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FROM NEPAL TO THE WORLD: LEGAL PATHWAYS AND EMERGING INVESTMENT CHALLENGES

NEPAL'S BANKING SECTOR AT INFLECTION POINT

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B^{360°} BUSINESS

NEPAL IS A CLIMATE SUCCESS STORY THAT THE WORLD HARDLY HEARS

IMF'S OUTLOOK: THE WEST SLOWS WHILE ASIA TAKES LEAD

ARE BANKS FACING A CRISIS OF TRUST



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CEO
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SUJEEV SHAKYA

AUTHOR, NEPAL 2043: THE ROAD TO PROSPERITY







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Money is the nerve centre of existence as we know it. It shapes how societies function and determines the scope of individual freedom – freedom to choose, plan and act. Unless one belongs to the rare minority that rejects material considerations entirely, money remains the dominant currency of agency.

Today, almost every aspect of life is transactional. Value exchange – primarily monetary – structures our decisions, relationships and aspirations. We celebrate wealth culturally and socially, and we measure success through economic metrics. Yet, paradoxically, economics is not the primary focus of most political parties in our country.

We have seen wealth created and accumulated; we know about the real potential of the country – enough has been written, researched and shared in speeches. But we have only seen it being appropriated for the personal gain of a few in positions of power and authority. Our political landscape is marked by wealthy politicians, expensive propaganda and costly elections – contrasted with poor outcomes in national peace, security and development.

In September, the country's youth rose in anger against a system corroded by corruption. The Gen Z movement cost lives. Across the nation, people hoped that the system would begin to correct itself – that, finally, the public mandate would prevail, opportunities would emerge, and entrenched monopolies, favouritism, and corruption would be dismantled. But as we approach November, uncertainty and unrest persist.

The challenge, it appears, extends beyond willpower, technocracy and expertise to cut corruption from its root. Dismantling corruption requires a systemic shift in mindset. It requires that we understand that no one is above the law or the political process. It requires reducing institutional asymmetry and enabling better decision-making that includes the needs and aspirations of both ordinary citizens and professionals. It requires an understanding that leadership cannot be engineered to produce predetermined outcomes; it must also accommodate dissent and opposition.

The economy is in crisis, regardless of expert disagreements. The reality is that ordinary people are struggling under the weight of political instability. Our deficiencies do not stem from a lack of political or technical talent; they stem from a lack of rights, access and fairness.

Much is being said about the aspirations of Gen Z, but what do other demographic groups want? What would the average citizen choose? What would the parent who lost a child in the protests, the protestor now living with a disability, the business owner who bears the scars of arson and looting, the worker waiting for a delayed paycheque, those still compelled to migrate abroad, those still engaged in bribery, those who volunteered to lead an interim government but now only face pressure, those forced out of power, and those fighting their way in, want?

One observation captures the core issue clearly: Politics isn't just about good ideas; it is shaped by interest groups, voter preferences and post-rationalisation. Often, the best policy is not the one selected. But that is not the deepest problem. The real threat emerges when experts make decisions for, rather than with, the public, transforming experts into rulers.

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

Charu Chadha
editor

BIZ INDICATORS

FOREX MARKET	Unit	15-Nov-25	15-Oct-25	YOY (15 November 2024)
INR	100	160.00	160.00	160.00
USD	1	141.70	141.78	134.74
EUR	1	164.53	163.85	141.61
GBP	1	186.13	188.16	170.30
AUD	1	92.23	91.50	87.05
CNY	1	19.96	19.86	18.60
SELECTED MACROECONOMIC INDICATORS		Mid-October 2025	Mid-September 2025	YOY (Mid-October 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)	%	1.47	1.87	4.82
BOP(-Deficit)	Rs in billion	264.00	153.70	185.00

Source: Nepal Rastra Bank

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360 BUSINESS

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THINK BIG!

DESH BANDHU BASNET
CHAIRMAN, AB HOLDINGS

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Too often, discussions are dominated by what the government is doing or not doing. But in my view, the government's role is to facilitate, to act as a bridge, much like FNCCI does between the public and private sectors. Let us not dwell on government action alone. Let us focus on what we as entrepreneurs, citizens and stakeholders can do. I am proud to be Nepali and I believe in the opportunities this country offers. With the right mindset, innovation and collaboration, Nepal can stand tall as a tourism powerhouse.

DESH BANDHU BASNET
CHAIRMAN, AB HOLDINGS

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SUJEEV SHAKYA

AUTHOR, NEPAL 2043: THE ROAD TO PROSPERITY



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CEO, CITIZENS BANK

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ELEPHANT IN THE ROOM

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DR MANOJ KUMAR KC
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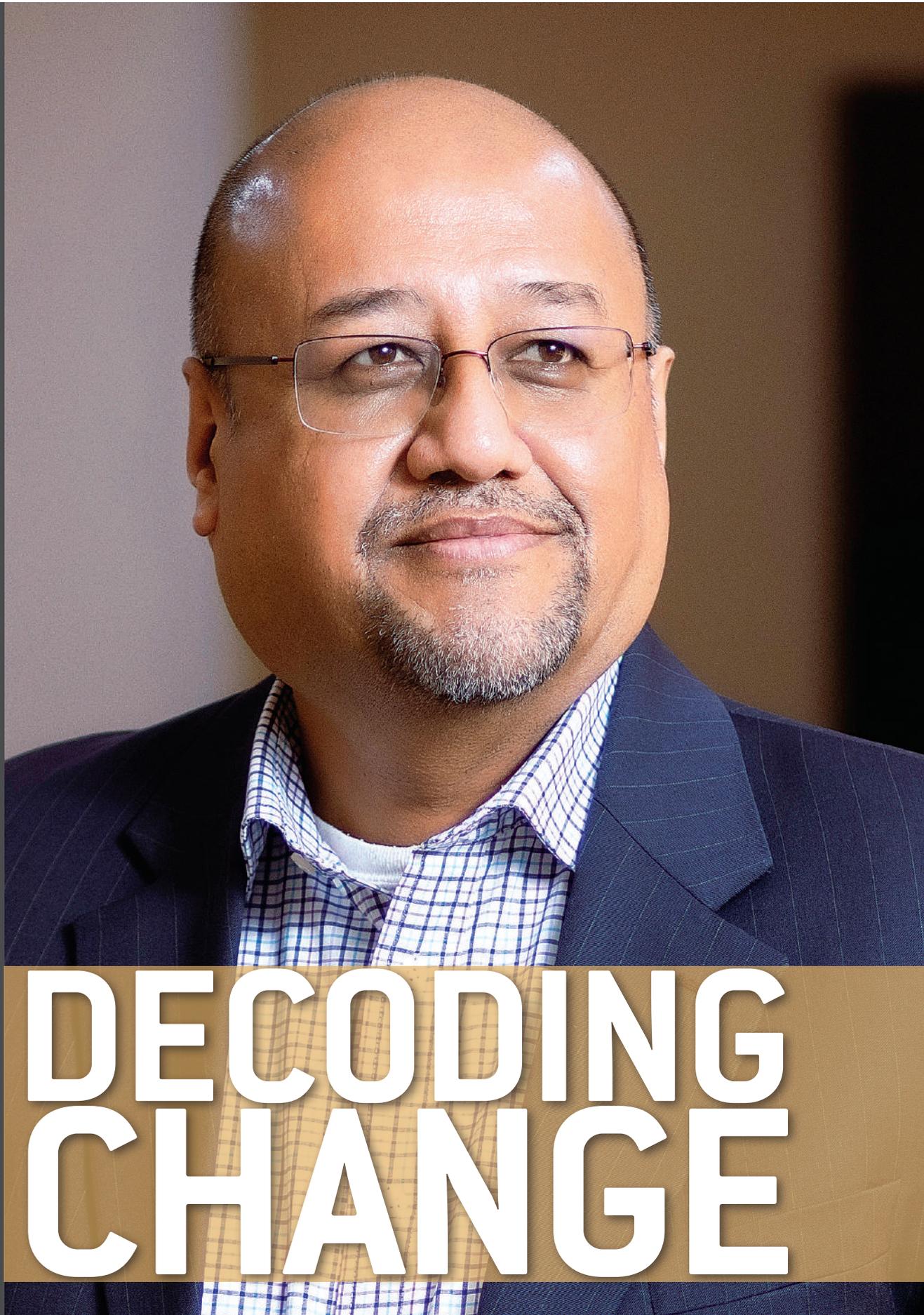
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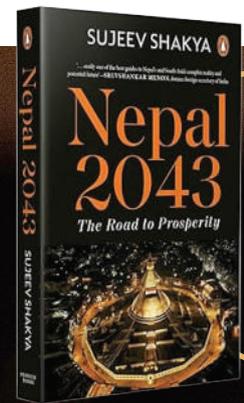
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DECODING CHANGE



SUJEEV SHAKYA

AUTHOR, NEPAL 2043: THE ROAD TO PROSPERITY

For over 30 years, Sujeev Shakya has been among the most distinctive voices shaping how Nepal understands its economy and the possibilities that could drive Nepal on the path to prosperity. An author, an analyst and a consultant, Shakya has consistently stitched the threads of Nepal's business landscape, political transitions, cultural shifts and global movements into public discourse. His work is both personal and public. Personal because he draws from his own varied experiences across the corporate world and global advisory roles, and public because he tries to translate those experiences into valuable insights that can help Nepal shape its economic trajectory.

Shakya's career began in a Nepal that looked very different from today. He joined Soaltee Hotel as a trainee in the early 1990s when the Nepali economy was only just beginning to open up. Over the years, he moved into finance, corporate strategy, business development and senior leadership roles, eventually leading group interests that spanned hospitality, manufacturing and hydropower. Later, he founded beed Management, a consulting firm that now advises organisations across Asia and Africa. He also leads the Nepal Economic Forum which has become a platform for policy-level conversations on Nepal's economic direction.

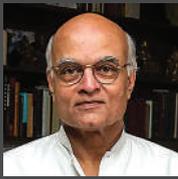
Alongside his corporate work, Shakya has been an avid writer. From Nepali short stories in his early

days to columns and then full-length books, his writing has reflected a country in transition. 'Unleashing Nepal' (2009) tried to capture the country's shifting identity after the monarchy. 'Unleashing the Vajra' (2020) looked at Nepal's economic and political restructuring after the new constitution. His latest book, 'Nepal 2043: The Road to Prosperity', is the most ambitious of all, an attempt to articulate a clear, long-term vision of what Nepal can become two decades from now.

What sets 'Nepal 2043' apart is its long horizon. It refuses to be trapped in the narrow cycle of crisis-driven debates that dominate Nepali public life. Instead, it draws from global megatrends like geopolitics, climate change, technology and labour mobility, and places Nepal within a wider story. It challenges old narratives about Nepal's limitations and instead invites readers to think about Nepal's demographic advantage, its geographic positioning, the global Nepali diaspora, the country's resilience, and the economic shifts already underway.

In conversation with **Business 360**, Shakya discusses the inspirations behind the book, the mindsets Nepal must change, the sectors that will drive growth and why he believes Nepal's next generation has the power to transform the country in ways that older generations never imagined. Excerpts:

“Sujeev Shakya has given us a book to savour, telling us how Nepal has changed in this century and how it can achieve the national ambition of becoming a high-income country by 2043. This book, [written] by an optimist with practical experience, who is firmly grounded in economic and social reality, is easily one of the best guides to Nepal’s and South Asia’s complex reality and potential future.”



Shiv Shankar Menon

Former Foreign Secretary of India and National Security Advisor of India

Your professional journey spans multiple sectors. How do you describe the evolution looking back?

It has been a journey of constant movement. I began at Soaltee Hotel in the early 1990s when I was still completing my articleship. After receiving my chartered accountancy qualification in 1992, I joined Soaltee as an Assistant Manager for Funds and Planning. From there, I got the chance to move through different areas, corporate finance, business development, strategy and finally corporate affairs. The group had interests in hydropower, tobacco, hospitality and other sectors, so the exposure was wide.

In 2005, we parted ways and began Tara Management. That eventually led to the Bhotekoshi Power Company acquisition, and I became Group President and CEO. Two years later, I decided to leave and start beed Management. It has now been 17 years and the journey has taken me far beyond Nepal, from consulting in Cambodia and Rwanda to advising companies and organisations across Asia and Africa. I also lead the Nepal Economic Forum and work as Senior Advisor for the Bower Group Asia.

Throughout this career, writing has been a guiding force. I started with Nepali short stories, then wrote columns and eventually books. Whenever I feel uncertain about my own direction, I write. My books are as much about understanding Nepal as they are about understanding myself. Writing creates clarity. It helps me pause, reflect and recalibrate.

Your earlier books examined Nepal’s past and its transitions. What made you shift your focus to the future with ‘Nepal 2043: The Road to Prosperity’?

Nepal is stuck in a cycle of short-term crisis thinking. We move

from one political event to another like elections, court decisions, government collapses. In between, we talk about load-shedding, taxes, liquidity crises and administrative hurdles. These are real issues but when we focus only on the present, we lose the ability to dream.

My first two books looked back, how Nepal changed, what we learned, and how we could move ahead. With Nepal 2043, I wanted to break out of that backward-looking frame. I wanted a long-term lens.

The world is going through massive shifts. Climate change, technological transformation, new geopolitical alignments and global labour migration are reshaping everything. Nepal cannot afford to stand outside these changes. When you zoom out, you see very clearly that the next 20 years will be decisive for many nations, not just Nepal.

The idea struck me unexpectedly. I was sitting in a tea garden bungalow in Rwanda, reflecting on my own direction in life, and I revisited the 15th Five-Year Plan. The plan contained a long-term vision for Nepal and I realised there was a bigger story to tell, not about where we are but about where we could be in 2043. That became the heart of the book.

Why 2043? What does that year represent?

2043 corresponds to 2100 in the Bikram Sambat calendar. It marks the turn of a Nepali century. Symbolically, it feels right because we need a long horizon that is still within our children’s lifetime. It also matches the target set in the 15th Plan for Nepal to become a high-income country.

Choosing a year grounded in our own calendar system gives weight to the idea. It stops us from simply borrowing global agendas like ‘Vision 2030’ or ‘Vision 2035’.

We need our own milestones, rooted in our own planning tradition. 2043 gives us 20, a reasonable span for transformation, long enough to think big but close enough to stay accountable.

You are known for pushing the idea that Nepal is ‘land-linked’, not ‘land-locked’. Why is this more than just a change in terminology?

Because it changes everything. For decades, Nepal’s ‘landlocked’ identity has been used as a justification for weakness. We internalised it. We allowed it to shape our confidence. But if you look carefully, being landlinked is actually an advantage. We are connected to two giant economies, India and China. Within a short drive, we can reach large consumer bases, education hubs, hospitals and supply chains. And through the 21-km Siliguri corridor, we touch Bangladesh and its large market as well.

To the north, our links with the Tibet Autonomous Region offer possibilities in trade, tourism, energy cooperation and cultural exchange. When you see these connections, you stop thinking of Nepal as isolated. You begin seeing it as a bridge. Geography does not change, mindsets do. Once the mindset shifts, policy, infrastructure and ambition shift too.

Your book opens with statistics that challenge outdated perceptions of Nepal. What is the most important narrative you want to correct?

That Nepal is a country that ‘never progresses’. This is simply not true. Over the past two decades, Nepal’s GDP has grown six times. The banking sector has expanded. Digital payments have soared. Connectivity has improved. Education levels have risen. The capital market has grown. Remittances have transformed



“Every country needs to pause once in a while and try to reimagine its future. In Nepal’s case, there is no one better qualified than its chief optimist, Sujeev Shakya, to play that role. You may disagree with his conclusions, but you will find the journey informative and worthwhile.”



Gurcharan Das
Author

household economies and funded massive improvements in rural infrastructure.

We have done all this while dealing with conflict, an earthquake, a blockade and a pandemic. Few countries have had that sequence of disruptions. Yet, Nepal continued to grow. That resilience is extraordinary but it rarely gets recognition.

I wanted to reintroduce Nepal to Nepalis and the world. We need to understand where we actually stand, not just where we imagine ourselves to be based on old narratives.

You call the book a ‘playbook for prosperity’. If you had to choose three enablers that matter most, what would they be?

The first would definitely be location. Our geography is an incredible advantage if we treat it like one. We sit between India and China, which are projected to be the top two economies globally by 2050. This alone gives us a unique platform for services, tourism, logistics and cross-border cooperation.

The second is our ability to adapt and thrive in chaos. Nepalis grow up navigating uncertainty. Our ability to function in imperfect systems makes us highly productive when placed in stable systems abroad. This adaptability is our hidden competitive strength.

Lastly, it is the demographics. Half of Nepal’s population is under 25. Every year 600,000 young people enter the job market. Migration will continue but if those young people go with skills and return with experience and money, migration becomes an engine of growth. These three pillars will determine how far Nepal can go by 2043.

Hydropower, agriculture, tourism and services are major themes in your book. Which one will drive Nepal’s next economic chapter?

It will be the services sector. In the last decade, Nepal’s services exports grew from around ten million dollars to nearly a billion dollars. That is a massive shift. Around the world, especially in Europe, countries are facing labour shortages. By 2030, Europe alone will require 85 million to 90 million workers in various sectors.

Nepalis are already going abroad in larger numbers for skilled roles, not just as unskilled labourers. They are chefs, technicians, care workers, machine operators, IT professionals, hospitality managers and more. Nepali restaurants are opening in global cities. Nepali chefs are making Japanese cuisine in Tokyo. Nepalis are running tech support centres in Australia. This is the beginning of something big. Services give us the freedom to grow without competing directly with China or India in manufacturing.

You have written about federalism not just as a political restructuring but as an economic opportunity. What needs to change for federalism to function well?

The biggest change is cultural. We have a deeply centralised mindset. Whether it is families, businesses or political parties, decision-making tends to stay at the top. Federalism challenges that. It requires delegation, trust and empowerment at the provincial and local levels. We saw during Covid that local governments can be highly effective. They were quick, responsive and community-driven. But we have not fully embraced their potential.

For federalism to be successful, three key shifts are necessary across different domains. The first involves institutional shifts, which mandate the establishment of clear rules,

resources and autonomy specifically for local governments. The second required change is organisational shifts, meaning that private sector institutions must also participate by decentralising their decision-making processes. Finally, a crucial change is the mindset shifts, where leaders must actively learn to trust younger people and local leaders to ensure the system’s viability and success.

Federalism will take time but it can unlock growth across the country, not just in Kathmandu.

You highlight Switzerland’s vocational training system as a strong model. What can Nepal realistically adopt from Switzerland?

One of the most important lessons is dignity of labour. In Switzerland, competence matters more than academic degrees. A construction worker or plumber is respected. They are well-trained. They are part of the economic engine.

In Nepal, the caste system and social norms historically looked down on certain kinds of work. But this is changing. Today tailors call themselves designers, barbers run professional salons and the person who brews your coffee might also clean the kitchen without any shame attached to the role. Another lesson is how Switzerland frames its geography. Switzerland does not say it is landlocked. It says it is at the centre of Europe. That mindset matters.

If Nepal normalises vocational training and makes practical skills attractive, we can produce a globally competitive workforce. Not everyone needs a university degree but everyone needs a skill.

The recent Gen Z protests surprised many older Nepalis. What do you think the protests revealed?

They revealed a generational shift. Many young Nepalis have



“This book is an antidote to the gloom-and-doom narrative of ‘Nepal is khatam (over)’ by many professional pessimists. Author Sujeev Shakya makes a plausible case for Nepal reaching an upper-middle income status by 2043 by leveraging its strategic location between two of the world’s largest and rapidly growing economies, and the dynamism of its upwardly mobile, globally adaptable and increasingly digitally savvy youthful population.”



Kul Chandra Gautam, Former Assistant Secretary General, United Nations, and author of ‘Global Citizen from Gulmi’ and ‘Lost in Transition’

no memory of the monarchy, the insurgency or the blockade. Their world is social media, global culture and digital convenience. Their expectations are straightforward. They want efficiency, respect, transparency and speed.

Their aspirations are global because they see the world through screens. They know how services work elsewhere. When they encounter outdated and inefficient systems in Nepal, they feel it sharply.

The protests showed that young Nepalis are not apathetic. They care deeply about systems that work. They may not always articulate it in policy language but they understand fairness and efficiency. Their expectations are not unreasonable, they are universal. To harness their energy, institutions need to modernise.

You dedicate a full chapter to Nepal’s ability to ‘thrive in chaos’. Where does this resilience come from?

It comes from geography and history. People in the hills and mountains walked days for basic services. Roads could disappear overnight. Rivers changed course. Weather was unpredictable. Living in such conditions shapes your thinking.

During the earthquake, people organised themselves quickly. During the blockade, they found alternative ways to survive. Nepalis do not wait for the government. They rely on networks of family, friends and community. This builds a strong social fabric.

I have seen it in my own life and in the stories of many Nepalis I know. We adapt fast. We find opportunities in uncertainty. That mindset is powerful, especially in a rapidly changing world.

You often write about the ‘Global Nepal’. What role can they realistically play in Nepal’s economic future?

The diaspora has already transformed Nepal but we do not always recognise it. Remittances have changed rural economies. Skills brought back by returnees have changed local enterprises. Exposure has changed social attitudes.

But we tend to place too many expectations on them. Families depend heavily on money from abroad. Nationally, we expect diaspora investors, diaspora experts and diaspora solutions. This can create pressure and resentment.

Instead, Nepal must become a place where returnees feel they can contribute productively. For that, we need transparent systems, predictable rules and a welcoming environment.

Look at India. The diaspora helped fuel the technology revolution but only when India created conditions for them to return. Nepal can do the same. Migration is part of Nepali identity. We have been moving across regions for centuries. If we manage migration smartly, it becomes a long-term advantage.

Some readers felt the book could have addressed more short-term reforms. Why did you choose not to focus on immediate fixes?

Because short-term fixes dominate every conversation in Nepal already. Liquidity issues, tax changes, interest rates, doing business hurdles. These are important but they often consume all the space. I wanted to focus on structural issues. Long-term thinking requires stepping back from the noise.

