

INDUSTRY STATUS REPORT

BASED ON
THE ONLY
COMPREHENSIVE
QUARTERLY
INDUSTRIAL
SURVEY OF NEPAL

FEDERAL BUDGET
SUGGESTIONS
SPECIAL

THIRD EDITION



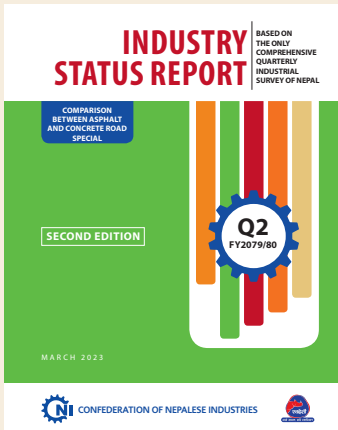
JULY 2023



CONFEDERATION OF NEPALESE INDUSTRIES



INDUSTRY STATUS REPORT (PREVIOUS EDITIONS)



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ACKNOWLEDGMENTS

CNI Research Cell (CRC) expresses its gratitude to CNI President Mr. Rajesh Kumar Agrawal for his support for the execution of the survey. We extend sincere thanks to Vice President Mr. Birendra Raj Pandey for constant encouragement, and to the respondents of the survey for their time and inputs.

The team would like to extend sincere gratitude towards Mr. Deepak Raj Joshi, Mr. Sabin Shrestha and Mr. Roshan Karmacharya. Also, many thanks to Mr. Moti Marasini for designing the ISRs impeccably.

About Industry Status Report

The Industry Status Report (ISR) provides a comprehensive analysis on the state of various industries in Nepal, leveraging an in-house survey. In Nepal, what explains misdirected policy interventions aimed at private sector growth? The absence of periodically available primary data on Nepali industries is one of the key reasons. Against this backdrop, ISR is produced as an effort to promote evidence-based policy-making. Each quarter, CNI Research Cell conducts an industrial survey and publishes this report to tease out changes across critical variables that either promote or stifle growth in industries.

What does the survey cover?

<p></p> <p>Business Performance: industry capacity utilization, revenue trends, demand in domestic market and market competition, trade</p>	<p></p> <p>Finance: interest rates, the share of the loan, access to finance</p>	<p></p> <p>Skills and Employment: employment, share of employees that received training</p>	<p></p> <p>Industrial Ecosystem: regulation and industry administration, transportation and infrastructure</p>	<p></p> <p>Business Outlook: confidence in the industrial sector, new investment plans</p>	<p></p> <p>Federal Budget Suggestions Special</p>
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Industry Status Report (FY 2079/80, Q3 Edition)

The Industry Status Report (FY 2079/80, Q3 Edition) has the benefit of comparing survey data from eight consecutive quarters. The current report covers the third quarter of the fiscal year 2079/80(i.e Magh to Chaitra 2079). The data was gathered from the survey conducted from 4 June to 30 June 2023.

Apart from presenting the findings of the survey, each ISR covers one theme in depth. The First Edition of FY 2079/80 focused on the CNI Business Assessment Survey. The Second Edition covered the Comparison Study of Rigid Pavement and Flexible Pavement. This edition covers CNI's suggestion on Federal Budget. The aim of this budget special is to provide insights on trends of budget size, its allocation and realisation. Further, it aims to make CNI's recommendations transparent to its members and stakeholders. The report also covers CNI's budget suggestion process.

KEY STATISTICS (FY 2079/80, Q3 EDITION)



Number of surveyed industries:

63 (Q2 63)



Total employees covered:

15021 ↓ (Q2 17819)



Average employment per company:

238 ↓ (Q2 283)



Average operational capacity utilization:

65% ↑ (Q2 62.64%)



Share of loan on working capital:

37.19% ↓ (Q2 48.54%)



Average interest rate on loans:

11.74% ↓ (Q2 13.13%)



Average revenue growth rate:

Q3 - **0.47%** ↓ (Q2 1.72%)

