



Dispatches from The Hall of Ideas!

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BUILDING TOGETHER: HOW THE PRIVATE SECTOR SEES NEPAL'S NEXT CHAPTER?*

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The damage caused to the private sector and public property after the Gen Z movement is still being assessed, and various data are being compiled. However, attacks targeting Nepal's private sector were widely observed. But before proceeding to a discussion about the loss, it might be fruitful to discuss the causes of the movement. We must all accept that there was widespread dissatisfaction among the public. There was a lack of good governance, corruption was rampant, and nepotism and favouritism had become the norm. The Gen Z youth and the movement itself represented this accumulated dissatisfaction.

The movement happened on the first day, and encroachment followed on the second day. In retrospect it felt like only Mount Everest stood tall, and everything else in the country had collapsed. People collapsed mentally and physically; some were physically burned or vandalised. This was a psychologically distressing situation. The situation arose partly because we failed to create opportunities. We cannot solely blame the state; we must also consider the responsibility of the

private sector. The recent situation follows a period where the economy became high-leveraged post COVID-19, leading to high demand and inflation. This led to efforts to control the economy, especially as the external sector was weak, with declining dollar reserves. To correct this, policies were introduced to discourage imports, impose quotas, and ban certain goods, attempting to tighten the economy even by increasing prices. Raising interest rates was part of this move toward a controlled economy, which I believe was a wrong decision. This resulted in a lack of demand over the last three to four years.

In the post-Gen Z era, everyone has lost confidence. While the private sector was attacked in previous movements, these attacks were not targeted. This time, however, the attacks were directed at specific individuals and establishments. Attacks even occurred in the homes of business professionals. But despite this the private sector remains resilient.

The two-day movement was quickly followed by a return to near-normalcy by the third or fourth day. This was largely because the private sector remained intact and was ready to work. While government systems (offices, ministries, police posts) were attacked, the private sector's readiness allowed normal life to resume quickly, just as it did during the COVID-19 crisis. This reinforces the

* The text is an abridged and translated version of the November 2025 edition of Sambaad @ Samriddhi. Sambaad @ Samriddhi is a monthly discussion on contemporary issues held on the third Friday of each month. In this edition of Sambaad@Samriddhi, Mr. Anjan Shrestha shares his insights on Nepal's Private sector, and the state of the economy going forward. This discussion was moderated by Deependra Chaulagain.

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importance of the private sector importance but it also highlights the need to change the mindset. We must change the unhealthy perspective toward the private sector. Sometimes, it feels like earning profit or starting an industry/business in Nepal is treated as a crime.

However, it is also worth asking where did the private sector fail? The post-Gen Z movement calls for transformation. Not just one group, but everyone must correct themselves. The private sector must also acknowledge and correct its weaknesses. We must stop putting all businesspeople in the same bucket. The Federation of Nepal Chamber of Commerce and Industries—the umbrella association of businesses in Nepal, must develop the practice of penalising wrongdoers. Currently, the practice is often to protect “their own fraternity”, but we need to develop the culture of revoking membership or boycotting those who engage in wrong practices.

recommendation letter from a local ward office, and this carries corruption throughout the system. I will share a personal anecdote from 1990: it took me 19 days just to get the income tax registration certificate. The clerk would repeatedly find fault with my documents and tear up the notes. My father wanted me to experience it myself. Today, because of my position I can register a company in one hour, but others might take 20 or 25 days. The issues are further compounded by laws that can be interpreted arbitrarily by different individuals. They lack clarity and are unpredictable.

This policy ambiguity and discretionary power held by officials, who can interpret the law as they wish, are why the private sector gets a bad name. I believe this to be true; had I not been patient for 19 days, the outcome would have been different. This is the change that is sought.

The bureaucracy, which is the stable government, suffers from several flaws, the most pronounced



I have observed that Nepali investors who operate abroad are never accused of wrongdoing, yet they face such accusations here. This difference stems from the environment. In Nepal, the private sector negotiates with the government. The process of “negotiation” starts even when seeking a

being the rotation of staff every two years. This creates a system where policymakers lack specific knowledge and even more troublingly the lack of institutional memory. This lack of institutional memory is evidenced in diplomatic meetings.

Furthermore, political figures and bureaucrats



have historically viewed businesspeople negatively, labelling them “black marketeers” or “thieves”. We are often invited to meetings, but our suggestions are not heard. For example, regarding LDC graduation, I continuously opposed rushing the decision. The Minister accused me of being an obstructionist. Yet now we are forced to ask for a postponement because the government made no preparation.

Today, the greatest challenge is employment generation. Roughly 500,000 youth enter the job market every year. The government creates only 2,000–3,000 jobs, and the private sector absorbs maybe 10,000–20,000 at maximum, forcing the rest to look abroad. While we had initially built a strong foundation in the 1990 through an open market economic policy. But subsequent policies, like the “socialism-oriented economy”, are vague and have pushed the country backward. The “distribution-oriented mindset” also hinders development. This focus on subsidies and allowance strains the economy. But even more broadly, it is the question

about the role of the state.

The role of the state should be limited to a regulator. The state should stop operating industries as has become abundantly clear from the fate of state-owned enterprises in Nepal. The government’s failed attempt to sell Paracetamol for one rupee resulted in the facility becoming a “recruitment centre”. The state-run enterprise ended up spending two rupees to produce a one-rupee medicine. The private sector could have produced it for 1.50 rupees, allowing the government to fulfil its social welfare goal with a much smaller subsidy.

In contrast, the privatization of the DDC unit in Pokhara in 2004 showed success. We immediately cancelled unsustainable employee benefits (like free daily milk and ghee). At the time of takeover, the plant handled only 900 litres of milk daily; today, it collects 150,000 litres from farmers. This shows that the state should not run businesses, as the private sector can manage them differently.

The Gen Z protests were a wake-up call, in so far as it stresses on the need for a functioning government and functioning private sector. Within this context, the role of the Federation of Nepal Chamber of Commerce and Industry is an important one. The FNCCI’s primary role is to be the government’s Economic Advisor. But more than that it also needs to collaborate with civil society. So far, such collaborations have been rare. The FNCCI is steadfast in its commitment to a robust private sector, but it also needs some reforms. Like I mentioned previously, the culture of protecting its fraternity must stop and it must work actively with universities and civil societies in the days to come.