When ‘Unleashing Nepal’ was published in 2009, some ideas felt too long-term. But over the last decade, many of those

ideas quietly took shape. That experience convinced me that long-term frameworks are essential for countries like Nepal, where short-term politics often disrupt continuity.

There are many people working on short-term solutions. My role is to hold the long-term vision.

What do you see as the biggest risk that could derail Nepal’s journey to 2043?

The biggest risk is inward thinking. Protectionism, cartels, crony capitalism and unpredictability can trap Nepal. Foreign investors talk openly about the challenges of investing in Nepal. Mandatory local partnership requirements discourage global companies. Policy unpredictability creates fear.

This mirrors what happened during the Panchayat era, three decades of slow growth and limited openness. The intent may have been right but the outcome was isolation.

But I am hopeful because today’s young Nepalis are pushing back against such systems. The Gen Z movement was essentially a rejection of state capture by a small group of actors. This pushback is global and Nepal is a part of that global wave.

As you imagine Nepal in 2043, what gives you the most optimism?

The mindset of the youth. They are not burdened by the past. They want clarity, functionality, dignity and simplicity. They do not want to earn for seven generations; they want meaningful lives.

If institutions evolve to match their speed and their aspirations, Nepal can transform dramatically. The next 20 years can be very different from the last 20. What gives me hope is that change is being demanded not from the top but from the bottom. That is how real transformation begins. **B**



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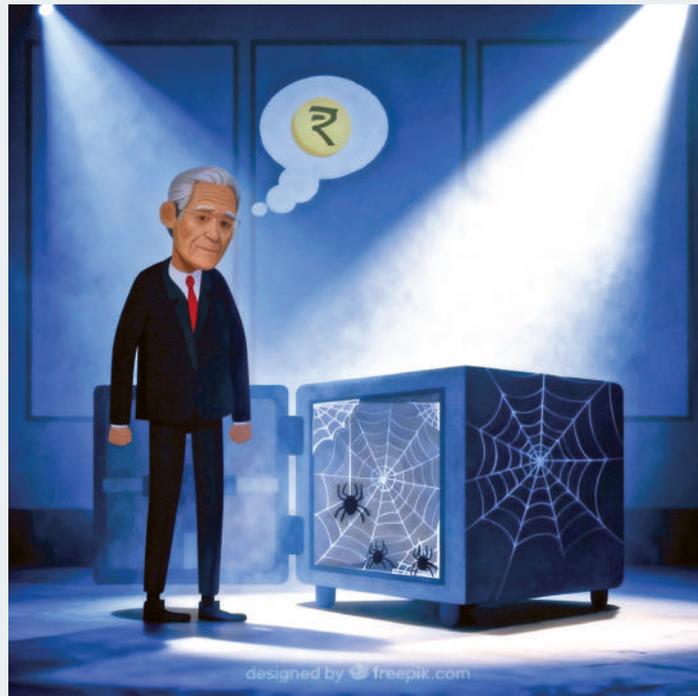
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ARE BANKS FACING A CRISIS OF TRUST



Nepal's banking sector is navigating a moment of unusual strain and many of the big questions being raised today point to deeper issues beneath the surface. Rising non-performing loans have triggered debate on whether the problem comes from weak credit assessment and risk practices or if it is simply the latest shock in an economy that has struggled to gain momentum. At the same time, the broader economic environment has made it hard for banks and businesses alike to find their footing. Slow capital spending, unpredictable policies and a long period of stagnant growth have left the financial system carrying much of the burden with limited support from elsewhere.

Even with excess liquidity in the system, private investment remains hesitant. Borrowers are holding back, investors are unsure and the environment for new business is still difficult. Questions are now being asked about whether banks should be doing more to innovate or whether the problem lies in an investment climate weighed down by regulatory uncertainty, weak institutional support and policy shifts that make long-term planning difficult. These concerns come alongside growing pressure on banks to maintain profitability and dividends even as provisioning costs rise, sparking discussion on whether short-term expectations are undermining long-term stability.

All of this has sharpened the debate on what needs to change. How can incentives be reset so banks are better aligned with productive sectors? What will it take to restore confidence among borrowers and the public? And how should regulators and financial institutions respond when economic fundamentals, rather than isolated decisions, are driving current challenges?

Business 360 spoke to **Ashoke SJB Rana**, CEO of Himalayan Bank and **Ganesh Raj Pokharel**, CEO, Citizens Bank to explore these questions in depth.



With NPLs steadily climbing, are Nepali banks facing a deeper structural problem in credit assessment and risk management, or is this merely a cyclical reflection of broader economic stagnation?

Ashoke SJB Rana: I think it is both. Nepali banks have not fully developed an overall risk management framework and have relied on collateral and market assumptions to assess credit. This is why we have faced difficulties time and again during times of cyclical downturns and policy issues resulting in stagnant economic growth. It is surprising that donors and multilateral agencies have forecasted robust growth scenarios despite the dismal economic performance of the government for such a long time. The structure of the economy that is so dependent on import duties (tariffs) to fund budgetary operations have left it vulnerable to external shocks and natural disasters.

The lack of capital spending has constrained development and is evidenced by the dismal progress of the so called 'National Pride' projects. The private sector has taken up most of the lead in economic growth and very often Nepal Rastra Bank has had to step in and use Monetary Policy for growth incentives in the absence of any fiscal stimulus from the government. Private sector lending reached over 90% of GDP in Nepal, whereas in South Asia it averages around 40%.

Therefore, banks have had to follow monetary policy directives and policies to foster growth and respond to economic headwinds like the blockade, earthquake and Covid, while facing an uncertain and arbitrary tax regime. The last change in government before the Gen Z upheaval



There are many policy and political provisions for banks that are slowly eroding their profitability and long-term stability. Banks have had to take on a role as an instrument of social support. Directed lending, a hangover from the days of state planning still persists in the banking sector. Banks are restricted through policies like interest spread and service charges and therefore cannot price in the cost and risk associated with loans and services.

ASHOKE SJB RANA
CEO, Himalayan Bank

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created an environment where there was hardly any economic activity as market sentiment was in a wait and see mode knowing that there was a deal among the ruling coalition that leadership would change hands midway through the government's tenure.

In this environment, banks suddenly found themselves with borrowers who could not service their debt obligations as economic activity came to a standstill.

Ganesh Raj Pokharel:

Nepal's recent macroeconomic landscape, marked by subdued investment, weak credit demand and slower activity in key sectors like tourism, construction and parts of industry has strained borrower cash flows, making previously viable loans difficult to service. This has led to a recent rise in Non-Performing Loans (NPLs), even in cases where the banks' underwriting processes were reasonable. Consequently, the rising NPLs in Nepal appear to reflect cyclical stress rather than a structural weakness in how banks underwrite, monitor and recover loans.

The 2015 earthquake delivered a massive blow causing devastating economic damage initially estimated at nearly half of the country's GDP at the time. The disaster resulted in immense losses to housing, agriculture and infrastructure, significantly harming sectors like tourism and triggering widespread unemployment and food insecurity. Key economic consequences included the destruction of physical assets, severe disruption to the tourism industry and a long-term setback to GDP growth and poverty reduction goals.

Just as the country stood on the verge of recovery and reconstruction from the devastating earthquake's aftermath, the Covid 19 pandemic struck the nation and

the world. This crisis plunged Nepal into its worst-ever recession, inflicting even more devastating impacts, profoundly transforming the nation for years to come and leaving lasting scars on its economy.

As the economy was recovering from the pandemic's effects, floods across various regions of Nepal again caused significant economic damage. The economic losses were concentrated in infrastructure, agriculture, and health and education sectors. Key impacts included infrastructure damage, crop and livestock losses, business disruptions and long-term threats to food security and economic stability due to climate change and increasing disaster frequency.

Lastly, ongoing political unrest, weak capital expenditure, and recent Gen Z protests that escalated to widespread violence have inflicted further significant damage on the country's economy. The collateral damage from this recent movement was so severe that the economy has again been hit with severe infrastructure damages, supply chain disruptions and a sharp drop in investor and consumer confidence.

While banks maintain a robust structure in credit assessment and risk management, cyclical impacts, economic stagnation and stringent regulatory guidelines remain the primary drivers for the recent surge in NPLs.

Despite having surplus liquidity, credit growth remains weak, does this indicate a crisis of confidence among borrowers, a failure of banks to innovate lending products, or deeper weaknesses in the country's investment environment?

Ashoke SJB Rana: It is more of a case that excess liquidity exists due to the weakness in the country's investment environment rather than the failure of banks to innovate and lend. No investor likes uncertainty and the situation we are in is very unpredictable. In the rankings of ease of doing business, overall Nepal was 94th and 135th for starting a business. For Foreign Direct Investment (FDI), the environment is even more difficult with outright ownership limited and the requirement to have a local partner a prerequisite for many investments. Also, the visa rule is very restrictive for expats and therefore limits the appetite to invest.

For FDI, the whole infrastructure of support services like accounting and legal firms should be allowed. We need to upskill these services to give comfort to those investing from abroad. Tax laws are opaque and the government seems to be guided by public sentiment rather than upholding the legal provisions that allowed the investments to come in.

Ganesh Raj Pokharel:

Nepali banks currently offer innovative lending products, suggesting that weak credit growth is attributable to a lack of borrower confidence and innovation in the private sector rather than the banks' failure to innovate their offerings.

A crisis of confidence among borrowers is a significant factor hindering credit growth. Many individuals and businesses are reluctant to borrow due to slow economic activity, sluggish demand and political instability in the country which has made entrepreneurs hesitant to expand. Furthermore, frequent regulatory changes imposed by the regulator, tax uncertainties and inconsistent government decisions have collectively diminished the risk-taking appetite of both individuals and businesses. Lastly, weak post-recovery from the damages the country endured following natural calamities and the pandemic still poses a vulnerability, leading businesses to actively avoid long-term liabilities.

The root cause for the lack of private sector confidence lies in the structure of the country's investment environment. Key contributing factors include the lack of a stable long-term investment environment where economic growth remains consumption-driven rather than investment-driven along with bureaucratic hurdles that reduce investment appetite, declining productivity sectors, and the failure of capital flight and remittance to convert into productive investment. These elements remain the deepest and most influential reasons for the lack of credit growth.

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As profit margins narrow and dividend expectations persist, are banks compromising their long-term stability for short-term shareholder satisfaction and how sustainable is this pressure in the face of rising provisioning costs?

Ashoke SJB Rana: There are many policy and political provisions for banks that are slowly eroding their profitability and long-term stability. Banks have had to take on a role as an instrument of social support. Directed lending, a hangover from the days of state planning still persists in the banking sector. Banks are restricted through policies like interest spread and service charges and therefore cannot price in the cost and risk associated with loans and services. Because of this, banks have had to rely increasingly on interest income for a major source of its revenue. Even though with the partnership of Nepal Rastra Bank, the banking sector has invested and facilitated the cheque clearing and payments system, they have not been able to pass on or price in the cost of the risk involved on the digital transactions.

This means that any rise in bad loans and provisioning will erode their ability to give dividends and fulfil shareholder expectations and the stock market. Also, the market and the economy cannot absorb or take on the magnitude of loans mandated by the directed lending requirements further putting a strain on the risk portfolio of banks and subsequent NPL levels now being seen in those sectors.



Nepal's recent macroeconomic landscape, marked by subdued investment, weak credit demand and slower activity in key sectors like tourism, construction and parts of industry has strained borrower cash flows, making previously viable loans difficult to service. This has led to a recent rise in Non-Performing Loans (NPLs), even in cases where the banks' underwriting processes were reasonable. Consequently, the rising NPLs in Nepal appear to reflect cyclical stress rather than a structural weakness in how banks underwrite, monitor and recover loans.

GANESH RAJ POKHAREL

CEO, Citizens Bank

Ganesh Raj Pokharel:

The banking business is fundamentally long-term, not short-term. While profit margins in the Nepali banking industry are currently tightening due to high competition in lending, increased operating expenses, weak credit demand, low private sector investment and limited fee-based income streams, banks are not compromising their long-term sustainability. The persistent rise in provisioning costs is directly linked to strengthened rules on loan loss provisioning and the adoption of the NFRS 9 Expected Credit Loss (ECL) calculation model.

Even with provisioning costs on the higher side and given the current economic situation, there might be a short-term risk of default. If this pattern continues, banks face the challenge of a weakened balance sheet due to delayed recovery of stressed loans. However, thanks to strong credit structure, credit assessment, credit monitoring and stringent regulatory norms, coupled with the anticipation of cyclical effects on the economy, the overall performance of the banking sector is sound. Banks are not compromising their long-term stability and the current spike in NPLs does not equate to an actual loss risk to the bank, as they maintain enough cushion when originating loans.

How can Nepal's banking sector realign its incentives to support economic productivity and job creation?

Ashoke SJB Rana: Banks cannot operate in the long run without more depth in the financial markets. The economy needs to open up and allow a bond market to take hold. Banks need to diversify its expertise and revenue from interest income to investment income and service revenue.

We are moving to a newer accounting regime in NFRS and the ECL model for loan loss. Banks are ready to invest in any sector and venture that is viable and have been doing so. The investment environment and reform in government services to facilitate business and job creation is needed. A major issue is the tax and duty structure that needs to be aligned to incentivise entrepreneurs to open and run business. Trying to get banks to forcibly lend to borrowers that do not have the entrepreneurial aptitude or knowledge just adds to the list of social problems that the policy is trying to alleviate.

Ganesh Raj Pokharel:

Nepali banks have consistently designed innovative products to support genuine economic productivity and creation, moving beyond mere asset growth. Banks have extended loans to small-scale startups, farmers and MSMEs as well as to large-scale industries like cement, hydropower and infrastructure, all of which have created jobs and increased economic turnover.

The core issue lies not with the banks but with the ongoing political instability, frequent policy changes and shifts in regulatory guidelines, resulting in a weak confidence level among borrowers. Nepal Rastra Bank has set specific thresholds for priority sector lending for banks and financial institutions, however, the funds provided by banks for these priority sectors often appear to be used for consumption rather than for the intended sectors.

One point is very clear and that is banks are always ready to support genuine borrowers. Nevertheless, the intensity and confidence of the borrower remain crucial factors for achieving productivity and creation. The government's launch of the Startup Loan 2082 Programme allows startups to borrow between Rs 5 lakhs and Rs 20 lakhs at 3% without collateral. This initiative will certainly boost the banks' efforts, provided the borrowers utilise the fund for its intended purpose.

Given mounting concerns about regulatory oversight and governance lapses, what will it take for the central bank and financial institutions to restore public confidence?

Ashoke SJB Rana: In an economy that is stagnant and not growing, banks reflect the business environment that they are operating in. Rather than try to see it as a lack of regulatory oversight or governance lapses it would be better to scrutinise the role, policies and politics of the government and the conduct of fiscal policy that is the root of all the problems. The dialogue should shift to the government that has systemically failed to implement its capital budget and revenue target for more than five years.

The central bank and monetary policy can only do as much as it can to augment and align with the government budget performance to make a difference in economic growth. It cannot be the lead. It can however make sure that financial institutions are well regulated, capitalised and insulated from political interference.

Ganesh Raj Pokharel:

Restoring public confidence requires structural, transparent and consistent actions supported by self-governance, not merely small fixes. Currently, key concerns in Nepal centre on political instability, frequent changes in policies and guidelines, rising NPLs, weak corporate

governance and inconsistent enforcement. While banks and financial institutions have a role in ensuring transaction-level transparency and self-governance to rebuild public trust, the government and the central bank bear the major responsibility for formulating stable, structural policies and guidelines, moving away from temporary, ad-hoc remedies. Furthermore, the financial literacy activities currently undertaken by the central bank and BFIs appear insufficient, which is also a major factor hindering the restoration of public confidence. **B**



CULINARY CROSSROADS: EVOLUTION & RESILIENCE IN KATHMANDU RESTAURATEURS

Text: Monica Lohani

In Kathmandu, the restaurant business is currently experiencing an unprecedented boom with establishments mushrooming in every other street and corner, either dine-in restaurant or a franchise model, or so it seems. The market is also heavily evolving with cloud kitchens and delivery platforms taking up significant space.

Many restaurants are striving to maintain their position while others have successfully cracked the code to staying relevant. But with

the country facing daunting economic challenges and inflation, operating in a volatile market puts the restaurant business in a continuous sink-or-swim situation.

Established players like Nanglo and Trisara have developed a business model that works despite market upheavals but many renowned franchises and restaurants, including Tasneem's Kitchen, have had to pivot to cloud kitchens.

Yet we find new entrants undaunted in the pursuit of

business success. Restaurants such as Dewachhen, Banmanche, and Maak Ara are among the few who have found the secret ingredient or rulebook for surviving in the food business in a city like Kathmandu, and they are doing well.

Lets try and find out the secret to why some brands – old and new – endure while other have either had to pivot or close shop.

The enduring legacy of the restaurant pioneers

Nanglo is considered a

pioneer in the restaurant business and is firmly established as a strong brand. They not only established the 'Pub Culture' but also became the first restaurant in Kathmandu to serve Nepali Thali and Momo. In the 80's, 'Dal-Bhat' meant food eaten only at home, and Momo was supposed to be sold only in a roadside eatery. The restaurant business was viewed as a lowly profession in the 1970s, and owners were positioned at the bottom of the status hierarchy. Gopal Sunder Lal

Kakshapati, the founder of Nanglo, reminisces about his initial days in the restaurant business when ingredients were a scarce resource and restaurant openers were looked down upon. "People would call us 'Bhanchhe' and not even interact properly. In those days, food was not something exquisite or social, it was just sustenance. Food as a cultural value came as a realisation much later."

Nanglo will celebrate its golden jubilee next year.

Trisara - 'Third Garden of Heaven' is another strong brand that has adhered to the principle of evolution with consistency since its founding in 2011. It is a brand that is created as a lifestyle space that blends food, music and meaningful social experiences.

Founder Sovan Bir Malakar believes Trisara has over the years maintained its signature identity without compromising on quality, quantity and experience. He explains, "Over the years, guests do not just come to Trisara for food. They come for the experience – an open ambiance, live music and genuine hospitality". He says that it is this emotional

connection that has kept the brand relevant and profitable even as dining trends evolve.

Kakshapati says that adapting as per changing times and being affordable are two major factors that have made Nanglo a classic brand and stand out among its competitors. "Dining out was once considered a luxury. Regardless, never make menus expensive and learn to change the ambiance, menus, etc as per the times. Back then, even a bottle of wine was difficult to get hold of," he reflects. Nanglo now has three other restaurants under its wings including The Lawn at Jhamsikhel.

Trisara too expanded from a single outlet to multiple restaurants and bakery operations with systemization becoming a crucial aspect that allowed the business to thrive. A structured system was introduced featuring centralised procurement, recipe standardisation and kitchen audits to ensure uniformity across all outlets. Malakar says, "We have implemented daily sales tracking, cost centre reporting, and monthly performance reviews to monitor each unit's efficiency."

Digitisation has helped Trisara scale effectively through POS integration, real-time inventory tracking, and performance dashboards. "The structured approach ensures that the quality and brand experience remain the same, regardless of whether a guest dines at Trisara in Lazimpat or purchases a bakery product from our Bhatbhateni partner outlets," he elaborates.

Malakar further notes that adapting quickly and listening closely to customers has helped Trisara stay a step ahead. A major shift noticed post-pandemic in customer preferences was the desire for more open space, live entertainment, and casual comfort dining rather than formal setups.

Kakshapati also observes a similar pattern of people wanting to socialise more after the pandemic. "People have started socialising and going out more, even if it is just for a coffee. People are scared to be confined to their homes now."

Regarding success, Malakar considers 'the team' to be his brand's strongest pillar. Many of their senior team members have progressed within the company with some having started as waiters or kitchen assistants and who are now managing entire outlets.

Building and retaining a motivated team is difficult in an industry prone to burnout and high turnover. "An open-door policy and family-like culture encourages ideas and celebrates achievements," states Malakar. He takes immense pride in the number of people who have stayed with Trisara for more than a decade which reflects the work culture and leadership approach.

Kakshapati, who has been in the restaurant business for more than four decades, also boasts about having employees who have been with Nanglo for more than 25 years now. "There was no difference despite the hierarchy. Everyone is valued. But after the 90's revolution, things have changed. Today, look at the difference in the ecosystem between the hirer and the hiree in any sector. It is difficult to sustain employees now," he notes.

Ascent of new market favourites

While social media can create awareness and buzz that initially brings customers to the door, it does not guarantee genuine repeat customers. People discover restaurants through reels, photos and word of mouth, but long-term momentum is sustained by the genuine repeat customers who come back because of the



GOPAL SUNDER LAL KAKSHAPATI
FOUNDER, NANGLO



SOVAN BIR MALAKAR
FOUNDER, TRISARA



TASNEEM SHAHANI
FOUNDER, TASNEEM'S KITCHEN

experience, share restaurateurs.

Ritu Tamang, Founder of Maak Ara, her second venture, has an extensive business background. Tamang attributes her success to strong customer experience and strongly believes that guest experience is more impactful than online buzz. She has focused on establishing a foundation that is sustainable rather than flashy. Tamang has maintained cost control by avoiding unnecessary overheads and collaborating closely with local suppliers. This early financial discipline helped the restaurant survive the ups and downs and grow steadily.

“Every element at Maak Ara from menu design to staffing is curated to avoid waste and maximise value,” shares Tamang, adding, “Early profits were reinvested into improving guest experience rather than expanding too early.” According to Tamang, the fundamental goal is to create something that people emotionally connect with and not just a trending place to visit once. She says that trends fade but relationships do not. “For today’s customers, a restaurant is perceived as a lifestyle, somewhere you enjoy food,

design and energy together.”

Tenzing Nyiden, Founder of Dewachhen in Baluwatar, is an experienced restaurateur, having started ‘Little Tibet’ six years ago. She acknowledges that social media was vital in creating awareness and driving footfall within a short period after opening but agrees that repeat and loyal customers are essential for long-term sustainability. She stresses that it is crucial to turn first-time visitors into loyal customers by consistently delivering the same high quality of food and service. Nyiden also highlights the necessity of a dedicated team for any restaurant’s sustainability.

