



FNCCI President Dhakal emphasises interdependence of the economy (Based on the speech given at the inaugural ceremony of FNCCI's 58th Annual General Meeting)



April 10, 2024

Chandra Prasad Dhakal, President of the Federation of Nepalese Chambers of Commerce and Industry (FNCCI) spoke at the opening ceremony of the 58th Annual General Assembly of FNCCI. It has been a year since he, along with a new executive committee took charge of FNCCI.

Speaking about the growth of FNCCI, Dhakal said, "Before I took on the leadership position of FNCCI, my business, which I started with a couple of friends and my family members, has grown to a family of nearly 20,000. After joining FNCCI, it has become a family of around 600,000 entrepreneurs. There are entrepreneurs who, for various reasons, are not or could not become members, but they are also members of this family. This basically means that the FNCCI family comprises of all members of the private sector."

Emphasising the interdependence of the economy, he mentioned, "Our larger family is the entire country. The private sector is the income-generating members of this larger family. The government is the structure built to provide essential services and security to us, the private sector, and the general public. We cannot work without the services and security provided by the government. We pay taxes to the state in return for the services and security it provides."

"Currently, there is a mismatch between income and expenditure in the family. The private sector, which bears the nation's expenses, is trying to spread its wings and earn more. However, it is unable to obtain the necessary services and security. We are currently seeking some encouragement, even if minimal, from the government," he said, regarding the economic imbalances in the country.

Regarding the challenges of entrepreneurship, he mentioned, "I want to talk about the dreams of young people. I want to talk about entrepreneurship. Entrepreneurship is a difficult penance. Any new venture requires innovative thinking and ideas. Money is needed to implement them. Such funds often have to be raised by mortgaging homes. Then, this idea needs to be prepared in a way that society will accept it. Political leaders need to take ownership of it. There should be no legal hurdles and it should be environmentally sustainable. Only after all these fundamental aspects are met does a project or business become a reality."

On the impact of government policies, he said, "Having put in so much effort to prepare a business or project, a single government policy, the whim of an official, or a crowd can destroy it in a moment. However, even with all these obstacles, I do not want to just express disappointment here today. I see this country as a land full of possibilities. I will also talk about the role of political leadership in turning these possibilities into reality."

He emphasised the necessity to acknowledge economic realities. "To explore possibilities, a realistic picture of the current situation is necessary. Currently, foreign exchange reserves are at their highest level ever. This means it is enough to import goods and services for about 12 and a half months. Banks also have around Rs six trillion available to give as immediate loans. Due to the inability of entrepreneurs and businesses to expand their businesses, the demand for loans is low."

Since Nepal became a member of the World Trade Organisation, exports have increased by up to three times, while imports have increased by 10 times.

"Foreign investment is only around 0.2% of the Gross Domestic Product (GDP). Foreign aid is continuously declining. Financial management expenses are almost double the capital expenditure. If domestic resources cannot be increased, there is a possibility that Nepal's burden of debt will further increase as it graduates from

the status of a least developed country," he stated.

Voicing his opinion on the country's reliance on remittances, he said, "Even though exports, investment, and aid are all low, remittances are the reason the external sector is strong. We are all aware that remittances have been the mainstay of the country for decades. The possibility of remittances alone sustaining the economy continuously is low. In the past, rising remittances increased government revenue as demand increased. Currently, government revenue is not growing as expected. With low capital expenditure, the government's deficit indicates that the coming days will be more complex."

Addressing the Prime Minister and Former Prime Ministers, he said, "I have presented the above statistics to inform you about the current state of our economy because I believe that only by accepting the fact that there are still problems in the economy can we find a way out. The sluggish economic situation for almost two years has worsened due to a lack of diagnosis and treatment. The private sector has repeatedly identified the problem and recommended solutions. However, due to the government's neglect, we have reached this critical juncture. Even the joint recommendations of the private sector for the budget and monetary policy this time were not implemented."

Comparing Nepal's situation to other countries in the region, he said, "Fearful of becoming another Sri Lanka, restrictive policies were implemented here. As a result, our economic growth has plummeted from 6% to 2%, while Sri Lanka's economic growth has gone from -7.8% to nearly positive 2% during the same period."

"Internal factors are the primary reasons behind Nepal's weak economy, not external ones. This is because the growth rates of countries like India and Bangladesh have been high during this period. The World Bank has projected Nepal's economic growth for the current year to be only 3.3%. In contrast, Bangladesh and India are projected to grow at 5.6% and 7.5%, respectively. Last year too, when Nepal's growth was below 2%, India and

Bangladesh's economies expanded by more than 6%."

"The private sector-driven growth is the main pillar of development for countries like Bangladesh, Cambodia, Laos, Rwanda and Ethiopia, not just India. These once conflict-ridden and impoverished nations have averaged over 6% growth in the past decade. Nepal, on the other hand, averages 4%," he shared.

"The reason for the low economic growth in the last two years, while all our neighbours are experiencing rapid development, is that the private sector has not been able to function properly. This year, the growth rate of the production sector is negative by 0.4%. Industries are currently experiencing a kind of undeclared load shedding, further impacting production."

Sanjeev Puri, President Designate, Confederation of Indian Industry, participated in the event, who President Dhakal thanked for his presence. "FNCCI and CII have a long-standing partnership and I would like to thank Mr. Puri for your presence."

Commenting on the difficulties faced, Dhakal mentioned, "Easy loan options for small entrepreneurs have been halted. Payments to construction companies have been stalled. Capital expenditure is low. In such a situation, we need to find ways to increase production and money flow in the market. Since there is potential for service exports, our policies should also be directed towards that. Due to low revenue, businesses are facing problems due to unnecessary monitoring."