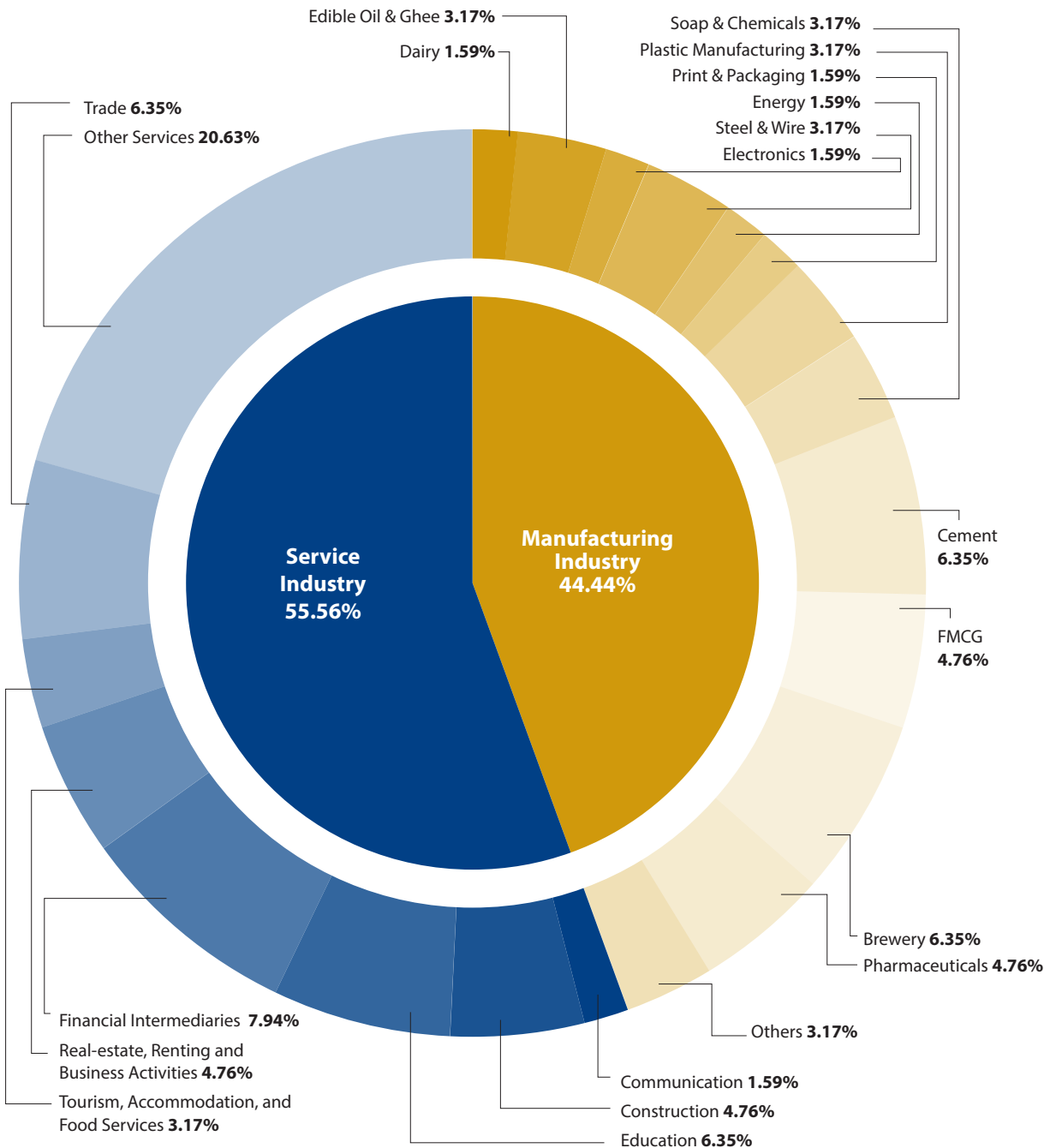


Average share of imported raw materials by the manufacturing industry:

Q3 **37.96%** ↓ (Q2 43.59%)

Note: Q2 in the parenthesis denotes the second quarter of the FY 2079/80

COMPOSITION OF THE INDUSTRIES SURVEYED



METHODOLOGY

The Industrial Status Report (FY 2079/80, Q3 Edition) is based on a quarterly survey of 63 industries.

The respondents are categorised under the Nepal Standard Industrial Classification (NSIC) Code for the purpose of the survey and further aggregated into two distinct industrial sectors: the manufacturing industry, and the service industry. Since most of the agro-based industries in the survey sample were involved in the agro-processing business, they have been subsumed under the manufacturing category. The sample was drawn from CNI membership located across Nepal.

Questions are tailored to specific industries. Respondents were asked questions, depending on their respective industries, using a survey platform KoBoToolbox. The survey questions are available online.

The basic assumption in this report rests on the fact that the respondents have provided correct information.



THE UNIT OF ANALYSIS

The unit of analysis is one industrial establishment.

BUSINESS PERFORMANCE

Periodic performance measurement is a vital part of monitoring the growth and progress of any business. This section summarises the performance of industries within key variables in Q3 2079/80 and compares it with the survey responses from previous quarters.

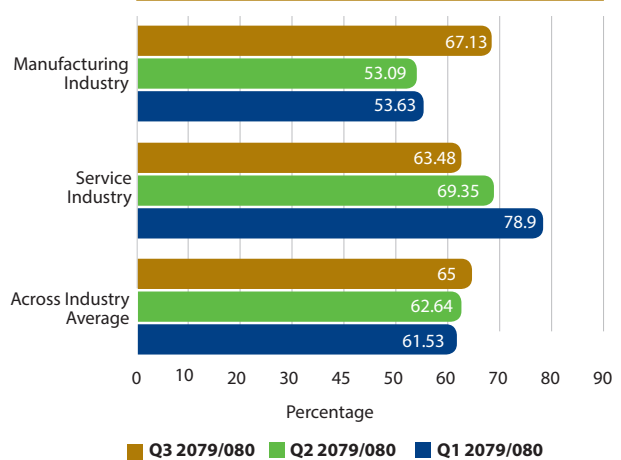
INDUSTRY CAPACITY UTILISATION: 65%

KEY INDUSTRY INSIGHT I

On average, the industries were operating at **65%** in Q3 79/80 whereas they were operating at 62.64% in Q2 79/80. During Q3 79/80, the service industry was operational at **63.48%**, which has decreased from 69.35% from Q2 79/80.

The capacity utilisation of the manufacturing industry in Q3 79/80 remained at **67.13%** while it was 53.09% in Q2 78/79.

INDUSTRY CAPACITY UTILIZATION

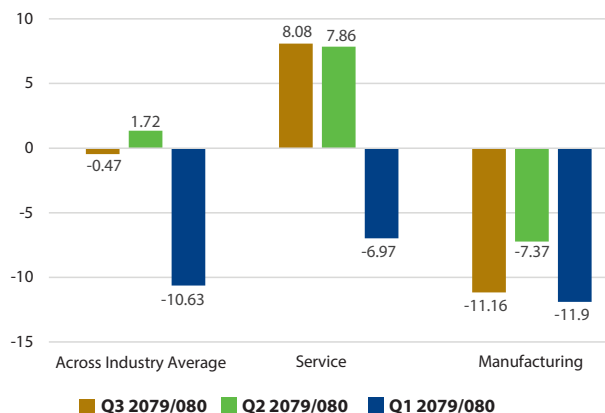


REVENUE TRENDS: REVENUE GROWTH -0.47%

KEY INDUSTRY INSIGHT II

In Q3 79/80, the across-industry-average revenue growth rate was **-0.47%** whereas it was 1.72% in Q2 79/80. The revenue growth in the manufacturing sector in Q3 79/80 experienced a decline of 11.16% in comparison to the previous quarter, with a decline of 7.37% observed in Q2 79/80. The fall in revenue of the manufacturing sector is seen as a result of a slowdown in the economy.