Banmanche, which offers Himalayan cuisine in Kathmandu, offers a unique background story. Founder Rahul Sheraf explained the concept as paying homage to the moment in the hunting and gathering stage when a piece of meat fell onto a hot stone, sparking a new culinary evolution.

“What began as a passion project has reached a wider customer base through word-of-mouth,” he says. Sheraf notes a prevalent issue in the hospitality industry where operators



RAHUL SHERAF
FOUNDER, BANMANCHE

have been getting away with subpar levels of things. “We use high-quality ingredients imported from different parts of the Himalayan belt,” he says, adding, “For instance, we get our turmeric from Shillong in India for the cocktails.” Sheraf shares that he has collaborated with Nitin Tiwari, a renowned bar consultant in India, to develop cocktails using local Himalayan ingredients and herbs. Consultant chefs were also brought in from different parts of India, and the kitchen was operational for five months before the restaurant’s opening to train locally hired staff.

Sheraf believes that success hinges on tapping into the right market at the right time with the right cuisine. Regarding social media buzz versus genuine returning customers, Sheraf is sceptical of online attributes. “We never know on social media if people have been paid or how believable or misleading the attributes are,” he states. He trusts in-person recommendations more.

Emergence of transformed kitchens

The trend of cloud kitchens has gained traction among entrepreneurs. Cloud kitchens are fundamentally redefining how restaurants think about scale and location in Nepal. Traditionally, location was

everything for attracting diners. Now, with the cloud kitchen model, good food and reliable delivery matter more than location.

Tasneem’s Kings Kitchen, previously located in Pulchowk, is an example of a restaurant that transitioned to a cloud kitchen. The decision was driven by an ongoing crisis and economic challenges that led to the closure of the physical outlet, illustrating that sometimes, doing everything right still is not enough. Owner Tasneem Shahani explains that the restaurant’s challenges were never about food or customers. “They were about circumstances beyond my control like the earthquake, pandemic, and later inflation and rising costs,” she shares.

“Every time we started to recover, something unexpected would shake the foundation again. Despite working hard, building loyalty and maintaining quality, the world around us kept changing faster than we could adapt,” explains Shahani.

Restaurants in Kathmandu frequently face issues with market timing, rising costs, and customer fatigue. The increasing costs and unstable economy were the main reasons for the switch. Shahani laments that when ingredient prices go up by

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RITU TAMANG
FOUNDER, MAAK ARA

30% and you cannot raise menu prices because people are already struggling, your margins disappear. The rent was particularly difficult, as the landlord requested a 25% increase after ten years, and staffing also became challenging.

Shahani shares, "Looking back, I wish I had made the shift sooner as the cloud-kitchen model allows me to focus on cooking and quality without worrying about décor, large staff, or heavy rent." She now manages a smaller kitchen with a few trusted helpers which is far more manageable. Customers continue to enjoy their Bohri cuisine, now delivered to the comfort of their homes.

Malakar also indicates that they are investing in delivery kitchens and digital infrastructure to expand accessibility. Their bakery operations already function on a semi-cloud kitchen model, supplying products to multiple retail outlets and chains like Bhatbhateni. "Moving forward, the goal is to integrate direct

online ordering, loyalty programmes, and subscription-based meal kits to deepen our customer relationships," shares Malakar, suggesting a hybrid future where restaurants thrive by combining the warmth of hospitality with the convenience of technology.

Restaurants are increasingly using food delivery apps as an efficient way to test new menus, reach new locations, and optimise delivery reach without the burden of full dine-in setups. Malakar confirms that cloud kitchens are absolutely reshaping the way restaurants scale by enabling brands to grow through strategic kitchen hubs instead of heavy investment in prime locations and large dining areas. However, Kakshapati believes that restaurant outlets and cloud-kitchens can work hand-in-hand without wiping out their individual existence.

Tamang, however, highlights that delivery apps take a significant commission, making sole reliance potentially unsustainable. "We primarily use these platforms for reach,



TENZING NYIDEN
FOUNDER, DEWACHHEN

then encourage people to order directly from us or visit in person," she shares. She believes the future will be hybrid: use technology smartly, but never let it replace your own relationship with customers. Maak Ara is exploring the possibility of a small cloud kitchen for high-demand items like signature snacks or Nepali-inspired dishes, to reach people outside their immediate area.

To overcome challenges related to commissions and logistical costs with delivery partners, Trisara manages a smart strategy knowing that relying entirely on a third party can restrict profitability. They maintain a multi-channel approach, including dine-in, takeaway, retail and delivery, and utilise delivery partners for visibility.

There are many younger generation entrepreneurs who have started cloud kitchens solely and successfully created brands that exist only on online platforms and delivery apps, thereby cutting rent and overheads to focus on taste, packaging and customer feedback. This represents a new shift in entrepreneurship. But the food-tech ecosystem in the Nepali business scenario has a long way to go. Nepal needs stronger digital payment systems, better cold-chain logistics, and regulatory clarity for cloud kitchens and online food operators.

Malakar believes that with coordinated efforts from government and industry stakeholders, restaurants can create a vibrant food tech ecosystem that supports both innovation and safety, making Nepal a leader in modern dining and culinary entrepreneurship.

Yet they all agree that while cloud-based brands will continue to grow, dine-in experiences will also continue to hold cultural and lifestyle significance. Ultimately, the most successful will be the ones that combine both worlds, online convenience with real human touch, as hospitality will always be built on warmth and memory, shares Tamang.

Shahani, meanwhile, calls for better support for small food businesses, including easier licensing and training, fairer delivery app commissions, improved cold-chain systems, digital payment infrastructure, and shared kitchen spaces. For her, "Cooking has always been more than just a business, it is how I connect with people."

To other restauranters who maybe be struggling to keep their passion alive, she offers encouragement, "Do not give up. You do not always need a fancy restaurant to make a difference. All you need is passion, patience, and the courage to start again, no matter how many times life tests you." **B**



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BFI's GRAPPLING WITH FLUSHED LIQUIDITY & RECOVERY CHALLENGES

Text: Pushpa Raj Acharya

At a time when banks and financial institutions (BFIs) are awash in liquidity and credit rates have hit a floor, the weighted average lending rate sits at 7.6% with credit demand plummeting. The credit interest income of BFIs (main source of income) is projected to be adversely affected resulting in low profitability as the situation prolongs.

According to Nepal Rastra Bank (NRB) - the central regulatory and monetary authority - credit demand in the first quarter of the ongoing FY 2025/26 is a dismal 1.44%. From mid-July to mid-October 2025, the total lending volume of BFIs squeezed to just Rs 81.08 billion. The credit growth is far below the Monetary Policy 2025/26 private sector credit growth target of 12%.

In the backdrop of the Gen Z uprising on September 8-9 that further exacerbated deteriorating business confidence, credit growth may remain flat throughout the year unless there is a seminal effort from the government.

The twin challenge of the banking sector, high liquidity with a low interest rate and marginal credit growth, is largely concerned with the

country's investment climate. "A serious effort is required from the government to create a conducive investment climate," according to Bhuvan Dahal, former President of Nepal Bankers Association. He said, "The current challenge of the banking sector is mainly caused by low credit demand due to lack of confidence among borrowers, stemming from the prolonged economic



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slowdown and concerns over the security of investments.”

The 1.47% inflation recorded in the first quarter of FY 2025/26 reveals a pessimistic demand-side scenario. “Lower inflation is mainly due to plummeting aggregate demand in the economy,” said Manoj Gyawali, CEO of Nabil Bank. He added that a desirable level of inflation is also required to incentivise spending, investment and efficient labour markets.

The central bank had estimated 12% credit growth correlating with the 6% economic growth target set by the government for the ongoing FY 2025/26. However, growth may remain at 2.1% in this fiscal due to a major shock in the service sector, particularly tourism and insurance, and the loss of crops and livestock during the recent natural catastrophes, as highlighted in the recently published World Bank Group’s Nepal Development Update.

Slow economic growth perils the credit expansion of BFIs, despite the country’s need to invest more to increase the demand for goods and services, enhance production and create more jobs to address the economic woes of its people.

The political scenario is not entirely optimistic, as the incumbent government has a mandate to hold elections on March 5, 2026. Neither investors nor the government are taking any bold decisions in such a scenario, explains Upendra Poudel, President of the Confederation of Banks and Financial Institutions Nepal (CBFIN). The consistently low dividend payouts (returns) are repelling bank promoters and many of them are planning to exit.

Status of Profit and NPL in Q1 of FY 20225/26

In an analysis of the profit of commercial banks for the first quarter (mid-July to mid-October) of FY 2025/26, overall bank profit fell by around 19% to Rs 13.14 billion.

Only five banks - Global IME Bank, Nabil Bank, Kumari Bank, Everest Bank and Prime Commercial Bank - out of the 20 commercial banks currently in operation generated a profit exceeding Rs one billion in Q1 of FY 2025/26. Many banks that enjoyed high profit growth in previous years are now witnessing only marginal profits. Notably, one commercial bank, Citizens Bank, incurred a loss of Rs 220 million in the first quarter.

Non-performing loans (NPLs) of banks have surged to 4.86% compared to 4.04% in the corresponding period of the previous fiscal year. The rise in NPL directly affects bank profits as they must comply with regulatory requirements related to loan loss provisioning. BFIs are required to provision 1% of the total loan under the ‘pass’ or ‘good’ loan category. This increases to 5% under the ‘watch list’ if credit repayment stalls for three months. It is then classified as ‘substandard’ if repayment stalls for 3-6 months, requiring 25% provisioning. If payment stalls for 6-12 months, it is classified as ‘doubtful’ requiring 50% provisioning. After one year or 12 months and above, it is classified as a ‘loss’ loan with 100% provisioning.

In view of the rising NPL, following the Covid 19 pandemic and subsequent economic shocks that adversely affected bank recovery, the government has announced the establishment of an Asset Management Company (AMC) to manage and enhance recoveries of distressed assets removed from the banking system. High NPL not only shrinks the lending capacity of the BFIs but also causes public trust in BFIs to decline, thereby imperiling financial sector stability. (See Table 1)

Ramifications in the economy

The expansion of private sector credit primarily spurs economic growth by pushing up aggregate demand which, in turn, incentivises economic actors. Marginal credit growth

Table 1: Banks Loan Portfolio, NPL and Profit in Q1 of FY 2025/26

Bank	Total Loan (Rs in billion)	NPL (%)	Profit (Rs in crore)
Global IME Bank	437.35	4.98%	185.86
Nabil Bank	436.07	4.31%	175.69
Nepal Investment Mega Bank	345.80	6.63%	4.50
Kumari Bank	283.36	6.98%	105.65
NIC Asia Bank	221.55	6.99%	12.21
Rastriya Baniyya Bank	312.83	3.83%	59.87
Laxmi Sunrise Bank	291.04	5.42%	33.23
Himalayan Bank	243.54	7.39%	70.28
Prabhu Bank	238.40	5.78%	55.84
Agricultural Development Bank	214.75	4.78%	0.57
Nepal Bank	229.84	5.49%	58.82
NMB Bank	244.91	4.58%	91.59
Siddhartha Bank	225.96	3.80%	32.40
Prime Commercial Bank	223.43	5.86%	125.84
Everest Bank	237.73	0.74%	117.92
Sanima Bank	185.17	3.91%	45.49
Citizens Bank	169.59	6.84%	(22.04)
Nepal SBI Bank	145.57	3.01%	50.15
Machhapuchchhre Bank	154.72	4.13%	41.79
Standard Chartered Bank	85	1.71%	69.21
Total	4,926.69	4.86%	13.14

(Source: First quarter’s financial statements (provisional/unaudited) of commercial banks, FY 2025/26)

means economic growth will continue to be slow and retarded. This could lead to a rise in the outmigration of youth due to a lack of employment opportunities within the country. Moreover, a prolonged economic slowdown adversely affects debt servicing by borrowers. Ultimately, the financial sector would have to struggle to maintain its robustness and stability.

Till date, commercial banks alone possess over Rs 1,100 billion in loanable funds. They have parked over Rs 750 billion with Nepal Rastra Bank at the Standing Deposit Facility (SDF) rate of 2.75%.

Governor of Nepal Rastra Bank, Biswo Nath Poudel, underlined that bank resources cannot be utilised rampantly by allowing everything to be imported, even though the country holds enough foreign exchange reserves to cover imports for almost one-and-a-half years. He stated, “These precious resources must be

channelised for the country’s economic development, particularly in sectors which enhance production and create jobs. The current debate is whether we allow the import of processed foods and other consumable items thereby depleting our forex reserves, or the turbines for electricity generation or any other imports that help enhancing productive capacity in the economy.”

Financial sector analysts have stated that the ongoing situation is gloomy, necessitating the government’s proactive intervention to boost investor confidence. Despite the central bank’s flexibility introduced through the Monetary Policy 2025/26 and subsequent reviews, the impact on borrowing has been insignificant, even though interest rates are at a favourable level for borrowers. This flexibility included deferring the enforcement of working capital guidelines for two years; increasing the credit

facility for first home loans up to Rs 30 million with an 80% loan-to-value ratio; increasing agricultural loans to Rs 1 million (against crop collateral); and withdrawing the single obligor limit in margin lending (which was previously Rs 250 million).

Most importantly, BFIs are reluctant to accept deposits, actively minimising their costs associated with fixed deposits. Fixed deposit rates tumbled to around 3.5% in the second quarter, and the weighted average interest rate on savings until October was a mere 3.9%. Interest rates on normal saving deposits are practically zero. Banks are essentially just transferring the SDF rate paid by the central bank to their depositors. This situation in the financial sector is quite alarming, triggering concerns about safeguarding depositors. BFIs being cautious about minimising costs and reluctant to take new deposits, seeing them as a liability, could potentially lead to capital flight and the escalation of informal channels such as hundi, dhukuti and loan sharking within unregulated and semi-regulated cooperative sectors.

In addition, the huge resources held in provident funds, retirement funds, social security and life insurance pools, which largely rely on returns from BFIs' fixed deposit schemes, now face herculean challenges in providing benefits to contributors. Reportedly, these funds have been actively seeking viable projects to invest in an effort to maximise returns, according to Kabi Raj Adhikari, Executive Director of Social Security Fund.

Potential initiation of the government

Given the challenges the financial sector faces due to the huge loanable funds in their vaults, along with recurring funds from sources like Employees Provident Fund (EPF), Citizen Investment Trust (CIT), Social Security Fund (SSF) and Life Insurance Funds, the government has been

advised to issue project-specific bonds to invest in development projects. Deposits in banks and financial institutions will continue to rise as remittance inflow into the country remains robust.

Remittance inflow in the first quarter of this FY 2025/26 accounted for Rs 553.31 billion, a significant growth of 35.4% compared to the corresponding period of the previous fiscal year. Since the central bank is offering 2.75% on the Standing Deposit Facility (SDF), the government could issue development or project bonds with a coupon rate of 6%-7% to mobilise these resources for development, according to Govinda Gurung, CEO of Agricultural Development Bank. This action would increase aggregate demand in the economy, spur growth in the near term, and yield a multiplier benefit from low-hanging fruit projects in the medium term. However, the government has not yet made any decision in this respect.

As revenue has been slumping, the government requires resources for the reconstruction of public properties destroyed during the Gen Z protest and the rehabilitation of infrastructure, primarily roads, wiped out by the floods of October.

Experts argue that the government should make a consolidated effort, in collaboration with stakeholders in the investment ecosystem, to improve the investment climate. Bankers have indicated that credit demand will surge if the government ensures a conducive investment environment in the country. Moreover, due to the low absorption of resources in development projects stemming from weak implementation capacity, the government appears reluctant to issue project-specific development bonds. **B**



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INFLUENCER MARKETING IN TOURISM PROMOTION A PERSPECTIVE

Text: Prashtutee Thapa Magar

Social media marketing is a key strategy for promoting tourism. Influencers are redefining travel experiences and destinations by catering to audiences worldwide. Being authentic and personal, people prefer to believe influencers who share real experiences rather than respond to polished advertisements.

“The main reason influencer marketing is

effective is because of the trust factor,” says Sirjana Sizzu, a travel vlogger with excellent outreach.

She says, “Traditional marketing is one-sided; the audience cannot ask questions, but in influencer marketing, people can talk and get advice; there is two-way conversation. In addition, our followers are a readymade target audience. What we do has an immediate impact because it is authentic

and relatable, but it also means that we have to speak carefully.”

Platforms like YouTube, TikTok, and Instagram have changed how people view travel. Visual experiences through photo and video sharing cater to tourists and travellers who now gravitate less towards guidebooks and agencies for recommendations. Social media has a hold on its users, and now even tourism

brands and boards are using it as a primary tool of tourism promotion.

However, that does not mean you should fully believe what an influencer is doing and saying. Experiences vary between people, and so does knowledge; watching an experienced travel influencer’s content and visiting the place without proper research and knowledge can affect one’s experience.

360.QUOTES

Influencers can also help build a destination globally by pioneering authenticity and creating an engaging narrative. Social media allows for foreigners to interact with and learn about different, new destinations.

“We get millions of views on our channel, but only about 10% of our audience is from Nepal, and the rest are from all over the world. And as a result, we usually get approached by international brands more than brands based in Nepal,” says Smriti Subedi, Co-founder of Traverart. As an example, Subedi elaborates, “Last year, we met an American couple in the Everest region who researched which destination to visit in Nepal on our channel, and they approached us as they recognised us on the trail”.



“We keep our eyes on the algorithm and try to post what people are currently searching for and see if we can play with the titles based on what people are looking for.”

Smriti Subedi

While collaborating with influencers, tourism boards and brands should not base their choice on popularity and viral content alone, caution experts. They must research what kind of influencer they want representing their brand, and know if their following is organic and is their social standing authentic and trustworthy. There is a difference between making a product viral and sustaining it in the market. Marketing on the pretext of viral content reduces the value of a brand in the long run.

Srijana Sizzu shares, “When it comes to Nepal Tourism Board, there needs to be a shift towards digital marketing, and long-term collaboration with travel content creators. Videos, photos and stories are the jewels of the tourism board, so you have to invest in them to sell and shine, right?”

“We keep our eyes on the algorithm and try to post what people are currently searching for and see if we can play with the titles based on what people are looking for,” explains Subedi. “At the same time, as artists, sometimes we just end up creating content that we want to create from our hearts instead of caring too much about what the algorithm or the audience demands,” she says staying true to her art.



“Traditional marketing is one-sided; the audience cannot ask questions, but in influencer marketing, people can talk and get advice; there is two-way conversation.”

Srijana Sizzu

With rising use of AI, will influencer marketing prevail? Content creators believe it will endure as AI cannot replicate human feelings and emotions, being able to only generate audio-visual content. It will, however, challenge influencers to get more creative and improve their content in days to come. **B**



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Mel Robbins

is a New York Times Best Selling Author. Born October 6, 1968, her groundbreaking work on behavior change has been translated into 36 languages and is used by healthcare professionals, veterans' organizations, and the world's leading brands to inspire people to be more confident, effective, and fulfilled.

As one of the most widely booked and followed public speakers in the world, Mel coaches more than 60 million people online every month and videos featuring her work have more than a billion views online, including her TEDx talk, which is one of the most popular of all time. She is the founder and part owner of shapewear brand Spanx, which sells undxx

“Nepal Rastra Bank has considered and introduced restructuring and rescheduling measures to provide relief to businesses that are viable but currently stressed, with the goal of maintaining financial stability. Such facilities are designed to prevent large-scale loan defaults, protect employment and sustain overall economic activity. However, while these measures offer crucial short-term relief, they also carry potential medium to long-term consequences for financial stability, credit discipline and resource allocation.”

Text: Pushpa Raj Acharya

Dr Neelam Dhungana Timsina, Deputy Governor of Nepal Rastra Bank, has a distinguished career at the central bank spanning 23 years before her appointment to the current role by the government in March 2021. Her five-year tenure is set to conclude in March 2026.

Business 360 recently interviewed Dr Timsina to gain insight into how Nepal Rastra Bank - the nation's central regulatory and monetary authority - has been managing the recent economic headwinds. This included both navigating the prolonged effects of the global economic slowdown post-Covid 19 pandemic and addressing multiple simultaneous shocks within the domestic economy, and the advice the bank is providing to the government to overcome these challenges. Excerpts:

How would you assess the current status of Nepal's economy?

Over the past six years, growth performance has shown mixed results. Consistent with global trends, our economy experienced negative growth in FY 2019/20 due to Covid 19. A modest recovery followed in the next two years, but the economy faced a recession in 2022/23 with growth falling to approximately 2%. Key sectors, including manufacturing, construction and wholesale, registered negative growth during this period. Just as recovery was beginning, as evidenced by growth performance in the past two years, an unexpected

event occurred on September 8-9 this year which has created an environment of short-term uncertainty. Beyond the tragic loss of life and destruction of public and private property caused by the protests of September 8-9, the fallout will negatively affect this year's growth and may trigger a deep-rooted impact on private sector sentiment.

On the government front, while public finances show an improvement in revenue collection, rising public debt, now at about 43%–44% of GDP, has constrained fiscal space. Financial-sector and banking conditions are generally stable, with the banking system's non-performing assets gradually normalising in recent months. Externally, the sustained high level of foreign currency reserves, largely driven by remittance inflows, offers an opportunity to utilise this liquidity for employment-generating activities at a lower cost.

The present government, which came to power following youth-led protests that despite being violent at times clearly reflected a widespread demand for reform and accountability, has a primary mandate to conduct elections and restore political and constitutional normalcy. With comfortably high foreign exchange reserves and expectations of improved governance, confidence is likely to strengthen, empowering the private sector to revive investment and growth momentum. As a result, Nepal is well-positioned to regain its desired economic growth

trajectory in the period ahead.

Nepal's foreign exchange reserves remain high, and banks and financial institutions are flush with liquidity. How can the country effectively utilise these abundant resources at a time when the investment climate is deteriorating?