Addressing the Prime Minister, Party Leaders, and High-Level Leadership, he exclaimed, "Personally, I am someone who looks at every sector and effort positively. I avoid using the words 'no', 'cannot', and 'will not' whenever possible. We are self-sufficient and capable. Because our economy is small, it is also easier to recover. Therefore, my opinion is that our strategies should be suited to our soil and situation, rather than any external influence. So, even today, I say - the small but positive efforts we take will yield significant results. This requires everyone's positive attitude and sincere efforts."

"FNCCI is taking the initiative to establish an investment company where small, scattered savings can be invested. This is not the federation's company. Initially, FNCCI will facilitate the involvement of all businesses. The company will operate independently."

"We are constantly making efforts from our side. We do not want the dreams of our youth to be wasted in the Gulf. Let us give entrepreneurs the opportunity to turn their passion into money. Barren hills and village soil can be made green again. For this too, the private sector of Nepal needs to be further encouraged. How did we rise after the earthquake? And how did we become strong after Covid? We can draw inspiration from these hardships as well. The country's private sector is ready to lead development and prosperity, only the environment is lacking," he added.

"Let us all work together to create this environment and strengthen the economy starting today. We have presented a five-point commitment paper here before you at this prestigious gathering today. We expect your commitment to this. At a time when despair and distrust are rising, I only hope that your commitment to these pledges will send a positive message. I sincerely request you for this," he said.

Expressing his gratitude, he said, "The bilateral investment treaty (BIT) framework proposed by the Federation of Nepalese Chambers of Commerce and Industry has been passed by the Cabinet. I express my gratitude to the Honourable Prime Minister for this. We also expect the 12 laws and regulations prepared by us for improvement to be passed soon."

"Over a thousand entrepreneurs and businesspeople from across the country are gathered here today at this programme. The political leadership and we have a lot of work to do to bring smiles to the faces of businesses and ordinary citizens. We need to turn this despair into hope. The new year 2081 BS is starting soon. Honourable Prime Minister, Former Prime Ministers, the leadership - what message will we, the entrepreneurs, take from you into the new year? Now it is in your hands," he concluded.

Joint Press Release

March 1, 2024

Banks and financial institutions have been conducting banking transactions within the framework of the Bank and Financial Institutions Act and the regulatory directives issued by Nepal Rastra Bank from time to time.

The recent incident of arrest of bank and financial institution employees in connection with loans granted on the basis of collateral valuation has drawn the serious attention of the Federation of Nepalese Chambers of Commerce and Industry, Confederation of Nepalese Industries, and the Nepal Chamber of Commerce, the umbrella organisations of the private sector business community.

Banks and financial institutions have been operating their deposit collection and lending activities within their respective jurisdictions in accordance with their policies and procedures, subject to the existing laws and directives issued by the central bank. It is understood that all employees and the board of directors of banks and financial institutions, while making any investment decision in the bank, act in good faith and in accordance with the prescribed principles, methods, and regulations.

In the context of business loans, different types of loans have been flowing to industries and businesses according to the nature of their business, namely fixed capital and working capital. For fixed capital loans, loans are available against the collateral of land, buildings, machinery, etc. invested by the industry, while for working capital, the credit limit is determined on the basis of the current assets of the business, such as stock of goods maintained for production and trade, outstanding amount receivable from sales, etc. Such loans granted on the basis of stock of goods and receivables as working capital are known as hypothecation loans, which are also acceptable under the law and directives issued by Nepal Rastra Bank. It is natural that in the event of a business downturn, the value of these goods and receivables will decrease, increasing the risk of the loan. Banks and financial institutions have been setting aside risk management



amounts in accordance with regulatory guidelines, keeping this situation in mind. This is a universally accepted banking principle and practice.

We have come to understand that there is a practice of studying risk management while making any decision related to investment in banks and financial institutions within these rules and based on that, all the employees and the board of directors act with good intentions to ensure that the business can be conducted in compliance with the law. In this regard, due to various reasons such as recession in the business sector, changes in consumers' tastes, strategies of competing businesspeople, and fluctuations in business due to various reasons, the business will have a negative impact on the ability of businesspeople to repay loans. An example of this is the concessions provided by Nepal Rastra Bank through financial institutions to ease the impact on industry and business during the Covid 19 and the current economic recession.

Based on these facts, credit management should be evaluated and in our understanding, Nepal Rastra Bank has been regulating the financial condition of banks and financial institutions from time to time by making on-site and off-site inspections of the banks and financial institutions operating in the country, including giving separate approval to publish financial statements. This practice has also succeeded in providing proper guidance to the banks and financial institutions by fulfilling their responsibilities in a proper manner.

In this context, it seems appropriate that the loans disbursed by banks and financial institutions should be evaluated accordingly. However, we are clear that in case of human error or if someone has acted with wrong intentions or motives, the officers involved in that act should be prosecuted according to the prevailing law.

It appears that there is an intention to cause hardship to individuals who are not directly involved

in any incident of banks and financial institutions that are operating within the existing legal system, policies and directives of regulatory bodies, by first detaining and interrogating them, disregarding their work done in good faith on the basis of their position or signature on documents.

We request all concerned parties to pay attention to the fact that such actions will affect the efficiency of bankers' work, make them unable to take

decisions and lower their morale, which may also have an impact on credit expansion and ultimately on the growth and development of the entire economy.

We urge all concerned parties to be aware that while action must be taken against those found guilty after investigation, the recent activities in the sensitive sector of banking are likely to have more negative than positive consequences.