REVENUE GROWTH IN THE LAST 3 QUARTERS



GROWTH IN MARKET DEMAND 8.33% AND *MARKET COMPETITION 84.62% (*Perception-based question)

KEY INDICATOR III & IV

The survey result shows that the average growth of demand for goods and services was **8.33%**. The highest recorded growth rate was an impressive **76%**, while the largest decline observed was a significant **68%**. The demand of manufacturing industries has declined by **3.04%**.

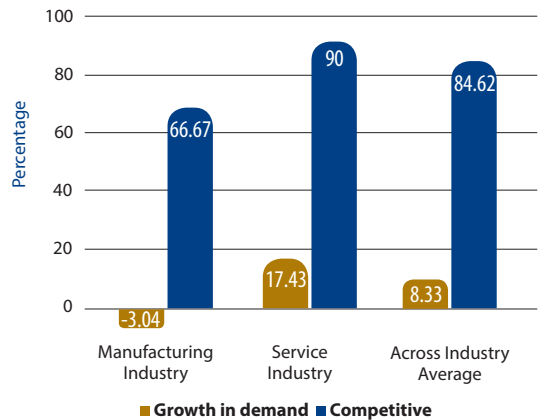
Furthermore, on average **84.62%** of the surveyed industries perceived their goods to be competitive in the market in relation to imported goods, which gives optimism to the domestic industries. The confidence among the domestic businesses regarding their competitiveness and sufficient market demand for domestic products is a critical factor for expanding a broader industrial base in Nepal.

SHARE OF RAW MATERIALS IMPORTED: 37.96%

KEY INDUSTRY INSIGHT V

The survey results show that manufacturing industries significantly rely on raw materials sourced from global markets. Out of the total raw material required in Q3 79/80, on average **37.96%** of it was imported from the global market. There has been a substantial decrease in imports of raw materials as compared to Q2 79/80 which was 43.59%.

GROWTH IN MARKET DEMAND AND COMPETITIVENESS

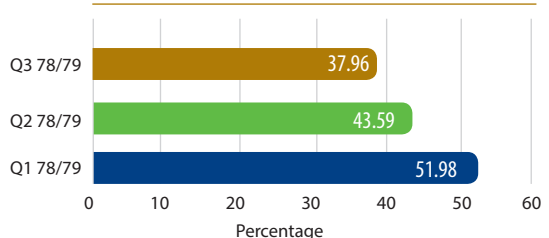


SHARE OF EXPORT: 33.33%

KEY INDUSTRY INSIGHT VI

In Q3 79/80, an impressive **33.33%** of the respondent manufacturing industries successfully exported their goods, marking a notable surge compared to the previous quarter, Q2 79/80, which recorded an export rate of 29.17%. However, it is worth noting that the average proportion of exports out of their production has declined from 19.43% in Q2 79/80 to 12.51% in Q3 79/80. These findings suggest that while more firms are engaging in exporting their products, the overall share of exports is experiencing a decline.

RAW MATERIALS IMPORTED



FINANCE

This section provides insights into the ability of industries to access credit and prevailing interest rates.

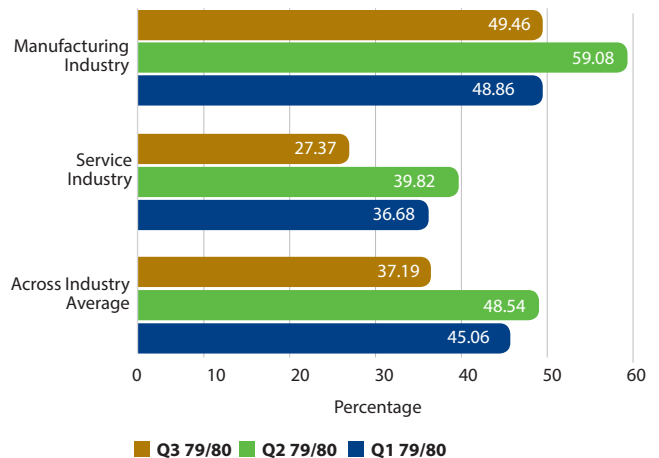
SHARE OF LOAN ON WORKING CAPITAL: 37.19%

KEY INDUSTRY INSIGHT VII

The result of the survey shows that **37.19%** of working capital is met through credit from banks and financial institutions in Q3 79/80 whereas it was 48.54% in Q2 79/80.

The average rate of interest in working capital loan stands at **11.38%** in Q3 79/80 which is a decline from 12.88% in Q2 79/80.

SHARE OF LOAN ON WORKING CAPITAL



AVERAGE INTEREST RATE: 11.74%

KEY INDUSTRY INSIGHT VIII

In Q3 79/80, the average interest rate on loans was **11.74%** whereas it was 13.13% in Q2 79/80. In Q3 2079/80, average interest rates on loans for manufacturing industries was 12.41% while for service industries it was 11.20%.

INTEREST RATES

	Q4 78/79	Q1 79/80	Q2 79/80	Q3 79/80
Across Industry Average	11.82	12.77	13.13	11.74
Service	11.25	12.15	12.78	11.2
Manufacturing	11.54	12.57	12.94	12.41

SKILLS AND EMPLOYMENT

This section highlights the trends in employment and skills of the employees in the industries.

