

Background paper on

# **ECONOMIC ASPIRATIONS AND POLICY PRIORITIES**

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## Section I: Introduction

A rare opportunity made way to build Nepal's future, with the second Constitution Assembly election that took place in November 2013. The record breaking nation-wide voter turnout of over seventy percent came as a testament of hope shared by most Nepalese from the political process in creating a more free and prosperous Nepal (The Election Commission Nepal; Karobar Daily 2013). Furthermore, the election manifestos of the political parties communicated the focus and seriousness in addressing key economic agendas of Nepal and driving change<sup>1</sup>. This called for a greater understanding of the economic aspirations of people and identifying policy priorities for Nepal in the changed political context.

As an independent think tank which has been working on raising economic agendas and working on economic policies since its establishment, Samriddhi, The Prosperity Foundation initiated a process titled "Understanding Economic Aspirations and Policy Priorities for Nepal". The primary goal of the process was to better understand the economic aspirations of the local people in the current political context. Samriddhi Foundation has been working on entrepreneurship development, improving business environment, economic policy reform and promoting discourse on democracy since 2008 and the initiative was a part of its continued effort to bring together entrepreneurs, political leaders, business community members, bureaucrats, experts, journalists and other groups and individuals to engage in the policy discourse for economic agendas. Building on some of Samriddhi's successful initiatives (such as Nepal Economic Growth Agenda (NEGA), Last Thursdays with an entrepreneur, and Econ-ity), this process brought the opportunity to additionally understand economic challenges for Nepal and find sound ideas for addressing them.

### Rationale

The discussions taking place in the mainstream political discourse are enriched by the ideas, perspectives and opinions of leaders, experts, opinion makers, civil society groups and other key stakeholders at the central level. Moreover, economic prosperity has also been espoused as a goal by the political mainstream. Addressing voices and concerns from the local level is another important task in developing a larger economic framework for Nepal. Samriddhi, The Prosperity Foundation launched this qualitative research to better understand and define 'economic prosperity' and identify gaps that exist in the current situation; while highlighting issues that need to be addressed in the legal, constitutional and policy framework of Nepal to help achieve economic prosperity. Therefore, the process was envisaged as a way to better understand the kind of economy general public aspire towards in Nepal and to pinpoint legal and regulatory gaps that need to be prioritized to achieve these aspirations.

<sup>1</sup> Nepali Congress, the largest political party, believes in bringing economic prosperity by promoting participation of private sector and enhancing those products where Nepal has comparative advantage.

The Communist Party of Nepal (United Marxist Leninist), also known as CPN-UML, another leading party, is in favor of creating massive employment through industrialization and development of service sector.

The United Communist Party Nepal (Maoist) supports public-private-partnership (PPP) model of development in agriculture, tourism and hydropower.

## Methodology

The process brought together members of the Constituent Assembly, business leaders and expert lawyers as key actors to identify, understand and jointly frame the way forward for priority economic issues. A dozen CA members, six business leaders and four lawyers formed five teams to hold consultations in five economic hubs in Nepal to learn about the aspirations of the people at the local level in the current political transition. The five locations chosen for the consultations were: Biratnagar, Birgunj, Kathmandu, Nepalgunj and Pokhara. The travel teams were accompanied by a moderator and a rapporteur for documentation of the discussions. The consultative meetings at the local level served as a platform that brought national level political and business leaders together with local leaders to understand the economic aspirations at the local level.

The outcome of this consultative process is this background paper. It has been prepared on the basis of the information gathered from these five locations (as presented in the annexes) and highlights the opinions and ideas from the local level. It is expected to serve as a base document for constitutional experts, economists and leaders to identify key economic agendas that the current leadership needs to address. Economists and constitution experts have helped frame the findings from the local consultations for inclusion in the legal, policy and constitutional debates. The experts and CA members involved in the process have also played an important role in advising the design of the consultations at the local level.

## Key questions

In order to understand the economic aspirations of people and identify policy priorities, discussions were held on a few key topics. One of the discussion topics was the vision for Nepal's economic prosperity, which would be greatly helpful in understanding the aspiration of people regarding Nepal's economic growth. The topic on the fundamentals for economic prosperity was also made a part of the discussion to highlight the legal, regulatory and policy level arrangements that were needed to enable entrepreneurial activities that lead the process of growth. Similarly, clarity on the role of the state and the private sector seemed to be an important topic in the discussion to envision synergy among the two important sectors in achieving prosperity. In the end, policy, legal and constitutional guarantees were also discussed for the creation of a suitable environment to run enterprises and drive economic activities to achieve economic prosperity.

Five questions were prepared and asked during the consultations to cover the above mentioned agendas, as well as to discuss and brainstorm on ways to better understand the economic aspirations of the people. The five questions were:

1. What does economic prosperity look like for us?
2. What are the basic pre-requisites and foundations that will help us achieve that prosperity?
3. What kind of role should the state play in order to achieve economic prosperity?
4. What kind of role should the private sector play in order to achieve economic prosperity?
5. What kind of policy, legal and constitutional guarantees will facilitate to achieve economic prosperity?