Bharat Raj Acharya nominated as member of FNCCI Executive Committee

March 5, 2024

Bharat Raj Acharya has been nominated as a member of the Executive Committee of the Federation of Nepalese Chambers of Commerce and Industry (FNCCI). Acharya was nominated by FNCCI President Chandra Prasad Dhakal as per Article 34.1 (D) and Article 34.6 of the FNCCI statute. President Dhakal administered the oath of office and secrecy to Acharya on March 5. Acharya is involved in the manufacturing industry, trade and other sectors. He has previously served two terms as a member of the Executive Committee and has held



the responsibilities of Vice President of the Employers' Council and Chairman of the Industry Committee at FNCCI.

Meeting between newly appointed Finance Minister and FNCCI Working Committee

March 7, 2024

Federation of Nepalese Chambers of Commerce and Industry (FNCCI) President Chandra Prasad Dhakal has stressed the need to boost the morale of the private sector and the general public as the first condition for resolving the current economic problems.

In a meeting with newly appointed Finance Minister Barsha Man Pun on March 7, FNCCI President Dhakal drew attention to the current state of

the economy and urged the government to increase capital expenditure and expand refinancing facilities to channel

FNCCI President Dhakal calls for boosting private sector morale for reforms

funds to small towns and villages. "The problems seen in cooperatives and microfinance

institutions have prevented small entrepreneurs and the general public from having access to funds," he said. "For this, the government and banks should make arrangements to put the money in the hands of the general public."

He also urged Minister Pun to take the initiative to pay the outstanding dues to construction contractors. Dhakal cited the example of the Covid-19 Business Continuity Loan, all of which has been repaid, to show that Nepali entrepreneurs are responsible

and that the government should trust them.

Dhakal told Minister Pun that the private sector should be allowed to work freely. "The private sector includes everything from

economy and 87% to employment, in protocol would further boost the morale of the private sector. The government should not be stingy on such matters that increase trust without spending money, he said. These

government would move forward by taking the private sector into confidence. He also informed that the government is committed to moving forward in cooperation with the private sector.



large industries to village grocery stores," he said. "The government should not harass, intimidate or discourage the private sector and should boost the morale of the private sector."

FNCCI President Dhakal also informed Finance Minister Pun about the practice of using intimidation to collect revenue at a time when revenue is low. He drew the minister's attention to the fact that the Office of the Auditor General has been digging up issues that were settled by the Revenue Office four years ago and imposing penalties.

He also informed Finance Minister Pun about the issue of protocol that the private sector has been raising. He informed the minister that putting the private sector, which contributes 81% to the

seemingly small issues boost the morale of all entrepreneurs and businesses across the country.

President Dhakal also reiterated his demand for uniformity in the economic agenda, regardless of party affiliation. He said that the economy is a complex issue and that the commitment of all parties and stakeholders is necessary to solve economic problems.

He warned that problems in banks and financial institutions would further complicate the economy and urged the government to understand the sensitivity of the matter. "There is a wrong propaganda that bank loans do not have to be repaid," said President Dhakal. "The government should be aware of this."

During the meeting, Finance Minister Pun said that the

Minister Pun said that no community would be treated like criminals. In response to President Dhakal's question about the crackdown on the private sector, Minister Pun said that coordination would be done with the concerned bodies to end the atmosphere of detaining people without completing the investigation first. He argued that those who make mistakes should be punished, but an entire community should not be called bad because of the mistakes of one individual. Stating that the state is an organisation that provides security and services to the citizens, Minister Pun said he would not discourage entrepreneurs and businesspeople. "It is my responsibility," said Minister Pun. "I will not let you be discouraged."

FNCCI to take initiative to establish Investment Company

March 11, 2024

An investment company will be established with the participation of entrepreneurs and businesspeople from across the country under the initiative of the Federation of Nepalese Chambers of Commerce and Industry (FNCCI). FNCCI President Chandra Prasad Dhakal shared this information at the annual meeting of the Birgunj Chamber of Commerce and Industry.

According to Dhakal, ordinary citizens and businesspeople from all over the country will be able to invest in the company, and the money will be invested in various projects. The authorised capital of the company will be Rs 10



billion. He added that businesspeople other than FNCCI members can also invest in it.

In the programme, FNCCI President Dhakal also said that he is taking the initiative to improve the country's economy. Stating that there is no coordination and reform because political parties do not have the same agenda on economic

matters, he also informed that unity of all parties will be sought in the annual general meeting of FNCCI to be held in the last week of Chaitra.

Dhakal also informed that FNCCI is continuously making efforts for reforms and that the grand economic debate organised in Asoj last year was a milestone. Recalling that Prime Minister Pushpa Kamal Dahal had organised an all-party meeting after that, President Dhakal said that the financial sector has been reformed since then. "We still have to try," said President Dhakal, adding, "Everyone's cooperation is needed to make the market dynamic."

FNCCI President Dhakal meets UAE, Mongolian ambassadors:



March 13, 2024

In a meeting with the ambassadors of the United Arab Emirates and Mongolia, Chandra Prasad Dhakal, President of the Federation of Nepalese Chambers of Commerce and Industry, requested the respective

ambassadors for support in promoting investment in Nepal.

Dhakal met with UAE Ambassador His Excellency Abdulla Al Shamsi and Mongolian Ambassador to India who is concurrently accredited to Nepal, His Excellency Ganbold

Dambajav, on March 13. He also requested them for their participation in the Nepal Investment Summit that is scheduled for April 28-29 in Kathmandu. The discussions centred around enhancing bilateral trade and investment ties between Nepal and these two nations.

During the meeting with the UAE ambassador, President Dhakal thanked His Excellency for his support in organising the Nepal Dubai Business Summit that was held in November in Dubai with the support of embassies of both the countries. He also informed the ambassador of the vast investment potential that Nepal

holds. During the meeting His Excellency Abdulla Al Shamsi also spoke about his interest and the possibility of signing a bilateral investment agreement between UAE and Nepal.