TOTAL EMPLOYMENT: 15021

KEY INDUSTRY INSIGHT IX

The surveyed industries employed 15021 staff in total. On average, an industry establishment employed 238.43 individuals, with the range being 4-5500. This indicates, on average, CNI members are large business enterprises. With **8527** employees, the service sector is the largest employing sector, followed by the manufacturing industry with **6494** employees.

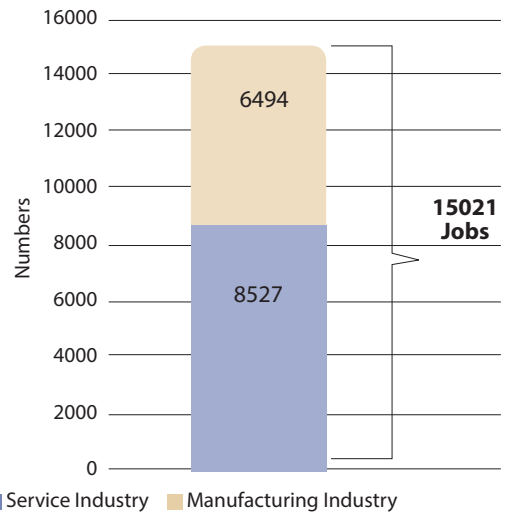
Average employment among sectors: The service industries was at the top with **243.63** jobs while the manufacturing sector right behind with **231.93** jobs

New Hiring: 458

KEY INDUSTRY INSIGHT X

The surveyed industries collectively hired a total of **458** new staff members, while the number of applicants were 3242. This indicates that, on average, more than 7 individuals applied for one announced position.

EMPLOYMENT IN SURVEYED INDUSTRIES

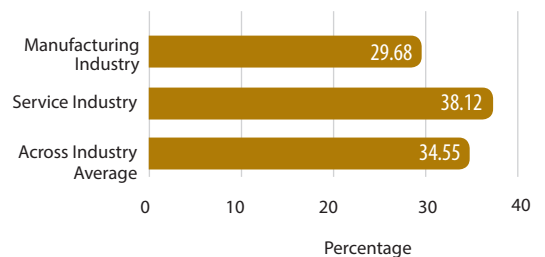


SKILL GAP AND TRAINING: 34.55% RECEIVED TRAINING

KEY INDUSTRY INSIGHT XI

The survey result shows that across sectors **34.55%** of the total employees received training during Q3 of FY 79/80. The service industry sector trained around **38.12%** of the total workforce, while the manufacturing industry sector provided training to **29.68%** of its employees.

SHARE OF EMPLOYEE THAT RECEIVED TRAINING



INDUSTRIAL ECOSYSTEM

This section focuses on the various aspects of the regulatory environment, transportation and infrastructure that have a direct bearing on the competitiveness of industries.

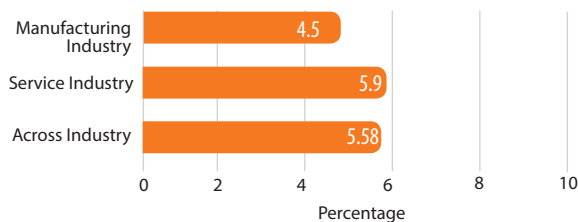
EXPERIENCE WITH GOVERNMENT ONLINE SERVICE

KEY INDUSTRY INSIGHT XII

Although the government has been prioritising digitization of the economy, the survey results reveal that respondents on average were not delighted with the quality of online services provided by various public entities. When asked to rank the quality of services on a scale of 1 to 10 (with 1 being the lowest and 10 being the highest) 13 respondents ranked the service. The average score of respondents was **5.58**. Manufacturing-industry responded with a score of **4.5**, while the service industry with an average score of **5.9**.

Online	Q3 79/80
Manufacturing Industry	4.5
Service Industry	5.9
Across Industry Average	5.58

GOVERNMENT ONLINE SERVICE



CONSTRAINT TO CURRENT OPERATIONS OF BUSINESS

KEY INDUSTRY INSIGHT XIII

The surveyed respondents identified that the top three constraints for the business operations in the Q3 were political instability, prevailing tax rates, and tax administration.

For the manufacturing and service sector the top issue was political instability.

Constraint to current operations of Business

- Political instability,
- Prevailing tax rates,
- Tax administration

UTILITIES

ELECTRICITY: 6.68 OUT OF 10 FOR QUALITY OF ELECTRICITY SUPPLIED

KEY INDUSTRY INSIGHT XIV

The survey result showed **57.89%** of the industries still use generators as the quality of electricity is not reliable. The respondents also mentioned, since the electricity supply provided by NEA is from a common feeder for an area, this reduces the reliability so a separate feeder is essential for commercial purposes. Those manufacturing industries using generators as alternative sources of energy stated there is an additional **8.05%** of cost increase due to the use of generators.

In response to the question that was asked to the respondents to rate the quality of electricity provided in the scale of 1 to 10, with one being the worst and 10 being the best, the average response was **6.68**.

