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Page 4

Newsletter

CNI Delegation to Chairman of Council of Ministers



CNI president Narendra K Basnyat, President Emeritus Binod K Chaudhary and Members in an interaction with the Rt. Hon. Chairman of Council of Ministers Khil Raj Regmi.

A delegation of Confederation of Nepalese Industries (CNI), the think tank of country's industrial sector received by the chairman of council of ministers Rt. Honorable Mr. Khil Raj Regmi at his office Singh Darbar on March 27, 2013. The delegation was headed by President Mr. Narendra K Basnyat and CNI president emeritus Mr. Binod K Chaudhary along with members of CNI governing council, office bearers and national council was participated.

The chief executive of Nepal Mr. Regmi called the interaction with the team of country's private sector industrial community with an aim of getting contemporary information about the country's economy, industrial sector, trade and investment as well as the difficulties faced the industrialists. In the interaction, CNI president Mr. Narendra K Basnyat requested the chairman of council

of ministers to take some initiatives in a line that can improve the investor's confidants and the overall doing business environment in Nepal. 'As the political transition going to be continued the industrial sector of the country is likely to face more impediments,' said Basnyat, hoping that the current government is aware about this. 'So, CNI would like to request Rt. Honorable Chairman not to ignore the economic issues citing the major goal of this government is to conduct election,' Basnyat added.

At the same time, CNI President Emeritus Mr. Binod K Chaudhary said, since the non-political and independent government is in place, which consists of well experienced and professional people; this is very prized opportunity for the country's economic sectors.

Continue Page 4



Message

The government of Nepal has recently unveiled the annual budget for current fiscal year (FY) 2012-13, especially focusing on the second round election of Constitution Assembly (CA). This is the first time in the country's budget history of 60 years that the government has attempted three times to bring budget and finally an adjusted full budget has been presented in the ninth month of FY. Although, there is no new program in budget, the government has promised to create investment-friendly environment to encourage private sector as an engine of growth. However, as the government has less time to implement the budget, there is a question in exerting favorable impact in the market.

It is well known that the Nepalese Economy continues to face slow economic growth and challenges such as the Power Crisis, High Cost of doing Business, Political Fluidity, and an overall deteriorating Investment Climate. Apart from that, recent data issued by the Central Bureau of Statistics (CBS) and other international organizations such as Asian Development Bank (ADB), UNDP and International Monetary Fund (IMF) have attributed the slow economic growth to low public spending. This is mainly resulted from the unnecessary politics on the national budget, which is one of the macroeconomic policy instruments of government to focus on bringing a positive socio-economic impact to the country, through revitalizing and strengthening the Industrial Sector.

The absence of a timely full budget in recent FYs had also hit the private sector, which needs the fiscal estimates for their business plans as the domestic market is witnessing a slowdown in development spending that can create aggregate demand and stimulate supply. Thanks the private entrepreneurs and farmers, who has been contributing the economic growth to remain above 3 percent; otherwise, it could have been less than 2 percent for the current FY.

INSIDE

2 CNI Opens Chapter in Nepalgunj and Kanchanpur

3 Finally Country Gets Adjusted Full Budget

4 CNI Meeting with Chinese

CNI Interaction with Fin Min

A delegation of Confederation of Nepalese Industries (CNI), held an interaction with the minister for ministry of Finance, Industry as well as Commerce and Supplies Honorable Mr. Shankar Prasad Koirala at his office Singh Darbar on March 21, 2013. The delegation was headed by President Mr. Narendra K Basnyat and CNI vice presidents along with members of governing council, office bearers and national council was present.

Mr. Koirala, who has been looking after all three ministries related to the country's economic sectors— finance, industry and



CNI president Narendra K Basnyat, vice president Hari Bhakta Sharma in an interaction with Finance Ministers Shankar Koirala and Finance Secretary Shanta Raj Subedi

when the country's economy, because of the prolonged political

CNI Opens Chapter in Nepalgunj and Kanchanpur



CNI vice president duo Manoj Kedia and Basudev Golyan in the Chapter Opening Ceremony at Nepalgunj



CNI vice president duo Manoj Kedia, Basudev Golyan, Director General Megh Nath Neupane and others after opening Chapter at Kanchanpur

Confederation of Nepalese Industries (CNI), an umbrella body of domestic industries of manufacturing and service sectors, adds two new chapters recently. CNI has opened two chapters at Nepalgunj and Kanchanpur in line of its strategy of focusing on strengthen of the existing chapters and association as well as expand new network in the places of the country that hold strong industrial potential in order to improve and expand the network of the organization. The rationale against the network expansion is that the CNI's efforts will be value addition for the national economy as whole.