Similarly, during the meeting with the Mongolian ambassador, President Dhakal held talks related to mutual issues of trade and investment opportunities. President Dhakal provided information on the investment opportunities that Nepal has in



the hydroelectricity and tourism sectors. He also apprised the

ambassador of Nepal's external sector stability.

FNCCI President Dhakal meets Qatari ambassador - Qatari ambassador expresses keen interest in bilateral investment agreement



March 25, 2024

In a significant development for Nepal-Qatar relations, Chandra Dhakal, President of the Federation of Nepalese Chambers of Commerce and Industry, met the Qatari Ambassador to Nepal His Excellency Mishal bin Mohammed Al Ansari on March 25. The meeting focused on enhancing economic cooperation and fostering business partnerships between the two nations.

During the meeting, FNCCI

President Dhakal stressed the need for more investments in Nepal. He informed the ambassador that Nepal is a growing economy and the country offers ample opportunities for investments. He also mentioned that the government has been collaborating with the private sector to amend laws and regulations to create an investment friendly climate.

In a new development, talks also centered on plans to establish a joint business council between

FNCCI and the Qatar Chamber. The joint business council is expected to facilitate collaboration and exchange of information between Nepal and Qatar. The council is also expected to provide a platform for joint initiatives to tap into each other's markets.

Meanwhile, His Excellency Mishal bin Mohammed Al Ansari expressed keen interest in a bilateral investment agreement. He stated that such an agreement will provide a framework for protecting investments, promoting trade, and encouraging economic cooperation. Both sides discussed the potential benefits and agreed to explore further steps.

The meeting concluded on a positive note, with both parties reaffirming their commitment to strengthening economic ties. The FNCCI and the Qatar Chamber look forward to signing the joint business council agreement and continuing the dialogue on investment opportunities.

FNCCI President Dhakal requests AIIB to invest in Nepal



March 26, 2024

In a meeting between the board officials of Asian Infrastructure Investment Bank (AIIB) and private sector representatives in Chandragiri on March 26, Chandra Prasad Dhakal, President of Federation of Nepalese Chambers of Commerce and Industry requested the AIIB to invest in Nepal.

The meeting specifically dealt with exploring potential investment opportunities in Nepal across various sectors. Talks were also held on how AIIB could contribute the most in sectors like transportation, energy and urban development, among others. Discussions were held on how the private sector could contribute to the sustainable development of Nepal.

While presenting his views, FNCCI President Dhakal mentioned that Nepal is a country with immense potential for growth and development. He informed the AIIB board officials that the

private sector is eager to leverage this potential through strategic partnerships with organisations like AIIB. Dhakal also said that Nepal is strategically located between two economic giants, India and China, which means Nepal can provide easy market access to goods produced in Nepal to two of the world's biggest markets.

Dhakal highlighted that there are investment opportunities in infrastructure, energy, tourism and agriculture in Nepal. He also informed the officials about the external sector stability that Nepal has achieved. He mentioned that the country is now focused on improving domestic consumption. He said AIIB has already been a key partner in several important projects in Nepal, and we are eager to explore new avenues for collaboration.

FNCCI President Dhakal also informed the board officials of AIIB that the Nepali government is in the process of amending 12

Acts so as to improve the investment climate of the country. He stated the government is serious about streamlining processes and regulations to create a better 'doing business' climate. He further apprised the officials of the government's plans to sign bilateral investment agreements with potential countries. Dhakal said the framework for the bilateral investment agreement is expected to be finalised soon.

Further talking about investments, Dhakal informed the officials about the Nepal Investment Summit which is scheduled for April 28-29. He requested the AIIB delegation to disseminate this information to all member nations. The good aspect of the Investment Summit this time is that the private sector too has been included as co-organisers, he stated.

Dhakal also mentioned that the private sector of Nepal has been leading the country's economic development and will continue

doing so in the future. As president of FNCCI, I can assure you that we will leave no stone unturned for the socio-economic development of Nepal, he said. He said the private sector has

always finished its projects in time and of quality. He added the private sector is now looking for more cooperation and collaboration with institutions like AIB.

During the meeting, board officials of Asian Infrastructure Investment Bank (AIIB), government officials and private sector representatives were present.

FNCCI President Dhakal calls for prompt payment of construction contractors' dues

March 29, 2024

Speaking at the 25th anniversary of the Federation of Contractors' Associations of Nepal (FCAN), Federation of Nepalese Chambers of Commerce and Industry (FNCCI) President Chandra Prasad Dhakal expressed his opinion that construction contractors should be paid their dues by the government promptly. The 25th anniversary of FCAN was held in Hetauda on March 29.

FNCCI President Dhakal expressed the view that the government should understand that infrastructure development is the most important aspect for the development of the country. He informed that the government should not delay payments as this can lead to delays in projects. He mentioned that due to the



inability of the state to pay billions of rupees to contractors for construction work, businesspeople are facing financial problems as they are unable to pay a large amount of money for supply chain, bank installments and workers including taxes. He expressed his belief that the situation will improve in the coming days.

Speaking at the programme,

Dhakal also stressed the need to create a mechanism for easy flow of loans from banks to construction contractors. Finally, he thanked FCAN for its unwavering commitment to infrastructure development in Nepal.

The programme was inaugurated by Prime Minister Pushpa Kamal Dahal.

Improvement in foreign exchange reserves should be utilised to improve domestic market: FNCCI President Dhakal

March 31, 2024

President of Federation of Nepalese Chambers of Commerce and Industry, Chandra Prasad Dhakal, has mentioned that external sector stability should be utilised to improve the domestic sector of the economy.