MAJOR CHALLENGES

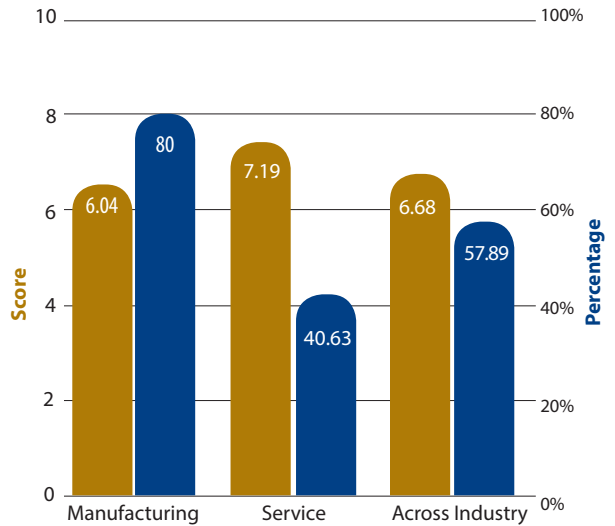
KEY INDUSTRY INSIGHT XV

Out of the 63 respondents, 32 responded to the question, and they had the option to select up to 3 choices from a total of 11 options regarding major challenges of business. Among the responses, Excess Competition Affecting Price Margins, Low Disposable Income Among Nepali Consumers and Access to Finance were the most common responses that respondents wanted to solve.

Major Challenges

Excess Competition Affecting Price Margins
Low Disposable Income Among Nepali Consumers
Access to Finance
Unauthorised goods in the market
COVID pandemic

ELECTRICITY QUALITY AND USE OF GENERATOR



TRANSPORTATION AND LOGISTIC HURDLES

KEY INDUSTRY INSIGHT XVI

The respondents identified major challenges of transportation and logistics as quality of roads, frequent road blockage and Inadequate warehouse facilities.

Major Hurdles

Quality of Roads
Frequent road Blockage
Adequate warehouse facilities

BUSINESS OUTLOOK

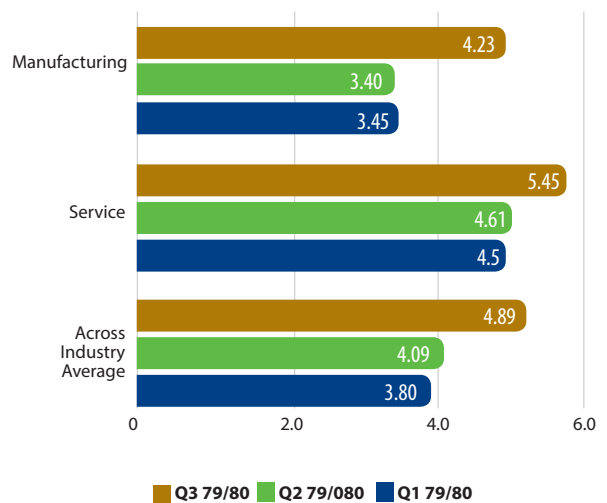
This section presents the confidence level of surveyed industries for their own business and aggregates responses regarding investment plans for the next quarter.

BUSINESS CONFIDENCE: LOW

KEY INDUSTRY INSIGHT XVII

On the whole, industrialists are not optimistic that their business is going to perform well for the next 3 months. When asked to rank the favorability (confidence measures) for their business on a scale of 1 to 10 (with 1 being the least favourable and 10 being the most favourable) in terms of revenue and investment opportunities, regulatory environment, access to finance, labour and better utility facilities, the across-industry-average score is **4.89**. The manufacturing industry is comparatively less confident as per the survey respondents. This can be a result of the unfavourable macroeconomic situation. Key Indicator XVII does not paint a conducive environment for businesses currently.

HOW FAVORABLE IS REST OF THE FISCAL YEAR FOR YOUR OWN BUSINESS?

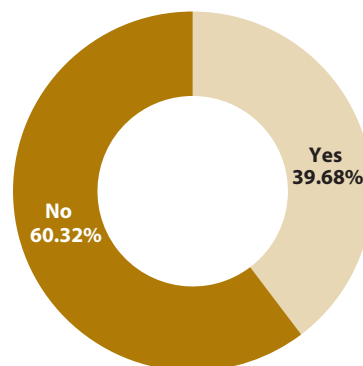


60.32% DO NOT HAVE NEW INVESTMENT PLANS

KEY INDUSTRY INSIGHT XVIII

The survey result shows that **60.32%** of respondents do not have any new investments planned for the upcoming quarter. This is mostly explained by restricted access to credit. Only **39.68%** of respondents said they have planned for new investment in the upcoming quarter.

