparency, or inclusion – are our road map to relevance.

The harder truth we must face is corruption. This is the cost we have paid as a nation. Tourism is not exempt. If we want a resilient sector, we need qualified leaders – at the Ministry, at Nepal Tourism Board, and across industry associations. Leadership must be professional, strategic and forward-looking, not partisan or power-centric. That means internalising the principles of good governance, breaking away

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The harder truth we must face is corruption. This is the cost we have paid as a nation. Tourism is not exempt. If we want a resilient sector, we need qualified leaders – at the Ministry, at Nepal Tourism Board, and across industry associations. Leadership must be professional, strategic and forward-looking, not partisan or power-centric. That means internalising the principles of good governance, breaking away from self-interest, and working together.

from self-interest, and working together.

A concrete solution is the creation of a Tourism Federation, built to focus on good governance and long-term growth, working hand-in-hand with the Ministry and NTB. Together, these three pillars could provide financial sustainability and strategic stability for the industry.

Tourism touches everything – government, operators, hotels, transport, agriculture, handicrafts, technology, finance, and more. Done right, it can help us recover from this crisis stronger than before. The path is clear: communicate stability, embrace new leadership, and commit to strategies that make us resilient to future upheavals.



**Bhushan Tuladhar**  
Former CEO & Board Member  
Sajha Yatayat

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The time for ‘business as usual’ is over. The future demands bold, immediate action. Nepal’s Gen Z revolution offers us a unique opportunity to reimagine a peaceful, inclusive and prosperous society. Whether we are running a small family business or working in a large government office, embracing change, engaging youth and acting swiftly will help us move forward – together in the spirit of this transformative movement.

“Optimism is the faith that leads to achievement. Nothing can be done without hope and confidence.” – Helen Keller

One of the most remarkable outcomes of Nepal’s Gen Z revolution is the resurgence of hope and optimism, especially among the youth. This renewed spirit should be our foundation for the journey ahead and the driving force behind

our collective growth and wellbeing. The road will be challenging and obstacles are inevitable. But if we can nurture and sustain this hope, we can navigate the waves of political, social and economic uncertainty and move toward a more prosperous future.

To keep this hope alive, I believe we must focus on three key actions:

**1. Embrace Change:** The Gen Z revolution's demand was good governance and a corruption-free society. Meeting this demand requires each of us to rethink how we work, ensuring greater transparency and accountability at every level. Change begins with us. As Mahatma Gandhi wisely said, "Be the change you want to see in the world." We must stop pointing fingers and start transforming our own practices.

**2. Engage the Youth:** With 43% of Nepal's population between the ages of 16 and 40, we are in the midst of a 'youth bulge'. Young people are not just the largest demographic, they are the primary drivers of innovation, consumption and social change. Their needs and aspirations must be at the heart of our development agenda. We must listen, understand and empower them to lead the way.

**3. Act Now:** The youth have already knocked on our doors – with urgency, energy and a 'can-do' attitude. Technology has amplified their voices and accelerated their momentum. We must respond with equal urgency by improving the efficiency and effectiveness of our work. The time for 'business as usual' is over. The future demands bold, immediate action. Nepal's Gen Z revolution offers us a unique opportunity to reimagine a peaceful, inclusive and prosperous society. Whether we are running a small family business or working in a large government office, embracing change, engaging youth and acting swiftly will help us move forward – together in the spirit of this transformative movement.



**Surya Karki**  
Co-founder & Marketing and  
Sales Director, Delish Dairies



The government cannot continue to treat businesses as cash machines or problems to manage. Businesses need to be part of rebuilding the country, not just an afterthought. This means sitting down together, asking, "What real obstacles are in your way?" and actually listening – not just offering temporary relief or more rules and making businesses true stakeholders will only help. Why not set up a standing public-private consortium that develops solid policy and investment strategies for the long haul?

Economic uncertainty right now boils down to a crisis of confidence. The Gen Z revolution has made clear that a significant, vocal part of Nepal won't accept the old ways: corruption, closed-door decisions, and lack of accountability. Business leaders and policymakers have to ditch the tired playbook. Instead, now is the time to start fresh, with genuine partnership and radical transparency.

First, the government cannot continue to treat businesses as cash machines or problems to manage. Businesses need to be part of rebuilding the country, not just an afterthought. This means sitting down together, asking, "What real obstacles are in your way?" and actually listening – not just offering temporary relief or more rules and making businesses true stakeholders will only help. Why not set up a standing public-private consortium that develops solid policy and investment strategies for the long haul?

On the business side, the message is obvious. The recent events were a wake-up call from a new, demanding generation. We must ask ourselves: what will it take to earn the public's complete trust? The answer lies in radical transparency. This means open, honest communication about what we do and how we do it. Businesses must move away from curated messaging and towards a culture of authenticity. By proactively engaging with the community and demonstrating integrity, we can build the trust that is the bedrock of long-term economic stability. For Nepal's economy, this in-house confidence is the essential first step in regaining the ability to attract foreign investment.

The Gen Z movement demonstrated the unprecedented power of technology to mobilise masses and effect change. This lesson extends far beyond the streets. It is an opportunity for businesses and the government to together shape the future of a digitally-driven nation. Businesses can and must lead this charge. Imagine companies supporting the government in developing transparent, blockchain-based systems for public works contracts to eradicate corruption, or platforms that provide real-time, public access to information on government spending. Companies in traditional industries have a clear opportunity to spearhead the adoption of technology to optimise supply chains and enhance consumer communication – a powerful counter-narrative to a history of deceit.

This is more than an economic challenge; it is a generational opportunity to redefine the core values of our nation's economic and political landscape. The uncertainty has revealed a deep hunger for accountability and a willingness to embrace change. The primary lesson for both the business community and policymakers is the same: the old ways are obsolete. By treating each other as equal stakeholders, embracing transparency, and harnessing technology, we can rebuild not just the economy, but also the very pillars of a more resilient, trusting, and prosperous Nepal.

At Delish, we are definitely going to be doing that. This is a wake-up call for a traditional industry like dairy, and specifically an opportunity for a forward-thinking company like Delish. It is the right time for us to push for innovation in the sector.





**Bhagwat Bhattarai**  
President, Society of Economic Journalists-Nepal

Fed up with rampant corruption and weak governance, Nepal's youth, or Gen Z, have shaken the system. A two-day protest created a major security threat for senior political leaders. The new administration, formed under the leadership of a civic society, has proven the movement is not just about resistance but a genuine need for change. Despite some incidents, it has created an environment for better governance.

The public has long voiced its opposition to entrenched corruption at every level, yet authorities never made a serious effort to curb it. The lavish lifestyles of politicians, built on a foundation of misrule, only deepened public resentment. The protest gained momentum when the government suddenly banned social media.

According to a Transparency International report, Nepal ranks 73rd out of 180 countries for corruption, meaning 107 countries are less corrupt. Even after being grey-listed by the Financial Action Task Force (FATF), the government focused on its own survival and benefiting close allies rather than fighting corruption and mismanagement. Every section of society has been exploited as a result.

The rot has spread deep, exposed by ruthless demands for commissions

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**Frustration builds when citizens have to pay extra for basic services, when the private sector struggles to maintain a fair market, and when every process is tainted by payoffs. This frustration was the seed for the Gen Z movement. Despite heavy losses, private-sector representatives remain hopeful that corruption and misrule may finally be eliminated. The movement has shattered the belief that corrupt leaders can treat citizens as powerless. The real test is whether the protest's spirit will shape the upcoming elections in March next year, setting the stage for better governance and accountability.**

during budget allocations, bribes for government appointments, and the inaction of anti-corruption bodies. Corruption is not just about money under the table; it also damages Nepal's national and international image, weakens governance and discourages new investment.

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The movement has shattered the belief that corrupt leaders can treat citizens as powerless. The real test is whether the protest's spirit will shape the upcoming elections in March next year, setting the stage for better governance and accountability.

To end the practice of winning elections with money and create a framework for clean governance, citizens must carefully choose the right candidates. Representatives elected through public trust are more likely to understand people's real problems and help break the cycle of misrule.

The new civic-led administration's primary task may be to steer the election but its main responsibility is to eradicate corruption. If this energy is guided in the right direction, the movement could be a turning point for Nepal's economic and social transformation. With firm steps against corruption, the country can lay a solid foundation for economic recovery, nurture healthy competition and encourage people to believe in their own skills rather than connections.

Within just a week, the new government, led by civic leaders and supported by ministers with relatively clean reputations, has already offered a ray of hope. Ultimately, political representatives chosen by the citizens will still run the state but the steps taken now will be crucial in steering them onto the right path.

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**Manish K Khemka**  
Executive Director, BLC Holdings

Nepal is at a seismic inflexion point, its economy shaken to the core. The September 2025 youth-led uprising, triggered by the government's ban on 26 social media platforms, has left a lasting impact. This historic revolt, driven by Gen Z, resulted in 74 deaths, including school children, 2,113 injuries, and the dissolution of the parliament led by Prime Minister KP Sharma Oli.

The destruction of historical and culturally significant properties, such as Singha Durbar and the Supreme Court, alongside numerous private properties, has caused an estimated loss of over \$750 million. However, the movement was not solely about the social media ban; it was fuelled by widespread frustration over corruption, nepotism and economic stagnation, as well as a lack of opportunities for young people.

Corruption in Nepal is a deeply entrenched issue permeating nearly every sector, from government and judiciary to health services and education. Transparency International's Corruption Perception Index 2024 ranks Nepal 107th out of 180 countries, with 84% of respondents identifying government corruption as a major problem. This hidden cost, often dubbed a 'stealth tax', sees efficient firms losing out to those willing to pay the highest bribes. This dynamic fosters public power abuse for personal gain, eroding trust in institutions. High-profile scandals like Lalita Niwas and the fake VAT Bill highlight the extent of corruption. Nepal's grey economy now encompasses up to 40% of GDP, and the country was re-added to the FATF grey list on February 21, 2025, signalling systematic failures in anti-money laundering and counter-terrorist

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Immediate measures to stabilise the economy and create job opportunities for the youth are essential. This includes launching a Youth Employment Guarantee Scheme, focusing on digital, green and infrastructure sectors. Tax incentives for startups and SMEs led by young entrepreneurs, while infrastructure projects-both ongoing and approved, are to be fast-tracked with transparency. Support should also be extended through incentives for indigenous products and fair compensation to those affected by the recent unrest. For long-term impact, investments should be made in vocational training and digital literacy, alongside expanding public-private partnerships in tourism, agriculture and renewable energy.

financing efforts. Despite political leaders' promises, public frustration continues to mount, culminating in recent catastrophic events.

To overcome the current situation and set a roadmap for future double-digit growth, I believe the following strategies are crucial:

**Rebuild public trust:** Immediate steps include forming an independent anti-corruption body with Gen Z voices, publishing officials' asset declarations, digitising services to reduce bribery and banning candidates with criminal or corruption charges. Medium-term priorities include reforming political financing, protecting whistleblowers, ensuring judicial independence and speeding up corruption trials.

**Economic Stabilisation and Youth Employment:** Immediate measures to stabilise the economy and create job opportunities for the youth are essential. This includes launching a Youth Employment Guarantee Scheme, focusing on digital, green and infrastructure sectors. Tax incentives for startups and SMEs led by young entrepreneurs, while infrastructure projects-both ongoing and approved, are to be fast-tracked with transparency. Support should also be extended through incentives for indigenous products and fair compensation to those affected by the recent unrest. For long-term impact, investments should be made in vocational training and digital literacy, alongside expanding public-private partnerships in tourism, agriculture and renewable energy.

**Digital Governance and Civic Engagement:** Embracing digital governance can enhance transparency and efficiency in public administration. Encouraging civic engagement through digital platforms can also foster greater accountability and participation in decision-making processes.

It is time for every Nepali citizen to unite behind a transformative vision to build a robust and equitable system, where the nation's prosperity is the ultimate goal. The era of incremental adjustments is over; resolute action is required to ensure a brighter future for Nepal.

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**Purushottam Ojha**  
Former Commerce Secretary,  
Government of Nepal  
Consultant on Trade, Transit,  
Investment and Private Sector  
Development

The two-day Gen Z uprising was an unprecedented event that openly expressed the youth's anger and frustration toward Nepal's major party leaders, who are widely viewed as corrupt, inept, and inefficient – diverting national resources for personal gain and to benefit their supporters. The destruction of public and private property, including buildings, plant machinery, equipment, and vehicles, was colossal and is estimated to amount to several billions. This has instilled fear among potential domestic and foreign investors, dampening the country's aspiration to graduate from Least Developed Country status by 2026.

In the aftermath of the Gen Z uprising, there are critical lessons for both public-sector policymakers and the business community. The government's primary focus should be on reconstructing and rebuilding infrastructure damaged in the riots, burning, and vandalism. Secondly, immediate austerity measures should be introduced to cut public expenditure on non-essentials such as vehicle and furniture purchases, curtail foreign visits, and reduce the number of civil servants. Less essential public offices could be closed or merged with similar entities. A clear roadmap must be developed to amend the current constitution, as there is widespread public anger over its costly structures – including numerous Commissions and Provincial Governments – that drain scarce resources without delivering concrete outcomes. Additionally, the government should increase investment in infrastructure development to help attract private sector investment.

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At this critical juncture, the business community's main task is to cooperate and collaborate with the government to build economic resilience. Business organisations such as the FNCCI and CNI should encourage their members and individual entrepreneurs to rise to the challenge, regain strength, and rebuild confidence. They must work alongside the government to create a business-enabling environment, reducing bureaucratic hurdles and making necessary adjustments to existing laws and procedures.

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**Shourya Thapa**  
Student

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Nepal's youth is not asking for charity, they are demanding a chance to participate in rebuilding their nation. If the government truly listens, this anger could yet become the spark that lifts Nepal from despair to renewal.

Plumes of dark smoke that polluted the otherwise blue skies of Kathmandu on September 8 and 9 as disillusioned youth took to the streets was an eruption of frustration long in the making. The Gen Z movement reflected not only anger at unemployment and corruption but also deep despair at a system that seemed incapable of delivering progress.

Ousting the ruling government, the protests marked a turning point for Nepal: the frustration of youth no longer silent. They are an urgency to transform discontent into lasting reform.

Each year, thousands of young Nepalis graduate with degrees that lead nowhere. According to Nepal's macroeconomic data, the unemployment rate fluctuates at around 10.7% with GDP growth of 4.6%. These numbers show that

for those who want to work, there are too few jobs, and for those who want to stay, there is little reason to hope. It is no surprise then that over 2.5 million Nepalis have left the country in just the past three years to seek a future abroad. The cost of this exodus is more than economic; it drains the nation of energy, creativity, and belief in change.

The message to Gen Z has been devastating: merit means little, and integrity even less. However, the Gen Z movement has turned the tables, it provides a formidable impetus for hope and change: first, by restructuring the state to make it efficient, transparent and eradicating the deeply entrenched rent-seeking culture that hinders the delivery of public goods and services as intended. Second, by creating economic opportunities. In the 1930s, plagued with the same problems, the USA introduced a series of government-backed employment programs which would also develop the nation's physical infrastructure. President Franklin D. Roosevelt introduced the New Deal Acts with the Tennessee Valley Authority being the most notable. It gave Americans work and hope during the Great Depression by funding large-scale hydroelectric projects. Nepal too can launch joint public-private national efforts that employ its youth to build roads, hydropower, and industries that shape the future. Advancements in these sectors act as precursors to a healthy economy; an economy in which foreign investors would be eager to engage. Additionally, it is crucial to have business-friendly policies for economic growth.

Nepal's youth is not asking for charity, they are demanding a chance to participate in rebuilding their nation. If the government truly listens, this anger could yet become the spark that lifts Nepal from despair to renewal.



**Saurabh Jyoti**  
Chairman, Padma Jyoti Group



For the business community, the primary focus must now shift from preservation of privilege to restoration of trust. The young generation's discontent was not born overnight; it stemmed from years of perceived inequality, lack of opportunity, and a widening disconnect between corporate success and social inclusion. Business leaders must recognise that profit without purpose is unsustainable.

