



## Information Portal “Invest Nepal” Unveils



Honorable Minister Anil Kumar Jha Addressing the Ceremony after Launching the Portal 'Invest Nepal'.

The information portal 'Invest Nepal,' jointly developed by Ministry of Industry (MOI) and Confederation of Nepalese Industries (CNI) in cooperation with USAID, NEAT Activity with an aim of guiding and facilitating the potentials investors especially for foreign direct investment (FDI) in Nepal comes in operation since November 12, 2012. The portal "Invest Nepal," which can be accessed in the world wide wave address [www.investnepal.gov.np](http://www.investnepal.gov.np) is the first of its kind in Nepal, was officially launched by Honorable Anil Kumar Jha-minister of MOI on November 12, 2012. Addressing the launching ceremony minister Jha said that the portal is developed in a bid to help foreign investors interested to put their money in Nepal. "The portal will provide all the authentic as well as updated information about government policies, country's investment climate and features of major projects, among

that since new and updated information are to be uploaded in the portal as and when they emerged, the management and operation of such portal is a continuous process. "So this portal is an asset of nation for prosperity, which requires regular support from government, donors, private sectors and other stakeholders," urged Basnyat.

Speaking at the launching ceremony industry secretary Mr. Krishna Gyawali said the government in partnership with the private sector and in cooperation with the donor planning to showcase eight major sectors Nepal including - hydropower, tourism, manufacturing, agriculture, mines and minerals, service, information and communication technology and infrastructure development - through the portal, aiming to lure foreign investment in those areas. CNI vice president Mr. Hari Bhakta Sharma expressed sincere thank



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others," said Jha, hoping that such information benefit the potentials investors in searching the sector specific and more attractive investment destination in Nepal.

CNI acting president Mr. Narendra Kumar Basnyat, said that the portal will be a window for foreign investors to know about Nepal, its investment climate, investment procedures, visa process, policies, laws, and acts including different surveys and treaties and agreements signed by Nepal with other countries. "Although it is jointly developed by government (MOI) and private sector (CNI), the sole ownership of the

to the government of Nepal especially MoI, USAID NEAT Activity and other stakeholders for joining hands and providing financial as well as technical supports while developing the portal and gathering information.

According to Mr. Anuj Agrawal, CNI vice president and chairman of 'Invest Nepal' advisory committee said there is no problem of adequate information for guiding business, but we lacked the relevant, authentic and updated information in a single window. "Keeping this thing in mind CNI was motivated to develop and operate the information portal 'Invest Nepal'



### Message



Binod K Chaudhary  
President, CNI

The government on November 20, 2012 has been able to bring the budget of Rs 351.93 billion through ordinance, ending persistent confusion over fiscal operations for the remaining eight months of fiscal year 2012/13, amid strong objection from opposition parties. However, from the prospective of private sector as well as the country's economic development this budget may not be encouraging as almost one-half of the current fiscal year has already been passed away with out a fiscal policy, one of the major economic policies of the nation.

The budget does not include any new program or project for the general public and for the business community they were really in the need for the budget. The budget has also failed to announce any reform program and tax incentives to promote business confidence as well as investment from both the domestic and foreign sources. In such a situation, attaining targeted growth rate by increasing national productivity and employment opportunities in this fiscal year seems to be impossible. This will only worsen the situation with higher inflation, and no social welfare will be increased from the government expenditure due to unproductive use of the scarce resources.

As the country already struggling with low investor confidence, deteriorated industrial relation and mounting trade deficit Nepal desperately needs to review the economic policies and taxation system in order to make it an incentive to promote investment. But from this unilateral move of the government, is expected to be further hurt the business confidence and investment climate.

The manner in which this budget has been announced will not matter much to private sector. Moreover, Nepal already losing credibility among the international business community has further degraded its image. So, the government should forge consensus on common economic agendas and should bring an incentive package to the private sector to hold patience and work with positive energy.



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portal goes to the government of Nepal," said Basnyat, adding that CNI is only the operator as an apex body of country's industrial sector as well as one of the leading trade/investment support institutions. Basnyat further argued

with theme of "Guiding Your Business," said Agrawal, adding that there is a dedicated help desk at CNI to provide additional information to interested foreign investors.