## Section II: Findings and Analysis of Economic Aspirations

When asked about an ideal, it is natural to receive an abstract vision that is based on the assumption of a perfect state of being. In a vision, one does not necessarily incorporate the realities of everyday lives and the methodology of achieving that vision. However, aspirations of any kind have practical implications. Voting patterns are based on aspirations that people hold to a certain extent. Similarly, while trying to fulfill certain aspirations, practical policy decisions are affected and these eventually determine the outcome for the society as a whole. Therefore, this section focuses on presenting and analyzing the aspirations expressed during the course of this study, and attempts to outline some practical implications of fulfilling these aspirations based on Nepal's reality. It is however, important to acknowledge on the onset, that policies have unintended consequences and it is not possible to anticipate all these unintended consequences beforehand<sup>2</sup>.

Based on the five research questions, this section has been divided into five parts that deal with the individual questions. The final part looks at the policy priorities as discussed by the participants.

### Vision of Economic Prosperity

#### Findings

In general, the vision of economic prosperity across all regions presented a mixed model of economy whereby, the state provisions for basic needs of the populace including health and education; while the economy is opened up to trade and investment. The participants expressed a vision of a just society that provisioned for disadvantaged groups and social safety nets. It was important for the participants to measure economic prosperity, not just with economic indicators but also with social development indicators.

In Biratnagar, participants highlighted the need for a corruption free society with a vibrant industrial sector, and the ability of the populace to have positive savings. In Pokhara, the participants expressed a slightly different vision of moving away from mixed economy to an open economy model, as well as moving away from the reliance on remittances. In Birgunj, participants highlighted the importance of competition and the need to move away from grant and aid based economy. In Nepalgunj, participants highlighted the need to create an accountable society. And finally, in Kathmandu, the participants envisioned a limited but strong state that was able to fulfill its commitments and a situation where the Nepali diaspora comes back to Nepal due to the adequate opportunities available in Nepal (Refer to Annex 1 for detailed report of each region).

<sup>2</sup> The unintended consequences of policy actions and the tendency to overlook this phenomenon has been described by Frederic Bastiat in his 1850 essay, 'What is Seen, What is Unseen, Selected Essays on Political Economy, Seymour Cain translation, Foundation for Economic Education Inc., 1995.'

## Analysis and policy implications

The mixed model economic aspirations presents a challenge to the policy makers of maintaining a fine balance between the state's role of provisioning, service delivery and regulatory function in the economy. This is a model that has been applied by welfare states around the world and there are many lessons that Nepal can learn from international experiences. Germany, all the Nordic states, New Zealand, the United Kingdom, Uruguay have all successfully adopted the welfare models and have set fine examples.

The government has a choice of adopting from a number of models which help the efficient and effective delivery of welfare services. The contracting out model is a model where the government contracts out the services to private contractors. It is believed that doing so will increase competition and promote innovations, efficiencies and cost savings. However, transaction and management costs as well as unforeseen deficiencies in the services delivered by providers have to be considered (Finn, 2007). Alternatively, the government can also decide to deliver all welfare services directly. In this approach it is generally in the interest of the government to decentralize the process to bring service delivery closer to the people as well as stimulate the demand and increase the supply and quality of local government services (United Nations Capital Development Fund, 2010). Other models include the Direct Labor Model, "Own Right" Service Provision Model, Contestability Model, Competitive Tendering Model and Collaborative Venture Model (Khalil&Adelabu, 2012).

Given the Nepali State's current level of involvement in the economy and the quality of service delivery; three clear challenges emerge in trying to fulfill these aspirations:

Firstly, the quality of service that the State has been able to provide in Nepal requires rigorous reform to improve reach as well as quality standards. This is true for health and education, as well as providing employment opportunities. Secondly, the State has been actively involved in several aspects of the economy including agriculture, tourism, and energy, which are key growth sectors of Nepal. Given the entrenched interests that govern the State's participation at the moment, opening up these sectors to increase private sector participation will be another key challenge in this process. Thirdly, the aspirations across the regions have envisioned a social safety net. The work on creating social safety net is at its preliminary stage in Nepal. This is an area that requires detailed structural analysis and policy, and institutional intervention from the state.

Similarly, the aspirations expressed above in terms of vision of economic prosperity also have the following major policy implications:

- **Provisioning for education:** Several aspects need to be determined while provisioning for education. This includes answering key questions such as: Up to what level of education the state provisions for? Will it provision through public schools or community schools or through a voucher system to aid the poor, who can use these education vouchers to access private school education? What kind of quality assurances will it create? What kind of a commitment to education is the state ready to make given its resource availability? 'Right to education' implies complete responsibility of the State. Can the state really ensure this right or will it progress towards this right while concentrating on poorer sections of the society at the moment?
- **Provisioning for health:** Provisioning for health will include answering questions such as: What kind