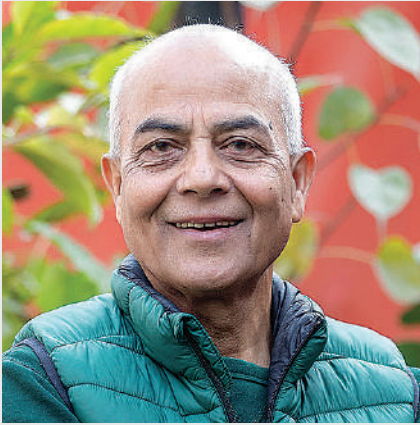
Nepal stands today at a defining moment. The recent Gen Z-led revolution, which toppled the government and unleashed a wave of anger against the established economic order, has left the nation's business community shaken. Factories have halted, investors have retreated, and homes of respected business leaders have been targeted — eroding confidence in both governance and enterprise. Yet, within this turmoil lies an opportunity for reflection and reinvention.

For the business community, the primary focus must now shift from preservation of privilege to restoration of trust. The young generation's discontent was not born overnight; it stemmed from years of perceived inequality, lack of opportunity, and a widening disconnect between corporate success and social inclusion. Business leaders must recognise that profit without purpose is unsustainable. The future of enterprise in Nepal depends on rebuilding credibility — through transparency, ethical practices, fair wages, and active engagement with youth-driven innovation. Entrepreneurs must open doors for collaboration with young minds, support start-ups, and invest in communities that feel left behind. Only when business is seen as a force for shared prosperity, not exploitation, can confidence return.

For policymakers, the lesson is equally profound. Economic stability cannot rest solely on traditional power structures or elite consensus. The new generation demands accountability, inclusion, and a system that rewards effort, not access. Policymakers must therefore prioritize reforms that democratize opportunity — education aligned with the modern economy, startup-friendly regulation, and fair taxation that encourages enterprise rather than punishes success. Public policy should act as a bridge between the old and new economies, guiding both business leaders and youth toward a shared national vision.

Nepal's path forward depends on empathy and collaboration, not confrontation. The Gen Z revolution has exposed the cracks, but it has also revealed a nation hungry for change. If business leaders and policymakers can listen, adapt, and lead with integrity, this crisis may well become the catalyst for Nepal's most transformative economic era yet.





**Bhojraj Pokhrel**  
Former Chief Election  
Commissioner

Gen Z has always been considered a neglected generation. But through this protest, they have demonstrated a deep sense of responsibility toward the nation. They showed 'We are something; and if we wish, we can bring change'. I have immense respect for the bravery and dedication they displayed in standing against widespread corruption and in striving to protect the nation from failure. In doing so, they have set a global example proving that if Gen Z chooses, they can indeed bring a big change. Of course, this journey has come with sacrifices. Many lives were lost and I express my deepest sorrow for that. May those who lost their lives rest in peace.

They have set a global example of resistance against misgovernance; it reminded us that governance must be accountable, the rule of law must prevail, good governance must be ensured, and corruption is the true enemy of the nation and must never be tolerated. Political instability has cost us dearly and has clearly shown that we need a stable government. At the same time, the youth have given us another encouraging message: 'We too have a say in how the country needs to be. We have our rights, and we will not remain silent.' The issues raised by Gen Z should be the primary focus now. While finding solutions to their concerns, we must bring them in as partners because they understand what the next generation aspires to, more than people from my generation. Every sector must revisit and reframe its policies in ways that address the aspirations of this rising generation.

Another message we must understand at this point is this: Unlike indiscriminate attacks seen previously, here the actions were targeted towards specific institutions and specific individuals. We need to

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**The interim government does not have the time or the mandate for long-term policymaking. Yet this is the right moment to initiate reforms that have long been blocked, steps that can uplift the demoralised business sector. If confidence is built now, future governments will find it difficult to roll back such measures.**

reflect on why those institutions and people were targeted. For instance, why was the Parliament building attacked? As per my understanding, it failed to deliver a stable government, failed to perform its role, and often acted like a puppet in the hands of a few individuals. In a parliamentary system, Parliament should be the strongest institution, yet it was one of the weakest in the country. Mismanagement and misconduct bred anger. Even attacks on Singha Durbar, Parliament and the Judiciary reflect this frustration. While the masses expressed generalised anger, the fact that specific files and desks were targeted might show involvement of some criminal elements if the news is true. Accountability, fairness, transparency in state affairs and policy consistency are essential.

Speaking of the business sector, despite being in a difficult situation, even when suffering losses, they have shown resilience by choosing to move forward. That in itself is exemplary. We must also redefine how we view the private sector. Too often, it has been seen only as a profit-seeking body. The time has come to change this narrative: the private sector is also a key partner in nation-building. They must be provided with an environment where they never feel viewed with negativity.

That requires national awareness. Now, the responsibility lies in addressing their concerns to rebuild credibility and restore their trust. For the government's part, it is not enough to give verbal assurances. It must demonstrate through action that the private sector is secure, that investments are safe, that physical safety is guaranteed, and that the morale of entrepreneurs can be restored. Boosting the morale of the business community is crucial, especially after destructive elements exploited the unrest to inflict damage. We cannot allow such events to repeat. Past reports were shelved in drawers; this time, their confidence must be earned through visible action.

Today, an investor who comes to Nepal must knock on multiple offices and agencies just to begin. One concrete step is to implement a 'one-window policy' for business and investment. We must end such bureaucratic hurdles and replace them with a single, streamlined process. This is the right time to do so.

The younger generation are deeply frustrated with government offices. Even basic work involves endless delays and unnecessary hassles. This is why digitalisation must be prioritised. Government services should move online to reduce corruption. When human interaction is minimised, opportunities for corruption also shrink.

The interim government does not have the time or the mandate for long-term policymaking. Yet this is the right moment to initiate reforms that have long been blocked, steps that can uplift the demoralised business sector. If confidence is built now, future governments will find it difficult to roll back such measures. Nepal's economy has been struggling. Revenue collection is low, salaries are barely payable, projects remain unfinished, and the government has not been able to spend the allocated money. The current turmoil could create further short-term shocks. To minimise the damage, we must focus on building long-term confidence through security assurances, fiscal and monetary reforms, and business-friendly governance tools. Above all, the priority must be to rebuild trust between the government and business community. If that trust and confidence to invest is not restored now, the long-term consequences for the economy could be extremely serious.

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**Siddhartha Rayamajhi**  
Researcher, Centre for New  
Economy and Inequality (CNEI),  
Nepal Institute for Policy  
Research

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Nepal's longstanding challenge has been a consumption-based economy, which has impeded domestic job creation. The youth today are disenchanted with the lack of quality job opportunities in Nepal. The policy must, therefore, shift toward generating private sector-led and employment-intensive growth.

The Gen Z revolution has shaken Nepal to its core. The revolution was about corruption, unaccountable governance and a generation that repudiates to stay taciturn. The movement vandalised public institutions along with many private businesses. The repercussions have left the business community and policymakers in uncertainty, weakened investor confidence and eroded public trust. In this regard, the paramount concern for policymakers must be predicated on formulating short-run and long-run policy responses. At the same time, the business community must tailor measures to consolidate operations and

restore confidence.

In the short run, the priority should be to bolster the confidence of the private sector. Policymakers must pinpoint on stabilising economic fundamentals disrupted by the protest. This includes facilitating the maintenance of damaged public and private infrastructure, as well as providing temporary tax concessions and fiscal or liquidity relief to affected businesses. Equally important is dialogue between government officials and business leaders on immediate relief measures.

In the long run, the focus needs to be on facilitating policies that augment export competitiveness, aligning the private sector with national economic priorities.

Nepal's longstanding challenge has been a consumption-based economy, which has impeded domestic job creation. The youth today are disenchanted with the lack of quality job opportunities in Nepal. The policy must, therefore, shift toward generating private sector-led and employment-intensive growth.

Concurrently, foreign direct investment (FDI) needs to be attracted. FDI diversifies the economy and integrates Nepal into regional and global value chains. However, the policy implementation for the long run may transcend the interim government's tenure; laying this policy groundwork is imperative to ensure that future governments can build a more resilient and competitive economy.

The private sector must take proactive steps to unite efforts to firm up operations and regain confidence in the wake of the protests. This includes repairing physical damage promptly and ensuring the welfare of employees. Coordination with industry peers and engagement with policymakers can also aid in navigating immediate challenges.

Lastly, uncertainty is unsettling, yet it can also serve as a wake-up call. The government's task is to soothe the present with confidence-boosting policies while preparing the future for a robust economy.



**Modnath Dhakal**  
Immediate Past President, Nepal  
Association of Financial Journalists

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Creating more jobs to sustain young people's hopes is essential, while talks should also be held with labour-destination countries, some of which are becoming reluctant to hire Nepali workers following the protests. Another equally important task is to identify funding sources for rebuilding public infrastructure, including reallocating budgetary resources from poorly performing projects.

One of the worst messages that vandalism and arson can send to both domestic and foreign investors is that investment and investors alike may be at risk in Nepal. Attacks and vandalism have caused damage worth hundreds of billions of rupees. This will have serious repercussions for the economy at a time when the country is preparing to graduate to the 'developed nation' category next year. It comes on top of long-standing challenges: low productivity, inadequate energy, IT and trade infrastructure, high production costs and procedural delays.

At the same time, it is equally important to curb rampant corruption, facilitate unhindered development and improve transparency through the digitalisation of public administration while enhancing accountability. In such a situation, instilling confidence in domestic and foreign

investors is paramount. To this end, the business community has already urged the Home Minister to take concrete steps to ensure security and to bring to book those who vandalised and torched private property, business facilities and industries. The morale of police personnel must also be boosted for this purpose.

Implementing the recommendations of the High-Level Economic Reform Commission, led by former finance secretary who happens to be the incumbent Finance Minister, is also vital, particularly as many of its provisions have already been incorporated in this year's budget. Although the absence of parliament prevents many policy commitments from being addressed by the government in transition, it should not shy away from issuing ordinances to enable crucial immediate reforms and facilitate investment. Creating more jobs to sustain young people's hopes is essential, while talks should also be held with labour-destination countries, some of which are becoming reluctant to hire Nepali workers following the protests.

Another equally important task is to identify funding sources for rebuilding public infrastructure, including reallocating budgetary resources from poorly performing projects. The Finance Ministry has already begun working on potential funding sources. Mobilising Corporate Social Responsibility (CSR) funds from commercial companies, as suggested by the private sector, could also help in the short term. Furthermore, the government must take steps to facilitate insurance companies in ensuring that claims are settled promptly.



**Dr Pukar Malla**  
Founder & Chairperson  
Daayitwa Abhiyaan

Nepal's economy is reeling under an economic shock, intensified by the recent Gen Z movement that has spotlighted youth frustrations over corruption, exclusion, unemployment and disillusionment with current systems. Yet, within this turbulence lies an opportunity. If the business community and policymakers can respond decisively, they can transform this moment of crisis into a springboard for inclusive growth and economic renewal.

For the business community, the first priority must be job creation. Gen Z faces an acute shortage of employment opportunities and unless businesses address this head-on, both their growth and legitimacy will be questioned. Beyond the domestic market, businesses should proactively explore international markets, tapping into export opportunities and regional collaborations to fuel growth and create jobs. Equally critical is embracing diversity and inclusion as a business imperative. Young people from marginalised communities must see tangible pathways to participate in Nepal's growth story. This requires not only fair hiring but also programmes that actively nurture underrepresented talent. Businesses should also forge stronger partnerships with universities, ensuring graduates emerge with the skills, creativity and entrepreneurial spirit demanded by the labour market.

At the same time, investing in CSR should go beyond token philanthropy. Strategic partnerships with civil society organisations can help businesses engage youth in inclusive growth while also building the trust and social branding so essential in winning Gen Z – who are not just employees but also a core client base.

For policymakers, the path forward demands a two-pronged focus: enabling opportunity and empowering voice. On one hand, fostering rural entrepreneurship



Gen Z faces an acute shortage of employment opportunities and unless businesses address this head-on, both their growth and legitimacy will be questioned. Beyond the domestic market, businesses should proactively explore international markets, tapping into export opportunities and regional collaborations to fuel growth and create jobs. Equally critical is embracing diversity and inclusion as a business imperative. Young people from marginalised communities must see tangible pathways to participate in Nepal's growth story. This requires not only fair hiring but also programmes that actively nurture underrepresented talent.

can turn unemployment into enterprise by channelling the creativity and resilience of young people. On the other hand, improving the business environment through investment-friendly incentives and making Nepal tourism-friendly by ensuring security and robust branding will generate broader economic opportunities.

Beyond economics, however, lies the deeper issue: the cost of corruption. It is not only a moral failure but also an economic shock that erodes investor trust, drains public resources and blocks opportunities for youth. Businesses and policymakers alike must commit to raising Nepal to new heights of morality, where transparency, accountability and ethical leadership are non-negotiable.

The Gen Z movement is a wake-up call. If businesses and policymakers can act decisively – by creating jobs, fostering inclusion, empowering youth voices and upholding integrity – Nepal can transform uncertainty into a new wave of economic renewal powered by the dynamic demographic majority.





**Prarthana Saakha**  
Co-founder, BIC Technology  
(Tigg)

The recent Gen Z-led protests for anti-corruption and freedom of speech have sparked a wave of optimism for a better future for our country. While the outcome has been inspiring, the destruction of property, including homes and businesses, was deeply unfortunate and added to the challenges entrepreneurs already face.

Today, we are in a period of

economic uncertainty that tests the resilience of entrepreneurs more than ever. Entrepreneurs are used to dealing with unpredictability but this moment requires us to focus on one key priority: stability. Surviving and holding on until conditions improve must be the first goal.

At the same time, businesses need to be more agile in operations and empathetic in their approach to customers and communities. Many businesses have carried on without acknowledging the current sentiment in the nation. This is a time to act with sensitivity, honouring the sacrifices of the young people who made this movement possible. Agility and empathy are essential for rebuilding trust and loyalty.

Another critical factor is the rise of Gen Z in the workforce. This generation is defined by technology, instant communication and a demand for transparency. Therefore, digital adoption is essential for growth and meaningful engagement. Businesses and the government must keep digital tools secure and reliable, as outages like the recent social media shutdown hurt companies, mostly those working with foreign clients.

Most importantly, it is time to empower young people to lead genuinely. We often

“ it is time to empower young people to lead genuinely. We often say ‘age is just a number’, but now we must act on it, giving youth the space to lead enterprises and contribute to shaping the nation’s future. This shift is necessary for Nepali businesses to compete globally.

say ‘age is just a number’, but now we must act on it, giving youth the space to lead enterprises and contribute to shaping the nation’s future. This shift is necessary for Nepali businesses to compete globally. The tech industry already shows how adaptable and globally minded young leaders can be and now it is time for others, too. I strongly believe that the vision and energy of young leaders will drive the next wave of entrepreneurship and innovation.



**Karvika Thapa**  
Founder & CEO, Kimbu Tech

The primary focus of industry leaders must be empowering the youth to participate in productive and value-adding economic processes. As Nepal has one of the youngest populations globally, it is essential that our youth focus on jobs, innovation, entrepreneurship. For this to happen, the private sector plays a crucial role in igniting, supporting, and contributing to the growth of these emerging technologies.

The private sector in the lead needs to view this moment as a call to action, to create platforms where young innovators can thrive as it is the second largest industry to export services.