CNI vice president duo Manoj Kedia and Basudev Golyan, who were leading the chapter expansion campaign, stressed that the new 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,' said Basudev Golyan who is also looking after the coordination of CNI chapters and associations. CNI executive body has been working for enhancing the capacity of member industries and is being concentrated on lobby and advocacy for the improved investment climate as well as industrial promotion in the country. 'Along with the network expansion CNI has been focusing on the capacity enhancement of chapters so that the local industries will be able to compete in the arena of globalization,' said Kedia.

Going by the set plan and strategy, CNI has opened its chapter at Nepalgunj, an important industrial hub, on March 24, 2013 to increase its network reach in the Midwestern region. The chapter was inaugurated by Chief District Officer (CDO) of Banke Dhundiraj Pokhrel amid

a function. The function was chaired by Ratan Tandan, convener of Nepalgunj chapter and CNI vice president duo Manoj Kedia and Basudev Golyan as

CNI vice president duo Manoj Kedia and Basudev Golyan, who were leading the chapter expansion campaign, stressed that the new chapters will be more instrumental to enhance the country's economic dynamism as the country moving towards the federal system

well as Director General Megh Nath Neupane was present. Likewise, president of Nepalgunj Chamber of Commerce and Industry, local entrepreneurs and media personnel were participated in the function.

The chief guest of the function and CDO of Banke Dhundiraj Pokhrel argued that the presence of CNI in Nepalgunj is the landmark for industrial development in the Midwestern region of Nepal. At the same time president of Nepalgunj Chamber of Commerce and Industry (NCCI) Krishna Prasad Shrestha said the local bodies of CNI and NCCI will

be working in close cooperation for better industrial environment and entrepreneur's benefits. 'The improved network of industrial organization and cooperation between the local bodies will be a step toward attaining optimum utilization of resources, giving new momentum to economic activities and ultimately generating more jobs opportunities in the market,' said Shrestha.

Similarly, CNI established its Kanchanpur-Kailali Chapter at Kanchanpur--- business and industrial centre of Far-Western region--- on March 25, 2013. The chapter was inaugurated by CDO of Kanchanpur as well as chief guest of the function Rudra Prasad Poudel and the function was chaired by Hem Bikram Thapa, convener of CNI Kanchanpur-Kailali Chapter. CNI vice president duo Manoj Kedia and Basudev Golyan as well as Director General Megh Nath Neupane was present in the function. Likewise, representatives from local Chamber of Commerce and Industry, local entrepreneurs and media personnel were participated in the function.

'The enhanced and improved network of CNI will contribute on the promotion of investment and economic activities in the Far-western development region,' said Poudel. In the mean time, Chapter Convener Thapa made a strong commitment to make CNI chapters more active to promote industrial development in the region. 'CNI presence here in Kanchanpur has boosted the confidence of local entrepreneurs,' Thapa said. Central committee member of Federation of Nepalese Chambers of Commerce and Industry (FNCCI) Lok Bikram Thapa urged the local bodies of CNI and FNCCI have to work more efficiently in the upcoming days in order to utilize the potentials we have in the region.

CNI Interaction ...

In this background, CNI president Mr. Narendra K Basnyat urged the minister to be proactive especially in the issues that can instrumental to improve the investment friendly environment, industrial relation, and

community would like to request the non-political and independent government, especially the Honorable finance/industry minister to resolve all the pending issues which are very pivotal to the country's industrial development and to accelerate the

and the members involved,' said CNI vice president Hari Bhakta Sharma, adding that to perform well during the critical situation is test of the leadership.

In response, minister Koirala argued the private sector not to

get some relief from the adjusted supplementary budget of current Fiscal Year (FY) and the full budget of the forthcoming FY.

In the mean time, finance secretary Mr. Shanta Raj Subedi reaffirmed that the government will not be deviated from

environment, industrial relation and investor's confidants as well as the overall doing business in Nepal.