- of health facilities can the state provision for given its resource availability? What size of the population can the health facilities currently available cater to? What kind of additions need to be made to provide universal health care? Given Nepal's resource availability, what models of health care provisioning can ensure quality health care to citizens?
- **Provisioning for a social safety net:** This is a new area for Nepal and there is a lot of field to cover. Provisioning for social safety net will include answering: What provisions are incorporated in the social safety net? What kind of contributions, taxation or other fees, are expected from the general population? What percentage of Nepal's population has the ability to pay for this provisioning? How can a social safety net be effectively delivered?
- **Opening up the economy:** In order to realize the aspirations of an open economy, the state has to reduce a lot of its current involvement in the form of excessive regulations, government agencies, licensing and registration processes and public enterprises. There are many vested interests entrenched in these involvements which requires careful and smart political maneuvering to introduce reforms. Economic reform is a gradual process and requires strong political will and integrity backed by strategic moves that ensure a smooth transition of government sources of revenue. Strategic economic reform that targets the opening up of the economy, includes answering the following key questions: What are the low hanging fruits whereby reducing state intervention will not create political and social upheaval? Which are the sectors that should be targeted for reform first? What are the overall economic targets that we are trying to achieve by opening up of the economy? Who will spearhead this process? Who will be held responsible for implementing the outlined and agreed upon reforms? What are the gains and costs of the reforms? How do we ensure that the contribution to state treasury is maintained while reducing state involvement in direct economic activities? What will the regulatory function look like? Who will be responsible for the regulatory function? How do we handle the entrenched interests?

Vision of economic prosperity expressed by the participants is a first step towards defining what people want to achieve. Above all, the first step in realizing this vision is forming a political consensus on the vision, such that all sides can concentrate their efforts in helping achieve this vision.

## Foundations of Economic Prosperity

### Findings

Participants across all the regions opined 'Rule of Law', as a fundamental foundation of economic prosperity. Besides Rule of Law, some of the other pre-requisites included creation of an investment friendly environment, adequate and quality physical infrastructural facilities, and policy stability. The thrust of the discussion was on creating a system that values success while ensuring equal opportunities for success to everyone.

In Nepalgunj, the participants especially emphasized the need to respect entrepreneurs and to adopt decentralized policies, such that local necessities are adequately addressed. In Birgunj, participants believed a balanced labor law that protects the rights of workers while providing flexibility to entrepreneurs was an essential foundation of economic prosperity. In Pokhara, participants also discussed the role of Foreign Investment (FDI) as one of the foundations for promoting further economic prosperity in Nepal. In Biratnagar, participants expressed the need to review Nepal's land use and management policies to build a stronger foundation for economic prosperity. In Kathmandu, the participants put together eight fundamentals of economic prosperity as transportation, education, industry, tourism, research and innovation and regulatory framework (Refer to annex 1 for detailed reports).

The general aspiration from all the regions was: an end to impunity and a functioning and effective judiciary. Participants discussed at length about how the lack of an effective and efficient judiciary system hampers economic activities, and highlighted the culture of impunity as one of the major challenges to achieving economic prosperity in Nepal.

## Analysis and policy implications

The participants opined that the 'Rule of law' stands as the primary foundation of economic prosperity. This presents several challenges at Nepal's current system of law and administration of law. Firstly, there are several laws and legal frameworks in Nepal's existing system that may not necessarily stand to the test of rule of law. This implies the equality treatment and removing exemptions to the law for any kind of institution or person. Secondly, the culture of impunity and the deep rooted problems in administration of law presents a challenge to effective implementation of the rule of law. Although a clear violation of the law, syndicates and cartels still continue to exist. Bandhs and chakka jams, which disrupt business activities of numerous unwilling victims and account to a loss of 1.96 billion per day, still persist and the perpetrators face no consequences (Sapkota, Republica 2010). Thirdly, the current system of judiciary with a backlog of cases and inefficient administration presents fundamental problems that need to be addressed within the judiciary system. With 17,500 backlog of pending cases at the apex court at present, the judiciary system has a long way to go (Republica 2014).

Similarly, provisioning quality physical infrastructure and creating a favorable business environment have been long standing challenges that Nepal has been dealing with. With regards to physical infrastructure, the volume and resources required to achieve this feat presents a challenge; especially when the government's resources have to be shared among many other priority areas. Similarly, with regards to creating a favorable business environment; several reform areas in terms of providing security of investment, access to finance and simplifying regulatory environment, as well as coordination between several government agencies present a challenge.

Above all, the desire for policy stability was strongly expressed by participants across all the regions. This implies a basic understanding between political actors on policy directions and priorities which will not be subject to change with a change in government. Some political parties have already initiated several positive changes towards ensuring a general sense of stability among economic actors, including the commitment to not call for bandhs and chakka jams. However, to achieve policy stability there needs to be concentrated efforts from all political parties at to a much higher degree. Having a 'common minimum agenda for the economy' agreed upon by all political parties and ratified by the CA would be a positive step in that direction.

These aspirations also have several policy implications discussed as follows (This is not an exhaustive list but highlights the most important policy implications):

- **Provisioning for Rule of Law:** Enshrining 'Rule of Law' as a fundamental principal in the constitution only entails the first step towards rule of law. The actual policy implications come in the form of reviewing existing laws and policies to standards of rule of law and revising them to meet the required standards. Once again, changing legislation is a lengthy process and therefore important questions that need to be answered include: What are our priorities in rule of law? How can we ensure effective implementation of rule of law? What kind of institutional and executive support need to be created for effective implementation? What are we going to do about affirmative action?