FNCCI President Dhakal said so during the annual meeting of the Gandaki Province Chamber that was held on March 31 in Pokhara. Dhakal was the chief guest of the programme. He said that the annual meetings of all the seven provinces were now

over with this meeting in Gandaki. Since the FNCCI statute mentions that the annual meeting needs to be held by the end of the Nepali month of Magh, he requested the provincial chamber to follow that rule.

Dhakal also stated that the first

year of his tenure is coming to an end and FNCCI will be hosting its annual general meeting soon. He shared that during the first year, as the president of FNCCI he has taken a lot of initiatives to improve the troubled economy, promote investment, and provide dignity to the private sector.

FNCCI President Dhakal said the improvement in foreign exchange reserves and balance of payments should be utilised to improve the domestic market. Dhakal added there is no new investment environment and the morale of entrepreneurs has decreased. At the same time, industries are again facing a situation of loadshedding and the related agencies have not realised that the government itself will suffer after production capacity of industries declines, he



mentioned.

President Dhakal also stated that since revenue has started to decrease, the government has started giving unnecessary pain to entrepreneurs. We have been receiving complaints that market monitoring has increased, he said. He also requested business people not to do anything against the rules and asked the government to stop terrorising the private sector.

He informed that if the private

sector continues to panic, revenue collection will be affected and it will become difficult to run the government. In this year's annual general meeting we have invited the top leadership of all political parties and we will seek their commitment for a better business climate, he said.

President Dhakal also informed that FNCCI will soon be launching an investment company but it will not be owned by FNCCI. We will only take the initial initiatives to establish and promote the investment company. It is an initiative to bring together business people from all over the country and will later be operated commercially, he informed. He added that non-residential Nepalis and other private sector organisations can also invest in it.

Finance Minister Pun assures not to harass businesses for revenue collection

April 2, 2024

Finance Minister Barsha Man Pun has assured businesses that they will not be subjected to unnecessary hassle for tax collection purposes.

During a meeting with Chandra Prasad Dhakal, President of the Federation of Nepalese Chambers of Commerce and Industry (FNCCI), at the Ministry of Finance in Singha Durbar on April 2, Minister Pun addressed concerns raised by Dhakal regarding the increase in unnecessary market inspections faced by FNCCI members. Dhakal attributed this to the recent decline in government revenue collection and expressed concern that it could hinder both businesses and government revenue. He urged Minister Pun to create a more conducive environment for businesses and attract both domestic and foreign



investment.

Minister Pun acknowledged the concerns and reiterated the government's commitment to supporting the private sector. He assured Dhakal that businesses would not be unnecessarily harassed for tax collection and emphasised the need for collaboration between the government and the private sector for economic development. He highlighted the current government's top priority of reviving the national economy.

FNCCI welcomes newly elected office bearers of Commodity Council

April 2, 2024

Federation of Nepalese Chambers of Commerce and Industry (FNCCI) President Chandra Prasad Dhakal emphasised that FNCCI is the platform for resolving the demands and issues of entrepreneurs and businesspeople through cooperation and coordination with the state.

Addressing a felicitation programme organised by FNCCI on April 2 in honour of the newly elected office bearers of the Commodity Council of FNCCI, President Dhakal stated that FNCCI is the second largest mechanism after the government and that the policies formulated by the state also come only after FNCCI's support.

On the occasion, President Dhakal opined that the private sector can become strong only through business unity. Stating that it is necessary for the private sector to give a positive message of improvement in the country's economy, he said that responsible industrialists and businesspeople need to give a message of economic improvement even if the economic situation is not favourable. He expressed hope that the many economic indicators that have improved in the last one year will continue to improve in the future.

Meanwhile, FNCCI Senior Vice President Anjan Shrestha said that the unresolved politics is the main problem of the country. He was of the opinion that the private sector cannot work with high morale unless there is a radical change in the state's attitude towards businesspeople.

He criticised the state's tendency to delay or postpone addressing the problems raised by the private sector, stating that this approach hinders long-term solutions. He emphasised that the time has come to seek the state's commitment to resolving these issues. Shrestha stressed the need for the state to collaborate in addressing the problems of sectoral associations, which represent a significant portion of the country's economy, and to create an enabling environment for businesses to thrive.

FNCCI Commodity Council Chairperson and FNCCI Vice President Hemraj Dhakal expressed concern over the state's lack of urgency in addressing the economic slowdown, despite the country's economic growth having plummeted from 8% to around 1%. Vice President Dhakal advocated for structural reforms in the economy to end the prevailing economic stagnation and called for the government to expedite the implementation of the Credit Recovery Act.

FNCCI has been welcoming the newly elected teams of its member sectoral associations to the FNCCI secretariat, listening to their grievances, and taking initiatives to address them through relevant government agencies.



FNCCI President Dhakal seeks more research and development in maize production

Requests concerned development agencies to promote post-harvest activities for import substitution

April 3, 2024

President of Federation of Nepalese Chambers of Commerce and Industry, Chandra Prasad Dhakal, has requested the government and concerned development agencies to focus on research and development to increase the production of maize in Nepal.

FNCCI President Dhakal said so on April 3 during the International Maize Conference organised by the Ministry of Agriculture and Livestock Development. Dhakal said that maize is grown in nearly 980,000 hectares of land and Nepal produces around 3 million tonnes of maize per year. He also mentioned that maize is utilised mainly for human food, livestock feed and fodder in Nepal.

Dhakal informed the participants that the country's private sector has invested around Rs 40 billion in 140 feed mills that require nearly 600,000 metric tonnes of maize per year. He stated that,



however, only 20% of the total maize required for feed mills is supplied through domestic production. The remaining is imported from India and other third countries, he added.

He also mentioned that the demand for industrial maize in Nepal is increasing every year. He informed that in Fiscal Year 2021/22, Nepal imported maize worth Rs 19.65 billion, mainly for the feed industry.