A high level of foreign currency reserve presents several positive opportunities. It helps maintain the confidence of external creditors, provides a shield against currency risk sentiment, allows both the government and private sector to access funds at low interest rates, and aids in maintaining exchange rate stability even during unexpected import surges. This reserve stock is the main contributor to the increasing liquidity within the banking sector.

However, effectively channelling this liquidity into productive, investment and employment-generating activities requires both entrepreneurship development in the private sector and improved capital expenditure by the government. It is crucial to recognise that monetary policy is merely one pillar of the nation's overall economic policy framework; fiscal policy is the other essential component. In this context, the government must take the leading role in creating a conducive investment climate to properly utilise the abundant liquidity.

Despite lending rates remaining in the single digits for nearly two years, private sector credit growth has been

sluggish and new infrastructure projects have not materialised as anticipated. I believe the time has come to seriously investigate the root causes of these issues - they could stem from legal, operational, policy-level or even behavioural factors that are suppressing the environment for entrepreneurship development. As long as this situation continues, the only use for the foreign currency reserve is for the central bank, as the custodian of foreign exchange reserves, to earn interest from its safer placement, which ultimately does not contribute to domestic growth and employment.

Deposit interest rates are currently at rock bottom. How can the central bank safeguard the interests of depositors in such a scenario?

The central bank primarily safeguards depositors' interests by maintaining financial stability which assures them of the safety of their deposited amount. Interest rates are dynamic variables and subject to change. In an open economy like ours, market interest rates - including deposit rates - are the outcome of numerous economic factors. Globally, central banks aim to maintain positive real interest rates in the long run, particularly when economic growth is at full employment and inflation is aligned with its target level. However, when a central bank identifies room to be accommodative with inflation well below the target and under-performing growth, it is global practice to lower interest



Dr Neelam Dhungana Timsina
Deputy Governor, Nepal Rastra Bank

rates to support growth, even if this temporarily results in a negative real interest rate for depositors.

Looking at Nepal's inflation in recent months, the year-on-year inflation for the first two months of the current fiscal year has remained well below 2%, with food inflation being negative in both months. Under the current monetary policy, households are receiving a minimum of 2.75% on savings deposits, which is comfortably above the recent inflation rate of below 2%. Therefore, we remain vigilant regarding the overall economy and our role will be to maintain positive real interest rates in the long run while actively seeking opportunities to support growth without compromising our core mandate of maintaining external, financial and price stability.

Nepal Rastra Bank reduced the cash withdrawal limit from ATMs recently signalling a shift towards digital transactions. Do you foresee digital payments becoming mandatory in the future to curb the informal economy?

Digital payments inherently create a transaction trail and promote transparency. This makes it significantly harder for businesses and individuals to evade taxes or engage in illicit financial activities, practices that are hallmarks of the informal sector. While making digital payments fully mandatory for all transactions does not seem quite possible or practical in the very near future, and has not been widely adopted by most countries, this reluctance is due to concerns about financial inclusion, technological barriers (especially in rural areas), digital financial literacy, privacy and the level of acceptance. Instead of an outright mandate, this should be a gradual development involving measures like setting lower cash limits, incentivising digital payments or establishing digital-only options as the primary method for essential services and government payments. This approach will increase digital

payment adoption without mandating it across the board. Continuous collaborative efforts are necessary to expedite the process of curbing cash transactions and the informal economy.

How can NRB, in collaboration with stakeholders, enhance preparedness for wider digital payment adoption and ensure robust data security?

NRB has actively promoted the adoption of digital payments by utilising legal and regulatory frameworks, encouraging the establishment of payment infrastructure, facilitating regulator-stakeholder interactions, and coordinating with government agencies. The National Payment Board itself is composed of multiple stakeholders who continuously discuss policy measures to ensure a safer and more robust payment ecosystem.

We have been consistently formulating necessary policies and issuing frameworks to ensure safer and smoother systems. I am confident that the central bank will continue to advance digital payment adoption through improvements in payment infrastructure, reforms in legal and regulatory frameworks, increasing use cases, and promoting innovation via collaboration among stakeholders. Furthermore, NRB will collaborate with stakeholders for the implementation of robust data security standards, fraud risk management frameworks, and initiatives for awareness and capacity building.

As digital payments have surged in recent years, has the central bank identified any gaps in the regulation and supervision of Payment System Operators and Payment Service Providers?

NRB, as the overseer of payment systems, continuously monitors developments within this ecosystem. We promptly issue necessary policies, frameworks and circulars to address any emerging gaps. I currently believe that the full implementation of the

DEMONETISATION IN INDIA WAS WIDELY REPORTED TO HAVE CAUSED MAJOR DISRUPTION TO SMALL BUSINESSES, INFORMAL WORKERS AND CONSUMPTION BEHAVIOUR, INFLECTING UNINTENDED ECONOMIC PAIN ACROSS VARIOUS SECTORS. FURTHERMORE, INDIA WAS SAID TO HAVE EXPERIENCED SERIOUS LIQUIDITY CONSTRAINTS FOLLOWING THE ANNOUNCEMENT. A SIGNIFICANT AMOUNT OF PEOPLE'S TIME WAS CONSUMED IN SURRENDERING THE OLD CURRENCY, WHICH HAD NEGATIVE CONSEQUENCES FOR ECONOMIC GROWTH. GIVEN THAT NEPALI SOCIETY EXHIBITS CLOSELY SIMILAR BEHAVIOUR TO INDIA'S, I PERSONALLY DOUBT WHETHER DEMONETISATION WOULD ACHIEVE THE DESIRABLE OUTCOME IN NEPAL EITHER. HOWEVER, THE DECISION TO DEMONETISE IS A POLITICAL ONE AND THE NRB'S ROLE IN SUCH A DECISION IS PURELY SUGGESTIVE.

National Payment Switch (NPS), which aims to promote interoperability and ensure a robust settlement mechanism, has yet to be achieved. To move this forward, NRB has already released a consultative document outlining the framework for the NPS. We will engage in discussions with stakeholders to finalise and implement it in the days to come.

Given the recent discovery of large cash stashes in political leaders' homes following the Gen Z protests, and the central bank's flagging of Politically Exposed

Persons in money laundering prevention supervision, there is a renewed debate on demonetisation to combat black money and corruption. In the context of India's widely criticised demonetisation drive, what are the key lessons Nepal can learn, and do you believe demonetisation would be an effective solution in Nepal's current context?

As you mentioned, I have also heard people advocating for the demonetisation of Rs 500 and Rs 1,000 denomination Nepali rupees to seize funds acquired from illegal sources, including corruption and tax evasion. These calls have grown louder since a similar move by the Indian government in 2016. However, the outcome of India's demonetisation regarding the seizure of illicit money did not appear to be fully effective, as the Reserve Bank of India reported that about 99% of the demonetised INR 500 and INR 1,000 notes returned to the banking system. This suggests that illicit funds in the Indian context managed to find various channels to be reported as legally owned money. Nonetheless, it did result in the positive, though unintended, outcomes of boosting tax compliance behaviour and accelerating the adoption of digital payments among the populace.

Conversely, demonetisation in India was widely reported to have caused major disruption to small businesses, informal workers and consumption behaviour, inflicting unintended economic pain across various sectors. Furthermore, India was said to have experienced serious liquidity constraints following the announcement. A significant amount of people's time was consumed in surrendering the old currency, which had negative consequences for economic growth. Given that Nepali society exhibits closely similar behaviour to India's, I personally doubt whether demonetisation would achieve the desirable outcome in Nepal either. However, the decision to demonetise is a political one and the NRB's role in such a decision is purely suggestive.

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Should it be considered, what conditions are needed for a successful demonetisation initiative?

If the objective of demonetisation is to seize illicit money, I believe sufficient time must be given for people to surrender the currency which is crucial to prevent panic among the general public and genuine citizens. Doing so cultivates an environment of public trust in the government concerning this initiative. Since saving and credit cooperatives are less regulated, they could become a highly favourable channel for depositing illicit money into the banking system. Therefore, the cash held in the vaults of such cooperatives is expected to increase surprisingly following a demonetisation announcement. To prevent this, the cash held in the vaults of cooperatives would need to be deposited into the banking system on the very day of the demonetisation announcement and within a

specified timeframe, with no further such cash deposits permitted afterwards. Finally, a proof document would need to be submitted to banks for any cash deposit exceeding a threshold amount in a particular account.

In addition to these measures, the government must demonstrate a strong commitment to the initiative. NRB should ensure an adequate supply of new currency to effectively replace the demonetised notes, and banks and financial institutions should facilitate smooth, quick and hassle-free deposit services for customers, all while uncompromisingly collecting information on the source for large cash deposits. However, a fundamental question remains: Do we truly need to undertake demonetisation? If the answer is yes, then how can we achieve the desired outcome that India failed to attain in its 2016 action?

What progress has been made toward introducing a Central Bank Digital Currency in Nepal and how do you envision the CBDC transforming the country's existing banking landscape?

Several countries, currency unions and central banks have recently accelerated their research and development efforts concerning Central Bank Digital Currencies (CBDCs). Nepal Rastra Bank has likewise conducted its own study on CBDC, culminating in the publication of a concept paper titled 'Central Bank Digital Currency: Identifying Appropriate Policy Goals and Design for Nepal' on its website for public consultation in Shrawan 2079 (August 2022). Based on the findings of this report, NRB initiated focused activities for CBDC research and development in Nepal.

NRB has integrated CBDC-related activities and plans into its monetary policies for the fiscal years 2078/79, 2080/81,

and 2081/2082. CBDC is also included in the NRB's 4th Strategic Plan, with the specific goal of piloting a CBDC by 2026. A dedicated division has been established to advance research and development efforts, which have included several studies and the creation of a CBDC Base Prototype Version 0.1.0. The central bank is continuing these activities, maintaining continuous engagement with national and international stakeholders to formulate the necessary legal and regulatory framework for CBDC introduction.

I believe CBDC has the potential to introduce disruptive innovation to Nepal's banking landscape. A key opportunity is to develop the CBDC as Digital Public Infrastructure (DPI) for the Nepali financial system. A CBDC can alleviate several interbank payment and settlement pain points by reducing payment and settlement risks and by offering

a platform that operates 24/7 to facilitate interbank transactions. The CBDC can also serve as a platform for a secure and efficient interbank money market. Further, it can enable the development of more innovative financial products and services. Over the long term, given its broader applicability, CBDC has the capacity to transform the entire payment and financial ecosystem, making it more resilient, secure and dynamic.

The financial sector, particularly the banking industry, is currently grappling with recovery challenges and a rising trend of Non-Performing Loans. Your thoughts.

The central bank is fully aware of the recent stress in the banking sector, as reflected in the growing trend of Non-Performing Loans (NPLs) and sluggish credit recovery. Nepal's financial sector, particularly its banking industry, is currently grappling with challenges stemming from a rising volume of NPLs and weakening credit recovery. As of Ashadh-end 2082 (mid-July 2025), the NPL ratio for banks and financial institutions stands at 4.62%, which is down from 5.24% in the previous quarter but up significantly from 3.86% a year earlier and 3.02% the year before that. This rise in NPLs can be attributed to a combination of factors like post-pandemic economic pressures, weak private sector performance, natural calamities, project delays due to external factors, and, in certain cases, disruptions caused by interest groups.

The increase in NPLs poses a clear risk to financial stability, profitability and credit flow within the economy. Given the central bank's mandate to maintain stability and ensure the soundness of the financial system, Nepal Rastra Bank is committed to adopting a comprehensive, multi-pronged approach to tackle this issue. Addressing this challenge requires a combined strategy encompassing policy, supervision and structural reforms. The central bank aims to preserve asset

quality through a blend of strengthened regulation, improved risk management, and governance reforms, ensuring the banking sector remains resilient, efficient and supportive of sustainable economic growth. Some of the strategic interventions that have been, and could be, implemented are:

Strengthening Credit Risk Management: We will strengthen regulatory oversight by enforcing stricter compliance with NRB's directives, mandating robust credit risk assessment and stress testing, promoting data-driven early warning systems, and conducting targeted supervision of high-risk loan portfolios. The Monetary Policy for FY 2025–26 (Point 76) also necessitates a review of existing loan classification and provisioning practices to ensure they align with evolving risk dynamics.

Enhancing Recovery and Restructuring Mechanisms: This involves implementing transparent, time-bound restructuring for viable borrowers, enhancing loan write-off and recovery mechanisms, supporting in-house recovery units, and strengthening collaboration with the Credit Information Bureau to improve borrower credit tracking and accountability. NRB has already issued multiple circulars (such as Circular 2, 2082 to facilitate housing developers, and Circular 6, 2082 to facilitate borrowers affected by the Gen Z protest) to expedite restructuring measures aimed at supporting borrowers facing economic difficulties and natural calamities.

Supervisory and Regulatory Measures: NRB is currently implementing risk-based supervision with close monitoring of asset quality trends and regularly conducting portfolio reviews to manage concentration risk. The Directive on Single Obligor Limit is already in place to prevent concentration risk. Going forward, key steps include establishing an Early Intervention Framework for

timely corrective actions and promoting the adoption of IFRS 9 and Expected Credit Loss (ECL) methodologies for more forward-looking provisioning practices. NRB has issued clear guidelines mandating the implementation of the ECL model under Nepal Financial Reporting Standards (NFRS) 9.

Strengthening Inter-agency Coordination: This is an equally crucial element, requiring collaboration with the Judiciary, Ministry of Finance, and Debt Recovery Tribunal to accelerate loan recoveries. It also involves reviewing key financial laws (BAFIA, Secured Transaction Act, 2063) to enhance collateral enforcement and establishing a Central Recovery Coordination Mechanism to address systemic challenges.

These initiatives, taken together, will reinforce financial discipline, support credit recovery and preserve the overall health of Nepal's financial system. In addition, strengthening offsite monitoring to track progress and quarterly updates, and the incorporation of NPL indicators into the Macro-prudential Supervision Framework, will be vital for effective NPL management moving forward.

NRB is considering restructuring and rescheduling facilities for borrowers. What potential consequences do you foresee, given that the economy has faced repeated shocks?

Nepal's economy has recently endured a series of shocks, including the Covid 19 pandemic, natural calamities (earthquake, floods and landslides), protests leading to physical destruction, global commodity price volatility, an uncertain liquidity situation, and slowdowns in key sectors such as construction, retail and wholesale trade, real estate and tourism. These repeated disruptions have collectively impaired borrowers' repayment capacity and significantly contributed to the recent rise in Non-Performing Loans (NPLs).

In response, Nepal Rastra Bank has considered and introduced restructuring and rescheduling measures to

provide relief to businesses that are viable but currently stressed, with the goal of maintaining financial stability. Such facilities are designed to prevent large-scale loan defaults, protect employment and sustain overall economic activity. However, while these measures offer crucial short-term relief, they also carry potential medium- to long-term consequences for financial stability, credit discipline and resource allocation.

The Potential Consequences can be summarised as follows:

Positive and Stabilising Effects: Loan restructuring provides short-term relief by preventing immediate defaults and easing pressure on banks, which allows viable businesses to continue operating. It also helps stabilise the financial system by cushioning the broader impact of economic shocks and maintaining market confidence.

Potential Negative Consequences:

Risk of Ever-greening and Asset Quality Deterioration: Restructuring can be misused to conceal the true asset quality, leading to NPLs being understated.

Weakening of Credit Discipline: Excessive or overly lenient restructuring can foster moral hazard, allowing defaulters to exploit the system and ultimately weakening the overall repayment culture.

Increased Long-Term Credit Risk: Postponing repayment obligations without thorough risk assessment may merely delay eventual defaults, resulting in larger losses for banks later on.

Capital Adequacy and Profitability Pressure: If restructured loans eventually default, banks may face increased provisioning needs, impacting profitability and capital. Moreover, prolonged forbearance could threaten the solvency of weaker institutions.

Supervisory and Transparency Challenges: Excessive restructuring can undermine financial transparency, making it difficult for supervisors to distinguish

genuinely viable loans from deferred losses.

Regarding mitigation measures for these consequences, NRB is cautious, striving to maintain prudential soundness while offering relief. This is achieved by enforcing strict eligibility criteria, limiting restructuring only to borrowers with proven viability and temporary distress, supported by detailed cash flow assessments. In these cases, borrowers are required to settle at least a certain percentage of interest dues to become eligible for the restructure. Banks are mandated to disclose restructured loans transparently and treat such measures as time-bound exceptions rather than routine practices. Furthermore, banks must maintain adequate provisioning and conduct post-restructuring reviews to accurately reflect the actual risk, complemented by enhanced supervisory monitoring using early warning indicators.

The establishment of an Asset Management Company is under consideration. Does the central bank envision a clear and undisputed operational modality in the proposed Bill?

The FY 2025–26 Budget (Point 323) mandates the implementation of the Second Stage Financial Sector Reform Strategy, which includes the crucial step of establishing an Asset Management Company (AMC). This company's purpose is to manage the Non-Performing Loans and non-banking assets (NBAs) held by banks and financial institutions. Furthermore, the Monetary Policy 2025–26 (Point 97) specifies that a draft law and associated regulations will be prepared and submitted to the government for the AMC's formal establishment.

The AMC's intended role is to acquire the NPAs and NBAs from BFIs based on mutually agreed terms, thereby facilitating debt recovery, improving the health of institutional balance sheets, and enabling banks to concentrate on their core banking operations. While the

operational framework of the AMC is still in the final stages, the central bank is committed to ensuring that its eventual structure and functioning will be clear, transparent and unambiguous.

What impact would Nepal's inclusion in the FATF grey list have on the economy?

Following the adoption of its Mutual Evaluation Report (MER) at the Asia/Pacific Group on Money Laundering (APG)'s 2023 Annual Meeting, Nepal was placed under observation for one year. Subsequently, in February 2025, Nepal was added to the FATF's (Financial Action Task Force) Jurisdictions under Increased Monitoring list (Grey List) due to strategic deficiencies in the country's Anti-Money Laundering/Combating the Financing of Terrorism (AML/CFT regime). While the FATF itself does not recommend sanctions or enhanced due diligence as a direct result of grey listing, other countries may perceive the listing as an increase in risk when conducting transactions with Nepal. This heightened risk perception could lead to higher costs and longer processing times for transactions related to remittances and trade finance. The negative perception of weak AML/CFT controls could also deter foreign investors. For instance, a study by a Pakistani think-tank estimated that Pakistan lost \$3.6 billion in Foreign Direct Investment between 2008 and 2019 because of its grey listing. Furthermore, grey listing may restrict access to international financial assistance as it can erode the trust and confidence of donors in the country's governance structure. A prolonged grey listing could negatively affect the country's economic growth and stability. Hence, exiting the list as soon as possible is paramount.

Nepal has made a political commitment to strengthen its AML/CFT regime. Based on the MER feedback, Nepal amended several Acts in April 2024, with major changes being made to the Assets

DIGITAL PAYMENTS INHERENTLY CREATE A TRANSACTION TRAIL AND PROMOTE TRANSPARENCY. THIS MAKES IT SIGNIFICANTLY HARDER FOR BUSINESSES AND INDIVIDUALS TO EVADE TAXES OR ENGAGE IN ILLICIT FINANCIAL ACTIVITIES, PRACTICES THAT ARE HALLMARKS OF THE INFORMAL SECTOR. WHILE MAKING DIGITAL PAYMENTS FULLY MANDATORY FOR ALL TRANSACTIONS DOES NOT SEEM QUITE POSSIBLE OR PRACTICAL IN THE VERY NEAR FUTURE, AND HAS NOT BEEN WIDELY ADOPTED BY MOST COUNTRIES, THIS RELUCTANCE IS DUE TO CONCERNS ABOUT FINANCIAL INCLUSION, TECHNOLOGICAL BARRIERS (ESPECIALLY IN RURAL AREAS), DIGITAL FINANCIAL LITERACY, PRIVACY AND THE LEVEL OF ACCEPTANCE.

(Money) Laundering Prevention Act (ALPA). The country has since received upgrades in the ratings of technical compliance in nine FATF recommendations previously rated as Non-compliant or Partially Compliant. Nepal aims to exit the grey list within two years and has prepared a National Strategy and Action Plan, along with detailed action items and prompt corrective measures for implementation. Nepal has already initiated the third National Risk Assessment (NRA) and has formed subcommittees to complete the assessment. Furthermore, Nepal has demonstrated improvement in addressing deficiencies in its Targeted Financial Sanctions (TFS) regime for Terrorist Financing (TF) and Proliferation Financing (PF).

At Nepal Rastra Bank, we are strengthening the risk-based approach in our AML/CFT supervision. We are enhancing the Money Laundering Prevention Supervision Division (MLPSD) through capacity building programmes and are planning to further expand the division. We also intend to support and assist the National Cooperative Regulatory Authority (NCRA) and the Department of Cooperative (DeoC) in implementing AML/CFT supervision in high-risk cooperatives. Nepal is communicating regularly with the APG/ICRG (Asia Pacific Group/International Cooperation Review Group) Joint Group and providing updates on the country's progress.

As your tenure is set to conclude in March 2026, could you some reflections on your 28 years of service at the central bank?

At the conclusion of this conversation, I would like to convey a brief message to all the readers of Business 360 magazine. Maintaining financial stability and promoting the overall macroeconomic well-being of our country requires our collaborative efforts. This is not the sole responsibility of Nepal Rastra Bank or the Government of Nepal alone. Every individual and institution involved in the financial sector has a crucial role to play. We must all work together, with a sense of accountability and cooperation, to ensure that our financial system remains sound, resilient and supportive of sustainable economic development. I truly believe I have spent my golden times at Nepal Rastra Bank. I have had the distinct opportunity to serve and enhance capacity within this esteemed institution and I have given my time, skills and expertise in return. In fact, I feel deeply honoured to be a part of this institution. Right now, I have not given any thought to retirement plans. However, I might contribute in the domain of my expertise and experience in the future. **B**



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IMF'S OUTLOOK

THE WEST SLOWS WHILE ASIA TAKES LEAD



DR JAKE SCOTT IS A POLITICAL THEORIST SPECIALISING IN POPULISM AND ITS RELATIONSHIP TO POLITICAL CONSTITUTIONALITY. HE HAS TAUGHT AT MULTIPLE BRITISH UNIVERSITIES AND PRODUCED RESEARCH REPORTS FOR SEVERAL THINK TANKS.