The private sector, by investing

“ It is time to empower young people to lead genuinely. We often say ‘age is just a number’, but now we must act on it, giving youth the space to lead enterprises and contribute to shaping the nation’s future. This shift is necessary for Nepali businesses to compete globally. The tech industry already shows how adaptable and globally minded young leaders can be and now it is time for others, too. I strongly believe that the vision and energy of young leaders will drive the next wave of entrepreneurship and innovation.

in startups, building mentorship programmes, and providing access to funding can ignite a wave of homegrown enterprises that generate employment and stimulate the economy. Trusting young people with resources and decision-making power will unlock bold ideas and scalable solutions that traditional systems often overlook. Embracing calculated risk and allowing space for early failures will foster resilient, corruption-free systems that can scale beyond borders. The current revolution shows that young people are passionate and have immense love and dedication for this country. It is now time to channel this energy into opportunity. They are hungry and ready to work within the current system to shine and achieve their dreams here. Nepal has immense

potential if we have the right leaders to guide them and, at the very least, walk alongside them to create something unique. We can showcase to the world a powerful combination of our culture, tradition and religion, fused with innovation and technology.

Policymakers must also play their part by reducing red tape, simplifying regulations, and incentivising entrepreneurship. Every young entrepreneur should feel confident that Nepal is the best place to build their future, surrounded by supportive leaders and a secure environment for growth to shine on the global stage. If we can combine the passion of our youth with the resources and guidance of the private sector, Nepal can not only recover from this crisis but emerge as a vibrant, competitive economy. The belief in our young generation’s creativity and potential will be the foundation of a prosperous and resilient future.

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**Rajan Kasajoo**  
President, CNIYEF Lumbini

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We are unknowingly entering a ‘data war’, a silent battle that can be as destructive as traditional wars. Our personal data is exploited. Our mental health and well-being are challenged. Our capacity to grow sustainably is suppressed.

Data Security, Awareness, and Positive Growth are important points here.

**1. Context & Concern:** Research and lived experience show that platforms like TikTok and other social media are shaping how people express freedom of speech. Many content creators, influencers, celebrities or self-proclaimed ‘heroes’ use these spaces for fame or money – often without proper regard for data privacy, long-term growth or social responsibility.

This creates risks like data insecurity and hidden costs,

misinformation without evidence or research, and short-term ego-driven content that does not contribute to real development.

**2. The Real Issue:** We are unknowingly entering a ‘data war’, a silent battle that can be as destructive as traditional wars. Our personal data is exploited. Our mental health and well-being are challenged. Our capacity to grow sustainably is suppressed.

**3. The Needed Solution:** We must build a data-safe social media culture through evidence-based awareness campaigns (local, national, and global), reviews, research, and education before content is accepted as truth, and security-first digital practices to protect privacy

**4. Path Forward:** Encourage natural living, health-focused activities and positive business practices that help people grow personally and professionally. Motivate society to use social media wisely, not just for temporary fame but for meaningful impact. Make awareness a daily practice, not just a discussion.

**5. Call to Action:** Let us change ourselves first, our habits, our awareness, our responsibility.

Then, collectively, we can start a movement for secure data, healthy living and positive growth. This is the path toward a successful and meaningful journey of well-being. The business community and policymakers must prioritise resilience, adaptability and ethical governance. By fostering innovation, safeguarding data, ensuring transparency and empowering youth participation, they can transform uncertainty into opportunity. The Gen Z revolution demands inclusive growth, trust-building and sustainable policies to secure long-term stability and prosperity.



**Ajit Bikram Shah**  
Founding Chairperson, American Chamber of Commerce

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The cost of corruption is measured not only in money lost but also in broken trust and missed opportunities. I believe Nepal can turn today’s crisis into a powerful catalyst for growth by uniting around reforms, transparency and shared responsibility. With courage and collaboration, we can rebuild an economy that is resilient, fair and filled with hope, making Nepal a model of renewal for the entire region.

The recent nationwide protests have reminded us how deeply corruption erodes public trust and weakens the foundations of our economy. The economic shock we face today is not only about physical damages but the result of years of systemic corruption, mismanagement and lack of accountability. Corruption diverts resources from productive sectors, discourages investment, undermines fair competition and limits the state’s ability to deliver essential services.

This moment must be seen as an inflection point, a chance to rebuild Nepal with integrity and shared purpose. The government must take visible and decisive actions by strengthening institutions, enforcing the rule of law and

adopting e-governance systems that minimise human discretion. Simplifying regulations, fast-tracking reforms and ensuring fair competition will create a predictable environment that attracts both domestic and foreign investment.

The private sector must rise as an active partner in this transformation. Businesses should embrace ethical practices, transparency and compliance while co-creating solutions with the government. Industries like IT, ITES, and Outsourcing can take the lead by developing digital platforms that reduce leakages, enhance efficiency and drive innovation. These sectors also hold the potential to generate thousands of jobs, create export-ready services and showcase Nepal as a global hub for digital talent. The private sector - by investing in skills development, startups and entrepreneurship - can transform frustration into opportunity and harness the energy of our youth.

Together, both the public and private sectors must focus on empowering young people. This generation has shown its courage to demand change; now, it must be given the tools to build a better future through education, innovation and inclusion. The cost of corruption is measured not only in money lost but also in broken trust and missed opportunities. I believe Nepal can turn today's crisis into a powerful catalyst for growth by uniting around reforms, transparency and shared responsibility. With courage and collaboration, we can rebuild an economy that is resilient, fair and filled with hope, making Nepal a model of renewal for the entire region.



**Khem Lakai**  
Chairman, PATA Nepal Chapter

The September 8 Gen Z protest shook Nepal to its core. Tourism, our lifeline was the first to be hit, while the destruction of businesses, including the tragic blaze at Hilton and several other noted hotels, and businesses sent shock-waves far beyond our borders. This was not just an economic setback but a severe blow to our national confidence and hard-earned reputation.

Yet, crisis also brings opportunity. The sacrifice of 72 lives must not be in vain. It should mark a turning point where Nepal chooses resilience over despair. Gen Z's aspirations are clear: efficient government, competent leadership, transparency, a corruption-free nation and merit-based opportunities to thrive.

Nepal today needs leaders beyond political ideology; leaders who inspire young people to trust, hope, do and expect more, while balancing rights with responsibilities. Bureaucracy and ministers alike must modernise governance: making the digital shift toward transparent, real-time and efficient service delivery. No nation should force its citizens to wait more than four years for a digital driving licence. Past governments should feel responsible of such mediocrity, which is only the tip of the iceberg and why this outburst was inevitable.

The challenges ahead are immense. But we now have a conscious generation ready to replace dysfunction with progress. We should embrace this shift with open arms. The way forward is clear: reform education from basic to university level, prioritise world-class technical and vocational training, expand apprenticeships, and equip universities as hubs of innovation and creativity. At the same time, government must create an enabling environment for private sector growth.

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Wealth creation should be celebrated, not stigmatised. Above all, businesses must feel secure; restoring their confidence will restore Nepal's economy. This is Nepal's defining moment. If we act with courage, we can honour the sacrifices made, rebuild trust and set the nation on a path of renewal and prosperity.

Unlike past crises, if we uphold the rule of law, ensure efficiency and communicate effectively, Nepal can emerge from this moment faster than anyone imagines. But the world is watching closely, how we deal with lawlessness, culture of impunity, how clearly we distinguish between crime and peaceful protest, and how firmly we preserve democratic values. Our collective achievement of the past must be protected. The alternative to democracy is not retreat; it is only a more functional, transparent and accountable democracy. There is no going back; only marching forward.





## CA Jitendra B Rajbhandary

Senior Partner, JB Rajbhandary & DiBins

Nepal's political landscape has undergone significant transformation over the past 50 years, shifting through several distinct systems: from the absolute monarchy of the Panchayat regime to the establishment of a constitutional monarchy under a multi-party democracy. This evolution culminated in the abolition of the constitutional monarchy and its replacement with a republican structure featuring a ceremonial president and a prime minister selected by the parliament.

During this period, the Nepali economy has seen many ups and downs. Frequent changes in the country's economic policies have led foreign investors to a cautious approach while Nepali entrepreneurs never felt comfortable in making further investments in Nepal. This has been the biggest setback to the investment environment though every successive government has been vocal on proclaiming investor friendly economic environment and laws.

Bureaucratic delays/red-tapism and misuse of public funds have been draining the country's resources, which has become a barrier in economic stability and growth. Another deterrent factor is frequent changes in the country's economic policies, which severely undermines investor confidence and development projects. This is one of the reasons for the lack of foreign investments. Scarce investment in productive sectors is a critical issue, contributing to high unemployment and ultimately undermining economic growth. Majority of youth thus are forced to seek employment abroad.

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The government needs to encourage online systems for most of its services so that physical appearance and interactions between government employees and business people are mitigated to the extent possible. An online system will ensure that both the parties have little space to play around in complying with the standard procedures and documents. Strengthening anti-corruption institutions, ensuring transparency in public spending, and promoting digital governance can significantly restrict the opportunities for misuse of public funds. Swift legal action against high-level offenders is required to restore public trust.

This became visible during the recent economic shocks Nepal went through.

The recent movement in Nepal stems from a combination of multifaceted issues and the frustrations of the youth. Key drivers include demands for institutional efficiency, greater involvement of youth in the country's decision-making process, the need for proper use of public funds to generate employment, and widespread concerns over corruption.

In order to encourage a positive business environment in Nepal, economic reforms that simplify bureaucratic procedures, investor friendly industrial policies, repatriation issues, business friendly tax laws etc. will encourage investments. By prioritising merit-based appointments and discouraging political interference in bureaucratic functions, Nepal can enhance institutional efficiency. A clean and transparent system will attract investment, improve project delivery and cushion the economy against future shocks.

The government needs to encourage online systems for most of its services so that physical appearance and interactions between government employees and business people are mitigated to the extent possible. An online system will ensure that both the parties have little space to play around in complying with the standard procedures and documents.

Strengthening anti-corruption institutions, ensuring transparency in public spending, and promoting digital governance can significantly restrict the opportunities for misuse of public funds. Swift legal action against high-level offenders is required to restore public trust.

A positive impact of economic environment in Nepal can only be achieved through consistent reform, accountability and citizen participation. This will help the country to unlock its economic potential and secure a more resilient future.

However, decisive steps are required to achieve the above. Initiatives taken by the interim government do show positive signs for a better Nepal.



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**Suman Shakya**  
Founder, Tangent Waves

To begin, we mourn. More than 70 Nepalis, many of them young, lost their lives in the nationwide anti-corruption protest and countless injured on September 8 and 9. A prime minister resigned and an interim government, thankfully, took charge. The grief is real, the anger justified, livelihood shaken, confidence punctured and the economic shock undeniable.

For entrepreneurs, corruption is not an abstract. It is a tax on ideas and a fine on honesty. Red tape and archaic laws then add friction to every step, draining money, dignity and hope. Every small humiliation, delay and rewarding connection over competence nudge bright founders and entrepreneurs towards foreign jobs. The antidote is not anti-regulation, it is clear, fast, digital solutions and services that treat citizens like customers.

First, immediate relief to stop the bleeding. Pay money owed to entrepreneurs and businesses. Extend tax and compliance deadlines where activities were disrupted. Open a temporary credit-guarantee window so banks can roll working-capital lines without fresh collateral. Launch a green lane to address insurance, exports and others. Quick, visible fixes buy time and preserve jobs.

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**For entrepreneurs, corruption is not an abstract. It is a tax on ideas and a fine on honesty. Red tape and archaic laws then add friction to every step, draining money, dignity and hope. Every small humiliation, delay and rewarding connection over competence nudge bright founders and entrepreneurs towards foreign jobs. The antidote is not anti-regulation, it is clear, fast, digital solutions and services that treat citizens like customers.**

Second, reboot ease of doing business with three promises of speed, simplicity and certainty. Make the 'one-window' real, not rhetorical. A single business ID that completes registration, tax, customs, bank account, permissions, licences and social security, etc. online based on sector-wise checklist within a timeframe. If the state misses a deadline, approvals are deemed granted and fees automatically refunded. Punish delays.

Third, cut through the jungle of rules. Launch regulatory guillotine to retire outdated clauses across industry, company, tax, municipal, and ward bylaws. Encourage innovation and foreign direct investments. Permit safe experimentation through sandboxes in hardware, information communication technology and artificial intelligence for agriculture, education, health, finance, hospitality and others. Relax the rules with strict monitoring.

Finally, make transparency the norm. E-procurement for all agencies, open contracting with beneficial ownership, asset declaration by all officials (in the government and stakeholders), and weekly publication of work awarded, progress and consequences of not meeting deadlines. The interim government can anchor this reset and earn legitimacy through results.

Entrepreneurs do not need favours. They need fairness and speed. If ruthless simplification can be paired with radical transparency, Nepal can convert today's shock into tomorrow's momentum. This will prompt the young and smart to stay back, attract value aligned capital, and prove that trust, once broken, can be rebuilt through better rules that work.

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# B E Y O N D

## “I T O L D Y O U S O”

BY NOW EVERYONE KNOWS, THAT NEPAL IS NOT POOR, BUT POORLY MANAGED. THE RULERS HAVE ALWAYS FOUND WAYS TO KEEP THE COUNTRY POOR WHILE LEADING A LIFE OF LUXURY.



**Anil Chitrakar** is a thought leader, social entrepreneur, engineer and energy planner. An Ashoka fellow, he is recognised as one of the 100 ‘Global Leaders for Tomorrow’ at the World Economic Forum in Davos in 1993. He is the founder of the Environmental Camps for Conservation Awareness (ECCA) and the co-founder of Himalayan Climate Initiative, and has been standing at the forefront of environmental and social development dialogues in the country.

Nepalis have been angry and unhappy for some time now about the state of affairs. Young people have been seeking economic opportunities abroad while a few back home were flaunting wealth and enjoying a lifestyle that was clearly beyond their means. Anyone travelling to other countries in the neighbourhood of Nepal knew that things had



to be better and Nepal has the potential to be so much more. When riots broke out in

Bangladesh and Sri Lanka, Nepalis were glued to their TV and phone screens with

a deep hope that soon, the young generation would rise in a similar manner. They did



**GEN Z AT LEAST HAD ONE OUTLET TO VENT THEIR ANGER AND FRUSTRATION AT THE POLITICAL ELITE AND THEIR CHILDREN. THE SOCIAL MEDIA PLATFORMS WERE FULL OF THIS FRUSTRATION; AND THE GOVERNMENT DECIDED TO SHUT THEM DOWN. THERE IS NO DOUBT THAT THE ADVISORS AND PEOPLE POLITICIANS HAD APPOINTED INTO KEY POSITIONS OF POWER SUPPORTED THIS IDEA.**

not have to wait very long. On September 8, 2025 Nepal's Gen Z decided to take to the streets and what transpired in the next 24 hours will not be forgotten for a long, long time.

#### **Regular course correction**

It seems that the people of Nepal run out of patience with their political leadership every ten years. There is a collective sense that change is needed and the question everyone raises is, "Where will the leadership come from?" For some time now many had given up hope in the younger generation because they seemed more obsessed with their social media platforms and the desire to go abroad to seek a better fortune. They seemed distracted from Nepal and the issues that were driving them out of the country. Every Gen Z that decided to take to the street on September 8, 2025 proved this assumption wrong. The young still cared about Nepal and more, willing to step up to change things.

#### **Opulent lifestyle with no income**

The real give away indicating that things were not right in Nepal was the opulent lifestyle of the children of corrupt politicians. Their cars, houses, holiday destinations, wedding venues and expenses were helping build up the pile of fuel for Sept 8, 2025. Some of these children were even challenging other young people to lead their lifestyle if they could. In the meantime, ordinary Nepalis coming back for the festivals were harassed at the border for bringing in a few kilograms of sugar and a few extra bags of clothes for the children. The metal free line at TIA has always been mocked by many given how much gold is smuggled into the country. This pile of fuel was just waiting to be ignited.

#### **Bad ideas from bad advisors**

Gen Z at least had one outlet to vent their anger and

frustration at the political elite and their children. The social media platforms were full of this frustration; and the government decided to shut them down. There is no doubt that the advisors and people politicians had appointed into key positions of power supported this idea. In Nepal we have a saying that at times of self-destruction, people always come up with really bad ideas. It gets worse when you surround yourself with sycophants because they are there to benefit personally and not for the greater good. They were the most incompetent and mediocre people that society could offer. The same situation prevailed before September 8.