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## CNI to Focus on Network Expansion



CNI president Binod K Chaudhary and governing council members in the interaction

**C**onfederated of Nepalese Industries (CNI) -- an umbrella body of domestic industries of manufacturing and service sectors-- has decided to expedite its network expansion drive by opening CNI chapters all over the country. An interaction program of CNI officials with its governing council, national council and representatives of chapters as well as industry association held on October 9 2012, endorsed a proposal to open new chapters in different places of the country in order to improve and expand the network of the organization. "Now our focus is to strengthen the existing chapters and association as well as expand new network in the places that hold strong industrial potential" said CNI president Mr. Binod K Chaudhary, adding that the CNI's efforts will be value addition for the national economy as whole.

Going by the decision, CNI

by providing educational and vocational trainings to the local people.

Officials of the CNI that endorsed the proposal also made a strong commitment to make CNI chapters more active to promote industrial development in the country. "The CNI and its chapter offices have to work more efficiently in the upcoming days in order to utilize the potential we have," Narendra Kumar Basnyat, senior vice president of CNI, said. At the same time, CNI vice president Mr. Hari Bhakta Sharma, Anuj Agrawal and Raj Kumar Agrawal focus that the role of CNI chapters will be more instrumental to enhance the country's economic dynamism as the country moving towards the federal system. "CNI chapters should work to uplift the expertise of local industries to enhance their competitive edge in the national as well as international market," vice president Mr. Hari Bhakta Sharma said.

During the interaction, industrialists and chapter representatives from different parts of the country urged the CNI executive body to work for enhancing the capacity of chapter offices and to be concentrated on lobby and advocacy for the investment climate as well as industrial promotion in the country. "Along with the network expansion CNI should focus on the capacity enhancement of chapters," CNI chapter coordination committee convener Mr. Basudev Golyan said.

At the mean time, presidents of Chitwan Industry Association (CIA) and Rupandehi Industry Association (RIA), those are an institutional members as well as local partners of CNI; respectively Mr. Krishna Prasad Adhikari and Tej Kumar Pathak urged the CNI leadership

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announced that its next move will be expanding network by opening chapters in places like Jhapa, Pokhara, Nepalgunj and Kanchanpur. "The improved network will be a step toward

## CNI EGM Concludes

Confederation of Nepalese Industries (CNI), an umbrella organization of county's medium and large scale industries from manufacturing as well as service sector, held its Extraordinary General Meeting (EGM) at Kathmandu on October 9,

In the mean time, the EGM has approved the audited annual financial report of confederation for fiscal year 2009/10, 2010/11 and 2011/12. Birendra Kumar Sanghai, CNI vice president who is also responsible to look after the finance, had presented



CNI president Binod K Chaudhary Addressing the EGM

2012. In this EGM, the third amendment of CNI constitution has approved in harmony, which had already been recommended by the national council and complemented by the governing council of the confederation.

the audited report in the EGM for approval. The EGM also finalized the date of confederation's 10th annual general meeting (AGM) and decided to be hold at Kathmandu on December 21-23, 2012.

## RCI Held an Interaction on CSR

**R**upandehi Chamber of Industries (RCI), a Rupandehi based industry association and one of the institutional members of CNI held an interaction program on corporate social responsibility (CSR) at Butwal on November 7, 2012. This program was organized in an association with Tribhuvan University department of management with an aim of sharing ideas and expertise about the investment climate, industrial relation, productivity and CSR.

In this program industrialists and academia urged that the concept of CSR would remain in back front of corporate sectors until the issues related to government visions towards the private sector and the security of investment as well as private property are clearly addressed by the policies and acts. Addressing the program RCI president Mr. Tej Kumar Pathak argued that even in the present scenario of uncertainty the private sector of Nepal has been contributing for the wellbeing of the society through the means of CSR. "The private sector can

further contribute for social welfare and community development if the government brings clear policy and develop a scientific mechanism for CSR along with some incentive packages for socially responsible entrepreneurs," Pathak said.

In the mean time, former member of National Planning Commission (NPC) Professor Pushkar Bajracharya



mentioned that government should acknowledge the contribution of private sector in order to encourage them for more investment and greater contribution to the society. "Although the corporate history of Nepali private sector is not so long, it has been contributing for social as well as human development of the country in one or another way," Bajracharya said, adding that investment as well as productivity should be increased to increase the CSR.

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## Information Portal...

"Providing information on FDI, sector specific information and playing a role of a facilitator among investors, government agencies and the private sector are few of the specific objectives of the portal," add Agrawal.