'There was lack of close cooperation between the ministries of finance, industry and commerce especially in the issues of revenue, incentives and tax incentive to the industries as well as exporters,' said Basnyat, hoping that such contradiction will be vanished as the responsibility of all the ministries is rest upon a single minister. 'The industrial

economic growth,' said Basnyat, adding that CNI is ready to help on its best for government in those issues. Similarly, CNI officials and member industrialists presented the prospects and problems of Nepalese industrial sectors; and forwarded the suggestion in the same. 'If the current government could resolve the due issues of investment, industrial development and the economic growth paved the way, history will remember the government

expect big thing, since the major assignment of this government is to conduct the fair and freer election of constitution assembly. 'However the issues related to the investment, industrial development and overall development of the country, which are in need of immediate intervention, will have been prioritized and get done,' said Koirala, promising that the country's industrial sector will

the government should work hand in hand to create investment friendly climate and higher productivity,' said Subedi, adding that the private sector should come with concrete agendas and way forward for their concerned issues.

CNI Focus on Industrial Security and Economic Diplomacy

Confederation of Nepalese Industries (CNI), the leader of country's industrial sector urged the government to focus on industrial security and economic diplomacy in a meeting with minister for home and foreign affairs Mr. Madhav Prasad Ghimire at his office Singh Darbar on April 16, 2013. The team of CNI headed by President Mr. Narendra K Basnyat comprising of vice presidents Hari Bhakta Sharma, Satish More and Manoj Kedia, coordinator of governing council Chiranji Lal Agrawal and other executives was participated in the meeting with minister Ghimire.

In the interaction, CNI president Mr. Narendra K Basnyat demanded for safety of entrepreneurs and urged the minister to give importance to economic diplomacy. 'As the previous governments have failed to provide security to the private sector, entrepreneurs are living under the shadow of fear of forced donation, safety of investment and death threats,' said Basnyat, adding that the government, therefore, must build a mechanism to protect entrepreneurs and their investment. 'If the government could promote industrial security and the economic activities that can also be helpful for fair and freer election, which is the first priority of the current government,'



CNI President Narendra K Basnyat, Convener of Governing Council Chiranji Lal Agrawal and others in an interaction with Minister of Home and Foreign Affairs Madhab Ghimire

he added.

At the same time, Basnyat argued that the government must also focus on economic diplomacy to attract Foreign Direct Investment (FDI) and to promote exports. 'Promoting the economic sector is a must for prosperity, which requires huge investment in the industrial sector,' said Basnyat, adding that economic diplomacy can bring more FDI needed for the domestic industrial sector in the era of globalization.

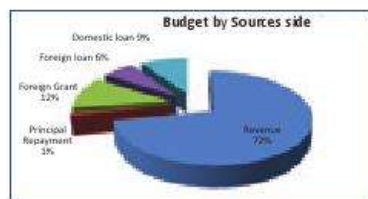
In the meeting, minister Ghimire assured to safeguard entrepreneurs and their investment. "Strikes, hooliganism and forced donation will

not be tolerated in the industrial sector. Such activities have significantly reduced in recent days," he said. According to minister Ghimire, the government has been giving importance to economic diplomacy and planning to harmonize the traditional diplomacy and economic diplomacy. 'The economic diplomacy has been limited only in slogan till date as there is no plan, policy and strategy has been developed,' said Ghimire, adding that the current government has been planning to prepare a policy and action to promote the country's economic diplomacy in close coordination with the private sector organization.

During the discussion, CNI officials and member industrialists had mainly raised the issues of industrial security, forced donation and its adverse impact on the national economy. In the mean time they had demanded the provision that the donation given to organized bodies such as political parties and affiliates should be through formal receipt and to be considered as the expenditure on industries account. Minister Ghimire reassured that the industrial security is the fundamental for economic prosperity and both the industrialists as well as government should work hand in hand for better industrial security and higher economic growth.

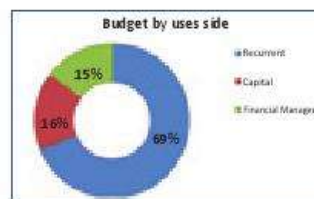
Finally Country Gets Adjusted Full Budget

The Interim Election Government unveiled a 'full adjusted budget' of Rs 404.82 billion on April 10, 2013. As the primary objective of the government is to conduct the election of Constitution Assembly, the budget has been focusing on the same and allocated a total of Rs 14 billion for election-related activities—Rs 6 billion for elections and Rs 8 billion for security purposes. With only three months left for the current Fiscal Year (FY) to end, this is the first time in the country's budget history of 60 years that a full budget has been presented in the ninth month of a FY.



met from Rs 25.83 billion foreign loan and Rs 38 billion internal borrowing.