#### **Good communication is about listening**

There is a saying that the best way to recognize abusers is when they repeatedly say, "All we are doing is for you." The people of Nepal have heard this many times. They knew who the abusers of power were. The people were constantly talked down by politicians and the media that worked for them. No one was listening. All the political leadership was talking and supported by those around them, many politicians must have begun to feel good about everything they said. Even false praise and applause can be addictive. They were blinded by this false praise. People know how to make a great presentation and give a rousing speech, but what was needed was the ability and skill to listen.

#### **Riot is the language of the unheard**

In 1967 at Stanford, Dr. Martin Luther King said, "Riot is the language of the unheard". While all the chatter was going on, a whole section of Nepal felt unheard and hence excluded. They wanted to march in peace to make themselves heard. The people in power felt invincible and decided to open fire on the

Gen Z. Twenty plus youth died and hundreds were hospitalized. The result was the riot of September 9. All generations showed solidarity and what remained at the end of the day were the ashes of government buildings, police stations, homes of politicians, businesses and hotels. Out of the ashes were born an interim government and a new mandate for fresh elections.

#### **Not poor, just poorly managed**

By now everyone knows, that Nepal is not poor, but poorly managed. The rulers have always found ways to keep the country poor while leading a life of luxury. Their children lived better than most rich people in developed economies, without having to do any work. Blaming the topography, blaming the neighbors, and pointing the finger at one another was the game they had mastered. They had weakened all the state institutions to such a point that their own property and lives could be secured. They got a taste of the incompetency that they had nurtured over the decades.

#### **Talent is universal**

Nepalis have proven that they are second-to-none globally. What they lack are opportunities to prove their worth at home. The anger among Gen Z on September 8 came from being humiliated by the children of the corrupt, and being shot at by the state. All they were demanding were good governance, the end to corruption and free access to information. Gen Z are angry with the rulers of Nepal, they are worried about their own economic future and love their country so much that they are willing to be martyrs. Let us listen to them and commit ourselves to national building. **B**



# MANAGING BUSINESSES IN THE POST-UPRISING PERIOD



**Purushottam Ojha** is Former Commerce Secretary, Government of Nepal. He is also a Consultant on Trade, Transit, Investment and Private Sector Development.

The uprising of the Gen Z group on September 8 and 9 this year has brought tumultuous change in the Nepali political landscape. The unrest triggered by the ban imposed by the government on social media was the explosion of simmering discontent of youth over the corruption, nepotism, and mismanagement of the state of affairs pursued by the ruling political parties over the last several years. The movement toppled the ruling government, and an interim government was formed with the former Chief Justice at its helm. The government is mandated to hold the election of the House of Representatives on March 5, 2026, and peacefully transfer the power to the elected government. Similarly, the interim government is to investigate corruption cases and assess the legitimacy of the wealth accumulated by party leaders and senior bureaucrats, and pursue legal action against them.

The uprising was a



nightmare for the business communities in the country. Several industries were vandalized by the mob, despite the Gen Z movement not having such a plan. It was said that the protest would be peaceful and disciplined. However, the government utterly failed to appraise the potential outcomes of the movement and take preemptive measures to cope with the situation. This resulted in the loss of more than six dozen lives and property, which is estimated to be worth several billion rupees. These include loss of public and private buildings, plant, machinery and equipment, furniture

and furnishing, and transport vehicles, among others. The government of Nepal has begun the detailed assessment of losses and damages to all infrastructures and installations in the wake of widespread rampage. Such damages and destruction were inflicted on industries and infrastructures in major towns in the country, with its concentration on the Kathmandu valley.

The main public infrastructures that were destroyed were the Parliament Building, the Supreme Court, and the Central Secretariat of the government of Nepal. All three institutions of the state are thus rendered

homeless, and their valuable documents and records were converted into ashes. There were indiscriminate attacks on some big hotels, resorts, and restaurants, which were providing excellent services to the tourists and visitors from within and outside the country. One dozen departmental stores, belonging to Bhatbhateni, were vandalized and looted, with a loss of jobs for almost six thousand youths. The primary estimate of the job losses on account of hotels and restaurants is around two thousand. Industries such as the CG Digital Park, Chandragiri and the Maulakalika Cable Car were

# NEPAL IS AT A CROSSROADS OF NAVIGATING THE TASK OF RECONSTRUCTION AND REHABILITATION WORKS SUCCESSFULLY, AND ALSO MANAGING THE TRANSITION TO LDC GRADUATION IN NOVEMBER 2026. LOSSES OF MARKET ACCESS OPPORTUNITIES IN THE EUROPEAN COUNTRIES, AMERICA AND CANADA ARE LIKELY TO INCREASE THE VULNERABILITY OF NEPAL'S INTERNATIONAL TRADE.

heavily damaged. The primary estimate of the losses of CG Park is accounted to be around three billion rupees. The details of all the damages and losses are yet to be ascertained.

## What lies ahead?

The primary task for the government lies in supporting the families of the victims who died and provide treatment to those injured during the uprising. This should follow the development of a plan for the reconstruction of the damaged buildings and infrastructures, and bring them into the pre-existing condition. This requires a large sum of money, which primarily comes from the public sector. This will put pressure on the government budget, and several projects

around the country may suffer due to the lack of funding. Similarly, the additional funding required for holding the election of the Parliament should be met from this year's budget, which came up as the progeny of the uprising. In view of this, the newly appointed Finance Minister has already announced plans to cancel and divert the budget earmarked for small-sized projects and those not included in the project bank. In the meantime, the neighboring countries and development partners have shown interest to support the government in carrying out the rehabilitation works and restoration of destroyed properties, as well as holding elections in a free and fair manner. Amid the resource constraints, the government needs to demonstrate its expertise and wisdom in mobilizing foreign assistance to carry out development works effectively.

In the wake of damages inflicted on the industries and installations run by the private sector. This has, on one side, badly eroded the confidence of the potential domestic and foreign investors to channelize their resources into Nepal, while accelerating the exodus of unemployed youth to foreign countries on the other. This may take several years to regain the lost confidence and improve the investment climate in the country.

Amid the chaotic situation in the country, business leaders have expressed their commitment and aspiration to revive their businesses and enterprises. The courage demonstrated by the business organizations to take up the challenges in the changing political and economic scenario of the country is praiseworthy. It should be the duty of the government to support the business with moral encouragement and concessional financing. Other measures could be: restructuring the loan repayment schedule, interest subsidy, rebate on electricity bill, and allowing accelerated depreciation of the plant and machinery. Similarly, the

government may consider simplification of the rules and procedures in the registration and regulation of companies, an easy exit strategy, and a periodic tax break in order to give a breathing space to the industries.

Rampant corruption is taking a toll on the lives and living of the common people, including the business communities. The major demand of the Gen Z activists is the control of widespread corruption, where the senior leaders of the so-called larger political parties are involved. The lavish lifestyle of the youngsters of these leaders, as displayed on social media, has also been a source of discontent among several young people who work day and night just barely making ends meet. Thus, the formation of a high-level judicial enquiry commission would be required to investigate various cases of corruption and bring the perpetrators to justice.

Good governance is the prerequisite for promoting the investment-enabling environment in the country. Enhancing transparency, strengthening accountability, and promoting a people-centered delivery system are the cornerstones of the effectiveness of the government. The interim government formed after the Gen Z uprising should uphold the ethos of good governance and bring qualitative changes in the service delivery system.

Nepal is at a crossroads of navigating the task of reconstruction and rehabilitation works successfully, and also managing the transition to LDC graduation in November 2026. Losses of market access opportunities in the European countries, America and Canada are likely to increase the vulnerability of Nepal's international trade. Export products such as textiles and apparel, carpet, coffee, handicraft items, and hard cheese are likely to be affected in the new trading regime after graduation. Industries of these sectors need support and

encouragement from the government.

## Conclusion

The civil unrest and riot-induced damages inflicted on the businesses and industries are heavy and will have long-lasting effects on the economy. The reforms introduced during the early 1990s were disrupted by a decade-long insurgency waged by the Maoist party. Another uprising during 2005-06 culminated in toppling the constitutional monarchy, and the country became a federal republic, followed by almost a decade-long interim arrangement in the country. Nepali people were longing for political stability and improvement of their lives and living after the promulgation of the Constitution of Nepal in 2015. Contrary to this, lack of employment opportunities persisted; corruption, nepotism, and deception prevailed, and the gap between rich and poor further widened, dashing the aspirations of the people.

Amid sluggish economic growth and the gradual influx of investors into the service and manufacturing sectors, a faint glimmer was seen at the end of the tunnel. However, this is threatened by the recent unrest that caused significant damage to public and private property. The government of Nepal now faces the challenge of balancing the legitimate demands of the Gen Z movement while simultaneously rebuilding the confidence of businesses to foster a healthier economic environment in the country. Let us hope that the current interim government will be successful in steering the country in the right direction by improving the business ecosystem and also maintaining peace and stability by holding the election in a free and fair manner. **B**



# GEN Z FIGHT AGAINST CORRUPTION DENTS TOURISM

*Text: Pushpa Raj Acharya*



Nepal's tourism sector has taken a serious setback following the Gen Z movement and the ensuing violence and arson with many countries having issued travel advisories. The two-day protests on September 8 and 9 killed 74 people and saw a federal administrative building, Supreme Court and Parliament building torched. For a short period, all three branches of the state (executive, legislature, and parliament) were non-functional.

The Gen Z movement erupted in Nepal to protest against corruption, nepotism, weak governance and a social media ban. The government had banned popular platforms like TikTok and Facebook, demanding they register in Nepal. The protests ultimately led to the ousting of the former government.

During the chaos, the security systems completely failed, and tourists went into panic with some properties being attacked and cancellation of flights. The full extent of the damage is still being assessed but industry leaders report that the hospitality sector has suffered unprecedented losses, even greater than that from the massive earthquake in 2015.

The government is trying to restore normalcy following the recent turmoil, and a general election has been scheduled for March 5, 2026. However, the government has not yet engaged with other countries to get the negative travel advisories lifted.

The protests have occurred at the start of Nepal's main tourism season (September-November) making a tourism rebound a pressing issue. Nepal's tourism sector was optimistic about exceeding pre-pandemic levels by 2025, given the strong rebound in

2024. According to Nepal Tourism Board (NTB), a total of 736,562 foreign tourists visited Nepal through August 2025. India was the top source country, followed by the USA and China. Bangladesh and the UK were also in the top five, surpassing visitors from other Asian nations such as Japan, South Korea and Thailand. Meanwhile, tourist numbers from traditional European countries are declining and there has been no significant growth from Australia. (See Table 1)

Nepal's tourism sector has experienced more than a fair share of ups and downs but always remained resilient. On the verge of collapse during a decade-long insurgency, tourism investment in hospitality significantly increased after the peace accord between the state and the Maoist rebels. According to Deepak Raj Joshi, CEO of Nepal Tourism Board (NTB), the tourism sector is facing unforeseen challenges due to the recent turmoil, despite being on the verge of exceeding its pre-pandemic tourist arrival numbers.

Last year, a total of 1,147,567 (1.14 million) tourists visited Nepal, which was slightly less than the record high of 1.19 million in 2019. Before the main tourism season from September to November, Nepal had already welcomed 736,562 tourists, a significant number that was on track to set a new record for arrivals. (See Chart 1)

Private sector investment in Nepal's tourism infrastructure is massive, matched by significant public sector investment in airports, roads, public facilities and peacekeeping. The public-private partnership approach to branding, marketing, tourist facilitation and destination promotion is also considerable. Nepal's tourism has a niche market advantage but its potential remains largely untapped.

**Table 1: Tourist Arrival and Top Five Source Countries in 2025**

| Month    | Numbers of visitors in 2025/ Country | India   | USA    | China  | Bangladesh | United Kingdom |
|----------|--------------------------------------|---------|--------|--------|------------|----------------|
| January  | 79,991                               | 20,485  | 8,063  | 8,191  | 5,406      | 3,521          |
| February | 96,880                               | 19,187  | 10,348 | 8,283  | 4,847      | 5,057          |
| March    | 121,687                              | 21,412  | 11,092 | 11,443 | 3,576      | 5,995          |
| April    | 116,490                              | 25,933  | 10,053 | 9,037  | 5,398      | 6,738          |
| May      | 86,216                               | 28,160  | 9,074  | 8,824  | 4,280      | 3,473          |
| June     | 76,425                               | 32,662  | 9,696  | 6,736  | 5,449      | 2,284          |
| July     | 70,193                               | 27,152  | 66,26  | 6,890  | 4,413      | 3,547          |
| August   | 88,680                               | 35,505  | 6,068  | 7,533  | 4,262      | 2,947          |
| Total    | 736,562                              | 210,496 | 71,020 | 66,937 | 37,631     | 33,562         |

(Source: Nepal Tourism Board)

**Chart 1: Trend of Tourist Arrival in the Last Decade**



Binayak Shah, President of Hotel Association Nepal (HAN), stated that peace and the protection of people and property are fundamental for private sector investment, especially in the highly sensitive tourism sector. "Every single negative news story costs this sector," he said, adding "Peace, stability and the rule of law are fundamental for tourism." People seek to avoid risks and choose destinations that best meet their expectations.

Despite a massive investment, Nepal's tourism community has been unable to fully capitalise on its potential. Investors had considered tourism a 'low-hanging fruit' due to the country's gradual economic improvements.

According to the Economic Survey 2024/25, Nepal has 214 five-star and deluxe hotels with 20,343 rooms, as well as 1,364 tourist-standard hotels, lodges and resorts with 42,299 rooms. (See Table 2 and 3)

Several international hotel brands are operating in Nepal and significantly contributing to the tourism sector's growth. Popular names include Taj, Hilton, Sheraton, Hyatt Centric, Hyatt Regency, Radisson, Moxy, Marriott, Lemon Tree, Fairfield and Royal Tulip. The presence of these international chains not only promotes Nepal as a tourism destination but also helps improve service standards and quality.