NEW INVESTMENT PLANS





CONFEDERATION OF NEPALESE INDUSTRIES

FEDERAL BUDGET SUGGESTIONS SPECIAL

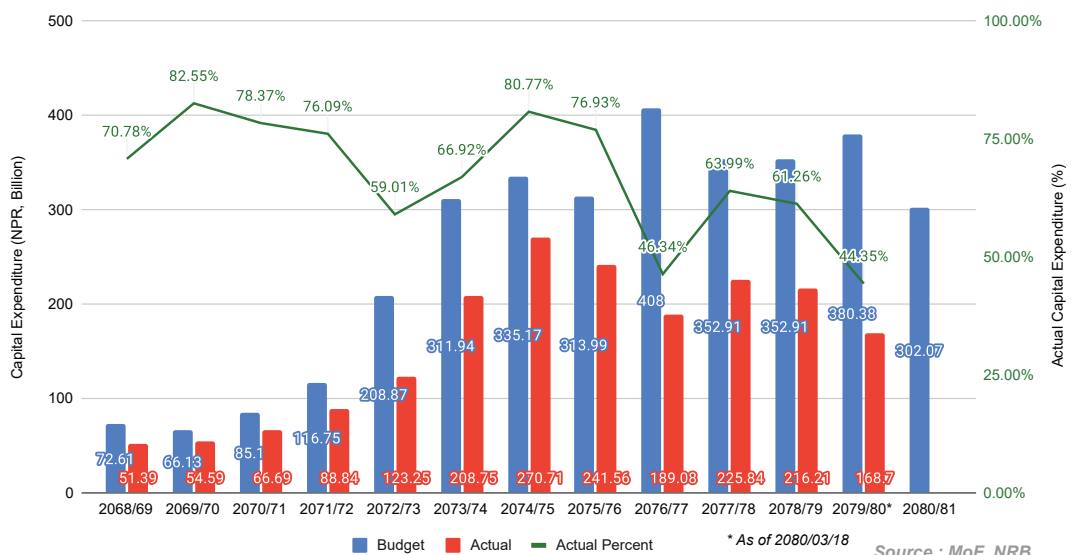
BACKGROUND

In the context of a developing economy like Nepal, it is widely recognized that allocating a significant share of the budget towards capital expenditure is crucial for sustained economic development. Furthermore, a persistent issue faced by Nepal is the failure to fully realize the allocated budget. Historical data spanning over 12 years paints a concerning picture, it reveals that on average, only 22% of the total budget is allocated for capital expenditure. Such a low allocation is particularly inadequate for a least developed country (LDC) like Nepal, which requires significant investment in infrastructure to drive

economic development. Even out of 22% allocated budget, only 66.7% on an average is actually implemented. The low allocation coupled with low realization of capital expenditure is one of the major hurdles for economic development of Nepal.

Considering the size of Nepal's economy, it is evident that the budget size is relatively significant. However, it is important to understand that simply having a large budget does not automatically propel a country towards a developed stage. Rather, it will certainly increase the burden of tax among taxpayers.

Fig-1: Allocation Vs Actual Capital Expenditure



BUDGET SIZE

In the past decade, there has been a significant expansion in the government budget, with its size growing sixfold. This increase in budget directly corresponds to a rise in government expenditure. As the government ramps up its spending, it becomes necessary to augment its revenue sources. But the government has been unable to increase revenue. So a substantial resource gap has emerged between government revenue and expenditure, leading the government to rely on aid and borrowing.

Given the limited realization of foreign aid, borrowing has become a crucial avenue for the government. However, external borrowing has proven to be relatively weak in this scenario. As a result, the government has turned to internal borrowing. This course of action involves borrowing from the domestic economy,

which has the effect of drawing liquidity from the economy itself. Consequently, the availability of loanable funds for the private sector diminishes, leading to an increase in the interest rate, a decline in investment, and a reduction in employment opportunities. Collectively, these outcomes are referred to as the crowding out effect. This term describes the decline in private sector spending that occurs as a direct consequence of heightened government borrowing and expenditure within the economy.

In general, the size of the economy and the government budget are interdependent, as they can mutually influence each other. By investing in infrastructure, creating job opportunities, and supporting vital businesses, a larger government budget and increased spending can foster economic growth. However, excessive public spending or budget deficits can lead to

Fig-2: Budget size vs GDP ratio in 10 years



economic imbalances and undesirable consequences such as inflation, a rise in national debt, or a decline in private investment.

When comparing the budget to GDP ratio among peer countries, Nepal stands out with one of the highest ratios. This indicates that Nepal allocates a significant portion of its GDP towards government expenditures. On the expenditure side, the major proportion of government spending is dedicated to recurrent expenditure, which is generally considered unproductive. This emphasis on recurrent expenditure puts pressure on revenue mobilization.

Tax revenue has emerged as the primary contributor for government revenue,

accounting for nearly 90% on average during the past decade. The increased budget size places additional pressure on tax collection. This could potentially result in the need to raise taxes to meet the growing budget demands.

TAX-TO-GDP RATIO

The tax-to-GDP ratio is a measure of how much tax revenue a country collects as a percentage of its gross domestic product (GDP). A greater tax-to-GDP ratio is indicative of a heavier tax burden on taxpayers. Clearly, Nepal has a high tax to GDP ratio as compared to peer countries. So it can be said that Nepali taxpayers pay higher tax than taxpayers of peer countries.