The IMF's October 2025 update to its *World Economic Outlook* delivers a modest upward revision, but lurking behind this seemingly optimistic shift are deeper currents shifting global

growth and capital flows.

The Fund, originally forecasting in July that global growth would sit at 3% in 2025, now projects 3.2% for 2025, and 3.1% in 2026. A small upgrade on the face of it, yet it is worth remembering that the global economy exceeds \$100 trillion, meaning even a fraction of a percent represents significant value.

More importantly, the slight upgrade in percentage reflects

two contrasting forces: the flip side of higher trade tensions under President Trump's tariff policy, and a (perhaps temporary) surge in private-sector investment around artificial intelligence.

The US tariff escalation, promised by Donald Trump in the 2024 election campaign and delivered since, has been more muted than many feared. The IMF notes that stronger-than-expected supply-chain resilience, rerouted trade flows, and the absence of widespread retaliation have cushioned the blow. Though adjustments to global trade flows have been blunted by the tariffs, in many ways this has left the United States playing catch-up rather than leading global economic changes.

In particular, the Fund emphasises that resisting retaliatory tariffs provided an upside of roughly 0.3 to 0.4 percentage points to global output compared with earlier forecasts. Meanwhile, AI-related investment is acting as a

“With tariffs proving less disruptive than anticipated, companies and investors are accelerating their pivot from the old Western axis toward the new Asian one.”

near-term growth driver - especially in the US - though the Fund warns this may be a speculative boom more than a long-term productivity surge. As FEE has pointed out elsewhere, the resource-intensive AI industry ballooning now might burst before it achieves maturity.

Yet, even with the improved forecast, the IMF stresses that the world economy remains on a lower-growth path than in prior decades. The muted impact of tariffs so far carries two lessons: businesses are adapting more swiftly by front-loading imports and shifting sourcing; and the costs of protectionism may arrive with a lag.

The IMF cautions that the full effect “has yet to materialise.” Inflation pressures remain uneven. It also warns of “rising odds of disorderly correction” in financial markets, given stretched valuations, elevated debt, and the links between regulated and non-bank financial institutions.

Beyond these cyclical risks,

the deeper story is geographical. As North American and European growth stagnates, emerging economies (particularly across Southeast Asia) are becoming increasingly attractive to investors seeking higher returns and lower tariff exposure. The fact that \$100 billion has been invested in the region is testament to this. India, for example, is projected to expand by 6.6% in 2025, making it one of the few major economies with consistent momentum despite global headwinds.

The current IMF scenario reinforces that trend. With tariffs proving less disruptive than anticipated, companies and investors are accelerating their pivot from the old Western axis toward the new Asian one.

Multinationals are shifting procurement and manufacturing hubs toward ASEAN economies such as Vietnam, Thailand, and

Malaysia, where supply-chain risk and tariff exposure are relatively lower. Investors, meanwhile, are seeking equity and infrastructure opportunities that capture regional growth and demographic advantages. As growth expectations cool in the US and Europe, Asia's relative resilience stands out.

The AI investment boom, too, is increasingly transnational. South-East Asian economies are positioning themselves as regional nodes within the AI ecosystem, offering a combination of talent, low-cost infrastructure, and pro-innovation policy.

This means that as Europe and North America grapple with tariffs, inflation, and slower expansion, Asia absorbs a growing share of the upside. The result is not simply cyclical strength but a gradual structural shift in the geography of growth - one that recasts Southeast Asia from peripheral to pivotal in

4 Even with the improved forecast, the IMF stresses that the world economy remains on a lower-growth path than in prior decades. The muted impact of tariffs so far carries two lessons: businesses are adapting more swiftly by front-loading imports and shifting sourcing; and the costs of protectionism may arrive with a lag.

global capital markets.

The IMF's numbers hardly suggest a world economy in full recovery. Yet the very fact that forecasts have been revised up, rather than down, reveals a more adaptive global system. Trade is diversifying, technology is investing in itself, and capital is finding new routes around old bottlenecks. As the IMF's Managing Director Kristalina Georgieva remarked, the world has "shown more resilience than expected." The centre of gravity is shifting, and Southeast Asia continues to emerge as the clearest beneficiary of that global rebalancing. **B**

Source: fee.org

WWW.

<http://www.b360nepal.com/>

From Nepal to the World: Legal Pathways and Emerging Investment Challenges



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Nepal's investment landscape has entered a transformative phase with the Ordinance Amending Several Acts Related to Economic and Business Environment Reform and Investment Enhancement (the Ordinance) which was later passed by the parliament dated

March 31, 2025 (2081.12.18 B.S.). A key feature of this reform is the amendment to the Foreign Exchange (Regulation) Act, 2075 (FERA), which formally permits outward investment by Nepali companies and institutions. Combined with recent regulatory guidance from Nepal Rastra Bank (NRB), this change represents a significant step toward enhancing capital mobility and integrating Nepali enterprises into the global economy.

Legal Reform: FERA Amendment and Outward Investment

The Ordinance introduces Sub-section (g)(4) under Section 2 of FERA, expanding the definition of foreign exchange transaction to include outward investment by Nepal-incorporated entities. Previously, domestic

enterprises had limited legal avenues to invest abroad, with Nepali citizens primarily able to invest only through funds earned or held abroad. Under the new framework, companies can now invest in unlisted shares of foreign entities, acquire listed shares (up to 20% of issued capital), reinvest income earned from such investments, establish branch or liaison offices, and hold funds in foreign bank accounts. This broadens opportunities for Nepali firms to participate in international markets and align with global investment practices.

Eligibility Criteria

The Ordinance also clarifies eligibility for outward investment. Permitted categories include industries exempted under the Act Restricting Investment Abroad,

2021 (ARIA), which has not been issued by the government of Nepal, IT companies classified under prevailing industrial law, funds earned by Nepali citizens abroad, and foreign currency received as royalty from technology transfer under the Foreign Investment and Technology Transfer Act, 2075 (FITTA). The ARIA previously prohibited outward investment except where explicitly allowed, and violations carried significant penalties. This amendment, therefore, marks a fundamental shift from restrictive practices to enabling a more outward-looking investment regime.

Employee Stock Ownership: ESOPs

A noteworthy addition is the introduction of Employee Stock Purchase Plans (ESOPs), allowing foreign parent or sister companies to provide share



ownership to Nepali employees of local subsidiaries without remittance of foreign currency. This reform aligns employee incentives with corporate performance, strengthens talent retention, and fosters greater participation in global corporate growth.

Delegation to NRB and Procedural Oversight

While FERA establishes the legal foundation, it delegates authority to NRB to set sectoral limits, approval procedures and compliance requirements applicable for outward investment. To operationalise this framework, NRB issued the Fourth Amendment to the Foreign Investment and Foreign Loan Management Bylaw, 2021 (2078), specifically enabling outward investment for IT companies. This regulatory move is historic, creating Nepal's first structured legal pathway for IT firms to invest abroad.

Key Provisions for IT Companies

Permitted Sector: Only IT companies, as defined under Annexure 7a of the Industrial Enterprises Act (IEA), may invest abroad. IT companies include those engaged in technology parks, software development, BPO/KPO, cloud computing/data centres, web services, digital signatures, and other IT-related services.

Operational

Requirement: Companies must have exported IT services and earned foreign currency in each of the last three fiscal years. As per NRB requirements, the foreign currency must be accounted for in the company's Nepal-based bank account. Once properly accounted, the funds may be used for direct investment abroad in accordance with the approved outward investment application.

Investment Limit:

The investment ceiling is the lower of 50% of foreign currency earnings over the last three years or \$1,000,000

(or equivalent), whichever is lower and cannot exceed the company's paid-up capital, ensuring prudent capital deployment.

Application process:

Applications for outward investment must be submitted to the Foreign Exchange Facilitation Unit of Nepal Rastra Bank at the One-Stop Service Centre in Tripureshwar, Kathmandu. The application should include the company's registration certificates, Memorandum and Articles of Association, PAN certificate, audited financial reports, tax clearance, shareholder and director registers, board resolutions, and details of beneficiaries, including their names and bank account information. However, a major challenge arises because the prevailing laws particularly ARIA and FERA restrict Nepali entities from opening foreign bank accounts or establishing subsidiaries abroad without prior NRB approval. Conversely, NRB Bylaws require disclosure of the subsidiary's name and bank account details at the time of application, creating a procedural contradiction. Although the Bylaws stipulate that NRB must issue approval within 15 working days and no security deposit or government fee is required, in practice, the process often faces delays, and the statutory timeline is rarely met.

Compliance

Requirements: Audited financial statements of the foreign investee and Nepali parent company must be submitted within six months of fiscal year-end, unless audits are not mandatory abroad. NRB may also request reports or statistics to monitor compliance.

Repatriation of Returns:

Any profits, dividends or income earned abroad must be repatriated through proper banking channels. No prior NRB approval is required for

inward remittances, facilitating seamless capital flows.

Analysis: Opportunities and Challenges

These reforms are landmark steps for Nepal's outward investment landscape. By providing a clear legal and regulatory framework, domestic enterprises particularly IT firms can engage globally, attract foreign partnerships, and strengthen competitiveness. Procedural clarity, compliance guidelines and repatriation mechanisms provide predictability and reduce regulatory risk. However, challenges remain. Companies must also navigate cross-border regulatory risks, reporting obligations, tax implications and repatriation rules.

Further, NRB Bylaws require the submission of details regarding the name, address and bank account number of beneficiaries in the foreign country. This implies that if any IT company intends to set up a subsidiary abroad, such subsidiary must have legal incorporation to provide its name and open a bank account overseas. On the other hand, ARIA defines investment as a foreign bank account, which restricts opening a bank account or transferring funds from Nepal to a foreign bank account without NRB approval. In this context, investors face a dilemma: they cannot open a foreign bank account without NRB approval for foreign exchange, while NRB does not issue such approval without an existing bank account detail disclosure. This issue should be clarified through amendments to ARIA and NRB Bylaws.

In the context of investment in an existing company abroad, notarised documents of the investee company and ultimate beneficiary must be submitted to NRB for approval. When investing in companies with multiple layers of ownership, furnishing documents for the ultimate beneficiary can be inconvenient, as foreign

entities may not have access to or permission to share such information. Therefore, documents disclosing the immediate beneficiary of the company or a declaration from the investing company regarding its shareholders or beneficiaries should be sufficient for NRB's screening process.

Conclusion

Nepal's amendment to the Foreign Exchange Regulation Act (FERA) and corresponding NRB regulations mark a decisive shift from an inward-focused economy toward global participation. The new framework provides structured legal channels for Nepali enterprises to invest abroad, attract partnerships and integrate into international markets. However, while FERA envisions broader outward investment, NRB Bylaws currently limit it to the IT sector, leaving other potential areas such as investment in foreign securities and non-IT companies. To realise FERA's full intent, comprehensive legislative alignment is essential.

The Act Restricting Investment Abroad (ARIA) should be amended to harmonise with FERA, and NRB Bylaws need to be revised to expand sectoral scope, clarify procedures for subsidiary registration and foreign account operation, and streamline documentation. Administrative reforms, including a digital approval system and time-bound decision mechanism, should further enhance efficiency. In essence, Nepal has established the foundation for an outward-looking investment regime, but its success depends on coordinated legal amendments and institutional modernisation to ensure predictability, confidence and global competitiveness. **B**

beed's take on the market

The Nepal Stock Exchange (NEPSE) index rose by 34.06 points (1.33%) to close at 2,600.22 points during the period from October 30 to November 23. The index, which had closed at 2,566.16 points in the previous review period, moved upward to a high of 2,622.89 on November 3. This gain was followed by a downward trajectory, with the index touching its monthly low of 2,540.57 points on November 16. In the final days of the month, the market showed signs of stabilisation and modest recovery. Meanwhile, monthly turnover rose by 25% compared to the previous review period, offsetting the 40% decline seen earlier. Overall, the month's movements signal a cautiously improving investors sentiment. (See Figure 1)

During the review period, performance was mixed across sectors. Three sub-indices, including Commercial Bank, Development Bank and Others registered losses. The remaining sub-indices recorded gains.

The Hotels and Tourism sub-index (+7.99%) recorded the largest gain during the review period. This gain was driven by a notable increase in the share prices of Bandipur Cable Car and Tourism (+Rs



671.5), Chandragiri Hills (+Rs 35) and City Hotel (+Rs 4). Similarly, Manufacturing and Processing sub-index (+5.11%) also saw a rise in the share prices of Bottlers Nepal Terai (+Rs 1,509.9), Bottlers Nepal Balaju (+Rs 1,290) and Sagar Distillery (+Rs 910.8). Following that, Life Insurance sub-index (+4.04%) also increased due to the rise in share prices of Life Insurance Corporation Nepal (+Rs 59.8), Nepal Life Insurance (+Rs 53) and Sun Nepal Life Insurance (+Rs 31). Finance sub-index (+3.31%) was next in line as the share value of Multipurpose Finance (+Rs 36.8), Gurkhas

Finance (+Rs 32.4) and Best Finance Company (+Rs 28.5) increased.

Similarly, Hydropower sub-index (+3.31%) also recorded gains primarily driven by the rise in share prices of Mabilung Energy (+Rs 703.2), Bungal Hydro (+Rs 579.9) and Daramkhola Hydro Energy (+Rs 556). Microfinance sub-index (+3.02%) came next with a rise in share prices of Deprosc Laghubitta (+Rs 855), Swastik Laghubitta (+Rs 566.5) and Mahuli Laghubitta (+Rs 150.9). The Trading sub-index (+0.72%) had a slight increase with share prices of both Salt Corporation (+Rs 238.9) and Bishal Bazar Company (+Rs 19) seeing a rise. Non-Life Insurance sub-index (+0.31%) recorded a marginal gain, with the rise in share prices of Shikhar Insurance (+Rs 17.9), Neco Insurance (+Rs 13.9) and Rastriya Beema Company (+Rs 10).

Among the sectors that marked losses, Others sub-index (-0.09%) saw a mild decline reflecting decrease in the share prices of Muktinath Krishi Company (-Rs 145), Nepal Reinsurance (-Rs 39) and a slight increase in Nepal Doorsanchar (+Rs 2.6). The

Development Bank sub-index (-0.20%) followed next as the share prices of Corporate Development Bank (-Rs 67), Garima Bikas Bank (-Rs 34) and Muktinath Bikas Bank (-Rs 19.1) declined. Commercial Bank sub-index (-1.50%) was the worst performer, led by the fall in share prices of Siddhartha Bank (-Rs 31.1), Citizens Bank (-Rs 22.9) and Global IME Bank (-Rs 22). (See Table 1)

News and Highlights

Nepal's financial and capital markets continued to experience strain, reflecting the broader economic uncertainty that has followed the Gen Z protests. Commercial banks continued to face deteriorating asset quality, with Non-Performing Loans (NPLs) rising sharply across the sector. Average NPLs reached 4.86%, with Himalayan Bank posting the highest ratio at 7.39%. The elevated defaults forced banks to set aside an additional Rs 11 billion in loan-loss provisions. As a result, the industry's combined net profit declined by 18.67%, falling to Rs 13.14 billion.

Private sector borrowing also experienced a considerable

Figure 1: NEPSE Index during the review period

September 23 to October 29, 2025.



Source: Nepal Stock Exchange

Table 1: Sub-indices during the review period

September 23 to October 29, 2025.

	30-Oct-25	23-Nov-25	% Change
NEPSE Index	2,566.16	2,600.22	1.33%
Sub-Indices			
Commercial Bank	1,365.58	1,345.15	-1.50%
Development Bank	5,427.81	5,417.00	-0.20%
Hydropower	3,283.04	3,391.59	3.31%
Finance	2,207.64	2,280.69	3.31%
Non-Life Insurance	10,703.00	10,736.39	0.31%
Others	2,342.65	2,340.44	-0.09%
Hotels and Tourism	6,237.13	6,735.57	7.99%
Microfinance	4,824.88	4,922.81	2.03%
Life Insurance	12,548.56	13,054.93	4.04%
Manufacturing & Processing	7,129.31	7,493.59	5.11%
Trading	3,803.44	3,830.66	0.72%

Source: Nepal Stock Exchange

slowdown. Nearly Rs 1.1 trillion in loanable funds remained idle in the banking system due to limited credit demand and uncertainty over investment conditions. This was reflected in the domestic credit growth of just 0.5% in the first three months of the current fiscal year, a notable slowdown from the 1.7% growth recorded in the same period last year. The persistently low borrowing occurred despite a relatively accommodative interest rate environment, where the average base rates for commercial banks, development banks and finance companies stood at 5.56%, 7.92% and 8.48%, respectively, suggesting that risk aversion and economic uncertainty are significant constraints amid weak confidence.

Parallel to the banking sector's challenges, the capital market faced operational standstill through early November. Employees of the Securities Board of Nepal (SEBON) ended their nearly seven-week protest on November 9 after the Ministry of Finance formed a committee to address their demands. The strike, which began on September 23, had halted public issuance processes

worth an estimated Rs 80 billion, affecting close to 100 companies awaiting regulatory clearance.

With SEBON resuming its operation, SEBON approved the Initial Public Offering (IPO) of Solu Hydropower within the review period. The company plans to raise Rs 2 billion through the issue managers Nabil Investment Banking and Himalayan Capital. Similarly, Electro Power Company and NC Agro Tech Industries applied at SEBON to issue an IPO through NIMB Ace Capital and Global IME Capital, respectively. Electro aims to raise Rs 812.5 million while NC Agro aims to raise Rs 187.7 million.

Outlook

Credit demand remains weak, NPLs are rising and confidence is low. While SEBON's full resumption may revive stalled issuances, recovery will be gradual. Clearer policy direction and stronger investor confidence are crucial for momentum to return. **B**

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DEFYING GRAVITY

A MAN'S QUEST TO BRING WATER TO THE HILLS FOR FARMERS

aQysta started in 2013, conceived as a 'quest' for 'aqua' for the farmlands in hilly regions where local communities relied solely on monsoon rains for irrigation. Initially focused on the Barsha water pump technology, the company has since broadened its portfolio to include multiple innovations such as solar dryers, bio char and an agri-value chain that connects farmers directly with the market.

Pratap Thapa, Founder and Chief Executive Officer of aQysta, recalls the universal joy the monsoon brought to his community in Lele, enabling them to irrigate their fields. After completing his engineering degree and while teaching entrepreneurship in Nepal, he assigned his students, all engineers, a business plan project focused on technology-based solutions. Thapa reflected, "Although my family's farm was close to a river, we always had to wait for the rains because of the terrain - there were a lot of hills and we couldn't access the river to water our paddies. So why not use technology to harness this energy, I asked myself."

This inquiry became the inception point. The concept for the Barsha pump began to solidify during his Master's course at IOE, Pulchowk Campus. However, Thapa accepted a scholarship to pursue his degree in the Netherlands. "I continued to work on the idea with other students at the university, who later became co-founders. Further development of the concept and the first prototype was built at Delft University of Technology, the Netherlands," he shares.

The initial prototype of the Barsha water pump was a simple hand-rotated wheel with a spiral tube. The first fully



PRATAP THAPA
FOUNDER & CEO, AQYSTA

functional, full-scale prototype was later constructed and tested in the Delft lab. The very first field prototype was then

flown from the Netherlands to Nepal. "We took it to my parents' farm but it did not work as it was too big for the

river. We iterated the design multiple times to fit the diverse river and farm conditions of Nepal and had different



versions of the technology,” he says, adding, “We had pumps that could float in the water for deeper rivers, and had versions that could use small streams of water as well.”

These design iterations, informed by feedback, eventually led the team to create and implement much larger-scale pumps capable of serving an entire community, which are now installed in Syangja, Kaski and Lamjung.

The Barsha pump, which uses the flow of water to lift some of that water to higher farmlands without using any fuel or electricity, is unique and well-suited for rural communities. The pump is built on a patented technology and is designed to be simple for maintenance and repair. Immediately following aQysta’s founding, Thapa, along with Lennart Budelmann (Co-founder) and Fred Henny (a Dutch friend), travelled to Nepal to hold many meetings and speak with local farmers.

The initial reactions were very positive, confirming the necessity of the pump. “Of course, some people had wild imaginations about what the pump would look like. For example, the person who took us around to the farmers said he had expected it to be a 30 kg tool that would be easy to carry around. Our prototype was big and weighed around 160 kg,” Thapa shares. Despite this, the founders took the feedback seriously, working to develop a machine with a lighter weight. They also received comments on how to handle flooding and how to ensure the pump’s affordability. The key takeaway, however, was that everyone they spoke with saw the potential benefits but needed to see the pump in action with their own eyes first.

The Barsha pump utilises true renewable energy technology for irrigation. The cost reduction is calculated in comparison to using a diesel-powered pump, factoring in the necessary fuel and maintenance expenses. An estimated 50%

cost saving is achievable, also due to reduced water consumption and agro-forestry methods, and by using a pipe distribution system rather than flood irrigation. One of the more recent communities to adopt the large-scale Barsha Pump is in Labarkot, Syangja. The pump is currently lifting water more than one kilometre away from the source to a height of 80 metres. Farmers in this area, who could not irrigate their land previously, are now able to farm year-round.

The primary SDG (Sustainable Development Goal) this innovation supports is SDG2 on ‘zero hunger’ through sustainable agriculture, which helps to increase the income and climate resilience for roughly 50,000 farmers.

The estimation of the CO2 emissions saved by the Barsha pump can be done by estimating the CO2 emissions emitted by a diesel pump to provide similar power. As per aQysta’s latest data compiled by Sujan Dulal, Country Manager of aQysta Nepal, the company aims to mitigate 3,000 tonnes of CO2 this year. Besides, aQysta also aims to mitigate 49,600 tonnes of CO2 in five years with renewable energy and regenerative agriculture.