The development of the tourism sector has a multiplier effect on jobs and production. Tourism can only thrive in a supportive ecosystem that includes strong infrastructure and services. According to Sagar Pandey, President of Trekking Agencies' Association of Nepal (TAAN), attention should also be given to strengthening the national flag carrier, ensuring the



**Table 2: Five Star Hotels**

| Name of hotel                         | No. of Rooms | No. of Beds | No. of staff | Investment (in Nepali rupees) |
|---------------------------------------|--------------|-------------|--------------|-------------------------------|
| The Soaltee Kathmandu                 | 282          | 435         | 550          | 73 crores, 27 lakhs           |
| Hotel De'la Annapurna, Kathmandu      | 153          | 230         | 344          | 60 crores, 72 lakhs           |
| Hotel Everest International Kathmandu | 160          | 280         | 155          | -                             |
| Hotel Grand, Pokhara                  | 140          | 247         | 173          | 26 crores                     |
| Hotel Fulbari                         | 165          | 200         | -            | 79 crores                     |
| Radisson Hotel Kathmandu              | 260          | 350         | 400          | 93 crores, 42 lakhs           |
| Hyatt Regency Kathmandu               | 290          | 426         | 410          | 1 billion, 88 crores          |
| Yak & Yeti, Kathmandu                 | 247          | 350         | 305          | 22 crores, 58 lakhs           |
| The Malla Hotel, Kathmandu            | 100          | 163         | 153          | 50 crores                     |
| Hotel Shangri-la, Kathmandu           | 100          | 169         | 210          | 18 crores                     |
| Tiger Palace, Tilottama, Rupandehi    | 102          | 146         | 202          | 20 crores                     |
| Soaltee West Premium, Nepalgunj       | 80           | 99          | 80           | 20 crores                     |
| Hotel Central Plaza, Kohalpur, Banke  | 80           | 99          | 70           | 69 crores                     |
| Kathmandu Marriott Hotel              | 215          | 344         | 300          | 2 billion, 66 crores          |
| Hotel Aloft Kathmandu                 | 167          | 216         | 180          | 5 billion                     |
| Hotel The Kingsbury                   | 82           | 100         | 150          | 20 crores                     |
| Hyatt Place Kathmandu                 | 153          | 306         | 186          | -                             |
| Ichha Hotel, Bara                     | 89           | 100         | 105          | -                             |
| Hotel Lhasa International             | 108          | 177         | -            | 54 crores, 89 lakhs           |
| Akama Hotel, Kathmandu                | 105          | 195         | 94           | 1 billion, 25 crores          |
| Siddharth International, Bhairahawa   | 85           | 130         | 130          | 3 billion                     |
| Heritage Lemon Tree, Kathmandu        | 102          | 150         | 85           | 2 billion, 40 crores          |
| Hotel Forest Inn, Kathmandu           | 104          | 155         | 87           | 2 billion                     |
| Hotel Hilton, Kathmandu               | 174          | -           | -            | 8 billion                     |
| Moxy Kathmandu                        | 100          | -           | -            | 1 billion, 60 crores          |
| Sheraton Kathmandu                    | 200          | -           | -            | 8 billion                     |

**Table 3: Heritage and Boutique Hotels**

| Name of hotel                             | No. of Rooms | No. of Beds | No. of staff |
|---|--------------|-------------|--------------|
| Dwarika's Hotel, Kathmandu                | 137          | 274         | 305          |
| Basera Boutique Hotel, Kathmandu          | 60           | 85          | 100          |
| Pabera Heritage Boutique Hotel, Kathmandu | 62           | 96          | 25           |
| Hotel Manaslu, Kathmandu                  | 80           | 99          | 68           |

(Source: Department of Tourism)

**Table 4: Tourism Business Overview**

| Type  | Number |
|---|--------|
| Travel agencies                                     | 4,963  |
| Trekking agencies                                   | 3,252  |
| Rafting agencies                                    | 97     |
| Tourist transport services                          | 155    |
| Tour guides   | 5,269  |
| Trekking guides                                     | 27,128 |
| River guides  | 425    |
| Casinos   | 9      |
| Casinos (only based on modern gaming machines)      | 20     |
| International airlines                              | 31     |
| National flag carrier in international fleet        | 3      |
| Domestic airlines (fixed wings) operators           | 10     |
| Helicopter operators                                | 12     |
| Domestic airports (can be operated in all weathers) | 42     |
| Total domestic airports                             | 55     |
| International airports                              | 3      |

(Source: Economic Survey 2025/26)

safety of domestic airlines, providing smooth road access, upgrading trekking trails, and fostering warm hospitality and professional service providers. (See Table 4)

Despite massive investment, Nepal's tourism earnings remain below Rs 100 billion. According to the Ministry of Finance, tourism income grew by 15% in 2024, reaching a total of Rs 83.394 billion, up from Rs 72.46 billion in 2023. However, the average daily spending per tourist slightly decreased to \$40.8, with an average stay of 13.3 days. The purposes of visit were 60.4% for recreation and leisure, 15.3% for pilgrimage, 14.5% for mountaineering and adventure, and 9.8% for other purposes.

The return on private sector investment is dependent on the quality of public facilities in the tourism sector. "Tourism products are an integration of public and private facilities, and both stakeholders must work together to harness the potential," reiterated Joshi, CEO of NTB.

Nepal currently faces challenges in operating its two international airports, the Gautam Buddha International Airport and Pokhara International Airport, as these sophisticated infrastructures are not being fully utilised. Private sector investors in Bhairahawa made massive investments in hotels and hospitality anticipating an influx of tourists after the completion of GBIA but the government's inability to operate the airport at full capacity has dampened these expectations. Meanwhile, Nepal's tourism sector is steadily moving forward despite various challenges and immense potential. The recovery challenges persist and the recent turmoil has had a negative impact, at least this season. While there is a light at the end of the tunnel, Nepal is fully equipped to serve more than three million tourists, which is nearly three times the record high from 2019. **B**

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**Deepak Raj Joshi**  
CEO, Nepal Tourism Board

## **“BEFORE THE PROTEST, NEPAL WAS WELCOMING ABOUT 3,200 INTERNATIONAL VISITORS DAILY. DURING THE UNREST, THIS NUMBER DROPPED BY AROUND 40%. BUT IN THE LAST FEW DAYS, ARRIVALS HAVE STARTED TO PICK UP AGAIN WHICH GIVES US CAUTIOUS OPTIMISM”**

The recent Gen Z-led protests has disrupted daily life across the country, sparking concerns about the impact on tourism, one of Nepal's most vital industries. Images of burning vehicles and clashes, violence and death has raised alarm among international travellers and travel operators alike with more than eight countries issuing travel advisories.

For a sector that contributes significantly to the economy and provides livelihoods to hundreds of thousands, even a temporary disruption can have far-reaching consequences. Tourism in Nepal is not just about hotels and airlines; it is also about the countless small and medium enterprises and individuals within the value chain.

With even star hotels being targeted for arson and looting, there is a deep sense of unease that makes it difficult for the country's apex tourism body to address. **Business 360** spoke to Deepak Raj Joshi, Chief Executive Officer of Nepal Tourism Board on what is being done to restore confidence among both domestic stakeholders and international visitors, while reinstating Nepal's reputation as a safe destination. Excerpts:

### **What is the estimated scale of damage to tourism infrastructure across the country due to the recent Gen Z protests?**

The scale of damage has been varied. In total, about 20 hotels across Nepal were directly affected. Out of these, three to four properties suffered extensive structural harm that will keep them closed for at least six months to a year. These include larger hotels

in key tourist hubs that need major renovation before they can welcome guests again. On the other hand, many hotels experienced partial damage like broken windows, vandalised lobbies, minor fire-related issues which have already been addressed. These properties are operational again, ensuring that Nepal still has the capacity to host international and domestic visitors.

What is important to highlight is that no cultural heritage sites, monuments or major tourist attractions were damaged. Sites like Pashupatinath, Boudhanath, Swayambhunath, Lumbini and the trekking regions in the Himalayas remain intact. This fact alone makes Nepal's situation different from other crisis-hit destinations where iconic landmarks often take the biggest hit. For travellers, this means that the heart of Nepal's tourism product, its heritage and natural beauty, is untouched.

The human cost, however, is real. With some hotels closed, between 2,000 to 2,500 workers are currently jobless, at least temporarily. That includes not only hotel staff but also people in connected services like transport, guiding and food supply. Tourism is one of Nepal's most labor-intensive industries and even small fluctuations in visitor arrivals have a broad impact. For many families, a week without tourist income means immediate hardship.

Before the protest, Nepal was welcoming about 3,200 international visitors daily.

During the unrest, this number dropped by around 40%. But in the last few days, arrivals have started to pick up again which gives us cautious optimism.

### **How much financial loss has the tourism sector suffered so far in terms of cancellations and revenue decline?**

The losses are heavy when you combine physical damages with the drop in arrivals. Hotel Association Nepal's preliminary assessment puts physical damage at around 25% of properties though most of this is not catastrophic. The larger hit is economic. With international arrivals down by 40% at the height of the protests, the industry lost a significant chunk of its seasonal revenue.

To put it in numbers, each tourist spends roughly \$60–\$65 per day in Nepal. If you multiply that by thousands of visitors who either cancelled or postponed trips, the daily loss runs into hundreds of thousands of dollars. Over weeks and months, this adds up to millions. While cancellations did occur, what we are noticing more is hesitation. Many travellers are not outright cancelling but instead delaying their bookings until they are sure of the situation. That hesitation affects airlines, hotels, trekking agencies and countless small businesses.

The positive side is that Nepal has a loyal base of repeat visitors. Many of them know from experience that Nepal is resilient and that crises here tend to pass quickly without targeting tourists. These visitors are simply waiting for reassurance and that is where our communication strategy plays a vital role.

### **What portion of the damage can be covered by insurance, and how much will fall on businesses or the government?**

Most hotels and tourism properties are insured against damage and those claims are already being processed. Insurance will cover physical repairs but it cannot restore confidence. Loss of confidence among visitors and international partners is harder to quantify and much harder to insure. This is why our bigger challenge is reputational. Even when hotels are fixed, it takes sustained effort to bring tourists back. That is where both the government and Nepal Tourism Board must step in with relief measures, incentives and aggressive communication campaigns.

### **Is the government or NTB planning a relief or recovery package specifically for tourism businesses?**

Multiple steps are being taken. During the protests, we worked to ensure tourists were safe and mobile, even under curfew. Airport-to-hotel shuttle buses were arranged and visitors were often assisted by protesters themselves which was unusual but reassuring. These images went viral and helped counter the negative news cycle.

For the recovery phase, we are preparing a strategic plan in collaboration with international agencies and domestic stakeholders. Nepal has faced crises before like political turmoil, natural





disasters and the pandemic, and each time we have bounced back. Relief measures could include financial incentives, concessional loans and targeted support for affected businesses. Beyond financial help, the focus is on messaging: showing the world that Nepal is safe, welcoming and ready.

**How will Nepal Tourism Board address the reputational damage caused by images of protests and destruction?**

We are addressing this through a multi-layered communication strategy. First, Nepal is participating in major travel fairs, expos and international exhibitions to directly communicate with buyers, operators and travellers. Second, we are heavily invested in social media outreach. Our recent partnership with TikTok is an example of how we are adapting to reach younger audiences who rely on digital

platforms for travel decisions.

We are also inviting influencers, journalists and bloggers from key markets to come and see Nepal firsthand. Their authentic experiences carry more weight than official statements. In addition, we have started live-streaming from tourist hotspots – trekking routes, heritage sites and cultural hubs – so that people abroad can see tourists enjoying Nepal in real time. This transparency builds credibility.

One thing that sets Nepal apart is honesty. When conditions are not favourable, we openly say it is not the right time to visit. When things stabilise, we extend a warm welcome. This straightforward approach has built trust over the years and it will help us again now.

**What long-term measures are being considered to make Nepal's tourism sector more resilient?**

Nepal has learned from experience. Our crisis coordination cell at NTB has become a model for other countries. This unit works closely with tourist police, local authorities and security agencies to provide 24/7 information and support. In times of crisis, the mechanism activates immediately to safeguard tourists.

Beyond safety, resilience also means better infrastructure and services. Road networks that connect tourist hubs are being prioritised. Digital tools such as online visas and online payment systems are being rolled out. These not only improve convenience but also ensure Nepal is aligned with global travel standards.

**Looking ahead, what indicators will NTB use to track recovery and when can we expect tourism to return to pre-protest levels?**

Booking data is one of our strongest indicators. During the height of the protests, platforms like Expedia and Booking.com showed cancellations up to 45%. But recent trends show a sharp drop in cancellations and an increase in bookings for October and November, which are our peak seasons. In fact, advance bookings for this year are higher than the same period last year, which suggests a quick rebound.

If conditions remain stable, we expect Nepal to reach pre-protest levels within the current season itself. Festivals are approaching, which traditionally bring more visitors, and that will add momentum.

**Finally, as the CEO of Nepal Tourism Board, what message would you like to share with visitors?**

To our domestic community, I would say: tourism is not a standalone sector. It requires contributions from transport, agriculture, culture and countless other industries. If we support tourism, we support the economy as a whole. Let us treat it as a priority and nurture it together.

To international travellers, my message is simple: Nepal remains one of the most welcoming destinations in the world. Our culture teaches us to treat guests as gods, and that value is alive in every household and every community. We are transparent about our challenges but we are also confident in our resilience. When we say Nepal is safe and ready, we mean it. So come with confidence and we will welcome you with open hearts. **B**



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## Rajendra Malla

President, Non-Life Insurance Association

The Gen Z led protests shook Nepal not only politically but economically, leaving a trail of destruction that impacted both private and public assets. From torched vehicles to gutted offices, the unrest raised pressing questions about the country's readiness to protect its property and people against sudden crises. Insurance, often overlooked in Nepal, suddenly became central to the national conversation.

To understand the true cost of the damage, the capacity of Nepal's insurance sector, and lessons that must be

learned, **Business 360** spoke to Rajendra Malla, President of Non-Life Insurance Association of Nepal. In this interview, Malla shares his assessment of the losses, the role of insurance in rebuilding, and the urgent need for greater awareness among citizens and policymakers alike. Excerpts:

**The protests took a violent turn causing widespread destruction. How extensive is the damage, both insured and uninsured?**

At this stage, we are still relying on preliminary estimates, as full surveys have

yet to be completed. That said, early figures suggest that the private sector alone has endured losses of around Rs 22–Rs 23 billion. This includes damaged offices, factories, hotels, vehicles and retail establishments. These numbers are not final but they provide a sobering picture of how badly the economy has been hit.

If we include government property, however, the figures rise dramatically. Major buildings like Singha Durbar, Presidential Office, and even the Supreme Court have suffered damage.

Taken together, public and private losses likely run into the trillions. To put that in perspective, even if Nepal devoted its entire development budget for four or five consecutive years, it still might not be enough to fully rebuild.

The problem is compounded by the fact that most government vehicles are only covered under third-party policies, not comprehensive insurance. That means the financial burden of replacing or repairing them falls entirely on the state. Every time unrest erupts, we damage assets that

belong to the people, and in the end, it is the citizens who pay the price through stalled development.

**For the uninsured, particularly in the private sector, what options are there for recovery?**

Those who lack insurance face very limited options. Small businesses, households, and even some private offices have no protection because many owners never considered insurance necessary. Typically, insurance in Nepal is taken only when a loan is required from a bank. Otherwise, people believe they can manage without it. This mindset is

setback is equivalent to losing five years of development progress.

What makes it more discouraging is that Nepal seems to face a major disaster or crisis every five years. In 2015, it was the earthquake. In 2019, the pandemic struck. And now, in 2025, we are dealing with massive destruction caused by protests. The intentions behind the Gen Z movement calls for political reform and youth leadership and carries an important message. But the damage to our assets and infrastructure has left the country with a heavy burden.

exceed Rs 20 billion, possibly more once all surveys are completed. While that number is daunting, it is within the capacity of Nepal's insurance sector to handle, especially with the backing of international reinsurers. I will soon be convening a board meeting with the Nepal Insurance Authority to ensure we coordinate our response and keep the process moving quickly.

**Does Nepal's insurance industry have the strength to settle such large claims without destabilising itself?**

It will not be easy, but yes, we have the strength. Every

sent to inspect the damage and prepare reports. In large cases, international surveyors may also participate.

Based on these reports, claims are calculated, and payments are initiated. To ensure speed, many companies are already holding internal meetings to streamline the process. As president of the association, I will also bring together insurers to align our efforts with the national recovery agenda.

**How long does this claims process usually take?**

There is no strict timeline but the guiding principle is urgency. We understand that businesses and households need funds immediately to begin rebuilding. While some cases may take longer due to complexity, our commitment is to fast-track as many claims as possible. It is always better to settle quickly rather than delay payments unnecessarily.

**Do you believe Nepal needs new insurance products tailored to situations like this?**

Yes, absolutely. Our current product portfolio covers many risks but the penetration of insurance in Nepal is still very low. Most small businesses and households remain uninsured. We need policies that are accessible, affordable and well understood at the grassroots level.

Awareness is key. Even a small premium can provide massive protection but people do not realise this. Insurance should be treated as a routine part of running a business or owning property, just like paying taxes or maintaining staff salaries. Without it, crises like this leave people with no safety net.

**Do most public offices and government buildings have insurance coverage?**

The reality is that most do not. Some newly constructed offices may have policies but the vast majority of government assets are uninsured. When these buildings are damaged, the

**"FROM THE INITIAL ESTIMATES, I BELIEVE TOTAL CLAIMS WILL EXCEED RS 20 BILLION, POSSIBLY MORE ONCE ALL SURVEYS ARE COMPLETED. WHILE THAT NUMBER IS DAUNTING, IT IS WITHIN THE CAPACITY OF NEPAL'S INSURANCE SECTOR TO HANDLE, ESPECIALLY WITH THE BACKING OF INTERNATIONAL REINSURERS. I WILL SOON BE CONVENING A BOARD MEETING WITH THE NEPAL INSURANCE AUTHORITY TO ENSURE WE COORDINATE OUR RESPONSE AND KEEP THE PROCESS MOVING QUICKLY"**

dangerous. When disaster strikes, uninsured businesses and families are left with nothing. They either close down entirely or fall into debt trying to recover. This is why I keep stressing that insurance is not a luxury, it is a lifeline. A premium of just a few thousand rupees can save a business or a family from losing millions. Unfortunately, that lesson is often learned only after tragedy.

