



MONITOR

Talking Business, Talking Change

Monthly

Year 7

Issue 4

Bhadra 2070

Aug-Sept, 2013

Page 4

Newsletter

Delegation to Czech

CNI INKS MOU WITH CICR



CNI president Narendra K Basnyat and CICR Acting President Stanislav Kazecky shaking hands after signing the MoU in Prague

A delegation of Confederation of Nepalese Industries (CNI) visited the Czech Republic on September 04-08, 2013. The delegation was lead by CNI president Mr. Narendra K Basnyat. Vice-president Hari Bhakta Sharma, national council member and honorary Consul of Czech Republic to Nepal Bishnu Agarwal including other members of CNI national council were in the delegation. The high level business delegation of CNI had embarked the visit in an invitation of the Confederation of Industry of the Czech Republic (CICR) with an aim of

strengthening economic and business cooperation between Nepal and the Czech Republic in general and the private sectors of both the countries in particular. The visit was considered as an opportunity for fostering the bilateral economic relationship between Nepal and the Czech Republic. During the visit, CNI and CICR signed a Memorandum of Understanding (MoU) which is expected to expand the business relations among the entrepreneurs and will enable business communities of both countries to work together more closely.

Continue Page 2

Message

The government has come with budget for FY 2013-14 on time and accepted the private sector as an engine of growth and backbone of the economy. Accordingly, set the priorities and strategies in the budget to achieve economic growth of 5.5 percent in FY 2013-14. Energy, infrastructure and agriculture have fall under the high priority sectors of the budget. These are the welcome steps for the private sector. Similarly, Nepal's competitiveness in the global market has improved in 2013. The Global Competitiveness Report (GCR) 2013 has shows the Nepal's rank increased from the last year's 125 to 117. The main reason for the improvement is better ranking in macroeconomic environment and health and primary education. The GCR assessed the competitiveness of 148 economies this year against 144 of last year, providing insight into the drivers of their productivity and prosperity. Nepal stood at 110 in 2006, gradually hit bottom in 2010 at 130 and has been improving since. This is good news for promoting investment from both the domestic as well as foreign sources.

However, government instability and corruption are considered as the most problematic factor in the country followed by inefficient government bureaucracy. It is infrastructure where the country's competitiveness is the worst. With the country facing an erratic power supply, the quality of electricity supply has also fallen day by day. In the mean time, recent depreciation of NPR with major convertible currencies has posed Nepal, an import-based economy, to more vulnerability in the days to come. As more money should be spent for purchasing the foreign currencies, goods and raw materials imported from abroad have become expensive. As a result, it has been expected that the production costs will have gone up by 20-22 percent.

Moreover, some moves from the Government and tax authorities have adversely affecting the competitiveness of industries and discourages the entrepreneurs. CNI, as a leading voice of countries, would therefore like urge the government and the tax authority not to create chaos in the private sector-the engine of growth.

INSIDE

2 CNI NC Meeting Concludes

3 Photo Feature

4 Nepal's Global Competitiveness Improved—GCR

Mishra- Convener of CNI EC

The National Council (NC) Meeting of Confederation of Nepalese Industries (CNI) held in Kathmandu in the chairmanship of President Narendra K Basnyat decided to nominate its NC member Mr. Basanta Raj Mishra as the Convener of CNI Employers Council. According to the CNI constitution, convener of Employers Council can be an Ex-Officio Vice-President (VP) who has to look after all the industrial relations or related issues.

Mishra will be responsible to deal with all the labor-employer related issues such as minimum wage fixation, collective bargaining assessment etc. Name of Mishra was recommended by a separate meeting of CNI Governing Council to the National Council for nominate him as the convener of Employers Council. After his



CNI NC Meeting Concludes

Confederation of Nepalese Industries (CNI) held its National Council (NC) Meeting on August 20, 2013. The meeting was organized in the chairmanship of President Mr. Narendra K Basnyat at CNI secretariat Thapathali Kathmandu. In the meeting, CNI office bearers, governing council members, national council members and the Conveners of local chapters as well as representatives from district industry association were participated.

In the meeting, CNI director general Megh Nath Neupane presented the major activities carried out by CNI after the previous meeting of National Council. In the mean time Neupane proposed some new projects to be carried by CNI in the near future. CNI president Basnyat, office bearers and other participants provided some inputs on the DG's presentation and forwarded valuable guidelines to make the future course of actions more effective and to make CNI more vibrant.

Similarly, Conveners of local chapters and representatives from district industry association present the progress report of their respective chapters and industry associations in the meeting. Dignitaries also provided suggestions and inputs to the local chapters and industry associations in order to make their activities more effective in their respective areas. President Basnyat urged the NC members as well as local representatives to come up with the issues or problems faced by industries and exporters on which CNI is



Participants of CNI National Council Meeting

ready to help through lobby and advocacy with the government as well as other concerned authorities.