One inherent limitation of the Barsha pump is that it only serves farms located close to rivers meaning its functionality is restricted to specific geographical areas. Another significant hurdle was earning the trust of the farmers because an irrigation device is merely a tool. “You promise to farmers that you can increase their income and improve their livelihoods but there is no guarantee that this approach will work. If the smallholder farm is not profitable, it simply cannot afford to buy the pump. This is why we realised that we have to tackle the problem more holistically,” states Thapa.

Consequently, Thapa recognised the need for aQysta to go beyond being a simple technology provider, instead

CLIMATE-SMART TECHNOLOGIES LIKE THE BARSHA PUMP ARE CRUCIAL FOR COUNTRIES SUCH AS NEPAL, WHICH IS RANKED AS THE FOURTH MOST VULNERABLE NATION TO CLIMATE CHANGE, MAKING SMALLHOLDER FARMERS THE MOST SUSCEPTIBLE GROUP.

becoming integrated into the value chain and helping farmers become profitable. Following internal reflection, aQysta announced in 2021 that selling pumps would no longer be its primary revenue source and the company would instead position itself as a holistic service provider for smallholder farmers.

Innovations designed for smallholder farmers, such as the Barsha pump, often face an affordability challenge. “Farmers struggle to meet the upfront costs for the technology. Therefore, we initially worked through government and non-government organisations that would cover part of the costs of the technology to provide to farmers,” shares Thapa. However, this approach proved difficult to scale because it involved extensive lobbying and did not always achieve the desired impact. “Farmers do not always take ownership of something that they received for free.” This conclusion was drawn from aQysta’s experience both in Nepal and

with smallholder farmers across 27 countries where the Barsha pump technology had been deployed. Instead of continuing down this path, the company chose to change the business model.

“We pivoted the business model to expand into the agriculture value chain where we now provide market access for farmers’ produce. Wherever farmers require technology, we provide it with zero upfront costs and recover the investment from the subsequent sales of the harvest,” says Thapa, adding, “We then sell the produce to food companies. In this manner, we have developed a scalable model that resolves the affordability problem, where farmers act as our partners and suppliers, and the food companies are the paying customers.”

Today, aQysta engages with communities through a permanent partnership model. In this approach, one staff member is stationed within the community, interacting with farmers daily to provide training and extension services. This is a fundamental shift from merely installing technology, allowing the company to build a lasting relationship and generate a lasting impact with the farmers.

Climate-smart technologies like the Barsha pump are crucial for countries such as Nepal, which is ranked as the fourth most vulnerable nation to climate change, making smallholder farmers the most susceptible group. However, based on their experience, Thapa believes that technology alone is insufficient. It must be integrated with better access to markets and other essential resources to deliver a holistic service that enables farmers to farm commercially and earn a living income from farming activities alone. The company currently operates in Nepal, the Netherlands, Malawi and India. **B**

Nepal's Banking Sector at Inflection Point

HOW DIGITISATION IS REWIRING FINANCE, AND EVERYDAY LIFE



Text: Prajwal Nepali

Nepal's banking landscape is undergoing a remarkable transformation, compressing nearly a decade of structural change into just a few years. As of mid-July 2024, the country had 107 licensed banks and financial institutions (20 commercial banks, 17 development banks, 17 finance companies, 52 microfinance institutions and one infrastructure bank). Commercial banks alone still hold over 83% of industry assets, underscoring their dominance and the scale of consolidation that has already taken place. This shift has positioned the sector to invest significantly in digital infrastructure, modernise customer experiences and

embrace automation across the board.

A crucial enabler of this transition has been the establishment of a robust public-private payments architecture overseen by the central bank. Under the Nepal Rastra Bank (NRB)-led reforms, the Payment and Settlement Act 2019 and subsequent digital-payment bylaws (2020, 2023) laid the regulatory groundwork. Meanwhile, Nepal Clearing House Ltd (NCHL) built the National Payment Switch (NPS) platform, integrating the Real-Time Retail Payment Switch (RPS), NEPALPAY QR system and API-based settlement flows to keep domestic transactions onshore. Through

DIGITISATION IS NOT LIMITED TO DOMESTIC PAYMENTS. NEPAL IS NOW ACTIVELY PARTICIPATING IN REGIONAL INTERCONNECTED PAYMENT ECOSYSTEMS. SINCE FEBRUARY 28, 2024, INDIAN VISITORS CAN USE UPI-ENABLED APPS IN INDIA TO PAY NEPALI MERCHANTS BY SCANNING FONEPAY QR CODES IN NEPAL.

these mechanisms, all major payments ultimately clear via NRB's Real-Time Gross Settlement system, enabling faster, more secure and interoperable transfers across banks and payment service providers.

The user-adoption story in Nepal is impressive and even somewhat surprising given the terrain and demographics. By mid-July 2024, mobile banking usage had reached 24.65 million users, internet banking counted 1.92 million users, and e-wallet usage was at 23.46 million users. The connectIPS system alone had reached 1.28 million verified users and in Fiscal Year 2023/24, its volume rose 40% in the number of transactions and 38% in value



year-on-year. These figures reflect that Nepalis are going beyond mere enrolment; they are actively using these digital tools in their daily lives, converting once-infrequent digital payments into habitual behaviour.

One of the most tangible signs of the digital pivot lies in QR code payments. The introduction of the NepalQR standard by NRB catalysed a surge in usage: transaction value jumped from Rs 94.5 billion in FY 2021/22 to Rs 245 billion in FY 2022/23, with continued growth into FY 2023/24 as more merchants and banks adopted the codes. In March 2025, one payment service provider processed more than one million merchant QR payments in a single day. This upward momentum underscores a shift in consumer behaviour and merchant acceptance that make digital payments less a novelty and more a rhythm of everyday commerce.

Digitisation is not limited to domestic payments. Nepal is now actively participating in regional interconnected payment ecosystems. Since February 28, 2024, Indian visitors can use UPI-enabled apps in India to pay Nepali merchants by scanning Fonepay QR codes in Nepal. Within the first five months, cross-border QR payments tallied 134,701 transactions worth Rs 321 million. NRB has moreover authorised NCHL to develop cross-border P2P payments with India via the National Payment Interface, a move that supports remittance flows, small-value trade and travel-related payments, thereby strengthening Nepal's integration into the regional digital economy.

From the service-provider side, banks have reengineered the entire customer journey rather than merely adding a mobile channel. Today, Nepali customers can open an account digitally, link a mobile wallet,

make instant fund transfers, pay utilities, scan QR codes at merchants, withdraw cash without a card and redeem loyalty points, all from a single app. On the back end, NPS infrastructure has compressed settlement cycles, reduced overhead costs and made 'always-on' retail banking a baseline expectation rather than an aspirational feature. Transaction dashboards show steep month-on-month growth in NEPALPAY QR, instant payments and connectIPS flows throughout late-2024.

The convenience dividend from digitisation is clear for everyday users and businesses alike. The popular '2-4-8' pricing model for connectIPS where users pay Rs 2, Rs 4 or Rs 8 depending on the transfer amount has made bank-to-bank digital transfers cheaper than traditional cheque clearing or cash handling. Government collections routed through NCHL have significantly reduced queues and payment friction. For small merchants, interoperable QR means no POS rental fees, instant settlement to any bank or wallet and immediate digital receipts for business flows. In effect, time saved at counters is time recovered in sales, customer engagement or personal life.

On a broader economic level, the move to digital banking reinforces financial inclusion, improves transparency and enhances regulatory oversight. As of mid-July 2024, Nepal had 12,958 BFI branches and 55.9 million deposit accounts, but the transformative impact is coming from branchless banking, agents and mobile wallets reaching into underserved communities. With commercial banks still intermediating over 86 % of deposits, shifting payments onto traceable electronic rails reduces exposure to the cash-based shadow economy, strengthens Anti-Money Laundering / Countering the Financing of Terrorism (AML/

CFT) compliance and gives regulators clearer visibility into flows, vital in a remittance-dependent economy such as Nepal's.

Despite the progress, challenges remain and cannot be overlooked. Outages, inconsistent user-interfaces and growing attempts at QR-based fraud and social-engineering scams are testing consumer confidence. NRB has stepped up by issuing stricter authentication regulations, consumer advisories and reminding users of safe behaviour with the slogan: "You scan to pay; you don't scan to receive." In addition, rural connectivity, digital literacy gaps and the need for strong agent networks continue to pose hurdles for truly inclusive digital adoption across Nepal's mountainous and remote regions.

Looking ahead, three strategic shifts will define the next chapter of Nepal's banking

sector. First, full activation of the National Payment Switch for all domestic electronic transactions promises stronger resilience and lower dependence on external payment processors. Second, reciprocal payment acceptance in India for Nepali users via UPI would transform cross-border tourism, trade and remittances, making payments seamless across the border. Third, the massive data trails produced by instant and digital payments offer banks and fintechs the opportunity to underwrite digital credit, working-capital finance and micro-loans based on transactional behaviour. In this way, Nepal is not just digitising banking, it is building a connected financial ecosystem where instant, interoperable, cost-effective transactions become the bedrock of credit, commerce and livelihoods for millions. **B**



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Nepal is a Climate Success Story that the World Hardly Hears



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

One of Nepal's great paradoxes is that we are among the least responsible nations when it comes to greenhouse gas emissions, barely a statistical blip at 0.027% of global totals. But we are one of the most vulnerable countries in the world to climate change. Melting glaciers, erratic monsoons, floods, landslides and droughts regularly batter our economy and communities. By every logic, Nepal should be at the front of the line for climate finance. Yet, when the pie is served, we are left scraping crumbs.

Or are leaving billions on the table?

A Country of Climate Achievements

Nepal has some of the most compelling climate success stories in the world:

Green Grid: Over 95% of our electricity already comes from hydropower, making us one of the greenest grids on the planet. While the rest of the world is debating coal phase-downs, we are already there. In fact, Nepal is not only powering itself cleanly but also exporting surplus renewable energy.

Reforestation: In the 1980s, deforestation had stripped our hills bare. Today, thanks to our globally acclaimed community forestry programme, forest cover has



rebounded to over 40% of the country. This is one of the most successful community-led reforestation programmes globally. Nepal's forests are thriving lungs that absorb millions of tonnes of carbon each year.

Tiger Population: Nepal is the first tiger-range country to fulfil its pledge under the 2010 Global Tiger Summit (TX2) by doubling its wild tiger population. Estimates show the tiger population rose from around 121 in 2009 to 355 in 2022. Nepal's tiger story is nothing short of a landmark.

EV Adoption: Long before electric vehicles were fashionable, Kathmandu's Safa Tempos were shuttling commuters on clean energy. Today, four in every five new private vehicles sold is an EV making Nepal's adoption rate one of the highest in South Asia clearly demonstrating how public acceptance can accelerate green adoption even in low-income settings.

These are precisely the kind of transformative examples that climate financiers want to hear. They are not just feel-good stories; they establish that Nepal is capable of designing

and executing climate-friendly initiatives with tangible outcomes. In the competitive world of climate finance these achievements are invaluable.

Why Nepal Misses Out

Despite such credentials, Nepal continues to lag behind in accessing climate finance. The key reasons are depressingly familiar:

Fragmented Institutions: Nepal's climate governance is fragmented, with overlapping roles across ministries and agencies. The Climate Change Management Division (Ministry of Forests and Environment) serves as the nodal body that manages policies, finance and international obligations. The National Planning Commission integrates climate into development planning but treats it as peripheral. Meanwhile, the Ministry of Finance oversees economic policy and aid, but climate finance flows through MoFE. Disconnects between budgeting and implementation result in weak coherence and accountability.

Capacity Gap: Climate finance is generally the money that large economies provide

to help poorer countries invest in activities to curb greenhouse gas emissions and cope with the worsening extreme weather unleashed by climate change. It is a maze of institutions, instruments and acronyms that demand technical fluency. At the global level, countries like Nepal can tap into mechanisms such as Green Climate Fund (GCF), Global Environment Facility (GEF), Adaptation Fund and a number of other vehicles. Each of them has its own eligibility rules, reporting standards and proposal formats. Beyond grants and concessional loans, there are emerging instruments such as carbon markets, resilience bonds and blended finance structures designed to de-risk private capital. These platforms represent billions of dollars in potential flows. Accessing them however requires expertise and acumen.

This is where Nepal consistently struggles. Civil servants and focal points rotate frequently, rarely staying in post long enough to build expertise. Institutional memory is weak hence reliance on external consultants who generally approach their gigs as short-

THE SHIFT REQUIRED IS PRIMARILY ONE OF MINDSET. NEPAL NEEDS TO STOP APPROACHING CLIMATE FINANCE AS A DONOR GRANT. LET'S LOOK AT IT AS VENTURE CAPITAL FOR NATIONAL RESILIENCE AND GROWTH. OUR VULNERABILITY GIVES US THE MORAL HIGH GROUND. OUR SUCCESSES GIVE US CREDIBILITY. WHAT IS MISSING IS THE CONFIDENCE AND CLARITY TO CLAIM LEADERSHIP.

term compartmentalised engagements. Also, donors and financiers remain wary of political interference and the government's poor delivery track record in general.

These gaps leave Nepal poorly equipped to compete in the climate finance arena. As a result, instead of walking into global negotiations with the boldness and confidence that we deserve, we show up with project proposals that lack inspiration. That is like walking into a gunfight with a wooden stick.

Should We Try A Different Playbook?

We do not need to re-invent the wheel, but reframe the narrative and build capacity to make powerful pitches. Nepal must stop presenting itself as a passive victim but start selling itself as a climate leader: a country that has gone from barren hills to lush forests, built its power sector almost entirely on renewables, protected biodiversity while doubling its tiger population and proven EV adoption works in a low-income context. That is not the profile of a beggar. It is one of a winner.

In order to carry our case powerfully in the world stage, we need an expert-driven body tasked with designing bankable projects, packaging them in investor-ready formats and shepherding them through global climate finance processes. This body should be staffed not with political appointees but with technocrats, economists and financial engineers. There are Nepalis here and abroad who have sat at the very tables where climate finance decisions are made. They understand the acronyms, the jargon and the politics. Why not mobilise our own people who bring both expertise and patriotism as advisors or envoys?

And, if and when we access it, climate money should not just build embankments or buy solar panels. It should be put to catalytic use: to de-risk hydropower projects, to unlock private capital for agri-tech and insurance or to support green public transport systems, etc. If we use \$10 in climate finance to unlock \$100 in private investment, Nepal will suddenly become attractive to financiers.

From Victim to Leader

The shift required is primarily one of mindset. Nepal needs to stop approaching climate finance as a donor grant. Let's look at it as venture capital for national resilience and growth. Our vulnerability gives us the moral high ground. Our successes give us credibility. What is missing is the confidence and clarity to claim leadership. Climate finance is owed to us not out of generosity but out of justice. It is time Nepal stopped being the world's overlooked success story and started being its climate leader. If we do not act, we will keep suffering the brunt of climate disasters.

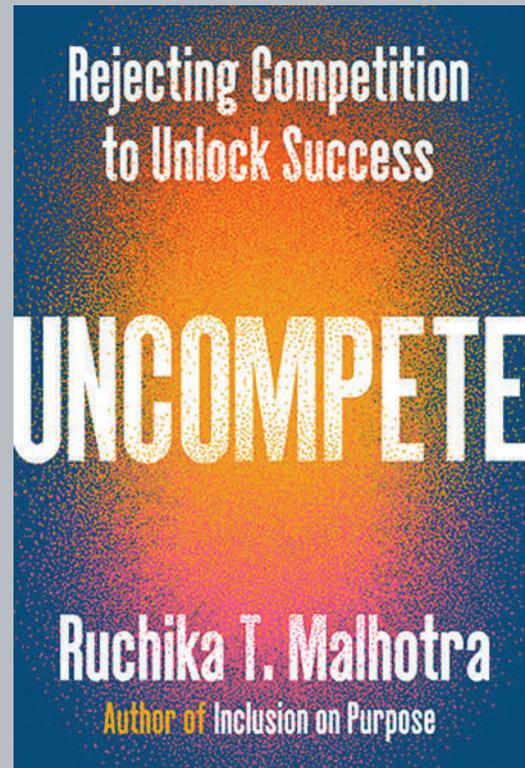
This window of opportunity may not be open forever. **B**

BOOK OF THE MONTH

UNCOMPETE

Author: **Ruchika T. Malhotra**

A timely and transformative new framework for success from a sought-after strategist, speaker, and author



The need to compete is deeply ingrained in every aspect of our lives and work. It's often viewed as a positive: we are told it motivates us to do our best, to work hard, that it drives innovation and excellence. But, what if that's a lie? What if in reality, competition causes more harm than good: exhaustion, anxiety, burnout, and an isolating lack of community. It encourages a scarcity mindset and keeps us from reaching our true potential.

Drawing on Ruchika's own experiences working with corporations as a sought-after inclusion strategist, as well as interviews from business and community leaders and

the latest research data, UNCOMPETE offers a new framework for building a culture of collaboration, solidarity, and mutuality. It's a framework that yields not only a happier workplace, but a far more successful one, and it can transform our work and our lives. From showing us how to tap into our benign envy, to investigate our cultural norms, to cultivate a greater imagination, and rewrite the rules to lift everyone up, UNCOMPETE is a radical reset of our mindsets. It helps us cultivate abundance, find genuine joy in others' victories, and embody the belief that there is room for all of us to succeed. **B**



FIU-Nepal issues updated STR/SAR guidelines, adds AI and PEP Red Flags

The Financial Information Unit (FIU-Nepal) under Nepal Rastra Bank has issued updated guidelines for identifying and reporting suspicious transactions and activities. The move aims to strengthen the country's anti-money laundering (AML) framework.

The revised STR/SAR Guidelines, in line with the Anti-Money Laundering Act 2064, provide practical guidance to reporting institutions for detecting and submitting suspicious transaction reports (STRs) and suspicious activity reports (SARs).

The updated guidelines introduce a structured classification of Red Flags into three categories: general, sector-specific and predicate offence-related. Under the general category, Red Flags related to the use of artificial intelligence and the involvement of Politically Exposed Persons (PEPs) have been added. Sector-specific additions include indicators for hire purchase companies and automobile selling companies.

FIU-Nepal has also clarified the required information, submission timelines and procedures for STR/SAR filings. These updates are expected to enhance the quality of reports submitted and support the identification and investigation of financial crimes.

Sujeev Shakya launches 'Nepal 2043 - The Road to Prosperity'

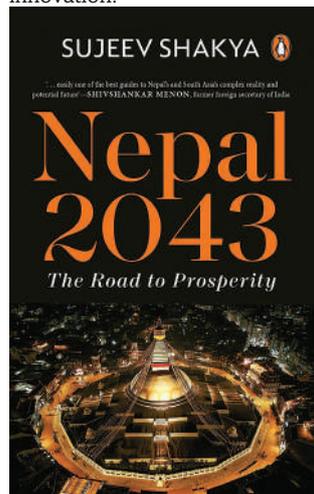
Thought leader and author, Sujeev Shakya, unveiled his latest book, *Nepal 2043 - The Road to Prosperity*, published by Penguin Random House, at a launch event in Kathmandu on October 16. The book builds on Shakya's earlier works, *Unleashing Nepal* and *Unleashing the Vajra*, and sets out an ambitious yet realistic roadmap for Nepal to become a

high-income nation by 2043.

Speaking at the launch, Shakya said, "Nepal is not a poor, landlocked country but a land-linked one with immense opportunities. The future will depend on how we connect our people, policies and possibilities. This book is not about what went wrong, it is about what can go right if we decide to act with vision and discipline."

He added, "We have spent decades discussing our problems. It is time we start discussing solutions. Nepal 2043 is about reimagining our country as a confident player in the Asian century where optimism meets pragmatism."

The book explores how Nepal, positioned between India and China, can harness its strategic geography, human capital and digital transformation to drive economic growth. Divided into two sections, it looks at the broader context of Nepal's transformation and outlines key enablers such as hydropower, agriculture, tourism and digital innovation.



At the launch event, Dr Danielle Meuwly, Ambassador of Switzerland to Nepal, praised the book as 'timely and compelling'. Reflecting on her meeting with Shakya after the recent Gen Z protests, she said, "This book moves from vision to pragmatism, it is a rare combination of realism and optimism. Nepal 2043 does not dwell on problems; it looks for solutions. What stood out to

NRB Governor Poudel attends 48th SAARC Finance Governors Group meet



Nepal Rastra Bank (NRB) Governor Dr Biswo Nath Poudel participated in the 48th SAARC Finance Governors Group meeting held in Washington, DC on October 14 during the World Bank and International Monetary Fund (IMF) annual meetings.

The meeting, chaired by Bangladesh Bank Governor, Dr Ahsan H Mansur, saw the participation of governors and deputy governors of central banks, officials from finance ministries and other representatives from the South Asia region. Addressing the meeting, Governor Poudel analysed Nepal's current economic situation and stated that indicators of inflation and the external sector are stable. However, Poudel expressed the view that the recently developed political situation has added challenges to the efforts for fiscal stability and sustainable economic growth. He informed that policy facilitation efforts have been initiated to address this challenge and revitalise the economy and its dynamism.

In his inaugural address at the meeting, Bangladesh Bank Governor Mansur stated that SAARC Finance is a common platform for regional cooperation and the sharing of best practices among central banks in the South Asia region.

On the occasion, representatives from the

participating central banks gave presentations on the current economic and financial status of their respective countries.

The participants discussed the effectiveness of the SAARC Payment Council, financial inclusion in the SAARC region, the possibility of a currency swap among SAARC nations, a common research and data system, SAARC scholarships and the future work direction. Governors of the participating central banks emphasised the need to make coordination and cooperation on contemporary economic and financial issues more effective among SAARC member nations in the days ahead.

From this meeting, the chairmanship of SAARC Finance was handed over to the Royal Monetary Authority, Bhutan's central bank.