Although there have been some initiatives launched to promote post-production activities of

maize, the government and development partners are mainly focused on the production aspect, Dhakal said. He urged all the development agencies working in maize to support the private sector for research and development to increase maize production.

FNCCI President Dhakal also requested the concerned development agencies to promote post-harvest activities. He stated that if the country is able to do so then we can substitute imports and farmers involved in maize will have more income.

Government needs to take initiative to increase market demand

Dhakal made the request at the 67th Annual Meeting of Morang Chamber of Commerce and Industry

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58th AGM of FNCCI and Industry Commerce Day

To seek guarantees of economic reforms, Indian investors to participate

April 8, 2024

During the inaugural ceremony of the 58th Annual General Meeting of the Federation of Nepalese Chambers of Commerce & Industry and the Industry Commerce Day, political support will be sought from the major political parties for economic reforms in the country.

Major political parties have been invited to the inauguration that has been scheduled for Wednesday, April 10, 2024 at 8:30 am. The inaugural ceremony which was earlier scheduled at 9:30 am has been moved to 8:30 am.

Sanjeev Puri, President Designate of Confederation of Indian Industry, will be the keynote speaker at the event. Puri will be leading a team of Indian investors at the programme.



FNCCI office bearers pay courtesy visit to labour minister

April 9, 2024

A delegation from the Federation of Nepalese Chambers of Commerce and Industry (FNCCI), led by Vice President and Chairperson of the Employers' Council Jyotsna Shrestha, paid a courtesy call on newly appointed Labor Minister Dol Prasad Aryal at the Ministry on April 9, to congratulate and welcome him.

During the meeting, Shrestha informed Minister Aryal that there were no major labour-related issues except for sporadic incidents. However, she emphasised FNCCI's position that efforts should be made to make labour relations more reliable, strong and productive. She also informed the minister that an agreement had been reached between FNCCI and JTUCC a few months ago in line with this concept and that a strategic plan would be developed soon to make it effective. Shrestha also drew the minister's attention to the need to start implementing training programmes for workers and keeping them engaged in the productive sector, considering the labour challenges that the country will face in the future due to the outflow of skilled labour.

FNCCI officials requested the minister to empower High Courts in the provinces to handle labour disputes, as per Section 158 of



the Labour Act, to expedite their resolution. They suggested that the High Court in Kathmandu could handle cases from Bagmati Province, while the remaining six provincial High Courts would have jurisdiction over their respective provinces.

The FNCCI delegation also emphasised the need for extensive discussions on International Labour Organisation (ILO) Convention No. 87 and its standards. They stressed the importance of coordinated efforts between the government and the private sector to address issues such as the reintegration of workers returning from foreign employment and skill training for labourers. They assured the minister that FNCCI was ready to collaborate on these matters.

In response, Minister Aryal acknowledged the gravity of the issues raised by FNCCI. He informed them that the ministry had already initiated the process of empowering High Courts in the

provinces to function as Labour Courts, as per Section 158 of the Labour Act. He said that the High Court in Kathmandu would handle cases from Bagmati Province, while the remaining six provincial High Courts would have jurisdiction over their respective provinces.

Regarding skill training for workers, Minister Aryal stated that the ministry was celebrating the 'Decade of Skill Training' and was in discussions with the private sector to collaborate on this initiative. He also informed the delegation that discussions were underway within the ministry regarding ILO Convention No. 87.

Minister Aryal concluded by emphasising the need for further collaboration between the government and private sector for the sustainable improvement of all these aspects and the development of the country's economy.

Government ready to facilitate foreign investors

PM Dahal Holds meeting with delegation of Confederation of Indian Industry



April 11, 2024

Prime Minister Pushpa Kamal Dahal has said the government is ready to facilitate foreign investors who are willing to invest in Nepal. He mentioned this is in a meeting with Sanjiv Puri, President Designate of the Confederation of Indian Industry and the Indian delegation.

The CII delegation held a meeting with Prime Minister Dahal, Finance Minister Barsha Man Pun and Minister of Industry, Commerce and Supplies Damodar Bhandari on April 11. President of the Federation of Nepalese Chambers of Commerce and Industry Chandra Prasad Dhakal and other FNCCI executive members were also present during the meeting.

During the meeting Prime Minister Dahal also mentioned that the government is willing to make policy reforms to facilitate foreign investors. He added that

the government will also provide logistical support to foreign investors. He further urged the CII delegation to invest in Nepal.

Meanwhile, Finance Minister Pun stated that the Indian economy plays a big role in the Nepali economy too. He assured the CII delegation that he would do everything within his capacity to promote trade and investment between Nepal and India. Similarly, Industry Minister Bhandari said he will provide all the necessary support to facilitate industries that are being set up by foreign investors in Nepal.

The CII team led by Puri was in Kathmandu to participate in the 58th Annual General Meeting of the Federation of Nepalese Chambers of Commerce and Industry. Puri was the keynote speaker at the annual general meeting. The delegation included the chief executive officers of six large industries of India. During

the meeting, Puri mentioned that he was happy to see the government committed to making reforms. He added the Indian investors were ready to invest in Nepal and sought facilitation from the Nepali government.

Meanwhile, FNCCI President Dhakal said the FNCCI will provide all the necessary support through the FDI Help Desk at FNCCI secretariat. He also stated the FNCCI will play a leading role in lobbying with the government to make the necessary policy reforms.

The Federation of Nepalese Chambers of Commerce and Industry and the Confederation of Indian Industry have a long-standing partnership. The two organisations signed a memorandum of understanding to cooperate and collaborate in 1994. Last year, FNCCI and CII jointly organised the Nepal India Business Summit in India.