**Based on what you have seen so far, how much will it take to restore and rebuild everything that has been destroyed?**

If we consider both physical structures and human needs, the total cost runs into billions of rupees. And it is not just about bricks and mortar. Restoring livelihoods, replacing lost income and repairing public trust are also part of the rebuilding process. Taken together, I would say the

**How do non-life insurance policies classify damages caused by riots, vandalism or terrorism?**

Insurance is essentially a system of risk-sharing. In Nepal, insurers typically cover up to 35% of damages themselves. Anything beyond that is passed on to international reinsurers. For example, if damages amount to Rs 1 billion, a local insurer might cover Rs 350 million, while the remainder is shouldered by reinsurers abroad. This system allows us to manage large claims without collapsing under the pressure. However, every reinsurance agreement has a cap, so there are limits. Events of this scale test the boundaries of our system and remind us of the importance of careful planning and strong reinsurance partnerships.

From the initial estimates, I believe total claims will

insurance company maintains reserve funds for exactly these kinds of events. Collectively, these reserves amount to billions of rupees. If necessary, companies may even mortgage their own properties or take on loans to ensure policyholders are compensated.

Insurance only works if people can trust it. If companies fail to honour claims during a crisis, confidence in the entire system collapses. That is why we are determined to meet our obligations, no matter how difficult it may be.

**With many records and documents destroyed, how will insurers verify claims?**

Verification is always a challenge in times of mass destruction. The process begins when policy holders submit formal applications, either in writing or electronically. After that, surveying engineers are





cost of rebuilding falls directly on the state, which means on taxpayers.

This is a structural weakness. The government itself should insure its assets, not only to protect them but also to set an example for the public. If the state shows that insurance is a priority, citizens

is reallocating funds, and ultimately, taxpayers will bear part of the cost. What we need is better coordination so that the burden does not fall disproportionately on any one group.

Personally, I believe insurers also have a civic responsibility. If needed, we

#### **How important is reinsurance in this process?**

Reinsurance is absolutely essential. Without it, local insurers would be overwhelmed by claims of this scale. International reinsurers spread the risk globally, ensuring that catastrophic losses in Nepal can be absorbed without

#### **Looking ahead, what reforms are most urgently needed in Nepal's non-life insurance sector?**

The number one reform is awareness. Insurance should not be seen as optional or secondary, it should be a standard practice. Public campaigns, led by both insurers and the government, are critical. People need to understand that insurance is not about profit but about protection.

Regulatory reforms could also help. Nepal Insurance Authority already plays an important role but its resources could be directed more toward education and awareness. We should also study international best practices and adapt them to Nepal's context. Our aim should be to respond faster, more efficiently and with greater transparency. **B**

**THE GOVERNMENT ITSELF SHOULD INSURE ITS ASSETS, NOT ONLY TO PROTECT THEM BUT ALSO TO SET AN EXAMPLE FOR THE PUBLIC. IF THE STATE SHOWS THAT INSURANCE IS A PRIORITY, CITIZENS AND BUSINESSES WILL BE MORE LIKELY TO FOLLOW SUIT.**

and businesses will be more likely to follow suit.

#### **Can the burden of losses be shared more fairly among insurers, government and taxpayers?**

In practice, it already is. Insurers are using their reserves, the government

must go beyond our business obligations and contribute in whatever way we can. After all, we are also Nepali citizens, and national recovery is everyone's responsibility.

bankrupting our companies.

For small claims, reinsurers may rely on local reports. For large-scale damages, they send representatives to verify the losses themselves. This system ensures accountability and makes sure claims are paid fairly.





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**TULSI KHEMKA**

Founder, Beyond Bookkeeping

**BIDUR LUITEL**

Partner, Joshi & Bhandary

# TRUST IN PROCESSES MUST PRECEDE TRUST IN NUMBERS

Tulsi Khemka and Bidur Luitel represent two distinct yet complementary strands of leadership shaping Nepal's financial and governance landscape. Khemka, a Chartered Accountant and transformation advisor with over 25 years of experience across India, Nepal and the Middle East, has partnered with more than 70 organisations to strengthen systems that build resilience. Her career, rooted in the belief that trust in processes must precede trust in numbers, led her to establish Beyond Bookkeeping, an initiative that reduces manual dependency, curbs fraud risks and creates stronger oversight. In Nepal, she has been a catalyst in reimagining internal audit as a tool for governance rather than a checklist, co-founding the Nepal chapter of The Institute of Internal Auditors (IIA) to align local practices with global standards and embed governance, risk and compliance into business DNA. For Khemka, auditors are not merely checkers but change makers who provide critical visibility in uncertain times.

Luitel, a Chartered Accountant with more than 15 years of practice, brings a different yet equally vital expertise in financial reporting, assurance and risk management. As a partner at Joshi & Bhandary, he has advised institutions across

banking, insurance and corporate sectors, particularly in navigating Nepal Financial Reporting Standards (NFRS) and complex models such as Expected Credit Loss (ECL). His role in business revival, turnaround management and governance reforms has earned him recognition as one of Nepal's foremost IFRS specialists. Currently serving as a government-nominated Board Member of the Accounting Standards Board, Nepal, and with qualifications that include a Diploma in IFRS from ACCA (UK) and certification in Forensic Accounting and Fraud Detection from ICAI, he continues to shape the country's financial reporting landscape. His past contributions to ICAN's committees on NFRS implementation, research and sustainability reflect his long-standing commitment to building transparency, trust and financial resilience.

Together, Khemka and Luitel highlight how financial systems, when guided by both process integrity and technical rigour, can strengthen organisations and economies. Their combined efforts underscore a shared vision: that robust governance, credible reporting and future-ready systems are essential to preventing crises and creating a fair, resilient and sustainable Nepal. In a conversation with

**Business 360**, they shared these insights. Excerpts:

## **What inspired you and your colleagues to bring The Institute of Internal Auditors to Nepal?**

Internal audit in Nepal has mostly been carried out at the transaction level rather than at the process design and overall GRC level. The inspiration came from this gap. Many professionals here are globally connected and have worked with international companies but the domestic market remained largely focused on transactional auditing.

This needed to change. We wanted to enhance overall standards and gain proper recognition for how audits are executed in Nepal. The goal was to put Nepal on the global map for quality auditing and professional service.

## **Why do you feel there was a necessity for establishing this institute at this time?**

Nepal is at a crossroads. Our economy faces constant uncertainty but there is also strong hope for growth. Unfortunately, governance frameworks have not kept pace. We have seen how quickly trust can erode when systems fail and when governance and controls are not embedded into our DNA.

This is the right time to anchor a profession that ensures accountability and

stability, not after another crisis but before the next one.

## **How do you see the institute helping to strengthen corporate governance and accountability in Nepal?**

The institute is not merely a body of auditors, it is a safeguard for both businesses and government. By building skills, enforcing standards and creating dialogue, it will strengthen corporate governance at a time when Nepal urgently needs more transparent and accountable institutions.

## **What kind of role do you expect internal auditors to play in Nepal's growing business and financial sector?**

Internal auditors are not just 'checkers,' they are 'change makers'. They act as advisors, risk managers and truth-tellers. In a dynamic market like Nepal, their role is to help businesses grow with confidence – spotting risks early, ensuring compliance and giving leadership clear visibility in uncertain times.

IIA Nepal is being set up under IIA India. At this stage, our objective is to build awareness, strengthen both the demand and supply side of the profession, and enhance the country's capabilities. IIA India will provide us with technical know-how, global access to professionals, and knowledge workshops to get us started.





**How can businesses, both large corporations and SMEs, benefit from having stronger internal audit systems in place?**

For large corporations, stronger audit systems build investor trust, make access to capital easier, reduce costs, and accelerate decision-making. For SMEs, they bring discipline, minimise leakages and support scalability. In both cases, audits shift the mindset from firefighting to foresight.

**How do you plan to build awareness among businesses in Nepal about the importance of internal auditing, given that many may still see it as a compliance formality?**

Many still view internal audit as a box-ticking exercise mandated by the government or the board. We want to change that perception by demonstrating its value – how it protects against fraud, reduces costs and creates

stability. Storytelling will play an important role. By sharing real examples from Nepal of businesses that survived or failed because of their systems, we can show the practical impact of strong auditing.

In your view, how can stronger internal audit practices contribute to reducing financial irregularities and improving investor confidence in Nepal?

Nepal's market has often been shaken by financial irregularities and recurring civil unrest. Strong internal audits close loopholes before they can be exploited. That builds investor confidence, not only for foreign capital but also for local entrepreneurs who need a fair and level playing field.

**How will the institute support professionals in terms of training, standards and certifications as well as for young professionals?**

We will provide training, certification and mentoring

pathways that connect Nepali auditors and the business community to global good practices. This is not just about improving technical skills, it is about belonging to a global profession that upholds trust everywhere.

IIA membership is open to anyone involved in internal audit – CFOs, CEOs or even those simply willing to learn.

For young people, this is an entry point into a global career while still serving their own country. Internal auditing is one of the few professions that allows you to create change from within – influencing leadership, shaping governance and leaving a legacy.

Globally, the CIA certification is a required qualification for anyone performing and signing off on internal audit reports. With IIA Nepal, young professionals now have access to that pathway.

**How do you plan to align Nepal's internal auditing practices with international standards?**

Through IIA Global, Nepal now has direct access to the same standards used in Fortune 500 companies. This ensures that our professionals are not isolated but are standing shoulder to shoulder with peers worldwide.

**What challenges do you foresee in promoting internal auditing practices in Nepal, and how do you plan to address them?**

The biggest challenge is mindset. Too often, leaders view auditing as interference instead of protection. Our approach will be to engage with them directly, make the business case for auditing, and highlight success stories where strong audits saved millions and protected reputations.

As professionals, our responsibility is to ensure our work is strong, impactful, transparent, trusted and accountable. For businesses, the goal is to protect themselves against chaos; and governance, risk management and internal audit form one of the key building blocks in this journey. In a country where governance gaps often make headlines, young professionals have the chance to be part of the solution – to help build a Nepal that is resilient, transparent and future-ready.

Nepal is at a crossroads. Our economy faces constant uncertainty but there is also strong hope for growth. Unfortunately, governance frameworks have not kept pace. We have seen how quickly trust can erode when systems fail and when governance and controls are not embedded into our DNA.

This is the right time to anchor a profession that ensures accountability and stability, not after another crisis but before the next one. **B**

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# Taxation of Composite Contracts in Nepal

OFFSHORE SUPPLY AND SECTION 89



**Sujan Shrestha** has been with Pioneer Law Associates in 2019. He specialises in key practice areas like project finance, tax and data protection.

Nepal's tax system is conceptually aligned with global practice in recognising two core principles of taxation: the residency principle and the source principle. Under these principles, a resident is taxed on worldwide income, while a non-resident is taxed only on income that has a source in Nepal. This territorial limitation is enshrined in Sections 6 and

67 of the Income Tax Act of Nepal, 2002 (2058) (ITA).

However, the actual application of the law has not always followed this principle. The operation of Section 89, which imposes withholding tax obligations on payments made under deeds or contracts, has been interpreted in a way that expands Nepal's taxing jurisdiction beyond what the law itself appears to permit.

This conflict is especially visible in the treatment of composite contracts involving both offshore and onshore activities. Since most large infrastructure and EPC contracts are structured as composite contracts, the way they are taxed directly influences project costs and can determine whether foreign contractors are willing to invest and operate in Nepal.

## Composite Contract Structure

In a typical composite contract:

- **Offshore supply:** The foreign contractor (incorporated and managed outside Nepal) manufactures and supplies equipment from abroad. The entire activity (production, assembly, testing and shipment) occurs outside Nepal. Offshore supply is invoiced directly from the foreign company to the Nepali customer.
- **Onshore supply:** The same foreign contractor establishes a branch office in Nepal (Nepal branch) to carry out the onshore part of the contract. The branch is responsible for installation, commissioning, construction and training activities within Nepal. Onshore services are invoiced locally.

The structure is common in large turnkey infrastructure projects (power stations, transmission networks, industrial plants) because it allows technical equipment to be manufactured in specialised facilities abroad, while the installation and project execution are handled through the Nepal branch.

## Original Tax Practice: Offshore Supply

In the past, tax authorities in Nepal insisted on withholding tax (WHT) on offshore supply under Section 89(3) of the ITA. This provision requires a resident payer to deduct 5% WHT when making payments under a deed or contract to a non-resident.

- In practice, this meant that:
- even where the offshore supply was entirely performed abroad, and



- even where the foreign contractor had no operations in Nepal in respect of that supply, the tax authorities still required the payer to deduct 5% WHT at the time of payment. The justification provided was that the statutory wording of Section 89 was broad enough to cover any payment under a contract, regardless of the income's source.

This approach was inconsistent with the charging provisions of the ITA, which restrict tax to income sourced in Nepal.

#### Change in Approach: Public Circular and Attribution to Nepal Branch

In recent years, the tax authorities have advanced a new position through a public circular, which may be summarised as follows:

1. A composite contract must be treated as a whole.
2. Since the foreign contractor delivers part of the contract through its Nepal branch, the branch becomes the taxable presence in Nepal.
3. Consequently, both offshore and onshore supply segments are considered part of the business income of the Nepal branch.
4. The entire contract amount is therefore subject to:
  - Withholding tax at the customer level, and
  - Corporate income tax in Nepal at the branch level.

In other words, what was previously taxed through withholding on offshore supply has now been expanded into a doctrine of full attribution of composite contract income to the Nepal branch.

#### The Legal Conflict

This change raises a fundamental question: Can offshore supply, conducted entirely outside Nepal, be taxed in Nepal simply because it forms part of a composite contract that also includes onshore activities?

1. **Source Principle vs Circular**
  - Section 6 of the ITA: Non-residents are taxable only on Nepal-sourced income.
  - Section 67 of the ITA: Defines Nepal-sourced income, among other things, as arising from activities conducted in Nepal.
  - Offshore manufacture and supply do not fall under the scope of Section 6 and 67 of the ITA.
2. **Withholding Provision Vs. Charging Provision**
  - Section 89 is a withholding mechanism; it does not create a new head of income.
  - By treating all contract payments as subject to Section 89, the tax authorities effectively override the source rule.
  - This raises a doctrinal issue: a withholding provision cannot expand the scope of chargeability.
3. **Branch Attribution Issue**
  - A Nepal branch is a resident under Section 2(ao) of the ITA.
  - As a resident, it is taxed on worldwide income.
  - But attributing offshore activities of the head office abroad to the branch stretches the meaning of 'worldwide income' beyond recognition, since the branch itself never carried out those activities.

#### Comparative Perspective

Globally, the treatment of composite contracts has been clarified through international guidance and precedents. The OECD Model Commentary provides that only profits attributable to a permanent establishment in the host country can be taxed there. Activities carried out wholly abroad remain outside the host country's taxing rights. This principle suggests that Nepal's current practice, taxing offshore supply by attributing it to the Nepal branch, departs from widely accepted international norms.

#### Implications for Foreign Contractors

1. **Contractual Uncertainty:** Even clear contractual segregation between offshore and onshore components will not prevent full attribution by the tax authorities.
2. **Increased Tax Burden:** Offshore supply income, which should remain outside Nepal's tax net, is now brought within both WHT and corporate tax.
3. **Risk of Double Taxation:** The same income may be taxed in Nepal and again in the contractor's home jurisdiction, with limited scope for relief where no tax treaty exists. In addition, even where a treaty is in place, its application in Nepal is often inconsistent, which is a separate topic for discussion.
4. **Investor Confidence:** The unpredictability of tax outcomes creates a deterrent for foreign contractors considering long-term projects in Nepal.