CNI president emeritus Binod K Chaudhary said the chapters and industry associations are the foundation as well as arms of CNI. Therefore, CNI is ready to strengthen its arms in order to accomplish the set goals of CNI for investment promotion, industrial development and higher economic growth. Chaudhary also urged the chapter conveners to come up with the feasible and crucial projects that can be milestone for

industrialization in the country and to uplift the socio-economic conditions of the society.

In the mean time, CNI President Basnyat instructed another meeting with representatives from Chapters and local industry associations regarding the current issues and problems faced by the local industries. The discussion was facilitated by VP Mr. Basudev Golyan, who is also looking after the chapter expansion and networking committee of CNI. In the discussion, local industrialists suggested CNI to be proactive and to play active role to solve the difficulties faced by the local industries.

CNI Express Grief to Late Murarka



President Narendra K Basnyat paying tribute to late Murarka in a Condolence meeting at CNI

CNI has expressed deep sorrow over the untimely demise of Atmaram Murarka organizing a condolence meeting on August 20, 2013 in Kathmandu. Industrialist

In the meeting, CNI president Narendra Kumar Basnyat, president emeritus Binod K Chaudhary and office bearers as well as members of CNI remember late Murarka's

CNI Delegation to

In the signing ceremony, CNI president Basnyat said that Czech investors in their earlier visit had shown keen interest to invest in joint ventures in Nepal in the areas of water resources, alternative/renewable energy technologies and equipments, infrastructures, manufacturing and processing industries. "Hydroelectricity development and tourism are some of the immediate opportunities for the Czech investors – where they have experience since long and Nepal offers good opportunities," Basnyat added. In the mean time, CICR acting president Mr. Stanislav Kazecky said that the cooperation between the private sector organizations of both the countries will help the Czech investors to consider the investment potential sectors of Nepal where they can be benefited with the comparative as well as competitive advantages.

In a Nepalese-Czech Business Seminar organized by CICR between the entrepreneurs of both the countries, CNI Vice-president Hari Bhakta Sharma presented a paper on the socio economic scenario and doing business situation in Nepal. "The multinational companies established so far in Nepal have been able to earn higher returns and paid their equity back in a short span of operation," Sharma said in his paper, requesting the Czech investors to put their money in the land of mount Everest to get attractive returns on investment as well as to enjoy the naturally Nepal. CNI national council member and Honorary Consul of Czech Republic to Nepal Bishnu Agarwal said that as the Nepal is moving towards the path of economic revolution through the political transition, it would be a great opportunities for Czech investors to enter in the virgin market in their respective areas of interest/expertise. Similarly, in an interaction with the deputy minister of the Czech Ministry of Industry and Trade and the high ranking government

Murarka who were also a founder, former Vice President and current Governing Council member of CNI passed away in Kathmandu on August 14, 2013. Seventy two years old Murarka was survived by his wife, two sons and three daughters. During the meeting, CNI has also extended deep sympathy to the family members of late Murarka

contributions to the CNI as well as national economy. They also extended hearty grief to the demise of Murarka and prayed the god for cavernous rest of late Murarka's soul. CNI President Narendra K Basnyat and the executive committee members also covered Murarka's body with CNI's flag during the last rites at Pashupati Aryaghat.

officials, CNI requests the Czech Government to initiate to form a 'Joint Economic Committee', which will be a formal platform for constructive dialogue to promote bilateral trade, and investment mechanism such as Double Taxation Avoidance Agreement (DTAA) and Bilateral Investment Promotion and Protection Agreement (BIPPA) etc. In the mean time, CNI also invite a delegation of Czech Republic to Nepal including government and private sector stakeholders. Czech government officials were positive to move ahead in the CNI proposal and to have an interaction with Nepali government as well as private sector to explore economic avenues.

Memorable Events of the CNI Delegation to Prague, Czech Republic



CNI President Narendra K Basnyat shaking hands with Deputy Minister of Environment Mr. Marĕn Frelich in Prague



CNI delegation in a group photo with Deputy Minister for Environment Mr. Marĕn Frelich and team



CNI delegation in a group photo in front of Czech Ministry of Environment



CNI delegation in an interaction with Deputy Minister of Industry and Trade Mr. Milan Hovorka and team



CNI President Narendra K Basnyat handing over a token of love to Deputy Minister for Foreign Affairs Mr. Tomas Dub



Nepalese-Czech Business Seminar between the entrepreneurs of both the countries in Prague



CNI President Narendra K Basnyat handing over a token of love to Acting President of CICR Mr. Stanislav Kazecky



CNI delegation in a group photo with Czech friend

Nepal's Global Competitiveness Improved—GCR 2013

Nepal's competitiveness in the global market has improved despite political instability in the country. The Global Competitiveness Report (GCR) 2013 has increased Nepal's rank to 117th position, 8 positions up from the last year's 125th position. The main reason for the improvement is better ranking in macroeconomic environment and health and primary education. The GCR assessed the competitiveness of 148 economies this year against 144 of last year, providing insight into the drivers of their productivity and prosperity. Nepal stood at 110 in 2006, gradually hit bottom in 2010 at 130 and has been improving since.