FNCCI urges immediate removal of obstacles to Nepali tea exports

April 23, 2024

The Federation of Nepalese Chambers of Commerce and Industry (FNCCI) has expressed serious concern over the obstruction of Nepali tea exports to India's West Bengal for the past week under the pretext of quality testing.

India, the southern neighbour, is also the country with the highest foreign trade for Nepal. FNCCI is surprised that India, which accounts for nearly two-thirds of Nepal's foreign trade, has been imposing restrictions on the export of Nepali agricultural products under various pretexts every year.

Despite its long history, the Nepali tea industry still faces many challenges in exporting due to the lack of international-level testing laboratories.

Nepal has had to pay a heavy price due to the various non-tariff barriers imposed on the export of Nepali agricultural products, including tea, every year. FNCCI is concerned that the obstruction of Nepali tea exports to India under the pretext of quality testing, in disregard of decisions and trade treaty provisions made at various times, is a matter of concern.

India had also agreed to recognise Nepal's central laboratory for testing 20 different Nepali agricultural products prior to their export to India. In this regard, a memorandum of understanding was signed between Nepal's Department of Food Technology and Quality Control and the Food Safety and Standards Authority of India during the meeting of the Joint Commission at the Foreign Minister level held in August 2019.

Since India imposed restrictions on tea exports a week ago, 16 Nepali trucks carrying CTC and orthodox tea are stranded at the Panitanki border in West Bengal. India previously had a provision that 5% of consignments had to be tested before tea could be

exported, but now it has introduced a rule that 100% of tea must be tested. Tea entrepreneurs say that no written decision has been issued in this regard.

It is a matter of concern that Nepali tea-laden trucks are being stopped at the Indian border under the pretext of quality, even disregarding the agreement between the Department of Food Technology and Quality Control and the Food Safety and Standards Authority of India.



FNCCI has stated that it is practically impossible to export tea to India under the new rules that India is trying to implement. It believes that imposing impractical regulations is an attempt to affect and discourage Nepali products.

The Nepal-India Trade Treaty states that goods produced by Nepali small and medium-sized enterprises will be treated at par with Indian products. This is ensured in Clause 3 of Article V of the Protocol to the Treaty. However, small entrepreneurs in Nepal who depend on agricultural products like tea are being harmed by India's failure to respect this provision and its lack of cooperative spirit towards a smaller country.

Due to the lack of a laboratory at Panitanki for tea quality testing, samples must be sent to the central laboratory in Kolkata, and the report takes at least 12 to 15 days to come. Vehicles carrying tea are forced to wait on the road until the tea quality testing report arrives, which increases transportation costs, delay charges, and other expenses. Entrepreneurs are also concerned

that the tea may spoil or lose quality if it remains on the road for an extended period. Businesspeople are losing millions of rupees daily due to the week-long disruption of tea exports.

FNCCI has expressed its deep concern over the ongoing disruption of Nepali tea exports to India, which has occurred during the peak tea export season. It warns that this obstruction will not only lead to the loss of hundreds of jobs but will also significantly reduce Nepal's annual foreign earnings. Due to these problems, tea factories have even stopped buying green leaves from farmers.

The FNCCI highlights that the inability of Nepal-produced processed tea to reach India during the peak production season has created a multifaceted crisis, as tea factories have stopped buying green leaves. Nepal annually exports tea worth over Rs 3 billion.

FNCCI urges the Indian government to cooperate in ensuring the smooth passage of the stranded tea to its destination. It emphasises that such obstacles to the export of products like tea, which have a very minimal impact on India's vast economy, are neither fair nor logical, especially considering the 'Neighbourhood First' policy of Indian Prime Minister Narendra Modi.

FNCCI calls upon the Indian government to honour the treaties, agreements and understandings reached between the two countries at various times.

In addition, FNCCI urges the Government of Nepal, Ministry of Industry, Commerce and Supplies, Ministry of Foreign Affairs, National Tea and Coffee Development Board, and the Indian Embassy in Nepal to take immediate action to address this problem and find a long-term solution.

FNCCI welcomes reforms to promote investment

April 23, 2024

The Federation of Nepalese Chambers of Commerce and Industry (FNCCI) has welcomed the government's amendment of 12 laws and regulations through an ordinance to promote investment. In the context of only 0.2% of GDP coming in as foreign investment, FNCCI believes that the reforms made at the request of the private sector will create an investment-friendly environment.

Targeting the Investment Summit to be held on April 28th and 29th, the government has amended laws including the Foreign Investment and Technology Transfer Act 2075, Industrial Business Act 2076, Forest Act,



and Land Act at the request of the private sector. The new system addresses issues such as environmental impact assessment and limitations.

FNCCI has expressed its satisfaction that the definition of startups has been included in the amendment of some laws this time, at the initiative of the FNCCI. Previously, due to the lack of a definition, it was not possible to provide facilities to startups. FNCCI had sought a definition

through regulations but it is positive that this has now been addressed directly in the law.

The amendment of laws and regulations was done as per the recommendation of the policy reform task force formed under the chairmanship of the then Secretary of the Prime Minister's Office, Ek Narayan Aryal. FNCCI had actively participated in this task force.

FNCCI is confident that the legal provisions passed through the ordinance will also be approved by the Parliament. Similarly, it is optimistic that the amended law will be implemented. The FNCCI believes that this reform is a starting point for the second generation of reforms.

Nepal needs to capitalise on the bilateral relationship with Russia: Dhakal

FNCCI holds meeting with Chamber of Commerce and Industries of Russian Federation

April 23, 2024

President of the Federation of Nepalese Chambers of Commerce and Industry Chandra Prasad Dhakal has said that it is important for Nepal to capitalise on the bilateral relationship that Nepal and Russia share to strengthen trade and investment cooperation.