SAARC Finance is a network of governors of central banks and finance secretaries from the member countries of the South Asian Association for Regional Cooperation. SAARC Finance was established in 1988 with the objective of discussing macroeconomic policies and exchanging mutual cooperation among SAARC nations. The 11th SAARC summit, held in Kathmandu in January 2002, granted formal recognition to SAARC Finance.

me is how the book highlights the Swiss model of human capital development. For a

federal system to truly work, the private sector must play a larger role. In Switzerland,



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80% of young people choose vocational training, and Nepal can draw lessons from that.”

Dr Meuwly added that the book's emphasis on connectivity, federalism and digital transformation resonates strongly with Nepal's aspirations to become a 'digital nation'.

Anushka Shrestha, Founder of Makusse, described Nepal 2043 as 'realistically relevant'. She said, "After the protests, many of us asked if our hopes were misplaced. But this book reminded me that relevance does not fade, it evolves. It gives a clear overview of everything from hydropower to Brand Nepal. It is not just about what we want to be but how we can get there."

Saloni Sethia, Board Member of Nepal Economic Forum, spoke about Nepal's resilience: "I once asked what it means to thrive in chaos. We have had so many prime ministers, blockades, earthquakes, yet we keep moving. This book captures that spirit of adaptability that defines Nepalis."

Nepal 2043 – The Road to Prosperity has already drawn praise from international figures such as Helen Clark, former Prime Minister of New Zealand; Kishore Mahbubani of the National University of Singapore; and Shiv Shankar Menon, former Foreign Secretary of India, for its bold and hopeful vision of Nepal's economic transformation.

The book's blend of data, insight and storytelling makes it both an analytical guide and a source of inspiration for policymakers, entrepreneurs and young readers looking to understand Nepal's future. It challenges conventional pessimism with evidence-backed optimism and urges collective action towards an inclusive, sustainable and prosperous Nepal.

Remittance inflows rise 33.1% to Rs 352.08 billion; gross foreign exchange reserves up 7.6% to Rs 2,881.35 billion

According to the Current Macroeconomic and Financial Situation of Nepal based on two months data ending mid-September of 2025/26 published by Nepal Rastra Bank (NRB), the year-on-year (y-o-y) consumer price inflation stood at 1.87% in mid-September 2025 compared to 3.86% a year ago.

Food and beverage inflation decreased 1.34% whereas non-food and service inflation stood at 3.70% in the review month. During the same period in the previous year, the price indices of these groups had increased 5.06% and 3.19%, respectively.

Under the food and beverage category, y-o-y price index of ghee and oil sub-category increased 11.09%, non-alcoholic drinks 3.97%, and milk products and eggs 2.66% while y-o-y price index of vegetable sub-category decreased 12.74%, spices 6.31%, and pulses and legumes 3.58%.

Under the non-food and services category, y-o-y price index of miscellaneous goods and services sub-category increased 11.77%, education 7.67%, clothes and footwear 6.29%, tobacco products 4.84%, and furnishing and household equipment 4.55% while y-o-y price index of insurance and financial services sub-category decreased 0.22%.

During the review month, y-o-y price index in rural areas increased 1.73%, while in urban areas, it rose 1.91%. Similarly, based on provinces, in the review month, y-o-y consumer price inflation in Koshi Province was 2.99%, Madhesh Province 1.74%, Bagmati Province 1.72%, Gandaki Province 1.47%, Lumbini Province 1.76%, Karnali Province 1.85% and Sudurpashchim Province 0.88%.

In the review month, y-o-y consumer price inflation in

Kathmandu Valley, Terai, Hill and Mountain region stood at 2.21%, 1.70%, 1.68% and 2.51%, respectively.

As per the NRB report, during the two months of 2025/26, merchandise exports increased 88.6% to Rs 47.32 billion against a decrease of 5.1% in the same period of the previous year. Destination-wise, exports to India and other countries increased 139.9% and 0.4%, respectively whereas exports to China decreased 58.5%. Exports of soyabean oil, palm oil, jute goods, cardamom and noodles, among others, increased whereas exports of zinc sheet, particle board, tea, woollen carpets and oil cakes, among others, decreased in the review period.

During the two months of 2025/26, merchandise imports increased 16.2% to Rs 305.16 billion compared to an increase of 1.1% a year ago. Destination-

wise, imports from India, China and other countries increased 8%, 25.1% and 33.4%, respectively. Imports of crude soyabean oil, chemical fertiliser, transport equipment, vehicle and spare parts, aircraft spare parts, and telecommunication equipment and parts, among others, increased whereas imports of hot rolled sheet in coil, edible oil, readymade garments, oil seeds and garlic, among others, decreased in the review period.

Total trade deficit increased 8.6% to Rs 257.84 billion during the two months of 2025/26. Such deficit had increased 1.8% in the corresponding period of the previous year. The export-import ratio increased to 15.5% in the review period from 9.6% in the corresponding period of the previous year.

The central bank has stated that during the two months of

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2025/26, merchandise imports from India against payment in convertible foreign currency amounted to Rs 27.75 billion. Such amount was Rs 29.93 billion in the same period of the previous year.

Meanwhile, remittance inflows increased 33.1% to Rs 352.08 billion in the two months of 2025/26 compared to an increase of 15.8% in the same period of the previous year. During mid-August to mid-September, remittance inflows stood at Rs 174.67 billion. In the same period of the previous year, such inflows were Rs 127.99 billion. In US dollar terms, remittance inflows increased 27.6% to \$2.52 billion in the review period. Such inflow had increased 14.2% in the same period of the previous year.

The number of Nepali workers, both institutional and individual, taking first-time approval for foreign employment stood at 90,198 and taking approval for renew entry at 45,884. In the same period of the previous year, such numbers were 76,485 and 40,583, respectively.

The current account remained at a surplus of Rs 130.69 billion in the review period. Such surplus was Rs 54.41 billion in the same period of the previous year. In US dollar terms, the current account registered a surplus of \$934.7 million in the review period against a surplus of \$405.6 million in the same period of the previous year.

In the review period, net capital transfer amounted to Rs 2.20 billion. In the same period of the previous year, such transfer amounted to Rs 1.20 billion. Similarly, in the review period, Rs 1.27 billion foreign direct investment (equity only) was received. In the same period of the previous year, foreign direct investment inflow (equity only) amounted to Rs 2.71 billion.

Balance of Payments (BOP) remained at a surplus of Rs 153.68 billion in the review period. Such surplus was Rs 101.77 billion in the previous year. In US dollar terms, the

BOP remained at a surplus of \$1.10 billion in the review period compared to a surplus of \$758.4 million in the same period of the previous year.

Meanwhile, gross foreign exchange reserves increased 7.6% to Rs 2,881.35 billion in mid-September 2025 from Rs 2,677.68 billion in mid-July 2025. In US dollar terms, gross foreign exchange reserves increased 4.7% to \$20.41 billion in mid-September 2025 from \$19.50 billion in mid-July 2025.

Of the total foreign exchange reserves, the reserves held by NRB increased 6.9% to Rs 2,582.38 billion in mid-September 2025 from Rs 2,414.64 billion in mid-July 2025. Reserves held by banks and financial institutions (except NRB) increased 13.7% to Rs 298.97 billion in mid-September 2025 from Rs 263.04 billion in mid-July 2025. The share of Indian currency in total reserves stood at 22.5% in mid-September 2025.

Based on the imports of the two months of 2025/26, the foreign exchange reserves of the banking sector are sufficient to cover the prospective merchandise imports of 19.7 months, and merchandise and services imports of 16 months.

NIICE hosts lecture on India-China rivalry in the Indo-Pacific, examines impact on Nepal



Nepal Institute for International Cooperation and Engagement (NIICE) organised a public lecture on 'Rising Power Competition: Indian and Chinese Commercial Landscapes in the Indo-Pacific' at the NIICE Seminar Hall in Lalitpur on October 28.

Daniel Loebell, a PhD candidate in political science at Northwestern University in

the United States, delivered the lecture and emphasised how strategic and economic rivalry between India and China is reshaping the Indo-Pacific and influencing smaller South Asian states, including Nepal and Malaysia.

Addressing the event, Bibek Dhoj Thapa, Programme Coordinator at NIICE, explained NIICE's research focus within the Indo-Pacific framework, referring to work by Dr Pramod Jaiswal, NIICE's research director. Thapa said Nepal can be viewed as a 'virtual maritime country' because of its open border with India and its affiliation with BIMSTEC, which he said provides access to the Indian Ocean. He added that competition between India and China in the Indo-Pacific waters shows spillover effects in the Himalayan region where Nepal is situated.

Thapa observed that as India strengthens maritime partnerships, particularly with the United States, China has adopted a more assertive posture along their shared Himalayan border. "Tensions in the Indo-Pacific waters are mirrored in the Himalayas," he said, emphasising that the Himalayan region and the Indian Ocean are interlinked arenas of great-power competition.

Loebell reflected on his fieldwork in Nepal, drawing on more than 40 semi-structured interviews with officials, academics and private-sector representatives. His preliminary findings indicate that India's commercial and institutional influence in Nepal remains more pervasive than China's, particularly in trade, investment and non-profit exchanges, and he said these patterns show how small states navigate complex economic pressures from multiple regional powers.

Loebell said Nepal's position between India and China allows it to serve as a strategic observation point for scholars studying the balance of power in South Asia. He described his research as

'exploratory fieldwork on how small states hedge between large powers to protect their sovereignty while engaging economically'.

He also highlighted historical links that shape contemporary relations, saying Nepal's position between northern India and Tibet fostered centuries of cultural, trade and migratory interactions, later influenced by the British colonial era and restrictions under the Rana regime that prompted Nepalis to go abroad, including to Malaysia. He said Malaysia presents an older layer of transregional engagement, tracing connections nearly 900 years to the Kedah city-state and its links to China via the Chola Empire of Tamil Nadu. Loebell referred to historical trade networks, including a 'Group of 500' merchants managing spice and raw-material exchanges across the Indian Ocean to China, as examples of early globalisation.

Loebell credited the Northwestern Buffett Institute for International Studies for supporting his research and fieldwork across South Asia, including lectures in Sri Lanka, India and Nepal. He concluded by stressing the importance of academic collaboration between Nepali and international institutions to better understand the region's shifting political economy.

The session concluded with an interactive question-and-answer segment on strategic opportunities for Nepal and Malaysia within the broader Indo-Pacific discourse. Around 20 participants attended, including researchers, academics, diplomats, students and think-tank representatives.

NICCI apprises Finance Minister on impacts of GST reviewed by India

Nepal-India Chamber of Commerce and Industry (NICCI) briefed Finance Minister, Ramesh Prasad Khanal, on several critical issues including the repercussions of the Indian



government's General Sales Tax (GST) review on Nepal's manufacturing sector, the potential for Indian companies to assist in Nepal's reconstruction, the unexplained suspension of Initial Public Offerings (IPO) by the Securities Board of Nepal (SEBON), and various long-standing concerns regarding foreign direct investment (FDI).

During a meeting on October 8 at the Finance Minister's office, NICCI Officiating President Kunal Kayal articulated serious concern over the effect of the recent GST changes in India and appealed to the minister to take decisive action to protect domestic manufacturing industries.

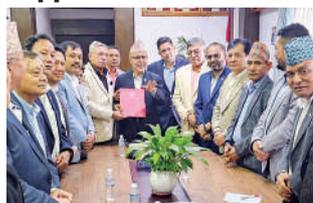
India's 56th GST Council approved extensive rate adjustments which took effect on September 22. This move re-bases India's Maximum Retail Prices across numerous Fast-Moving Consumer Goods product categories. The change in Indian GST is expected to widen the price difference (price arbitrage) thereby increasing the risk of grey-channel trade, while simultaneously improving the affordability of impacted formal imports as pricing tiers shift downward following the revision of India's MRPs.

A letter submitted to the finance minister cautioned that 'initial workings indicate potential turnover and margin pressure, if we mirror India MRPs versus a potential price arbitrage opportunity via wholesalers if we hold Nepal pricing as-is'. NICCI further emphasised the detrimental influx of illegal trade which will severely impact the Nepal government's revenue and hurt the national coffer. The letter warned that 'lower India MRPs plus better exporter liquidity increases the incentive for retail-pack leakage into Nepal via the open border', predicting a spike in illicit inflows in border areas leading to the near-term displacement of Nepal-manufactured products and an adverse price perception.

The NICCI letter stated that local production could be significantly disadvantaged if it shadows India's MRPs without equivalent tax relief. It listed soaps, toothpaste, shampoo and food products among the affected categories.

NICCI also proposed a three-pronged strategy to counteract the changes and protect the domestic manufacturing industry: reducing the cost of raw material imports (with the benefit potentially passed to consumers through better pricing) and/or providing production-linked benefits to domestic manufacturers; increasing customs duties on imported finished goods (FG) to enhance the incentive for local manufacturing; and curbing the parallel flow of goods through routine and random raids on stores in bordering towns.

NCC urges government to boost investor confidence with policy support



Nepal Chamber of Commerce (NCC) has urged Finance Minister, Rameshore Prasad Khanal, to provide policy support to resolve economic problems and boost investor morale.

A delegation led by NCC President, Kamlesh Kumar Agrawal, recently met Minister Khanal at Singha Durbar and sought assurances on industrial and business security and investment-friendly environment. The chamber said it is confident the government will prioritise policy clarity, investment-friendly environment and business security in partnership with the private sector. NCC requested further facilitation of investment-related policies to attract domestic and foreign capital and recommended

AIDIA and Centre for Strategic Studies, Tajikistan join hands for economic diplomacy



The Asian Institute of Diplomacy and International Affairs (AIDIA) of Nepal and the Centre for Strategic Studies (CSS) under the President of the Republic of Tajikistan have entered into a memorandum of understanding to strengthen cooperation in research and dialogue on matters of shared interest.

The agreement, signed by Founder of AIDIA Sunil KC and CSS Chair, Usmonzoda Khairiddin Usmon, allows joint studies, exchange of experts and collaborative participation

in academic and policy forums held in Nepal and Tajikistan. "Both institutions have agreed to undertake joint projects in areas that contribute to regional understanding, constructive engagement and economic diplomacy," said KC, after signing the agreement.

As part of the partnership, AIDIA and CSS will co-host the 'Dushanbe Dialogue', a forum established under the theme 'Where Centre Meets South'. The dialogue will focus on key subjects including energy, security, artificial intelligence and climate change, according to the agreement.

"It is intended to serve as a meeting ground for scholars, researchers and policymakers to exchange perspectives on regional and global developments," said Usmon.

strengthening state-private sector dialogue. It requested for concessional loans, interest subsidies, tax exemptions and waiver of renewal fees for small, cottage and medium enterprises affected by the Gen Z protests.

The chamber urged adjustment of tax rates in Nepal following recent GST changes in India and proposed a maximum customs duty of 25%. It suggested exempting excise duty on domestically produced goods not on the negative list and implementing multiple VAT rates to curb cross-border smuggling and increase revenue.

The chamber thanked the government for adopting transaction value as the basis for valuation, removing the reference book and introducing an online valuation system at Biratnagar Customs Office, and urged immediate rollout of the system at all customs offices. It said customs duty should be fixed on the bill

price for imports by reputable and multinational companies, imports via letters of credit, agency imports and GST-based imports.

NCC also called on the finance minister to end forceful tax collection arising from unclear laws, and suggested extending tax deadlines and waiving penalties and interest for businesses hit by the protests.

Likewise, NCC President Agrawal told Minister Khanal that the World Bank's latest growth projection of 2.1% had alarmed the private sector.

NCC urges government not to stop export subsidy



Nepal Chamber of Commerce (NCC) has urged the government not to end the

FNCCI supports test of valuation database system at Biratnagar Customs Office

The government has successfully tested the much-awaited valuation database system at the Biratnagar Customs Office, a digital resource that is being initiated for the first time in Nepal.

The system, which was inaugurated by Finance Minister Rameshore Prasad Khanal on September 25, replaces the prevailing reference book and is mentioned in the General Agreement on Trade in Services (GATS) under the World Trade Organisation (WTO); it is in use in most countries.

Under this method, the price details of all cleared goods will be collected to allow analysis and comparison of goods presented for customs clearance, which helps in identifying the transaction value.

The government expects the system to address complaints from entrepreneurs about the reference book, which is

revised every six months.

Federation of Nepalese Chambers of Commerce and Industry (FNCCI) had been demonstrating to the government the possibility of online valuation according to GATS valuation for several years, and FNCCI demands that price determination should be done in full compliance with the methods mentioned in WTO/GAQ/Valuation Article 7 so the transaction value is determined accordingly.

FNCCI President Chandra Prasad Dhakal urged entrepreneurs and businesspeople to utilise the valuation process, which has currently started as a pilot from Biratnagar, and urged the government to initiate this service at all customs points.

As the online database system is recognised by the WTO, it is a scientific method and is expected to address the problems of under-invoicing and over-invoicing, which form part of the informal economy in Nepal, to a great extent.

export subsidy. A delegation of NCC officials, including President Kamlesh Kumar Agrawal, met Minister for Industry, Commerce and Supplies, Anil Kumar Sinha, at Singha Durbar on October 10 and asked that the concessional export subsidy be maintained.

NCC said the government's recent decision would discourage exports when domestic products lack competitiveness and production costs remain high.

The chamber also asked Minister Sinha to ease policy constraints to resolve economic problems and restore investor confidence, and to guarantee industrial and business security to create an investment-friendly environment.

"To strengthen the economy, the government must prioritise policy clarity,

an investment-friendly environment and business security by partnering with private sector," the statement said.

NCC welcomed measures including loan rescheduling for businesses hit by Gen Z protests, concessional loans, 50% customs duty exemption and excise duty relief on reconstruction imports, and faster insurance claim settlements.

The chamber also welcomed the move to use transaction value as the basis of valuation, the removal of the reference book, and the start of an online valuation system at Biratnagar Customs Office.

NCC urged an end to tax collection under pressure caused by unclear laws and called for quick, easy loans for young entrepreneurs in line with the Gen Z protests, and for

simpler, digital-friendly business registration, tax and licensing procedures.

Stating that over half the population is young, NCC President Agrawal said youth employment must be central to building a self-reliant economy.

On the occasion, Minister Sinha said the government is working to create an investment-friendly environment and to guarantee private sector security, and described the NCC's proposal for an integrated security system for industry and business as appropriate.

MRCP (UK) PACES exam concludes at Nepal Medicit



The MRCP (UK) Practical Assessment of Clinical Examination Skills (PACES) examination, which tests the competence of doctors worldwide, concluded on October 16 at Nepal Medicit after a three-day sitting.

Nepal Medicit is one of the MRCP (UK) examination centres in South Asia and the country's first and only test centre. The assessment ran from October 14 to 16 and marked the fourth occasion it has been held at the facility. Forty-six candidates from Bangladesh, Brunei, India, Myanmar, the Maldives, the UK and Nepal took part. Doctors who pass PACES earn a globally recognised qualification that certifies their knowledge, skills and attitude, enabling them to practise in any hospital authorised by MRCP (UK).

Five examiners from the UK – Professor David Black, Dr Eleanor Grogan, Dr Arthur Docke, Dr Katja Adie and Dr Kathir Yoganathan – represented the Royal College of Physicians of Edinburgh, the Royal College of Physicians and Surgeons of Glasgow and

the Royal College of Physicians, London.

Fifteen Nepali examiners conducted the assessments locally, including Dr Niraj Joshi, Dr Dhiraj Manandhar, Dr Arpana Neupane, Dr Sanjit Krishna Shrestha and Dr Lucky Sharma of Nepal Medicit; Dr Sudip Shrestha of Nepal Cancer Hospital and Research Centre; Dr Rakshya Pandey of HAMS Hospital; Dr Yadab K D Bhatta of Norvic International Hospital; Dr Shital Adhikari of Chitwan Medical College; Dr Mahesh Raj Sigdel of the Institute of Medicine (IOM); Dr Rabintra Shrestha of OM Hospital; Dr Pravin Adhikari of Nepal Medical College; Dr Yubaraj Sharma of Patan Hospital; and Dr Arun Maskey of Shahid Gangalal National Heart Centre.

Nepal Medicit has hosted MRCP (UK) PACES since 2024, reducing the need for Nepali doctors to travel to the UK to sit the assessment. Dr Pragati Koirala of Nepal Medicit has coordinated the examination since its inception.

Over Rs 40 million grant goes to 13 industries for energy efficiency

Rastriya Banijya Bank (RBB), on October 14, distributed over Rs 40 million in grants to 13 second-phase industries, rewarding their implementation of energy-efficiency measures under the Recovery and Empowerment through Sustainable Energy in Nepal (REEEP-Green) project.



The grants follow the successful adoption of energy-saving measures identified during detailed energy audits. These interventions are expected to save 1,235,544 kilowatt-hours annually and reduce operating costs by more than Rs 47.75 million each year.

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Kunal Kayal appointed Vice President of NICCI



Nepal-India Chamber of Commerce and Industry (NICCI) has appointed Kunal Kayal as Vice President of the chamber. Kayal brings with him a strong history of leadership within NICCI. He previously served as Treasurer in the former Executive Committee and is currently an active member of the existing committee. A chartered accountant by profession, Kayal is a Director at Keyal Group, a prominent industrial and trading conglomerate in

Nepal. The Keyal Group has diversified interests spanning manufacturing, construction materials trading, hydropower and solar energy, real estate, banking and insurance, tourism, healthcare, and other services. He also serves as the Honorary Consul of Jordan to Nepal, adding a valuable international dimension to his portfolio.

In addition to this key appointment, NICCI's Executive Committee has also promoted Marshal Rathour to the position of Director. Rathour had been serving as Deputy Director and has been associated with NICCI for over 24 years.

Recipient industries span the agro-processing, pharmaceutical and dairy sectors. AG Health Industries received the largest award, Rs 10 million, for two major energy-efficiency improvements, including the replacement of a manual packaging machine. With its own investment exceeding Rs 40 million, the company anticipates annual savings of over Rs 10 million, underscoring the commercial viability of such innovations.

"Energy expenses account for approximately 30% to 35% of our total operating costs, and initiatives like REEEP-Green help industries move from awareness to tangible action," said Sumit Kedia, Managing Director of Sitaram Gokul Milk, Kathmandu.