#### Options for Foreign Contractors

1. **Advance Ruling and Judicial Recourse:** Contractors may seek clarification before tax liability is finalised. However, in light of the public circular, the tax authority is highly likely either to adhere strictly to the circular or to delay issuing a ruling. In either case, the matter may need to be challenged judicially, a process that could take three–four years for final resolution.

2. **Tax Refund:** In principle, refunds are available where excess WHT has been withheld. In practice, however, refunds are administratively difficult for non-residents and rarely granted. They may be possible if the issue is resolved through the courts, but even then, the process remains highly burdensome.
3. **Treaty Relief:** Where a tax treaty exists, double taxation can potentially be resolved through the Mutual Agreement Procedure.

#### Conclusion

The evolution of Nepal's practice on composite contracts reflects a shift from narrow enforcement of Section 89 withholding on offshore supply to a broader doctrine that treats the entire contract as taxable income of the Nepal branch. While this approach simplifies administration for the tax authorities, it risks overreach by disregarding the source principle embedded in Nepali tax law.

The legal position remains that only Nepal-sourced income should be taxable in Nepal. Offshore supply, manufactured and delivered abroad, does not meet this criterion. Until clarified by courts or legislation, foreign contractors will continue to face uncertainty, not over whether tax will be imposed, but over whether the current approach of taxing offshore supply will ultimately withstand judicial scrutiny, and how relief (if any) may be obtained.

Only through consistent alignment between the source principle and the enforcement of Section 89 can Nepal strike the balance between securing tax revenues and maintaining a predictable environment for cross-border investment. **B**



# beed's take on the market

The Nepal Stock Exchange (NEPSE) index fell by 165.92 points (-5.95%) to close at 2,623.62 points over the period from August 14 to September 22. The period began with relative stability, as the index opened at 2,770.39 and reached a peak of 2,819.10 points on August 27. However, these gains proved unsustainable, and the market declined continuously thereafter. The downturn culminated on September 18, when the index plummeted to its lowest point of 2,511.91, a fall of 6%, as the market reopened after nine days of closure following the nationwide protests. Likewise, compared to the previous review period's 62% increase in total transaction volume (turnover), this period saw a staggering 64% fall. This sharp decline in the secondary market volume suggests an erosion of investor confidence, fuelled by a heightened perception of risk stemming from political instability. (see figure 1)

During the review period, all 11 sub-indices declined. Manufacturing and Processing, Development Bank, and Commercial Bank sub-sectors experienced relatively smaller losses, while the worst performers were Non-Life Insurance, Hotels and Tourism,

and Others sectors.

Non-Life Insurance sub-index (-11.81%) experienced the largest decline, as the share prices of Nepal Micro Insurance (-Rs 414.47), Rastriya Beema Company (-Rs 387.21) and Shikhar Insurance (-Rs 125.23) declined in value. Next in line, the Hotels and Tourism sub-index (-8.34%) declined with a fall in share prices of Oriental Hotels (-Rs 149.96), Kalinchowk Darshan (-Rs 124.63) and Taragaon Regency Hotel (-Rs 87.58). The Others sub-index (-7.33%) followed with a decrease in share prices of Trade Tower (-Rs 216.93), Muktinath Krishi Company (-Rs 144.39) and Himalayan Re-Insurance (-Rs 121.96).

The Trading sub-index (-7.01%) also had an overall loss, driven by a decline in share prices of Bishal Bazar Company (-Rs 415.52), even though Salt Trading Corporation (+Rs 123.08) saw a rise in its share price. Hydropower sub-index (6.47%) was next in line, with a fall in share prices of Sikles Hydropower (-Rs 242.37), Kutheli Bukhari Small Hydropower (-Rs 141) and Super Madi Hydropower (-Rs 125.81). Likewise, Finance sub-index (-6.09%) also declined as the share prices of Nepal Finance (-Rs 71.02),

Goodwill Finance (-Rs 56.35) and Multipurpose Finance (-Rs 55.56) fell.

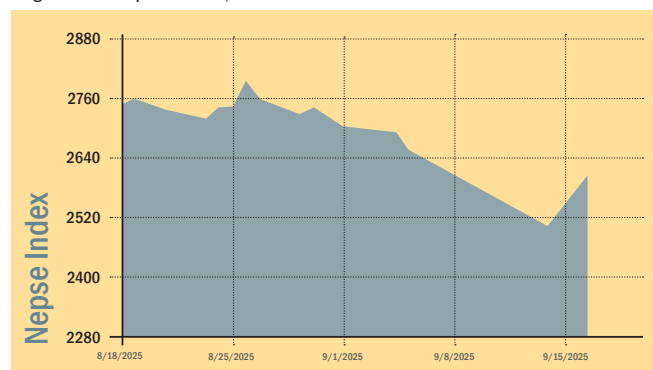
The Microfinance sub-index (-5.92%) dropped with a fall in share prices of Mahila Laghubitta (-Rs 248.5), Gurans Laghubitta (-Rs 237.48) and Unique Nepal Laghubitta (-Rs 232). It was followed by Life Insurance sub-index (-4.96%), driven by a fall in share prices of Crest Micro Life Insurance (-Rs 262.47), Life Insurance Corporation (-Rs 41.73) and Guardian Micro-Life Insurance (-Rs 40.8).

Among the sectors with relatively smaller losses, the Commercial Bank sub-index (-4.69%) declined slightly with a fall in the share prices of NIC Asia (-Rs 39.06), Nepal Bank (-Rs 33.89) and Sanima Bank (-Rs 31.23). Likewise, Development Bank sub-index (-3.90%) had a marginal loss led by drop in share prices of Narayani Development Bank (-Rs 848.13), Green Development Bank (-Rs 157.54) and Sindhu Bikash Bank (-Rs 108.12).

Manufacturing and Processing sub-index (-3.89%) had the least loss during the review period, with a fall in the share prices of Bottlers Nepal (-Rs 1,563.09), Om Megashree Pharmaceuticals (-Rs 204.4) and Shivam Cement (-Rs 47.07). (see table 1)

**Figure 1: NEPSE Index during the review period**

August 14 to September 22, 2025



Source: Nepal Stock Exchange

## News and Highlights

The political unrest on September 8 and 9 had a direct and severe impact on Nepal Stock Exchange. In accordance with the Securities Act 2063, the market remained closed for nine trading days, from September 9 to September 17. Upon reopening on September 18, NEPSE endured one of its most volatile sessions as investors rushed to sell off their positions amidst fear of uncertainty. The benchmark index plummeted by 6% (160.33 points), triggering all three phases of the circuit breaker mechanism within minutes and culminating in a full-day trading halt. Securities Board of Nepal (SEBON) suspended the 15-minute weighted average price system on September 19 reverting to the previous method of using the last traded price as the official closing price. The revised rule, which took effect on September 23 after a test on September 21, is devised to prevent bulk trades from exerting disproportionate influence on the final price. Following this reversal, NEPSE experienced a sharp rebound on September 21, with the index climbing 111.70 points (4.44%) as investor confidence returned. Additionally, on September 7, NEPSE introduced stricter disclosure requirements. A key measure mandates that listed companies must promptly inform NEPSE if any investor acquires more than 5% of their shares, a rule intended to prevent stock price distortion from concentrated bulk purchases. The directive also enforces stricter reporting timelines, requiring audited financial statements within five months of the fiscal year's close and quarterly reports within a month of the quarter's end. Further, firms must notify NEPSE at least seven days before book closure for general meetings and immediately disclose major corporate moves, such as significant asset transactions or board changes. These measures, which cover 19 categories of information in total, form part of NEPSE's effort to enhance corporate accountability. The Share Investors Association of Nepal, Nepal Capital Market Investors Association, and Independent Capital Market Investors Association presented 23

**Table 1: Sub-indices during the review period**

August 14 to September 22, 2025

|                            | August 14, 2025 | September 22, 2025 | % Change |
|----------------------------|-----------------|--------------------|----------|
| NEPSE Index                | 2,789.54        | 2,623.62           | -5.95%   |
| Sub-Indices                |                 |                    |          |
| Commercial Bank            | 1,454.27        | 1,386.13           | -4.69%   |
| Development Bank           | 5,865.38        | 5,636.70           | -3.90%   |
| Hydropower                 | 3,609.83        | 3,376.16           | -6.47%   |
| Finance                    | 2,523.78        | 2,369.99           | -6.09%   |
| Non-Life Insurance         | 12,441.53       | 10,972.45          | -11.81%  |
| Others                     | 2,634.99        | 2,441.82           | -7.33%   |
| Hotels and Tourism         | 6,963.86        | 6,382.94           | -8.34%   |
| Microfinance               | 5,239.80        | 4,929.81           | -5.92%   |
| Life Insurance             | 13,078.83       | 12,430.49          | -4.96%   |
| Manufacturing & Processing | 7,617.96        | 7,321.84           | -3.89%   |
| Trading                    | 4,135.29        | 3,845.50           | -7.01%   |

Source: Nepal Stock Exchange

demands to Finance Minister Rameshore Khanal's task force on September 21, seeking reforms to strengthen investor morale and market stability. They demand the removal of the Rs 250 million ceiling on individual single-family loans and a revision of capital gains tax to 3% for long-term and 5% for short-term investors, which is also to be treated as a final tax. Other proposals include eliminating the double commission system on transactions, removing the additional 5% tax on dividends distributed by banks and financial institutions, and revising the 25% dividend distribution cap for microfinance institutions. Investors also urge expansion of brokerage services in all 77 districts, modernisation of NEPSE's online trading platform, timely implementation of SME securities, and simplified processes for non-resident Nepal's to repatriate investments and profits.

During the review period from August 14 to September 21, SEBON approved the Initial Public Offering (IPO) of SY Panel Nepal. The company plans to raise Rs 523.25 million

through the issue manager Prabhu Capital. SEBON also approved NMB Saral Bachat Fund – E, an open-end Mutual Fund managed by NMB Capital. Similarly, applications were received for other mutual funds, including Nepal Life Samriddhi Lagani Yojana (close end) and Muktinath Mutual Fund 2 (close end) filed through Nepal Life Capital and Muktinath Capital, respectively.

#### Outlook

Nepal's stock market faces an uncertain outlook in the wake of the recent political crisis. Although new regulations and the formation of an interim government have helped calm investors, the market remains fragile. During this interim phase, investor confidence is likely to stay highly sensitive to any fresh signs of instability. However, responding to or taking note, the 23 demands put forward by the investors could ease some concerns and offer short-term stability. **B**

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# Rewriting the Rulebook

HOW CORPORATES MUST EVOLVE FOR NEPAL'S GEN Z



**Harshwardhan Shahani** is a Creative Director and CEO at V-Chitra an award-winning advertising agency in Nepal. You can follow Harsha's blogs on <http://harshshahani.blogspot.com>

I have been watching the recent protests unfold with a mix of shock and unease. The images of businesses looted, offices torched and the fury of young Nepalis directed at corporate houses shook me. What struck me most was not the destruction itself but the symbolism. For the first time, it was not just the political class or the government under fire – corporates, the so-called engines of progress, became the target of Gen Z's wrath.

And the uncomfortable truth is this: we, the corporate community, brought this upon ourselves.

We projected wealth without responsibility. We built shiny glass towers and rolled out luxury brands while the average young Nepali struggled to find a dignified job. We

paraded our success stories but rarely paused to ask whether that success translated into opportunity for those outside our boardrooms. In doing so, we created a dangerous aspiration gap – one where our display of prosperity stood in stark contrast to the frustration and unemployment that define the lives of millions of Gen Z youth.

We also shut our doors to them. Too often, plum roles in our companies went to the sons and daughters of promoters. Nepotism was dressed up as 'continuity' or 'succession planning', but Gen Z, who are merit-driven and global in outlook, saw it for what it was: the same old story of lineage triumphing

over competence. Imagine studying hard, graduating with skill and ambition, only to watch the 'heir to the throne' walk into the job you deserved. That resentment was always simmering – we just chose not to hear it.

And when we did speak to them, we spoke at them, not with them. Our marketing campaigns were flashy, our brand launches glamorous. But our conversations with Gen Z were transactional – we saw them as wallets, not voices. We wanted them to buy our products but never gave them a seat at the table where decisions were being made.



Even our corporate social responsibility, which should have been a bridge of trust, often became tokenism. A few trees planted, a one-day health camp, a photo op with a cheque. Gen Z is sharp enough to see through this. They do not want gestures; they want commitment. They do not want our charity; they want our partnership in building a better future.

So yes, the protests were a wake-up call. And if we are willing to learn, they can also be the start of something transformative.

#### First, Crisis Communication Must Be Fixed

Before we even talk about the way forward, we must acknowledge a glaring failure: how we handled the crisis in real time. In moments of upheaval, silence from corporate leaders is not neutral – it is damning. Many companies chose to stay quiet, hoping the storm would pass. But to Gen Z, silence looked like arrogance. It looked like we did not care.

If corporates want to regain even a shred of credibility, they need to overhaul their crisis communication immediately:

1. Acknowledge the anger. Do not deny it, do not downplay it. Show empathy for the frustrations of the youth, even if you condemn the violence.
2. Speak with one voice. Mixed messages from different leaders create confusion. CEOs must step up, not hide behind press releases.
3. Be transparent. Admit shortcomings, especially around nepotism and fairness in hiring. Honesty will sting at first but builds long-term respect.
4. Engage directly. Use digital platforms and host open dialogues where young people can question leadership without censorship.

5. Commit to change. Every communication must be backed by action. Empty statements will only deepen mistrust.

Crisis communication is not about saving face – it is about rebuilding bridges in real time. If we fail here, no 'long-term plan' will ever land.

#### The Way Forward

The way forward is clear, though not easy. First, we must move from display to inclusion. It is not enough to flaunt growth – we must show how that growth creates pathways for others. Transparent recruitment pipelines, fair internships and active hiring from diverse, non-elite backgrounds should become the norm. Every young person should feel they have a fair shot inside our walls.

Second, we must invest in youth futures. That means creating scholarship funds, skill hubs and mentorship programmes that prepare Gen Z not just to be our employees but also entrepreneurs who will one day compete with us. If we can help them build their future, they will stop seeing us as adversaries.

Third, we must create authentic dialogue. This generation is not asking for freebies; they are asking to be heard. Why not establish youth councils inside our companies? Why not host town halls where young voices shape our policies, not just our advertising campaigns? For too long, we have spoken in glossy brochures – they want us to listen in real time.

Fourth, we need to build purpose-driven businesses. The days of 'profits at all costs' are gone. Gen Z respects companies that stand for something – climate action, gender equality, mental health, rural upliftment. If our brands are not anchored in values, they will remain hollow.

And finally, we must end the culture of nepotism. It will not vanish overnight, but we can commit to transparency. Independent HR processes, clear criteria for hiring and promotions, and a public stand for meritocracy will signal that we are serious about fairness.

#### The New Rulebook

The rulebook for corporates in Nepal must be rewritten: meritocracy over nepotism, opportunity creation over wealth display, empathy over arrogance, sustainability over short-term gains, and co-creation with Gen Z over one-sided marketing.

I know some will dismiss this as idealism. But the cost of ignoring it is far greater. The protests have already shown us what happens when a generation loses faith in us.


If we continue to treat them as passive consumers instead of active stakeholders, the anger will only deepen.

Gen Z is not asking for much. They want fairness. They want dignity. They want to believe that corporate Nepal is not just making money but also making a difference. If we can give them that, we will not only regain their trust, we will secure our own future.