Dhakal mentioned this during a meeting between the Federation of Nepalese Chambers of Commerce and Industry and the Chamber of Commerce and Industries of Russian Federation on April 23 at the secretariat of the Federation of Nepalese Chambers of Commerce and Industry.

The delegation of the Chamber of Commerce and Industries of Russian Federation was led by its President Sergei Katyrin.



During the meeting, Dhakal said that since the establishment of Federation of Nepalese Chambers of Commerce and Industry, it has been advancing and facilitating bilateral business connections and international trade collaborations. He shared that it has been 13 years since Federation of Nepalese Chambers of Commerce and Industry and the Chamber of

Commerce and Industries of Russian Federation established formal relations after signing the Agreement on Cooperation in Moscow on July 25, 2011.

Dhakal added that the meeting on Tuesday will further continue the valued relations, and help promote trade and investment relations between Nepal and Russia. He said he is confident that this partnership could further

open up new paths to economic growth and development for both nations. Dhakal apprised the gathering of the long history of diplomatic relations between Nepal and Russia stating that the then Soviet Union had extended important, economic and development cooperation to Nepal and contributed to accelerate Nepal's modernisation process.

He also informed the Russian delegation that Nepal offers tremendous investment potential as most of the sectors are still untapped. Moreover, our collaboration could help Nepali businesses export their products and services to the Russian market, he shared.

Meanwhile, Dhakal also informed the Russia delegation that the government of Nepal has amended 12 laws and regulations to create a better investment climate in Nepal. He

also shared that the government has also already prepared the framework of Bilateral Investment Agreement. He urged the Russian businesses to cash in on this valuable opportunity, to invest in Nepal in the attractive areas for mutual benefit. He also said the potential sectors for investment in Nepal are tourism and tourism infrastructure, agro-processing, hydropower projects and infrastructure, ICT, manufacturing, to name just a few.

Meanwhile, Sergei Katyrin, President of the Chamber of Commerce and Industries of Russian Federation, who is accorded the position of a minister in the order of precedence, said that Russian investors are keen to invest in Nepal. He stated that he will take the initiative to inform more Russian business people about the investment opportunities in Nepal. He also said that Russia is a huge

market and he would assist Nepali businesses to export their products to Russia.

During the programme, presentations were also made by the Chamber of Commerce and Industries of Saint-Petersburg and Chamber of Commerce and Industries of Lipetsk region. Also, Gokarna Awasthi, Director General of the Federation of Nepalese Chambers of Commerce and Industry, informed the Russian delegation about the initiatives that the Federation of Nepalese Chambers of Commerce and Industry has taken to improve the business climate of Nepal.

Meanwhile, Dhakal also thanked the Chamber of Commerce and Industries of Russian Federation and Russian investors for their participation in the forthcoming Nepal Investment Summit to be held on April 28 and 29.

Nepal-Qatar Joint Business Council formed: FNCCI and Qatar Chamber renew memorandum of understanding

April 23, 2024

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will be implemented. The FNCCI believes that this reform is a starting point for the second generation of reforms.

Excerpts from the speech of FNCCI President Dhakal at the National Development Council meeting

April 24, 2024

A Joint Business Council between Nepal and Qatar has been established, which includes the private sectors of both the nations. An agreement was reached between the two chambers on April 24 for the establishment of a council headed by President of Federation of Nepalese Chambers of Commerce and Industry, Chandra Prasad Dhakal, and President of Qatar Chamber, Sheikh Khalifa bin Jassim Al Thani.

The agreement was signed by FNCCI President Chandra Prasad Dhakal and President of Qatar Chamber, Sheikh Khalifa bin Jassim Al Thani in the presence of Emir Sheikh Tamim bin Hamad Al Thani of Qatar and Prime Minister of Nepal Pushpa Kamal Dahal. The council will work in the areas of business expansion, investment promotion, technology transfer and tourism promotion.

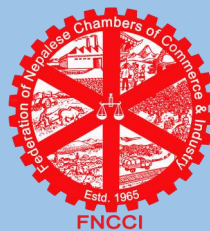
The Joint Business Council will be a permanent mechanism for dialogue with Qatar, a Gulf country experiencing rapid economic growth. The purpose of the Joint Business Council is to increase cooperation and understanding between the private sectors of Nepal and Qatar.

The council will play an effective role in attracting investments from Qatar and also expanding trade with the Gulf nation, which is known as a work destination for Nepalis. There is a high demand for agricultural products, water, herbs, spices and spice products in the Gulf countries. As Qatar is an investment destination due to its rapid economic expansion, the Joint Business Council will play an effective role in attracting investments in Nepal. The council will also work in the field of tourism promotion.

After the establishment of the council, cooperation between the two chambers is expected to further intensify and presidents of both the chambers are of the opinion that it will help in investment and business expansion. "This agreement will further increase cooperation in the coming days," said Sheikh Khalifa bin Jassim Al Thani, President of the Qatar Chamber.

Meanwhile, FNCCI President Chandra Prasad Dhakal said that there will be more initiatives taken through the council to increase cooperation between Nepal and Qatar. "The council will continue to work to benefit Nepal from Qatar's rapid economic development," said Dhakal. He added that the establishment of the Joint Business Council will help in attracting more investments in hydropower, tourism infrastructure, agro-processing and information and communication technology sectors.

In addition, the agreement between FNCCI and Qatar Chamber has also been renewed. The new agreement was signed by FNCCI President Chandra Prasad Dhakal and Qatar Chamber President Sheikh Khalifa bin Jassim Al Thani. This agreement was also signed in the presence of Sheikh Tamim bin Hamad Al Thani, Emir of Qatar and Prime Minister of Nepal Pushpa Kamal Dahal. The first agreement between FNCCI and Qatar Chamber was made in 2005. Since then, the two chambers have been cooperating in various ways for investment and business promotion.



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