Dr Pankaj Tiwari, Managing Director of Arrow Pharmaceuticals, described the audit process as 'illuminating, revealing new ways to optimise energy use while adhering to international safety standards'.

Ranjan Prakash Shrestha, Senior Project Manager at the European Union Delegation to Nepal, expressed determination to continue energy-efficiency efforts once the project's

support concludes.

RBB CEO, Devendra Raman Khanal, praised the industries for contributing to the national effort and predicted that such cooperation would have a long-term impact on Nepal's energy future.

Rajib Mangal Joshi, the project's green energy finance expert, expressed confidence that the initiative would promote sustainable industrial practices, ensure compliance with environmental standards and encourage decent labour practices.

The grant programme, implemented under REEEP-Green with co-financing from the EU and German government, provides partial financial assistance for high-impact energy-efficiency initiatives. It was noted that the achievements realised through this support will serve as a model for channelling investment via loan or blended-finance mechanisms in future public and private sector programmes, thereby encouraging more industries to adopt energy-efficient measures and contribute to sustainable development.

Shangri-la Development Bank starts SCT-UnionPay card service



Shangri-la Development Bank, holding a C-class licence from Nepal Rastra Bank, has started offering the SCT-UnionPay card service operated by Smart Choice Technologies, an institution licensed by NRB to operate payment systems. From October 15, customers of Shangri-la Development Bank can obtain the SCT-UnionPay card by visiting the bank. The bank and SCT said the new facility will make digital payments easier, more accessible and safer for customers.

SCT is currently issuing the SCT-UnionPay card through 23 banks and financial institutions and more than 100 cooperative societies. Using its own card-switching infrastructure, Smart Switch, SCT issues SCT-UnionPay and VISA cards and processes card transactions by accepting VISA, RuPay, MasterCard and Discover.

LG wins 13 innovation awards at IFA 2025



LG Electronics has won 13 awards at IFA 2025, reaffirming its leadership in innovation, design and smart-lifestyle products.

At IFA 2025, one of the world's leading consumer electronics exhibitions, LG Home Appliance Solutions received a total of 13 awards, reinforcing the company's commitment to making home technology more convenient, smarter and more sustainable.

LG's innovation and user-centric approach were honoured across categories

including mobility, accessibility, smart home and design excellence.

Among the top prizes, LG Spielraum won Best in Mobility, LG Comfort Kit won Best in Accessibility Focused Product, and the AI Sense Clean Dishwasher with Microplastic Filter won Best in Home Appliances.

Honouree awards included Best in Design for the LG washer and tumble dryer pair, the LG TruSteam dishwasher, the next LG massage recliner and the LG Styler Mini. Best in Home Appliances honourees were the LG Washtower, the LG washer and dryer with heat pump, the LG robot vacuum with built-in station and the LG wet-and-dry stick vacuum cleaner. The LG robot vacuum with Objet Station was also recognised in the Best in Smart Home category.

The IFA Innovation Awards honour achievements in design and engineering. An independent jury praised LG's AI-powered technology, human-centric design and emphasis on sustainability, noting the company's vision for making homes smarter, cleaner and more sustainable.

LG Nepal has been a partner to Nepali households for four decades, providing technology and solutions across home appliances and electronics. Inspired by the philosophy 'Life's Good', LG aims to make daily life smarter, more convenient and more enjoyable. Under the Chaudhary Group, CG Electronics provides official distribution, sales and customer service for LG products in Nepal, with showrooms and authorised dealers across several cities and a commitment to after-sales service.

MAW Vriddhi unveils Deepal S05 in Birgunj



MAW Vriddhi, the official distributor of Deepal in Nepal, unveiled the new Deepal S05

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Bajaj Pulsar becomes two-wheeler partner for NPL season 2



Golchha Group's Bajaj Pulsar has become the official two-wheeler partner for the second edition of the Nepal Premier League (NPL). The agreement was signed at a programme in Kathmandu on October 30.

Golchha Group Director, Abhimanyu Golchha, and

Cricket Association of Nepal Secretary, Paras Khadka, signed the deal under which Golchha Group will award a Pulsar N160 motorcycle to each of the top three players of the NPL – the highest run-scoring batsman, the highest wicket-taking bowler and the best emerging player.

electric SUV in Birgunj on October 15. The launch marks the arrival of the model in a key market of Madhesh Province and coincides with the opening of a new regional showroom.

The unveiling brought together local civic and business leaders, industry representatives and public figures who jointly revealed the S05 and introduced sales and after-sales operations to the area.

The Deepal S05 positions itself as a premium, technology-forward electric SUV, equipped with the CATL Golden Shield Battery System 2.0 that offers a claimed charging life cycle of 5,000 cycles, equivalent to roughly 600,000 km. The vehicle emphasises luxury and comfort with ventilated and heated front seats and a 'Queen Co-Pilot Seat' designed for a zero-gravity posture. Convenience and innovation are highlighted by a segment-exclusive Remote In and Out Parking function that allows the vehicle to be moved forward or backwards using the key fob, and an Augmented Reality Head-Up Display that projects navigation and key

driving information onto the windscreen.

On-board technology extends to a 14.4-inch Sunflower Touchscreen with internet connectivity, delivering a connected digital experience intended to appeal to tech-minded buyers. Since its national introduction, the S05 has quickly generated attention in Nepal's EV market for its combination of design, luxury features and advanced systems.

In tandem with the launch, MAW Vriddhi inaugurated a state-of-the-art Deepal showroom in Birgunj and kicked off a four-day Special Test Drive and Exchange Programme. The launch event also showcased Deepal and Changan's push into robotics and automation, featuring humanoid robots and robot dogs that underline the manufacturer's investment in artificial intelligence and futuristic mobility demonstrations.

inDrive celebrates rider loyalty and community empowerment in Nepal



inDrive, the global mobility and urban services platform, celebrated the grand prize winners of its 'Ride More, Win More' campaign in Kathmandu. The campaign was designed to reward loyal users who chose inDrive for their everyday travel, giving them a chance to win amazing prizes simply by booking rides through the inDrive app.

The campaign received an overwhelming response from users across Kathmandu, reflecting the strong trust and engagement of inDrive's growing community. Passengers who completed at least three rides with inDrive were automatically entered into a lucky draw, giving them unlimited opportunities to win exclusive rewards and celebrate their everyday journeys with inDrive.

The highlight of the campaign was the grand prize distribution ceremony, where 10 lucky winners received brand-new Yadea E8S PRO Electric Scooters, and 30 winners took home Ultima Watch Circle Smartwatches. The campaign underscored inDrive's ongoing commitment to celebrating its growing community of users while promoting fairness, transparency and empowerment in mobility.

Rita Pokharel, Nepal Country Representative at inDrive, said, "We are delighted to see the incredible participation from our users in Kathmandu. 'Ride More, Win More' was our way of thanking our loyal passengers for choosing inDrive every day. At inDrive, we believe in empowering people through freedom of choice and fairness. Our unique peer-to-peer pricing model allows passengers and drivers to agree on a fair price directly, making mobility

transparent, flexible, and community-driven. We look forward to launching more initiatives that continue to empower communities through fair and transparent services."

Mahalaxmi Bikas Bank honours women entrepreneurs



Mahalaxmi Bikas Bank marked its 31st anniversary shining the light on the people behind the country's growing entrepreneurial spirit. The bank recognised 31 women entrepreneurs from across Nepal who have used its financial support to build and grow their businesses.

The recognition is a gesture to represent the bank's commitment to giving women a stronger place in the economic landscape, especially in areas where access to finance can still be a challenge. Each of the women were acknowledged for their hard work and recognizing them echoed the bank's belief that women-led businesses are essential to local and national growth.

Supporting women entrepreneurs is part of Mahalaxmi Bikas Bank's larger approach to responsible banking. The idea is to pair financial products with guidance, relationship-building and community engagement so that more women feel encouraged to start or expand their businesses.

Alongside the entrepreneur recognition, there were health camps, blood donation activities and financial literacy outreach programs to mark this significant milestone. **B**



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Aashish Sharma

Founder & Managing Director, Singapore Beverages Nepal

Aashish Sharma, Managing Director of Singapore Beverages Nepal, harbours the ambition to transform Nepal into a developed country like Singapore. Driven by the vision of creating sustainable products that are made in Nepal, he chose to launch his own company at the age of 27, establishing a venture distinct from his father's distribution business.

Sharma pursued a Master's degree in International Business

from Dubai, an experience that expanded his business perspective and motivated him to establish Singapore Beverages. The name of his company aligned to the export potential, he believes, Nepal carries.

Today, Nimbu Pani, has gained significant traction among Nepali consumers. Interestingly, the drink was originally conceived not for the Nepali market but for the international diaspora. The

concept, inspired by a simple household tradition of adding lemon to chilled water served in homes across the nation.

The company's initial 350 cases were exported to the USA, and the surplus stock tested in Birtamode which garnered unexpected positive feedback, prompting wider distribution. Eight years later, the company proudly reports an annual growth of 25% to 30%.

In this edition of **Business360**, Sharma shares

the five things that have had the most profound impact on him both personally and professionally.

People can defend themselves, products cannot

When I went to Dubai to pursue my degree, I was directly confronted with a version of Nepal I had never fully recognised. Even at the airport, the way my passport was handled made me feel less significant than the people

“I have come to believe that hard work is the only part of the process we can genuinely control. People often attribute success to luck but luck is something nobody can teach or predict. Hard work, however, is a choice we make every single day”

around me. On my very first day in Dubai, someone casually mentioned that I came from the land of security guards. While it was said without malice, it deeply wounded my pride.

Over time, I realised that Nepali products face an even sharper scrutiny. People can defend themselves, products cannot. While pitching my drinks in Europe, I frequently struggled just to enter the room, let alone participate in the conversation. At every store, outlet and customs point, we were forced to repeatedly prove that our product quality was genuine. Unlike goods from Japan, Germany or India, Nepali products rarely arrive with an inherent level of trust. I faced many rejections and each closed door compelled me to think more seriously about our country's image and what it would take to change it.

These moments did not harden me. Instead, they provided crucial direction. I wanted our products to be able to stand anywhere without requiring an apology. Today, Nimbu Pani is exported to more than 40 countries, a reminder of how far a Nepali taste can travel when given the opportunity. The hesitant belief that impacts our psychology, economics and the dynamics of the entire country, Nimbu Pani is here to change that and hold the thread.

A path driven by trial, error and enduring curiosity

I have always been fascinated by colours in flavoured drinks. Even as a young child, I would stop to analyse the colour and taste of every drink. Eventually, I realised I possessed a naturally

sharp palate and that small curiosity gradually developed into the idea of crafting a product of my own. What many people do not realise is that the journey to creating our cola drink began with a significant leap of faith. Two German companies agreed to collaborate with us and together we went through 29 different variations. Some tasted promising while others were surprising even to us. The entire process was messy and exhausting. Our partners documented the entire journey and submitted it to the World Book of Records in London which recognised us in 2022.

However, the true reward was the reinforcement that good ideas require time, patience and willingness to keep adjusting until something finally clicks. This phase unexpectedly opened new doors. Forbes featured our work and the European International University in France later honoured me with an Honorary Doctorate. These were not milestones I had anticipated. They were simply the positive byproducts of a path driven by trial, error and an enduring curiosity for flavour.

Hard work is a choice we make every single day

My grandfather was a priest and breaking tradition, my father became the first entrepreneur in our family by venturing into the distribution business, including distributing Wai Wai for CG Group. Watching him taught me early on that entrepreneurship is not glamorous. While many of my friends were enjoying their teenage years, I was juggling three part-time jobs

at the age of 16, balancing school with roles in accounting and clerical work across several organisations. Later, I attempted to start an event management company and an export-import business, both of which failed. At the time this was discouraging but looking back those failures taught me more than any success could have.

Over the years, I have come to believe that hard work is the only part of the process we can genuinely control. People often attribute success to luck but luck is something nobody can teach or predict. Hard work, however, is a choice we make every single day. And, if the word workaholic were embodied in a person, I would certainly be that person.

That first dollar represented years of trying, failing, restarting and continuous learning

When I first started Singapore Beverages, my expectations were modest. If we could successfully gain a foothold in Jhapa, a market already dominated by numerous MNC brands, I would have considered that a major achievement. The product achieved local success and eventually the opportunity to export emerged. Our very first export was Jiru to the USA and I vividly remember the exact moment we received the first dollar for that shipment.

The very first thing I did was go home and hug my father. I do not believe I had ever done that in three decades. That first dollar represented years of trying, failing, restarting and continuous learning. It carried an emotional weight far heavier

than its actual value. Whenever I recall that moment, it reminds me precisely of where the journey truly began and of the person who quietly supported me through every step of it.

Family – a crucial pillar of strength we need

I am a family man at heart. I hold deep respect for my father and my family has been my constant source of support. Having said that, I am also someone who finds it difficult to remain idle. I do not maintain much of a social life or have many friends. My working days and weekends look almost identical. My wife, Needhi, has been my steady companion for 17 years and she is the one person who truly understands the responsibility I carry and the nature of the work I am involved in. It was love at first sight for me. We met after I completed my SLC, and we have been together ever since.

There was a time when everything around us appeared to collapse. We were unsure of the next step, both financially and emotionally. It was one of the most challenging phases of our lives. In those moments, the strength of the women in our family, my mother for my father and my wife for me, held us together and became the crucial pillar of strength we needed. Their support was steady, quiet and absolutely essential. This made me realise that when two people share the same purpose, they do not just walk together, they actively push each other forward. That partnership becomes a powerful force, much like a wave carrying both partners toward the same ultimate goal. **B**

GET FIT

DON'T PUT THE BREAK ON WORKING OUT IN WINTER



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

Winter is the prime season for colds, flu and respiratory infections. Regular exercise strengthens your immune system by improving circulation, increasing white blood cell activity and reducing inflammation. When you move your body consistently, it becomes more efficient at battling viruses and bacteria.

Moderate exercises such as brisk walking, stretching, cycling and strength training

stress, anxiety and winter blues. Working out always helps create a sense of routine and accomplishment, helping you stay mentally grounded.

Maintain Weight, Support Metabolism

Winter cravings are real. Colder temperatures often trigger a desire for heavier foods, warm snacks, and higher calorie intake. Reduced activity levels combined with comfort

challenge the heart and lungs in healthy ways, strengthening their capacity and resilience. Activities like jogging, hiking, yoga and aerobics encourage deeper breathing and improved oxygen circulation. Ensure that you dress appropriately and warm up properly for exercise to be both safe and beneficial.

Build Discipline & Consistency

Pushing yourself through the cold, strengthens mental resilience and discipline and builds consistency, qualities that influence all areas of life. Winter is also a perfect time to set new goals or establish routines that will last into the new year.

Build Natural Energy

Exercise increases body temperature creating a natural sense of warmth that lasts long after the workout ends. Instead of relying solely on heaters or warm clothes, movement becomes a sustainable way to stay comfortable. Physical activity also increases energy by improving blood flow and reducing stiffness. Those who exercise regularly in winter typically feel more alert, focused and productive throughout the day.

Strengthen Bones and Joints

Cold weather can make joints feel stiff due to reduced blood flow and inactivity. Regular movement lubricates the joints, strengthens supporting muscles and reduces winter-related aches. Weight-bearing activities like walking, light strength training, and yoga keep bones strong and flexible, lowering the risk of injury.

By staying active during the cold months, you protect your body, elevate your mood and build habits that empower you throughout the year. **B**



As temperatures drop, the motivation to stay active often fades with the sun. Winter naturally encourages a slower rhythm. Think warm quilts, hot drinks, and indoor comfort. Yet, this is exactly the season when exercise becomes even more essential.

Staying active during the colder months not only supports physical health but also safeguards mental and emotional wellbeing. Exercising in this season helps you push through the chill and maintain a balanced, energised lifestyle.

Boost Immunity and Prevent Seasonal Illness

is significantly important at reducing your chances of falling sick. Staying active also helps regulate body temperature, supporting your system's natural resilience against the cold.

Combat Seasonal Depression

During colder days and less sunlight, many people experience lower energy levels or seasonal affective disorder. Exercise stimulates the release of serotonin, dopamine and endorphins, the "feel-good" chemicals that lift mood and improve emotional stability. Even 20-30 minutes of daily physical activity can reduce

eating can easily lead to unwanted weight gain. Exercise keeps your metabolism active, helping your body burn calories efficiently. Strength training is especially useful in winter, as muscle mass naturally increases metabolic rate. Even light movement throughout the day such as stretching, short indoor workouts, or outdoor walks can help balance energy intake and expenditure.

Enhance Heart and Lung Health

The body works harder to regulate temperature in the cold which can improve cardiovascular endurance over time. Winter workouts

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DR MANOJ KUMAR KC
Additional Inspector General of Police & Bureau Chief,
Central Investigation Bureau, Nepal Police

“Leadership is one of the most observed yet least understood phenomena. I see leadership not as an attribute but as a process that strengthens our ability to understand and agree on what needs to be done”

Dr Manoj Kumar KC, Additional Inspector General of Police and Bureau Chief of the Central Investigation Bureau of Nepal Police, views leadership as a process rather than a personal trait. For him, leadership is about helping people understand what needs to be done and moving together towards that goal. He believes leadership is shaped over time, learned through experience and social interaction, rather than something people are simply born with.

His understanding of leadership is grounded in years of challenging field experience. From managing high-risk situations like the violent land-seizure clash in Rupandehi to driving reforms in training, investigation and academic development within Nepal Police, he has seen how teamwork, clarity and calm decision-making shape effective outcomes. He also stresses that leaders must recognise when to pass on responsibilities, follow defined rules and build trust through accountability.

KC's approach to policing combines service, empathy and discipline. He draws motivation from the gratitude of ordinary citizens and believes that integrity, fairness and zero tolerance for misconduct are non-negotiable.

As policing evolves toward data-driven methods and new technologies, he highlights the importance of adapting while protecting human rights, strengthening institutional culture and supporting officer well-being.

In this edition of **Business 360**, KC shares what makes a leader.

What is your definition of a leader?

Leadership is one of the most observed yet least understood phenomena. I see leadership not as an attribute but as a process that strengthens our ability to understand and agree on what needs to be done.

Is leadership 'in-born' or 'acquired'?

I think this debate is largely settled now. Based on the big man and trait theory, the idea that 'leaders are born' dominated thinking until the early last century. Today, leadership is understood to develop over time through a complete social process. It is learned and acquired gradually.

Who comes to your mind as 'an ideal leader'?

For me, many people who have changed their part of the world are ideal leaders. Nelson Mandela, who fought against apartheid and others who stood up and drove social change... all fall into this category.

Could you share any incident that tested your leadership ability?

When I was the district chief of police in Rupandehi, a major riot control situation emerged. More than a thousand landless people tried to forcibly occupy government land. A long operation was carried out and a deadly clash followed where four protestors died and dozens of people, including

police personnel, were injured. I stayed calm and managed the situation. In moments like these, the weight of every decision becomes clear. A leader has to step forward, take responsibility and guide the team through uncertainty.

Staying steady when everything around you is volatile is not easy but that is often what defines real leadership. Despite the risks, I did what needed to be done. Medical attention was provided and I personally led the entire team in the field. Key arrests were made to prevent any further escalation. After that, there were no more protests or clashes. The illegal activity was brought to a complete stop.

How important is it to have a good team to work with?

Collaboration drives change in today's world. Teamwork is the foundation. A successful leader brings people together and guides them in the right direction to achieve a shared objective.

When should leaders hand over the leadership position?

I do not value leadership solely because someone holds a top position. Leadership exists within the system, not only at the top. But if the issue is about changing positions, it should follow a clear set of rules and be based entirely on performance.

What do you consider your most significant accomplishment as a leader?

Accomplishment is

something others should measure. If I have to speak for myself, I would say I can create momentum in the offices where I work by identifying gaps and bringing people together to move things forward. In almost all my tenure in different police offices, I have introduced significant improvements in police training, investigation and the establishment of a Master's degree in Police Science at the Police Academy.

How can a leader prepare for the unknown?

We live in a complex world where unpredictability is common. A police leader, in particular, works in a high-risk environment and preparing for the unknown is a core skill. Police leaders must understand the dynamics of every environment they serve, including political processes. This helps us prepare for whatever comes our way.

You are recognized as a leading figure in Nepal Police known for your diligence. How do you stay motivated?

There are some fundamental ideals I never compromise on. Policing is about serving people which means treating everyone fairly. When I serve ordinary citizens, the gratitude on their faces and the dignity restored in their eyes give me purpose. This motivates me and lets me sleep peacefully every night.

Beyond an individual officer's moral compass, what specific institutional mechanisms or



procedural changes are most critical for a police leader to ensure a sustained culture of zero-tolerance for corruption and misconduct across the entire force?

Modern policing stands on two pillars. First, rules must prevail in every case and apply to everyone. Second, accountability must guide every action. A police officer, being an enforcer, must be a role model. Misconduct and corruption have no place in policing. A system-based approach with zero tolerance is the only way to embed this culture.

With increased public scrutiny, what is the single most important strategic shift the leadership of Nepal Police must make to enhance its legitimacy and public trust with diverse community groups?

Today's policing focuses on law and accountability. Public trust and confidence are the most important tools for police and determine the legitimacy of the institution.

What is the most significant internal resistance or cultural barrier you have faced when driving major organisational reforms within Nepal Police?

Police reflect society. Who we are outside and what we do in society shows up inside the police. The lack of a professional environment outside creates influence inside. Recognising performance through a careful, system-based appraisal process is the only solution. This is where real reform should be directed.

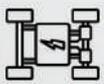
As policing models evolve globally, how is the Nepal Police leadership planning to strategically integrate data-driven policing and emerging technologies like AI or advanced analytics while ensuring the

protection of citizen privacy and human rights?

Police leadership is a unique enterprise that requires specialised skills in an operational, political and cultural environment. Today's policing is increasingly data-driven. Analytics has become central to policing, and AI is being used widely around the world. Nepal Police is now moving toward big-data policing. Crime databases and algorithms are already in use. **B**

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