Mr. Anil Kumar Thakur, joint secretary and chairman of 'Invest Nepal'

attaining optimal utilization of resources, giving new momentum to economic activities and ultimately generating more jobs opportunities in the market," President Mr. Chaudhary said. The enhanced and improved network of the CNI, according to the participants of the program, will contribute on the promotion of investment, market by holding industrial exhibitions, and manpower development

to work aggressively for industrial infrastructure development in the country. "CIA and RIA have taken initiative to build an international industrial exhibition center in Bharatpur Chitwan and industrial estate in Butwal," they said, adding that CNI, as an umbrella organization of country's industrial sector, should contribute on those projects initiated by the private sector in PPP model.

coordination committee, which includes 16 representatives from different government agencies as well as private sector, said that the portal will facilitate the potential investors in Nepal by providing authentic as well as reliable sector specific information. "The operation and management modality of the 'Invest Nepal' has already been finalized," said Thakur, "that will guide the operation and management of portal. Philip C. Broughton the chief of the party at USAID NEAT Activity expressed his best wishes for the successful as well as effective operation of the portal. "As the global investors have been attracting to the south Asian due to various comparative advantages in this region, the "Invest Nepal" would serve as a single authorized information source for them and give an insight of policies governing FDI and other business related information," said Philip, hoping that it will contribute to bring more FDI to Nepal in the years ahead. Ms. Anita Mahat, representative from USAID wishes for the success of this portal on which US people have got an opportunity to support.

# CNI Focus on Consensus Full Budget

As the country's industrial sector heading towards the verge of serious crisis due to prolonged political unrest accompanied by the deteriorated business confidence, unfavorable investment climate and absence of timely government budget with clear policy and program, Confederation of Nepalese Industries (CNI), an apex body of the country's large as well as medium scale industries, urged for full budget in consensus among the major political parties. CNI expressed its statement and perspective in an interaction program organized by Prime Minister Dr. Baburam Bhattarai to discuss on the current economic scenario, need of budget as well as way forward for the same at Prime Minister Office (PMO) dated November 1, 2012.

Though some private sector organizations and economists voiced the need of a full-fledged budget, citing that the budget is purely economic and technical document, CNI delegation in the interaction, advised PM Bhattarai to first forge consensus among the major political parties. "Politics and economy can not be treated separately which are being linked by a document called 'Budget'," CNI acting President Narendra Kumar Basnyat said, "so the budget which is also known as fiscal policy of the government is equally political, economic as well as technological document." Basnyat also clarified that the budget is only such legal document



CNI Acting President Narendra K Basnyat (first row first from left) in an interaction with PM at PMO

which mobilize and public finance, including revenue and non revenue, to implement the policies as well as programs of the ruling political parties so as to maximize the material welfare of the general public.

In the program finance minister Barsa Man Pun and finance secretary Shanta Raj Subedi had emphasize the need of full fledge budget even in the absence of political consensus. "We will try our best to forge the consensus among major political parties especially with the opposition on common minimum economic agendas and will release the full-budget," minister Pun said, adding that if the budget could not be released in the end of Kartik, not only the development projects but also the day to day activities of the government will be affected. Finance secretary Subedi said

that if the government failed to bring the full budget, economic stagnation is inevitable as the economic dynamism has already been disrupted.

In the mean time, economists and experts also advised the PM to package agreement if they can not reach consensus for budget only. "The government must re-prioritize plans and programs in consensus and bring out a white paper on detailed expenditures of the special budget," said Professor Bishwhambher Pyakuryal, adding that since there is no guarantee of political consensus, the country should not be penalized for the inefficiency of political leaders. However, some economists said the country was not moving ahead with or without the budget, and failure to create investment-friendly environment was not related to the

budget. "If only the government ensures investment-friendly climate, the budget can boost private sector confidence," said Professor Subodh Kumar Karna, adding that can closing industries ensure inclusive growth?

Without improvement in investment climate, the budget can inspire no confidence among investors, according to former National Planning Commission (NPC) member Pushkar Bajracharya and Posh Raj Pandey. "In the absence of parliament, the risk of budgetary misuse due to lack of governance and accountability is huge," they said, adding that a budget without consensus could kick up another controversy and further deepen the crisis.