Prepared by the World Economic Forum (WEF), the GCR is the most respected assessment of national economic competitiveness, providing a mirror image of a country's economic environment. WEF constructs an indicator called Global Competitiveness Index (GCI) to measure the economic competitiveness of an economy based on 12 pillars—institutions, infrastructure, macroeconomic environment, health and primary education, higher education and training, goods market efficiency, labor market efficiency, financial market development, technological readiness, market size, business sophistication and innovation. The pillars are further divided into 112 sub-indicators.

Among the 12 pillars, Nepal ranks above 100 in only three pillars—macroeconomic environment health and primary education and financial market development. The country's ranking in macroeconomic environment increased to 41 from 56 last year, while the ranking in health and primary education improved to 88 from 109 last year. Besides basic indicators like health and primary education, the country's efficiency in other sectors has not gained notable pace, which are very crucial for long-term sustainability in competitiveness.

The GCI gives an insight into Nepal's current situation. It has identified government instability as the most problematic factor for doing business in Nepal. Corruption is the second most problematic factor in the country followed by inefficient government bureaucracy. It is infrastructure where the country's competitiveness is the worst. With the country facing an erratic power supply, the quality of electricity supply has also fallen one step behind to the 144 position. The index also shows that public trust in the country's politicians is at its lowest ranking 142. In wastefulness in government spending, Nepal is in the 105 position.

Nepal's Rank on Macroeconomic Environment and Infrastructure

- Gross national savings (% of GDP): 14
- Budget balance (% of GDP): 37
- Infrastructure
- Quality of overall infrastructure: 132
- Quality of railroad infrastructure: 121
- Quality of air transport infrastructure: 131
- Quality of electricity supply: 144
- Mobile telephone subscriptions/100 population: 135
- Fixed telephone lines/100 population: 116

GCR also indicates that the country's legal framework for settling business disputes is not sufficient. Nepal has been placed at 123 positions in the efficiency of the legal framework in settling disputes whereas it was ranked at 113 last year. Another better truth of Nepal what GCR also highlighted is worsening labor market efficiency. Nepal is ranked 146 in labor-employer relations. The report also shows that businesses

have to struggle when it comes to hiring and firing workers ranking Nepal in the 125 position in hiring and firing practices, down from 105 last year.

In South Asia, Pakistan has the lowest ranking (133), followed by Nepal. India has the best ranking (60), followed by Sri Lanka (65), Bhutan (109) and Bangladesh (110).

The most problematic factors for doing business in Nepal

S.N	Indicators	Rank (out of 25)
1.	Government Instability	21.9
2.	Corruption	14.7
3.	Inefficient Government Bureaucracy	11.1
4.	Inadequate Supply of Infrastructure	10.8
5.	Policy Instability	10.3
6.	Restrictive Labor Regulations	8.2
7.	Poor Work Ethic in National Labor Force	6.4
8.	Inadequately Educated Workforce	3.5
9.	Access to Financing	3.3
10.	Inflation	2.3
11.	Tax Regulations	2.2
12.	Tax Rate	1.9
13.	Insufficient Capacity to Innovate	1.3
14.	Crime and Theft	0.9

Source: World Economic forum

Status of 'Go International' Project

'Go International', an EU funded three year project is being implemented by Confederation of Nepalese Industries (CNI) as lead agency in partnership with local as well as international partners. The project started from January 2013 has now been supporting the Nepal Trade Integration Strategy (NTIS-2010) in line with the Trade Facilitation and Economic Capacity Building of EU to Nepal (2007-2013) for improving trade and export opportunities on identified goods and services for inclusive growth and employment generation in Nepal.

The objectives of this project are to contribute in the export promotion of Nepal through establishment of Regional Services Development Centres (SDCs) for Trade Advisory Services (TAS) and Business Development Services (BDS) including information sharing, networking, exchange of good practices and trade business opportunities. Target groups of the

project are CNI chapters, SMEs, Traders, Associations and Government Agencies.



Progress Status:

The expected results and the progress/achievement so far are as follows.

- Five SDCs have been established in five districts and are in operation with fully equipped office set-up and being managed by SDC Manager. They are conducting periodic Coordination Committee meetings, meeting with key stakeholders and formal and informal meeting with project target groups.

- Export Services Information portal installed for both Nepali exporters and international importers, hosted and maintained centrally by CNI secretariat. Under this, the information portal is in progress which will be launched first week of October, 2013.

- Under result (3) 100 business plans have to be developed for women and youth would-be entrepreneurs. For this field activities will have been started from last quarter of the project period i.e. October - December 2013.

- Under result (4) export business plans for 250 SMEs have to be finalised and assisted with market links. Some of the activities have been initiated which will be in full swing from October 2013 onwards.

- Under result (5) "One district-one product" concept sensitization through campaigns enforced in ten districts of five regions. For this a regular FM radio program is being conducted by partner NGO – WVAIF since August 2013.