Although, the budget that seems to be focused on election, also laid concern on commercialization of agriculture to bridge demand-supply gap, promote export and substitute import, transportation and infrastructure



demand and stimulate supply. The budget has, however, accepted supply-side constraints coupled with low agriculture production for pushing inflation to double digit. "Instead of government's target of containing inflation at 7.5 per cent, it has looked up to 10.1 per cent in the seventh month of

implement the budget; hence there is question in exerting favorable impact in the market.

Although the budget could not address the policy issues which were in an urgent need for the development of country's industrial sector, the attitude of government seems private sector friendly. Another welcome aspect of the current budget is that the government has announced public private partnership (PPP) model for infrastructure development for tourism and energy generation, apart from creating export-friendly policy to bridge widening trade deficit. If the government can boost the capital expenditure and invest in sectors

did not introduce any new program, but made additional budget allocations to ongoing programs and projects introduced by the previous government in last year's budget. The government also did not change the tax policy and tariff rates, considering that it would not be practical to do so in the last trimester of the FY. The budget has set aside Rs 279.1 billion as recurrent expenditure and Rs 66.13 billion as capital expenditure, apart from Rs 59.67 billion for financial management. From the uses side, the budget has planned to mobilize Rs 289.6 billion revenue, Rs 4.39 billion from reimbursement of principal and Rs 46.98 billion from foreign grant as resources for the estimated expenditure. The remaining fiscal deficit of Rs 63.83 billion will be

import, transportation and infrastructure development and private sector investment. "Due to time constraints and the need for allocating resources for the already created obligatory expenditures, announcing new policies and programs was not practical," read the budget document. However, lack of resources for 'national pride projects,' counterpart funds for donor-funded projects and salaries for government staff forced the current government to introduce a full-fledged budget in the ninth month of the fiscal year.

The absence of a full budget had also hit the private sector, which needs the fiscal estimates for their business plans as the domestic market is witnessing a slowdown in development spending that can create aggregate

to 10.1 per cent in the seventh month of the current fiscal year," revealed finance minister Shankar Koirala.

At the same time, the government's promise to boost public spending and commitment of liberal market economy has encouraged the private sector. "The government has promised to create investment-friendly environment," said Narendra K Basnyat, President-- Confederation of Nepalese Industries (CNI). "The government's policy to encourage private sector as an engine of growth, if implemented, would drive economic growth and create employment in the country," he said, welcoming the government's full budget that private sector has been seeking since the beginning of the FY. But the government has less time to

expenditure and keep its private sector-friendly attitude, there is a ray of hope as there is no way other than adding the capital expenditure to move the economy ahead. Because the government has not been able to spend more than Rs 13.42 billion capital expenditure in eight months of the current fiscal year. And, the Central Bureau of Statistics (CBS), who is responsible to prepare the country's national account, has attributed the low economic growth for the current FY also to low public spending.

Therefore, the budget should have linked with private sector growth and employment creation in addition to linking purchasing power and inflation, which are the major bottlenecks of our economy.

CNI Meeting with Chinese Ambassador

Confederation of Nepalese Industries (CNI), the apex body of Nepalese Industrial community, held an interactive meeting with the Ambassador of Peoples' Republic of China at CNI secretariat on March 28, 2013. In the meeting Chinese Ambassador HE Mr. Wu Chuntai recognized immense possibilities of improving economic and commercial ties between The Peoples' Republic of China and Nepal. In the meeting CNI president Mr. Narendra K Basnyat welcomed the ambassador to Nepal as well as CNI. He also wishes the best compliments for successful tenure of His Excellency Ambassador to Nepal that will be noteworthy and pleasant, memorable and productive to identify Investment and Business potentialities in Nepal in the near future.

"CNI valued Your Excellency's appointment in Nepal and believe that it will foster the bilateral economic, business and industrial relations between Nepal and the Peoples' Republic of China," said Basnyat, adding that the private sector of Nepal is very keen to further expand the trade, investment and economic ties, which is expected to enlarge not only the business relation among the entrepreneurs of both the countries but will definitely be able to enhance the future cooperation in development initiatives of Nepal.