Responding to the queries and suggestion from private sectors as well as economists, PM Bhattarai said that the government is always committed to bringing full-fledged budget through consensus among the political parties. "There is no alternative to consensus. Parties in the government as well as opposition understand this pretty clearly. Hence, we are making various efforts to bring the opposition on board so that we can have a full-fledged budget on time," said Bhattarai. In a bid to forge consensus, Bhattarai said he has instructed the finance minister to form a group of experts, including representatives from all the major political parties, to work out a common economic program.



## CNI and HCI on Green Economy Development



Confederation of Nepalese Industries (CNI) in collaboration with Himalayan Climate Initiative (HCI), National Planning Commission (NPC) and UNDP organized an interaction program entitled 'Green Economy Development Dialogue' at Kathmandu on September 25, 2012. Around 40 participants including the development agencies, NGOs



Going green is no longer an option but an imperative for our economy and it cannot happen without private sector playing a key role as the concept going green actually makes economic sense. "Business sector, which has been missing from the scene for so long, is ready to play its role to go the green way," Dawa Steven Shorna M.D of Asian Trekking

development agencies, NGOs, policymakers, private sector, media and civil society members who brought their unique perspectives to the discussion, were participated in the dialogue. In the program policy makers as well as representatives from different Ministries, NPC, Alternative Energy Promotion Centre (APEC) and the top head honcho of the Business sector of Nepal jointly advocated the inevitability of the Green Economy movement.

The dialogue aimed to accomplish a common and clear understanding among the participants of the term 'Green Economy' in the context of Nepal. "The interaction was a step towards the realization that the Green Economy by most account is the most appropriate and inclusive



HCI CEO Prashant Singh addressing the program and CNI VP Anuj Agrawal on the dais

economic development model for Nepal," said CNI vice president Anuj Agrawal, adding that the dialogue aimed at capturing the outcomes so as to aim for an eventual Green Development Vision for Nepal. "It would also building suggestions for NPC to augment current efforts of the Government of Nepal to promote its Green Economy Imperatives," Agrawal added.

Speaking on the event, Gopi Mainali from NPC said, "Bringing about social inclusion has been our main priority in development,

and such discussions will show the way how we can go towards the green economy path and also attain inclusive growth." Founder and CEO of HCI Prashant Singh said, "For Nepal the issue of Green Economy is not an imported issue, it has been our agenda for years," adding that for our economy to grow, we need to build on our comparative advantages- our immense green assets that are based mainly in the rural areas. "For Nepal, green is the only way to bring about inclusive growth," Singh added.

According to the participants,

Dr. Govinda Pokharel from Nepal Pharmaceuticals also shared their perspectives on the green economy opportunities related to tourism and herbal based products as the potential competitive advantage areas for Nepal. Dr. Govinda Pokharel from APEC shared his perspective on how the renewable energy is shaping Nepal's green efforts in an effective and participatory ways.

HCI and CNI will be conducting a series of such discussions in near future. HCI initiated the 'Green Economy Development Dialogue' for supporting first such dialogue in this series. The future interactions would help draw Nepal's green vision, and actionable for different sectors in a participative and bottom-up ways.

# CNI Delegation to India

A delegation of Confederation of Nepalese Industries (CNI) recently visited India to participate in the business programs organized by Indian Embassy along with Federation of Indian Chambers of Commerce and Industry (FICCI). The visit was started on 6th November 2012 and lasted on 10th November 2012. The visit was organized in an initiative of FICCI's Nepal office, which is established within the premise of CNI to strengthen the existing Business to Business (B2B) relation and to explore the new areas.

The delegation was led by CNI National Council (NC) member Manoj Kedia and Madhav Adhikari from Hetauda Industry Association, Hari Prasad Adhikari from Chitwan Industry Association, Prawesh Akhter from Koshi Chapter, Upendra Agrawal from Rupendehi Chamber of Industry and Ekraj Karki from Jhapa Chapter were the members. The delegation visited leading industrial areas in various states of India including Gurgaon-Delhi and Jaipur as part of the program. "The principal objective of the visit was to further deepening the business



Former Ambassador of India to Nepal Mr. Mukharjee (second from right) addressing the joint business meeting at Delhi.

and economic cooperation between government as well as private sectors of both the countries and find out the new areas of cooperation, trade and investment," Kedia said.