Fig-3: Tax to GDP ratio of 10 years

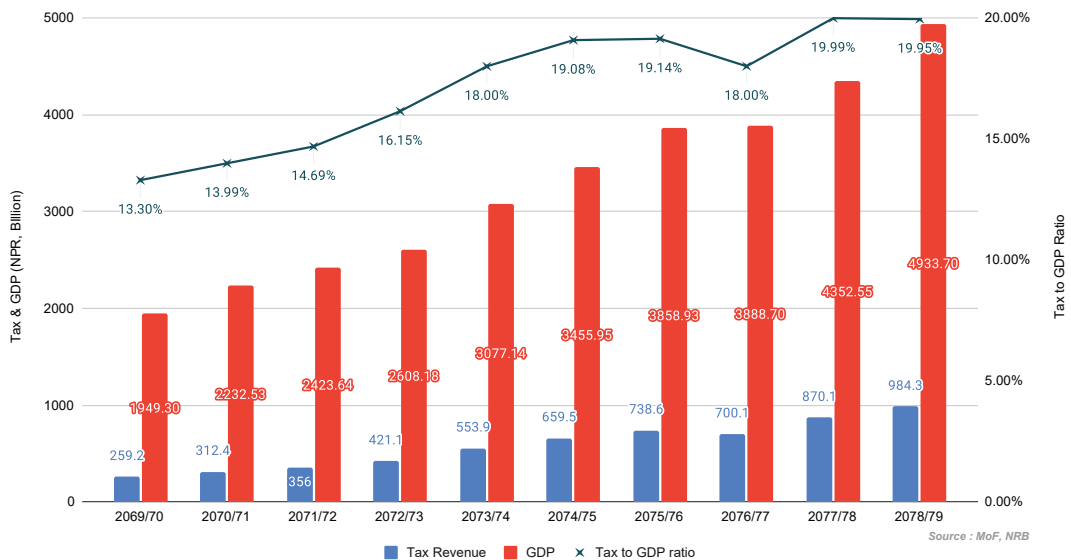
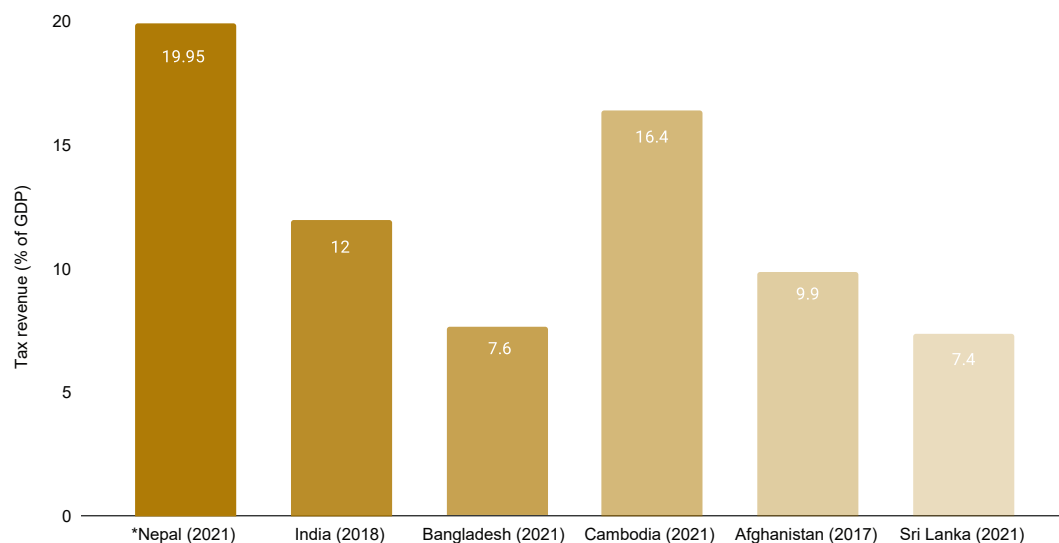


Fig-4: Tax to GDP ratio of peer countries



Source : The World Bank, * FCGO

CNI BUDGET SUGGESTIONS DRAFTING PROCESS

For two decades, CNI has been providing budget suggestions to the Government of Nepal on behalf of Nepali industries. CNI's budget suggestions are based on a series of consultations spanning more than three months with its member industries and dozens of relevant experts.

The budget suggestion collection process constitutes the following steps:

- a. Call for budget suggestions from member institutions
 - i. Call in national dailies, emails etc.
- b. CNI Revenue Committee -
 - i. CNI Committee members discuss with different government committees and subcommittees
- c. CNI intra-committee meetings
- d. Discussion with CNI Panel of Advisors
- e. Final draft prepared by the CNI Revenue Committee
- f. Final suggestion draft approved by CNI Office Bearers
- g. Budget suggestions presented to the Finance Ministry in presence of the Finance Minister
- h. Post-budget assessment of recommendations that were addressed
- i. Budget watch program for effective implementation (CNI as watchdog for effective budget implementation)

CNI BUDGET SUGGESTIONS PROCESS FY 2080/81



The goal of CNI's budget suggestions is to address the following seven issues that the economy faces:

- Liquidity problem & increasing interest
- Fall in aggregate demand of economy
- Problem in cash cycle
- Fall in private sector confidence
- Fall in production, layoff
- Postponement of new investment plan
- Shortfall in government revenue collection

Note : The list of CNI's budget suggestions presented in this ISR are not exhaustive. In total, it presented 76 policy suggestions & 392 specific recommendations ranging from changes required in the Income Tax Act to implementing two-slabs import duty difference on raw materials and finished products.

Declaration of Investment year for coming quinquennium (5 years)

- Government should declare investment years for the coming five years. It will stimulate the economy. To increase confidence of the private sector, the government needs to increase capital expenditure & encourage private sector investment by creating an investment friendly environment.
- Priority sectors for investment
 - New industry and industrial sector
 - IT, Energy, Physical infrastructure, tourism infrastructure, Agriculture and Medicinal & Aromatic Plants

Policy Suggestions

- Industrialization, Export Promotion & Import Substitution
- Promotion of domestic production and market regulation
- Infrastructure Development
- Startup, MSMEs
- Energy
- Tourism
- IT
- Agriculture & herbs

CNI'S POLICY SUGGESTIONS

Policy stability for a decade

In order to foster domestic and foreign investment in Nepal, the private sector must be embraced as a catalyst for development. By implementing a strategy aimed at cultivating a conducive investment climate, we can effectively boost confidence in this sector. It is imperative to uphold these policies over the next decade, thereby ensuring a sustained environment for investment promotion

Export potential industries

In Nepal, it is crucial to pinpoint sectors capable of achieving self-sufficiency and formulate an industrial strategy that nurtures their growth and stability. To ensure the steadfastness of such policies, careful attention must be given to industries like cement, paint, footwear, IT, medicine, etc. By aligning our efforts with these promising sectors, we can foster their development and guarantee the longevity of our industrial endeavors.

Protection for self sufficient industries

In order to stimulate industries that contribute to investment growth, self-sufficiency, it is essential to discourage imports through comprehensive regulations and domestic production incentives. By identifying sectors that hold potential for such advancements, including energy drinks and juices, dalmoth bhujia and other snack products, agriculture-based industries, etc. we can strategically promote their development.

Implementation of Integrated Industrial Development Act

The Government of Nepal has made commendable efforts to facilitate industrial and business growth through various laws, policies, and regulations. To further enhance this support and address industry challenges, the implementation of an Integrated Industrial Development Act is crucial. This comprehensive legislation will streamline the legal framework related to industry and investment promotion, ensuring convenient access to facilities and concessions from a centralized platform.