- **Providing physical infrastructure:** Infrastructural investments require huge resource commitments. Therefore, prioritization is a necessity when we talk about state funding. Several alternative models of public private partnership also exist to build infrastructure projects. Therefore, increasing physical infrastructure will include answering some key questions: How do we prioritize the infrastructural projects? What percentage of fiscal expenditure should we be spending on building physical infrastructure? What kind of infrastructural investments gives us the highest value for money? What kind of infrastructural investments helps us achieve social development goals that we have prioritized? Where do we get the capital to invest in physical infrastructure? What are the problems faced by current investment in infrastructure? How can remove existing hurdles in increasing investment in infrastructure?
- **Creating a favorable business environment:** One of the biggest challenges to achieving a favorable business environment is the sheer volume of legislation and government agencies that Nepal has to regulate on the business environment. Creating a favorable business environment entails reduction in these legislations and regulatory agencies, especially those whose tasks overlaps one another and are in direct conflict with each another. However, this is a politically sensitive action with several interest groups playing a vital role in maintain the status quo. Therefore, political will and integrity is at the heart of leading this process. In addition, there are also interest groups that lobby for special favors from the government in the form of tax reductions and subsidies from all directions. Incentivizing economic growth is a challenging task. Therefore, a strategic vision is required to ensure that growth sectors are relieved of regulatory burden, while incentives for growth are adequately provided. Policy implications include decentralized decision making, balanced labor laws, open policies towards FDI and better property management policies in Nepal.

Out of 189 economies ranked in the World Bank's Doing Business Index 2014, Nepal ranks 105th. Although this was a three spots increment from last year, there is a huge room for improvement in the business environment. Out of the 10 topics that were measured in the index, Nepal has gone down in rank in 7 of them: Dealing with construction permits, registering property, getting credit, paying taxes, trading across borders, enforcing contracts and resolving insolvency (IFC, The World Bank 2014). Rampant corruption, burdensome taxes and bureaucratic hassles are on-going hurdles business owners face; and addressing these problems are vital for businesses to prosper.

At the heart of the debate of creating a solid foundation for economic prosperity lays the judicial reform process, especially with regards to settlement of commercial and economic disputes. The property disputes in Nepal present a dismal situation of years of backlog, which account for half of the current backlog in the highly burdened court system. Furthermore, "laws and regulations regarding property registration, ownership and transfer are unclear, and interpretation can vary from case to case." (U.S. Department of State, 2013). Perhaps reform directed to this area would yield the highest results.

## Role of the 'State' to bring about economic prosperity

### Findings

The state was assigned the role of a facilitator in the economy by the participants. They viewed the role of the state to be a regulatory one, whereby the state is not actively engaged in economic activities itself but works on maintaining a competitive environment to ensure private sector participation in a fair manner. Similarly, the participants assigned the role of social welfare to the state and thereby, as envisioned for economic prosperity, expected the state to provision for basic needs including health and education and provide a social safety net. Overall, the participants assigned a limited but effective role

of the state. They expected the state to make limited commitments and fulfill the commitments that are made. Similarly, safety and security of life, property and investment was deemed to be a primary role of the state by the participants. Participants expected the state to provide basic infrastructure to facilitate economic activities including road and electricity. In addition, participants also opined that the role of the state is to ensure a clean governance structure that is accountable to its citizens.

In Biratnagar, participants emphasized that the role of the state in the changed context of federalism requires further discussion. In Pokhara, participants felt that the state's role in ensuring equality before the law as an important one. In Birgunj, participants welcomed the concept of public private partnership and emphasized its importance in meeting development goals. In Nepalgunj, ensuring a framework for easier access to finance was also assigned to the state. In Kathmandu, the participants felt that the state has to play a crucial role in facilitating both entry and exit of businesses.

Once again, people envision the role of the state to facilitate economic prosperity, to be a predominantly facilitating one; whereby the state works on creating an environment that promotes economic growth without being involved in economic activities by itself. Participants also appreciated the three pillar approach of the existing State mechanism of Nepal – the combination of public, private and cooperative sector to promote economic growth.

## Analysis and policy implications

As a facilitator of the economy, the challenge for the Nepali state comes in cutting back its involvement in the economy. This is a gradual process and people's expectations may not be met soon. Therefore, the overall challenge in this area comes with managing expectations and transitioning to an open economy. It also implies that there will be sectors where people are likely to lose jobs and government support, which indicates the possibility of some social unrest. Communicating and strategizing reform is the key to a successful reform process.

The up side of the state's role is that it is meeting the expectations of the public in terms of strategic policy decision of using the public sector, private sector and cooperative sector in the economy. However, the public sector needs to be limited to a regulatory function for an open economy to work and the private sector needs to take an active role and the cooperative sector needs to concentrate on consolidation of markets; where economies of scale cannot be achieved through private entities. This demands a shift in many sectorial policies including energy and agriculture. Both these sectors are currently heavily reliant on public institutions. Agriculture is perhaps the most sensitive one in this transition as it directly impacts a large section of the population. The Nepali government has made several commitments to ensuring food security. Additionally, research and extension services at the moment are predominantly led by public institutions. A facilitating role implies a gradual transition in these sectors to increase private sector participation.

Some major policy implications to meet the aspirations of the public in terms of the role of the state are:

- **Moving towards a limited but effective governance framework:** Given the limited resources that the state has access to, it is important to consider removing involvement from areas where commitments

cannot be fulfilled. It also points towards the need to cutdown fiscal spending in some areas while increasing spending in others. This would mean that the Ministries of Agriculture, Tourism, Energy, Natural Resource Management will then be relegated the regulatory function only while Ministries of Education, Health and Infrastructure are likely to have increased fiscal spending in ensuring quality service delivery.