"Although, there are more than 20 Chinese enterprises involving in Nepal, still there is vast scope of cooperation in areas of Hydro power projects, aviation industry, private sector development, infrastructure development, professional education, tourism and services," said Ambassador Chuntai, adding that China is willing to promote export in both of the countries and hence has agreed to provide duty free access



President Narendra Basnyat welcoming Chinese Ambassador Wu Chuntai in CNI

for Nepali products. He further argued that China is interested to send more Chinese people to Nepal as tourist as there are very pleasant places in Nepal like Chitwan, Lumbini, Pokhara etc. "For this China is preparing a documentary including major tourism places of Nepal and China," Wu said, hoping that will be instrumental to promote tourism in Nepal.

At the same time, CNI Governing Council Member Mr. Bijaya Shah appreciate the priority that the current Chinese Ambassador gives to the economic and trade relations within the framework of laws and regulations in the concerned Countries. "No Chinese ambassador visited business people with in a short period of their appointment what

your Excellency did," said Shah, adding that this activity will serve expansion of economic and industrial cooperation between the enterprises and organization of Nepal and China.

CNI vice President Mr. Hari Bhakta Sharma suggested the ambassador Mr. Wu to foster the interaction and exchange of commercial and economic delegations between the countries. "CNI has been working with China Council for Promotion of International Trade (CCPIT) and Bao Forum for Asia (BFA), the largest business association of China," said Sharma, adding that the parties will do their best for the realization of business contacts and get platform for promoting their business across geographical broader.

CNI Delegation...

The industrial community would like to request the government and especially the Rt. Honorable chairman to resolve all the pending issues which are very essential to expand the country's industrial base and thereby to accelerate the economic growth," said Caudhary, adding that if those pivotal issues resolved and the economy move ahead the history will recognized the current government and the members involved.

During the discussion, CNI officials and

Interaction with Consul General to Hong Kong

CNI president Mr. Narendra K Basnyat had an interaction meeting with Mr. Mahesh Dahal, newly elected consul general of Nepal for Hong



member industrialists briefed the current situation of Nepalese industrial sectors and respective subsectors, their prospects and problem as well as the way forward in the same. In response, chairman Mr. Khil Raj Regmi had assured that, although the major object of this government is conduct the fair and freer election of constitution assembly, it will not leave the economic and industrial sectors untouched. 'The issues related to the investment, industrial development and overall development of the country will have been prioritized and get done,' said Regmi, adding that the required acts, rules and regulations will have been endorsed to this end. Chairman Regmi also reaffirmed that the industrial development if the fundamental for economic prosperity and both the industrialists as well as trade unions should work hand in hand for better industrial relation and higher productivity. 'Once the election completes and political transition over, the economy will grow in a faster pace,' Regmi Added, hoping that the mission will be completed in time and the country will move ahead with out disturbance.

Kong Special Administration Region (SAR) of the People's Republic of China (PRC), on April 02, 2013 at CNI secretariat Thapathali. In the meeting vice president duo Manoj Agrawal and Manoj Kedia as well as the members of CNI national council were presented.

During the interaction CNI president Basnyat expressed his best wishes to the consul general Dahal for his successful and productive tenure in Hong Kong. 'I hope the economic and business ties between Nepal and Hong Kong will have further been increased during your Excellency's tenure,' said Basnyat, adding that the major responsibility of the consulate is to enhance the trade and investment for the home country as well as to facilitate the people of both the countries in issues of transit and immigration. However, the current position of export to and investment from Hong Kong is not so encouraging. 'I would like to request your Excellency to attract the attention of Hong Kong investors in Nepal to start new venture as Nepal possesses various competitive advantages and high profitability in most of the sectors,' Basnyat added.

At the same time, Consul Dahal assured that



CNI Officials and Consul General to Hong Kong Mr. Mahesh Dahal in an interaction at CNI Secretariat

the strengthening of trade, investment and economic relation is one of his top priorities. 'Because of this reason I am here to hear the views of the industrial and business community,' said Dahal, adding that the mutual cooperation with CNI and Nepali private sector will be fruitful to capitalize the set priority. He also promised that he will not remain no stone unturned to promote the attractive business sectors of Nepal in Hong Kong and to invite the potential investors in Nepal. 'This will be a contribution to accelerate the economic growth of Nepal,' he added.