Multi-tiered VAT system

In order to enhance the competitiveness of Nepali products in the Indian market and effectively regulate unauthorized trade, it is crucial to implement a multi-tiered VAT system and reduce the existing threshold.

Security of Payment Act and Anticipatory Bail

For ensuring secure recovery in cases where sellers have sold goods through methods like cheques, bills, VCTS, or credit, it is essential to formulate and implement a robust Security of Payment Act. This act will provide a legal framework for the safe retrieval of outstanding amounts. Moreover, to foster a fearless and trusting environment for industrialists and businessmen, it is crucial to reform laws that instill fear and create arrangements for fair hearings. Immediate implementation of Anticipatory Bail provisions will further contribute to this objective. By creating a supportive legal framework, we can encourage industrialists to expand their contributions to Nepal's economy and promote investment with confidence and freedom.

Addressing Unauthorized Trade

The rampant issue of unauthorized trade is posing significant challenges to indigenous industries and causing revenue loss for the government. To address this problem, government-designated security agencies, internal revenue department, revenue investigation department, national investigation department, and other relevant entities must be held accountable.

Streamlining Trade

The Nepalese government has implemented a policy to maintain a significant gap in customs duties between raw materials and finished goods. A minimum difference of two levels is recommended. Introducing a 10-digit HS Code will facilitate the identification and classification of commercial and industrial raw materials. These measures streamline trade processes, enhance raw material utilization, and promote industrial growth.

Review on Budget 2080/81

The budget sets ambitious targets of 6% GDP growth and 6.5% inflation, with a strong focus on leveraging the private sector as a driver of economic expansion. It emphasizes the promotion of domestic production, foreign direct investment (FDI), and investment through the public-private partnership (PPP) model, particularly in industrial districts. To boost cement consumption, the government plans to encourage the use of rigid pavement, which adds significant value with over 90% of value addition. Removing FDI and sectoral ceilings is anticipated to attract more foreign investment. Additionally, the government has announced the development and operation of two industrial districts under the PPP model. To ensure effective capital expenditure, resource mobilization will be prioritized for projects with site clearance, optimizing the utilization of funds.

International institutions, including the World Bank and IMF, have forecasted unfavorable economic conditions for the upcoming period. Nepal itself has experienced negative GDP growth for three consecutive quarters. In times of economic downturn, the global norm is to increase capital expenditure; however, the government has reduced it by 20.59%, which contradicts the needs of the economy. Additionally, the government has not fulfilled its commitment, made

during the imposition of VAT in 2054 BS, to maintain VAT as the only tax. This year, new taxes such as luxury tax, outbound tourism tax, and foreign employment service tax were introduced. Imposing VAT on agricultural products may have adverse effects on this crucial sector. As in the past, effective implementation of the budget remains a major challenge.

CNI's initiative for Budget Implementation

The private sector is a vital driver of economic development in the country, and CNI, as the umbrella organization for the private sector, is committed to providing continuous support to the government in implementing the budget effectively. CNI takes an active role in monitoring the progress of budget implementation through its program called "CNI Budget Watch." This program serves as a mechanism for CNI to actively engage with the government, offering constructive feedback and recommendations when necessary, to ensure the optimal utilization of the budget. By actively participating in budget monitoring, CNI aims to contribute to the overall success of economic policies and promote collaboration between the private sector and the government.

CNI BUDGET WATCH

In the fiscal year 2079/80, CNI started a major program named 'CNI BUDGET WATCH'. Its main aim is to push the government and other line agencies/ stakeholders for the effective implementation of the government's annual Budget (Policy and programs) and also provide constructive inputs to the government in this regard. The program carries out the progress status of the budget implementation and also conducts policy dialogue programs in regular intervals focusing on different key areas identified by the CNI.

In the year 2079, CNI conducted the 'CNI Budget Watch' events and also prepared the implementation and progress status of the business and economy-related 62 major agendas from the budget of the fiscal year 2079/80. Also, published the Press Releases of progress reports on the budget and presented the status of different major events organized by the CNI.

These activities under the 'Budget Watch' program have been very impactful so far as per its objectives. The government and concerned line agencies have acknowledged the status shown by the budget implementation status reports. This has encouraged us to continue the program in the coming years as well. Therefore, CNI has planned to frame the 'CNI BUDGET WATCH' program in a more organized way with a higher number of activities to obtain the expected outcomes.

Expected outcomes:

- Improvement in the status quo of Nepal govt.'s budget implementation and capital expenditure.
- Push the government and concerned authorities for the effective implementation of the govt.'s annual budget (policy and programs)
- A report for each topic/sector/ area focusing on the recent past trend and status of budget implementation, issues associated with it, etc.
- Documentation of the pre and post-event reports for institutional memory of the CNI. This will also help in tracking the impact of the event and analyzing the trend/ effectiveness of the budget implementation in the future as well.

About CNI

The Confederation of Nepalese Industries (CNI) was established by the captains of Nepal's industrial and corporate sector on April 17, 2002. Its core mandate is to help enhance the business environment for the private sector.

It has a membership base consisting of nearly all of the big corporate houses of Nepal, Nepali blue-chip companies, joint venture companies, etc. spread across a wide and diversified spectrum of industries.

About CRC

CNI Research Cell was established due to a dearth of evidence-based research on Nepali industries, especially based on primary data. CNI aspires to be a trusted development partner of the Government of Nepal. The data and research generated by CRC is transparent, unbiased and will be kept confidential. The team comprises Deputy Director Mr. Ravi Kumar Prajapati and Officer Ms. Rashmi Poudyal.



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