- **Provisioning for the Rule of law and basic social welfare:** The policy implications of these issues have been discussed in the previous section.
- **Corruption free governance:** This implies removing rent-seeking ability that arises out of the institutional set up of the state. Removing rent-seeking opportunities naturally faces resistance from segments of the institutional set up that are currently benefitting from it. Therefore, there is very less incentive in the political spectrum and the bureaucracy to bring about this kind of change. For the corruption free governance structure, it is important to change the negative rents that are being sought at the moment to positive rents that can be earned by being corruption free. This could include public recognition and rewards for a clean image. In addition, it is also important to remove the opportunities for rent seeking by reforming legislation and removing discretionary power that give rise to rent seeking<sup>3</sup> opportunities.

The overall reform process in developing the role of the state as a facilitator is one of the key measures to unleashing economic reforms in Nepal. One of the major challenges in this process is the social unrest that may arise due to unmet expectations and gradual process of reform. This requires two key measures – a stable government that is able to work on the full reform agenda and a well-rounded strategy of reform. For this, the larger question we need to answer is: Is the state and its current political and economic actors ready and committed to initiate this kind of reform?

## Role of the 'Private Sector' to bring about economic prosperity

### Findings

Participants assigned the lead role of driving the economy to the private sector, which would bring investment and advise the government on private sector friendly policies to increase investment in the economy. The participants also expressed the importance of conducting ethical businesses and ensuring compliance of required regulation. They believed that the private sector should move away from anti-competitive practices; and that the state should play a major role in monitoring private sector activities, while ensuring that bad practices are adequately punished.

In Biratnagar, participants highlighted the need for private sector to work on utilizing local resources in partnership with the government. In Pokhara, participants were of the view that although the State should leave the private sector free to operate in an economy, it should monitor their activities and help in times of crisis. In Birgunj, participants expressed the belief that private sector should also

<sup>3</sup> "People are said to seek rents when they try to obtain benefits for themselves through the political arena. They typically do so by getting a subsidy for a good they produce or for being in a particular class of people, by getting a tariff on a good they produce, or by getting a special regulation that hampers their competitors." (Rent Seeking by David R. Henderson. The Concise Encyclopedia of Economics. <http://www.econlib.org/library/Enc/RentSeeking.html>)

actively play a role in social development. In Nepalgunj, participants urged the private sector to actively assist the state in security of life and property. In Kathmandu, participants deemed innovation to be the primary role of the private sector.

Overall, the participants provided a vision of a strong private sector which drives the economy as a whole and helps Nepal turn its comparative advantage into a competitive one, through higher and strategic investment flows. It was important for the participants to have a clean private sector that held high ethical standards and also actively contributed to social development of the nation.

## Analysis and policy implications

While the vision of having a clean and ethical private sector is a commendable goal, it is equally difficult to achieve given Nepal's political economy structures. One of the first steps towards creating a private sector that maintains high ethical standards is reducing regulatory mechanisms that make it difficult to conduct business formally. This has implications for taxation and registration policies. Although the Office of Company Registrar (OCR) mandated the online registration system with the hopes of eliminating informal activities in the registrar office; the fact that applicants still have to visit the office and that the OCR employees have a certain degree of discretionary power has opened up rent-seeking opportunities that foster 'under-the-table' activities. It is extremely difficult for any applicant to get their work done, without going the informal route. Similarly our tax system has provisions which are not clear and can have double meanings. Additionally tax officials also have discretionary power over re-checking old records. These again give rise to rent-seeking opportunities; people that succumb to settling unofficially can move on hassle free, while others will have to bear un-necessary burdensome audits for past years as well. Similarly, the other implication is an effective implementation of rule of law such that perpetrators are actually punished.

For the private sector to drive the economy, there are certain prerequisites that need to be addressed: Firstly, it is important to provide the space for private sector to participate in the economy; Secondly, it is important that the state maintains balance and credibility by listening to all points of view but adopting those that provide the larger scale impact on the overall public (especially avoiding the influence of vested interest groups); Thirdly, it becomes imperative for the state to reduce its intervention in the economy.

Some of the policy implications of this kind of a role assigned to the private sector includes (but is not limited to):

- **Reducing regulatory loopholes:** This will help reduce the space for private sector to engage in unethical activities. However, this implies that the laws have to be much more user-friendly and clear such that it is not subject to too many interpretations.
- **Effective monitoring mechanism:** This implies implementing the competition laws and creating an institutional base that can effectively monitor competition in the private sector, while also effectively punishing anti-competitive behavior such as forming of a cartel or a syndicate.
- **Reducing government involvement in direct economic activities:** This implies formation of regulatory bodies and limiting their functions to regulations only. It also implies that the government has to move out of many economic activities such as production and distribution that it is actively engaged at the moment. Agriculture Inputs Company Limited is just a case in point.

- **Filtering through vested interest groups requests:** One of the major challenges that Nepal has to deal with to create a strong private sector is to also reduce policy corruption. This puts the policy formulation process in focus. While it is important to listen to private sector views and address private sector concerns through policy, it is equally important to maintain a balance and not favor any particular private sector body. This requires an open and transparent policy formulation process where several interest groups have a space to actively participate, and a public discourse on policy can be conducted. Lessons can be learnt from the American policy making process which has ample checks and balances and ensures transparency; and where various stake holder groups like the Business Roundtable, Financial Services Roundtable, and Chamber of Commerce have opportunities to voice their concerns regarding the draft policies.