Because at the end of the day, no business can thrive in a country where its youth are burning with resentment. Our progress must be tied to their progress. And if we fail to understand this, we will not just lose Gen Z – we will lose Nepal's tomorrow. **B**

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# Voting on Discord Seals Political Change for Nepal

Text: Prajwal Nepali



Technology has emerged as one of the most powerful forces in modern history, capable of shaping revolutions, amplifying voices and bringing accountability during times of crisis. Nepal recently experienced this first-hand through one of the most significant youth-led uprisings in its history, now widely known as the Gen Z Protests.

This nationwide movement was driven primarily by deep frustration over systemic corruption, political nepotism and a lack of accountability among leaders who had long misused their power. While the government's abrupt restrictions on social media platforms acted as a spark that intensified public anger, the heart of the protest lay in a collective demand to end decades of corruption and misgovernance that had eroded public trust and economic opportunity.

For years, public funds

intended for development projects were siphoned off through corrupt networks, leaving Nepal struggling with weak infrastructure, rising unemployment and widening inequality. Young people, who make up the majority of the country's population, increasingly felt excluded from opportunities and disillusioned by leaders who repeatedly promised reform but failed to deliver. This betrayal ignited a sense of urgency among the youth, who took to the streets to challenge a system they viewed as fundamentally broken. In this moment of turmoil, technology became not only a catalyst for dissent but also the lifeline that allowed young people to mobilise, organise and ultimately reshape the country's political future.

The protests intensified further when the government suddenly banned several popular social media platforms, citing concerns over

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misinformation and cybercrime. For Nepal's digitally native generation, this was not just a policy decision; it was a direct attack on their identity, freedom of expression and right to connect with the world. Instead of silencing dissent, the ban drove young people to adopt alternative technologies such as Discord. These tools allowed them to coordinate protests, share real-time information, and stay connected despite government crackdowns. What began as a movement against corruption evolved into a tech-driven revolution, showcasing the ingenuity and resilience of a generation determined to reclaim its future and hold its leaders accountable.

As the protests grew, technology became essential for real-time coordination. Protest leaders used location-sharing apps and group chats to guide demonstrators to safe zones, avoid heavily policed areas, and provide instant updates on



security threats. Drone footage was employed to monitor crowd sizes and track police movements, giving protesters an upper hand in strategically managing marches and sit-ins. Livestreaming, despite government crackdowns, was conducted using hidden networks and foreign-hosted platforms, ensuring that the global audience remained informed even when local news outlets were censored or suppressed. This use of tech highlighted how, even in volatile situations, digital tools could protect lives by offering situational awareness and rapid response mechanisms.

Beyond coordination, technology served as the primary storytelling platform for the movement. Protesters documented human rights violations, captured images and videos of police brutality, and disseminated them through secure channels to international media outlets. These digital records played a crucial role in countering official narratives, forcing global organisations and foreign governments to acknowledge the severity of the crisis. In an era where images travel faster than words, tech-driven storytelling became the moral backbone of the protests, ensuring that the sacrifices of the demonstrators were not hidden behind a curtain of state censorship.

One of the most groundbreaking uses of technology during the crisis was its role in determining political leadership. As the death toll rose and political instability deepened, protesters called for the resignation of Prime Minister KP Sharma Oli. When he stepped down, rather than leaving the selection of an interim leader to the traditional political elite, the youth turned to technology to let the public decide. Using Discord, a platform originally popular among gamers; they created a secure polling system that allowed millions of citizens to vote in real time. This digital

referendum was unprecedented in Nepal's history and demonstrated the potential of technology to democratise decision-making processes, bypassing entrenched systems of patronage and nepotism.

The Discord poll ultimately resulted in the selection of Sushila Karki, Nepal's former Chief Justice, as the interim Prime Minister. This decision was symbolic in multiple ways: it marked the first time a woman assumed this role in Nepal and it signaled the arrival of a new form of digital governance powered by the collective will of the people. The fact that such a high-stakes political decision could be executed through a tech platform illustrated the growing power of digital tools in shaping national trajectories. It also served as a global case study on how emerging technologies can be harnessed to bring legitimacy and transparency to leadership transitions in times of turmoil.

However, the same technology that empowered protesters also presented significant risks. Government agencies attempted to infiltrate online groups, spreading misinformation and sowing distrust among activists. Cyberattacks were launched against protest networks and there were attempts to trace organisers through digital footprints. These challenges underscored the importance of cybersecurity and digital literacy in modern activism. While the protesters were largely successful in defending their networks, the crisis revealed a critical need for stronger protective measures and ethical guidelines around the use of tech during uprisings.

The events in Nepal also sparked a broader conversation about the role of technology companies in crises. Global platforms, from VPN providers to cloud storage services, became inadvertent participants in the movement. Their policies on data privacy,

monitorship and cooperation with governments directly influenced the trajectory of the protests. For instance, the accessibility of encrypted communication apps played a vital role in sustaining the movement, while the shutdown of mainstream platforms demonstrated how fragile digital freedoms can be under state pressure. This highlighted the responsibility of tech companies to uphold democratic values and protect users, especially in volatile political contexts.

Looking forward, the Nepali protests offer a blueprint for how technology can be integrated into crisis management and governance. Governments, civil society organisations and international bodies can learn from this event to develop systems that leverage digital tools for peaceful conflict resolution, participatory decision-making and transparency. At the same time, safeguards must

be established to prevent the misuse of technology for surveillance, oppression or misinformation. Striking this balance will be essential as societies become increasingly dependent on digital infrastructure.

In conclusion, the use of technology during Nepal's Gen Z protests was transformative. From organising demonstrations and documenting atrocities to electing a new interim leader, tech served as both the weapon and shield of a generation determined to reclaim its future. The story of these protests is not just a tale of political upheaval but a reflection to the profound role that digital tools now play in shaping history. As the world watches Nepal rebuild, one lesson is clear: in times of crisis, technology is no longer a passive backdrop but an active force capable of redefining power, governance and the very essence of democracy. **B**



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# Lessons from Nepal's First Generation of Disruptors



**Former banker Suman Joshi** is a private equity investor and ecosystem builder based in Kathmandu.

In the past decade, Nepal has seen a start-up boom. Coffee shops in Kathmandu buzz with young founders sipping latte with potential investors and local media feature startups with enthusiasm. It almost feels like Nepal is incubating its own Silicon Valley.

But I have watched with sadness as promising Nepali ventures capture headlines and funding rounds, only to fade away under the weight of their own hype. Startups are hard. They say 9 out of 10 startups fail. As many of Nepal's most celebrated ventures plateau or disappear, their journeys offer rich lessons for founders, investors and other stakeholders. In this piece, I have tried to chronicle five of the country's most visible startups. Each told a compelling story but not all of them delivered on it. Disclaimer: the cases have been randomly picked and compiled based on public perception and may not capture inside stories.

## A Ride That Faded Away

Tootle was Nepal's first ride-sharing platform that tapped into a real urban transportation problem. It built significant user traction in its early days, contributed to establishment of dignity of labour amongst riders and even nudged policymakers to

start working on regulations governing new economy businesses. It was popular and truly a dream startup.

But instead of consolidating the operational backbone, the leadership was swept into a wave of media attention. Public speaking gigs, features in business magazines and startup awards became the primary outputs. Meanwhile, a formidable competition from deeper-pocketed entrant like Pathao emerged and soon dominated.

charismatic and persuasive founder pulled in funding and media buzz in equal measure.

But as the brand scaled, operational cracks widened. Inventory mismanagement, fulfillment failures and cash flow mismatches haunted the company. Customers grew increasingly frustrated and investors saw their value diminish with down-rounds that were raised. The final blow came when concerns of unpaid vendors and disillusioned employees became public.

Quality of food varied, logistics were messy, and customers weren't always willing to pay a premium for home-cooked meals. Managing chefs as well as costumers proved too difficult. Despite noble intentions and bursts of momentum, Foodmario never gained any scale of significance. I am not sure if it is operational anymore.

## Momo Mania

Although not a tech startup, Dalle as a food chain



Tootle itself got disrupted. And it self-sabotaged by underestimating the importance of execution and overestimating the power of public goodwill. I understand the business is now trying to revive under a new management and I wish them success.

## Dream of Nepali Amazon

Sasto Deal symbolised e-commerce optimism in Nepal. The opportunity looked enormous in an underserved online retail market. The

The house of cards collapsed, leaving behind a story that still haunts Nepal's alternative investment fraternity.

## Home Chefs in Business

Where food delivery companies generally partner with restaurants, Foodmario tried something bolder: empowering home cooks, mostly women, to become food entrepreneurs. It was a platform with a social angle, that was described as exemplary even by Nepal's only billionaire.

But the model was fragile.

was no less disruptive. It brought cultural flair and urban branding to Nepal's beloved momo. Dalle captured the imagination of the nation as its flagship product achieved instant popularity, securing one of the earliest venture capital investments in Nepal.

Unsurprisingly, rapid expansion of number of outlets followed and it looked like Dalle was Nepal's response to Chipotle. That's perhaps when the challenges began to creep in, which founders took notice of only much later.



Operational costs became too high for a momo business. Other momo entrepreneurs learnt from Dalle and expanded their own enterprises, retaining higher margins they enjoyed historically.

Dalle remains operational but without the spark that once defined it. The founders are capable and grounded entrepreneurs and I believe they have the drive and inclination to revive the business to its old glory.

#### Food in the Du

One startup that has demonstrated staying power is Foodmandu, Nepal's pioneering food delivery platform. It launched in 2010, long before delivery culture went mainstream. It has survived political instability, an earthquake, local competitors and even a pandemic.

So, what did Foodmandu get right?

It scaled cautiously. It invested in logistics and back-end operations before marketing blitzes. It built enduring relationships with restaurants and riders. Although there were growing pains and hiccups in peak periods, the brand cultivated enough trust to stay the course. While startups like Sasto Deal and Tootle raced ahead on branding and promises, Foodmandu moved quietly and deliberately, attracting rounds of funding and enabling the founder to achieve a handsome partial exit.

Foodmandu is seemingly a rare success story in this list but it continues to face competitive headwinds and cash burns. With prominent Private Equity investors on its cap table and a war chest of cash, will the company really make it big? Let's watch.

#### What These Stories Tell Us

These examples reveal a pattern and crucial lessons for Nepal's new wave of startups.

**Storytelling outpaced structure:** Founders mastered pitches but not system building.

Charisma may secure funding but it won't fix supply chains. Even popular brands need back-end muscle and strategic evolution.

**Capital came before governance:** Many startups raised money but lacked governance. Boards lacked proactivity and oversight. Investors became cheer-leaders instead of partners and backed the buzz instead of builders. Without accountability, growth became chaotic.

**Execution is more important than idea:** Every venture had a viable idea but execution failed in terms of consistency, team management and openness to pivot.

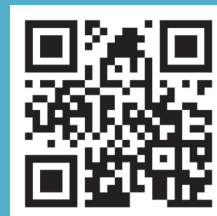
**Expect competition from unexpected corners:** Being first isn't enough. Doing better than competition is more important. In Nepal, staying power is true disruption.

**Nepal is a tough market:** Low purchasing power, poor infrastructure and regulatory uncertainty make scaling hard. Startups need more than grit here. It takes a village to raise a child. In fragile ecosystems like Nepal, where capital is scarce and institutional trust low, each failed hype story sets the entire scene back.

#### Let's Not Forget the Failures

Despite failures, Nepal's startup landscape isn't bleak. Entrepreneurs have learned from the crash landings. Founders today are savvier and are hopefully focusing on building businesses rather than going viral. A few success stories from the earlier generation like eSewa and Himalayan Java are cases to draw inspiration from.

Startups fail everywhere, so let's not bury these stories as embarrassments. They're valuable case studies for business schools, debates in boardrooms and inspiration for building the future. Let's celebrate startups for surviving the process of becoming real businesses, not just for raising funds. **B**



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# Navigating Aspirational Nepal's Unique Transition



**Atul K Thakur** is a policy professional, columnist and writer. His latest book (co-authored with K V Rajan), 'Kathmandu Chronicle: Reclaiming India-Nepal Relations; Penguin Random House India', offers unique insights on Nepal and India-Nepal relations. The views expressed are personal.

In the wake of new political changes in Nepal and economic disruptions, ushering economic reforms for Nepal's inclusive development is must now. As per an estimate of the Federation of Nepalese Chambers of Commerce and Industry (FNCCI), the Nepali economy suffered losses of about INR 50 billion. This is unimaginable besides the precious lives lost, and for that, sadly there cannot be any damage control. At the core of the Gen Z movement and the traction of support it commanded was a chronic failure of multiparty democracy in Nepal to deliver good governance and an inclusive development for masses, also it missed to offer a level playing field for industry.

Contrarily, the issues related to economic emancipation and further transformation were overshadowed with political infightings that raised question marks on the credibility of central political characters ruling the roost in Kathmandu and the provinces. Crony capitalism was not just surviving but was thriving in Nepal and a small class of oligarchs are having a major say in politics and businesses. An impure and

inefficient system with inherent weaknesses was creating a permanent blissful ground for the masters of capital formation, who are destined to grow but without having any commitment for raising the stature of the country, its people and image in the world.

Reorienting economic priorities with effective economic reforms for realising Nepal's true economic potential holds the key at this juncture when Nepal is at a crossroads. A few priorities that should not be overlooked: Making industrial turf competitive and progressive; Strengthening sectoral performances, most importantly in hydropower; Hand-holding industry with working capital and expanding market access; Expanding global collaborations; Aiming at all stages to contributing to human development.

To positively change the industrial landscape and strengthen Nepal's stake in the India-Nepal bilateral economic ecosystem, there is a glaring need for re-energising the energy partnership between the two countries. The foregone opportunities should be kept in reference for learning instead of irritants, the success stories should continue to inspire partnership and there should be a resolve to tap the vast potential Nepal has with hydroelectricity.

To navigate Nepal's new transition for a better tomorrow, added thrust should be on creating quality businesses with significant employment-generation capabilities besides checking exodus. Business leaders in India should be encouraged to be proactive in looking for new opportunities in expanding and diversifying trade and investment ties with Nepal. It is vital that Nepal deepen its economic ties with India and facilitate joint ventures that create immense economic opportunities. India's

unwavering commitment to peace and prosperity in Nepal and its complementarity in its relations with Nepal will help in creating a healthier economic ecosystem in Nepal. While the economic scenario is troubled, and it is unlikely that Nepal will emerge from it soon, it would be wrong to assume that a condition akin to a breakdown is inevitable in Nepal. Economic adversity has created the space for course correction and Nepal should be encouraged to devise a fresh approach to achieve this through calibrated efforts



and enhancing economic partnership with India.

Beyond the fast-changing headlines about Nepal's endemic woes at political, economic and humanitarian fronts, there is a need to read between the lines and where the scripts should prompt for a decisive transformation of institutional processes. As Nepal recognises its true potential, there is no doubt it will overcome its developmental challenges. The new aspirations combined with the conventional value system and resolve to make the country a home for all, and not just for a privileged few, will usher Nepal to a bright spot in the world.

Nepal is a transforming country. India is now a player on the global stage. It is time to repose faith in constructive dialogue with empathy to resolve any matter that disturbs the calm between the two countries including at the economic fronts. In good and bad times, India and Nepal have to live together. Restoring trust and confidence through constructive dialogue is very much possible and there is no reason that the initiatives will not be taken in this regard and the headlines will not be positive with sustained mutual efforts.

Nepal's political transition is inseparable from its economic transition. Until the latter is successfully addressed, it is unlikely Nepal's democracy can function smoothly and with the requisite altruism. Nepal's problems are well-identified and understood but not adequately addressed. At a macro level, striking a balance between national politics and geopolitics, coupled with a firm resolve to achieve a reasonable economic bandwidth, will help Nepal attain true success for its democracy.

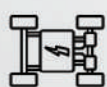
At the core of its transformational agenda, the welfare of forgotten Nepal's should be a prominent feature. Nepal must now emerge as a zone of hope, rather than one of despair marked by endless human suffering, environmental degradation and the ambivalence of political opportunists. While Nepal's official search for democracy is over, the immediate challenge is to complete its transition smoothly and successfully. Achieving this will secure Nepal's rightful place in the world. **B**

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