Despite a hectic schedule, the Nepali delegation's enthusiasm during the 4-day program was exemplary. The event started off with a welcome dinner hosted by Joint Secretary North, Mr. Akhilesh Mishra and a visit to the state of the art Suzuki factory at Gurgaon. Mr. Anil Saini and his

team explained the resources that are helping them cut down on energy/power consumption and are therefore allowing them to cut costs and become more efficient - things of great interest to the visiting delegation whose members are faced with a power crisis back home.

Next the delegates were taken to the Jaipur to visit a textile weaving park and an agriculture warehousing mechanism. Delegates were shown around the facility and

its ERP systems and explained how various commodities can be managed better. On the drive back to Delhi, the delegation retained its high spirits even during the traffic holdup near Manesar.

Likewise, the delegation also held B2B meeting with the Indian entrepreneurs, business organizations, academia and policy makers to exchange ideas as well as expertise and to boost bilateral trade and investment relationship. In a program on 9th November former Indian Ambassador to Nepal Mr. Shiv Shankar Mukherjee addressed a special business meet of business entrepreneurs from both the countries in New Delhi jointly organized by CNI and FICCI. Mukherjee emphasized on development, which would inevitably lead to a prosperous Nepal and its importance to India. This was followed by Mr. Manoj Kedia's short presentation 'Opportunities and Challenges in doing Business with India'. On this occasion Mr. Kedia focused on the cross cutting issues of Indo-Nepal trade and investment and also forwarded some suggestions in the same.

# Nepal's Economic Freedom Improves

The economic freedom of Nepal has seen some improvements, according to the Economic Freedom of the World: 2012, an annual report published by the Fraser Institute of Canada. The report was launched by Sambrihhi, the Prosperity Foundation,



economic freedom," the report

## Nepal in Economic Freedom Indices

Indicator	2009	2010	Change
Size of government	6.10	8.34	+2.24
Legal structures and security of property rights	3.9	3.85	-05
Access to sound money	6.10	6.26	+16

at Kathmandu on September 19, 2012. The annual peer-reviewed Economic Freedom of the World report is produced by the Fraser Institute, Canada's leading public policy think-tank, in cooperation with independent institutes in 80 nations and territories, including 'Samridhi' from Nepal.

The report shows that the economic freedom has improved worldwide and Nepal is a part of that. The report shows that Nepal in the 110th position with a score of 6.33 among the 144 countries included in the study. "Although Nepal has made some improvement in its overall position, still it is considered among the countries with the least

reads.

Out of the five indicators for measuring the economic freedom, Nepal has made progress in some while doing worse in some others. Nepal shows mixed performance in regards to all the five measured areas of economic freedom which include: size of government; access to sound money; freedom to trade internationally; and Regulation of Credit, Labour, and Business and legal structure and security of property rights. Nepal's score and rank in 5 key areas of economic freedom from 1 to 10, where a higher value indicates a higher level of economic freedom and a higher ranking, are as follows:

The Economic Freedom

Freedom to trade internationally	5.40	6.74	+34
Regulation of credit, labour and business	6.0	6.47	+47
Overall	5.50	6.33	+83

Source: Economic Freedom of the World: 2012 Annual Report. The Fraser Institute, Canada.

of the World Report uses 42 different indicators to create an index based on policies that encourage economic freedom countries around the world. The cornerstones of economic freedom are personal choice, voluntary exchange, freedom to compete, and security of private property. This year's publication ranks 144 nations, using data from 2010.

Globally, the average economic freedom score rose slightly to 6.83 in 2010 from 6.79 in 2009. According to the report, Hong Kong offers

the highest level of economic freedom worldwide, with a score of 8.90 out of 10, followed by Singapore 8.69, New Zealand 8.36, Switzerland 8.24, Australia and Canada each 7.97, Bahrain 7.94, Mauritius 7.90, Finland 7.88, and Chile 7.84.

Venezuela has the lowest level of economic freedom among the 144 countries measured. Myanmar, Zimbabwe, Republic of Congo, and Angola round out the bottom five nations.

Economic Freedom

of the World measures the degree to which the policies and institutions of countries support economic freedom. The annual report is published in conjunction with the Economic Freedom Network, a group of independent research and educational institutes in 90 nations and territories worldwide. The 2012 report was prepared by James Gwartney, Florida State University; Robert A. Lawson, Southern Methodist University; and Joshua Hall, Beloit College.