A strong private sector is a result of a healthy and competitive environment. Therefore, the policy implication for the government is two folds – to reduce the regulatory burden such that it is less costly to do business in Nepal and maintain a level playing field for all actors by adequately punishing anti-competitive practices.



## Constitutional, legal and policy framework for economic prosperity

Overall discussions across the consultation locations revealed the belief that the legal, constitutional and policy framework should be devised with the spirit of a free competitive economy, allowing competition and placing private sector at the driving seat of the economy. Although participants of the meeting concurred that there is no alternative to a liberal economic policy in today's context, they cautioned that having too liberal policies can be counterproductive. Hence, they urged for adoption of a liberal economic policy framework with basic provisions for social justice like: guarantee of education and health services, and social safety provisions.

### Constitutional framework

**Security of Life and Property:** Living in an atmosphere free from threats and the ability to enjoy one's property without having to submit to anyone's coercion, or the fear of having their property confiscated is a prerequisite for a society which envisions prosperity. Guaranteeing security of life and property was thus concurred as a fundamental the constitution should not miss.

**Rule of Law:** Participants emphasized that the State should assure due process of law without any regards to caste, creed, religion or any other social or political distinctions. A very important aspect of rule of law is also ensuring stability, predictability, accountability and non-arbitrariness and the guarantee that the laws made are compatible to the idea of basic human rights and justice. Rule of Law should affect more than our civil liberties and allow markets to operate well as the participants know the 'rules of the game'.

**Economic Freedom and Right to Entrepreneurship:** Discussions during the consultations stressed on the need to include economic rights as fundamental rights in the constitution. This meant that irrespective of social distinction, the constitution should guarantee that citizens are able to choose a vocation of their willing. Right to do business and right to invest were also discussed as important parts of economic rights.

**Accountability:** Accountability was viewed with such great importance in the discussions, that participants pointed out the need for accountability to be a part of the constitution itself.

### Policy framework

It was acknowledged by the participants that one of the hurdles Nepal faced to move forward to economic prosperity was that, doing business entailed a cumbersome process. And even if one

embarked on investing there were many challenges that came as a hindrance. The group shared that one window policies have to be put in practice to deal with regulatory issues in the current bureaucracy. It was also stressed that policies should be relevant and stakeholder consultations are necessary in policy making. The discussion also put emphasis on the need for policies that secure private investment. Additionally, the policy framework was also expected to address basic social security such as right to education, health services, etc.

### **Legal framework**

The participants were of the view that legal parameters needed to protect the interests of the private sector as well. This included the following:

**Labor law:** It was emphasized that the labor law needed to take into account the “carrot and stick” approach, where if the private sector has the right to hire they also needed the right to fire without impinging on the welfare of the laborers.

**Insurance law:** The uncertainty present in the Nepalese business environment poses a big cost to doing business, which called for better insurance laws.

**Clear taxation policy:** Participants highlighted the need to review taxation laws to remove inconsistencies with other laws and provisions. Also, local self-governancelaws were deemed important so that issues of revenue and taxation can be determined at the local level according to local requirements.

**Forced strikes:** Discussions unanimously raised voices against Bandhs and other forms of forced strikes which relied on use of coercion and violence. The need for the legal framework to protect people’s right of movement, assembly, engaging in their enterprises and other rights infringed by forced strikes was upheld with great passion during the consultations. Thus, many participants demanded for forcedstrikes to be declared illegal and to be considered a crime.

## Policy Priorities

While the discussions that took place in the process were largely on the vision and aspirations, it also drew attention towards the existing scenario. In this course, several gaps and challenges were pointed out and addressing these issues would be the first step towards realizing the vision shared in the earlier part of this paper. Policies can be major tool to address the issues raised by the participants and these are discussed below as policy priorities for Nepal.

**Federalism:** Federalism is an important issue as the nature and kind of federalism that Nepal adopts will determine the usage of local resources and the kind of economic activity that will prevail in Nepal. The policy priority in this regard is ensuring that federalism delivers decentralization and devolution; but also keeps the complex economic exchanges and activities taking place in the country viable, dynamic and smooth in order to ensure that every Nepali has a shot at prosperity. Any kind of policy in the federal provision which will limit the right of movement, discourage voluntary exchange or trade, create hurdles in setting up businesses in any part of the country, encourage discriminatory policies and limit access to justice along federal lines; will hurt Nepal's prospect of achieving equity and prosperity.

**Culture of impunity and lack of law enforcement:** In all consultations, participants unanimously shared concerns over the culture of impunity that has taken root in Nepal and deteriorating state of the rule of law. It is important to take note that laws and policies that are needed to address several kinds of injustice prevailing in the current context are already in place. It points out the need to prioritize the enforcement aspect. This, when viewed in terms of policy priority, demands focus on ensuring accountability.

**Fiscal spending:** As mentioned earlier in the report, participants in the discussions expressed availability of basic physical infrastructure as a prerequisite for economic growth. The current state of infrastructure was an issue of major concern and improving access to road and electricity were priority areas of discussion. In this, the role of the state was seen to be a major one. Therefore, Nepal's fiscal priorities need to be on building infrastructure to provide a base for widespread economic growth.

**Land usage policies, land fragmentation and agriculture:** Agriculture was discussed as a major sector to enable prosperity as Nepal is largely an agrarian economy. In that regard, participants of the discussions expressed major concern over small land holdings being a deterrent to commercializing agriculture in Nepal. Even though land use policy has been brought about, the availability of land and the space of implementation of land use policy is questionable in the Nepali context. While land reforms are ongoing, focus must be on immediate measures that can help alleviate the problem of fragmentation and management. Therefore, land management is an issue that needs a serious discourse to encourage further investment on a commercial scale. Leasing of public land and contract farming are two possible alternatives that need to be brought into further discourse in land management.

**Corruption:** Another issue which was raised unequivocally by the participants as major area requiring focus was corruption. The participants were dismayed by the fact that corruption has come to such a pass that it has now been institutionalized in all spheres of life. They were of the opinion that if corruption cannot be lessened and ultimately rooted out, then it would also invite unscrupulous practices which would ultimately spell doom for a favorable environment not only for business but also for the health of the country. Thus, the policy priority should be to encourage use of technology, and automate the bureaucratic procedures as much as possible, reduce steps in procedures that are required in administrative tasks, make serious efforts to eliminate discretionary power and take strong measures when laws are breached.

**Bilateral relations with India:** Nepal's volume of trade with India, cultural ties, geographical proximity, and strong political relations with India calls for the need to maintain smooth bilateral relations with India. Participants believed that unless we can improve our bilateral relations with India, and translate it into favorable terms of trade, economic prosperity will not be possible in Nepal. Therefore, policies should emphasize on having a stronger economic diplomacy, and reviewing the existing trade and transit treaties with India; so as to encourage more trade among the two nations.

**Tax policies:** It is important to have a discourse on tax policies from two specific points of view – having a huge section of the economy operating informally and encouraging enterprises to grow. Having a huge section of the economy operating informally, puts a great burden on businesses in the formal sector to generate revenues from taxes and this in turn, discourages and hampers the growth of formal enterprises. Therefore, the discourse needs to focus on making it easy to be a part of the formal economy (easing registration, renewal and other compliance related matters) to increase the tax bracket. Reducing the tax rates is also an important part of encouraging enterprises to not only start but also grow.

**Easing regulatory process and a functioning one window policy:** Multiple laws with conflicting provisions regulating a single sector (examples mentioned in the discussions were education, hydropower, herbs and other sectors concerning natural resources) were discussed as a big deterrent in fostering entrepreneurship. The bundle of laws inevitably takes entrepreneurs to the doorsteps to a number of government departments, and navigating through the complex bureaucracy slows down the growth process. Participants mentioned that there were several difficulties and hassles in registering a business, renewing registration and paying taxes. One of the participants shared that enterprises have to keep their books open for five years because there is no assurance on when, why and how your accounts will be examined. Multiple agencies are performing regulatory roles; which are adding to the regulatory burden faced by entrepreneurs. This is adding to the cost of doing business as they have to hire expensive human resource to deal with the finances and compliance.

Therefore, the policy priority in this regard has to be on creating a mechanism to enable strong coordination between the government agencies, and truly delivering a one stop solution for businesses to comply with government regulations. In order to improve the overall investment environment, the priority should be on easing entry and exit procedural reforms and eliminating regulatory processes that add to the cost of doing business, and do not add value to the regulatory information gathering process.

**Right to inheritance:** The inheritance laws that make children automatic heirs to their parents' property (without requiring wills), was also considered a factor in increasing land fragmentation, which dissuaded the younger generation from being entrepreneurial. It is important to reconsider this provision if one intends to foster a culture of meritocracy and encourage private philanthropy in Nepal.

**Labor Laws:** In order to absorb the labor force by increasing job opportunities, one of the key focuses has to be on coming up with a balanced labor law. This would deliver safe and acceptable working conditions for workers, as well as allow flexibility to the employers to take decisions enabling growth of the enterprises. Strong affiliation of trade unions with political parties has widened the scope of the unions' agenda, leading to the accusation that political issues sometimes take precedence over employee related issues. Bringing political conflict into the work sphere has further wedged employee-employer relationship, precluding any opportunities for fruitful dispute resolution. Focus of policies should be to reduce such challenges, and encourage continuous dialogue between employers and employees to create an environment conducive to conducting and abiding by the terms of collective bargaining. Ensuring accountability on the part of both unions and employers is also important in the policy debate.

**FDI policies:** As a developing economy, Nepal needs to attract investment and new technology to be able to utilize its existing natural resources and growth potential. The growth shown by many emerging markets, especially in Asia through the utilization of Foreign Direct Investment can serve as an example to Nepal's growth prospects. Therefore, Nepal needs to have a clear vision for FDI and the bureaucracy plays a pivotal role in facilitating the process of investment and operation of enterprises.

**Social safety net:** Although the discussions largely placed the role of the state as a facilitator, it was also viewed that the policy priority of the government should be in ensuring social safety net for its citizens. Social safety net arose as an important issue in the discussion of prosperity because as economic growth takes place through free competition in a country, it is important to address the needs of vulnerable groups who face difficulties in accessing opportunities. These included discussions on health, education, food, employment and old age benefits, etc. The policy priority should then be on weighing the existing state resources, setting realistic goals where delivery is possible, finding innovative solutions to deliver social safety provisions without discouraging entrepreneurship and enterprise building, and coming up with a vision to gradually strengthen the safety net. It should be taken into account that such growth is not ad hoc and has a systematic overview.

## Conclusion:

The visions of economic aspirations of the general public combined with progressive policy recommendations presented in this paper provides a guideline for the Government of Nepal to progress towards a prosperous economy that the populace desires. The people envision a corruption free, just, accountable, mixed model of economy which supports free open trade and investment, provides basic welfare services, creates employment hence solving the brain drain problem; and which no longer depends on remittances or foreign aid. It has been established that Rule of Law is a fundamental foundation for a solid prosperous economy; and decentralized policies, balanced labor laws, FDI promotion, and sound systems of efficient judiciary, transportation, education, industry, research, innovation as well as

regulatory framework are essential factors for prosperity to be possible. While the government should facilitate the creation of an environment that promotes economic growth, the private sector has the lead role of driving the economy through innovation. It is crucial for the government to identify priority areas in the process of policy making. In the creation of federal provision, the government must ensure the delivery of decentralization and devolution; while keeping discriminatory policies and injustice at bay. The government should also focus on devoting its fiscal spending towards infrastructure development. Also it has to work towards creating alternatives such as leasing of public land and contract farming in land management, working on strengthening bilateral ties with India, easing regulatory processes and adopting one-window policies, ensuring accountability on part of both unions and employers through balanced labor laws, as well as embracing open and progressive FDI policies to foster economic growth. Moreover, policies that might promote the culture of impunity, high tax rates and corruption in any way should be strongly discouraged. While looking at social safety nets, the government should be clear on how it can realistically commit to providing with the current resources and scrupulously consider the priorities. Additionally, the government should understand that the suggested reforms might give rise to some unintended implications as all the effects cannot be predicted.

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## **Annex -1 (Biratnagar Consultation Program)**

### **Discussion Program on 'Economic Aspirations of the General Public'**

Hotel Xenial, Biratnagar

15 March 2014

### **Introduction**

Samriddhi Foundation held a discussion program on 'Economic Aspirations of the General Public' on 14th and 15th March in various locations in Nepal. The objective of the program was to help enhance the understanding of economic aspirations that people hold at the local level. Since economic prosperity has been espoused as a goal by political mainstream, Samriddhi Foundation has launched this qualitative research to better understand and define 'economic prosperity' and identify gaps that exist in the current situation while highlighting issues that need to be addressed in the legal, constitutional and policy framework of Nepal to help achieve economic prosperity. The outcome of the first round of consultations will be a background paper on 'Economic Aspirations of the General Public in Nepal'. The consultation held in Biratnagar on 15th March was a part of this process.

Altogether 35 participants including local level business leaders, representatives from local chapter of Bar Association, Academics, Bankers, Youth representatives, local level representatives from development partners and educational institutions joined the consultation program moderated by Dr. Bhimarjun Acharya, Constitutional Expert. The program was also facilitated by Hon'ble Ms. Sarita Prasain, Constituent Assembly Member from Nepali Congress, Hon'ble Mr. Rishikesh Pokharel, Constituent Assembly Member from Communist Party of Nepal – Unified Marxist Leninists (CPN-UML), and Mr. Dileep Agrawal, Chairman and Managing Director, Worldlink Communications Private Limited.

The participants were divided into five groups and asked to work on one leading question on economic prosperity. One member of the group presented the discussion from the group work to the plenary which then deliberated on additions to be made to the points raised by the group. Finally, the constituent assembly members expressed their commitment to take the issues raised by the participants to the Constituent Assembly and the representative from private sector expressed commitment to advocate on the issues raised at the local level. The program ended with the moderator summarizing the discussion.

## Vision of Economic Prosperity

Participants from Biratnagar envisioned an economically prosperous Nepal where:

- The basic needs of the populace was fulfilled,
- People had access to all the fundamental rights enshrined by the Interim Constitution of 2063 and the state is active in implementation,
- People have access to employment opportunities,
- Millennium Development Goals have been significantly achieved,
- A corruption free society is created and the government is transparent and accountable,
- Economic inequality is significantly reduced,
- Everyone has access to information technology,
- Industry and Service sector have expanded,
- Productive labor force is effectively utilized and adequately compensated,
- We are self – sustainable in basic consumer goods,
- Nepalese can have real savings.

According to this vision of economic prosperity, participants demonstrated a need to define economic prosperity that is not only limited to economic indicators but includes social well-being and creation of a just society as an integral part of economic prosperity.

## Foundations of Economic Prosperity

Participants pinpointed 'Rule of Law' as a primary pre-requisite to economic prosperity. This entailed creation of a functional and effective justice delivery mechanism such that property, investment, trade and labor related disputes could be solved at an affordable cost in a fast and efficient manner. In addition to this, participants highlighted the need of an investment friendly environment as another foundation of economic prosperity. For this, one of the primary areas of concerns mentioned in the discussion was having favorable labor laws. Labor laws should be made fair such that it protects the rights of workers but also enables labor market flexibility such that obsolete jobs can be phased out and investment can be diverted to productive areas quicker. Similarly, access to finance was yet another area that participants believed is a necessary condition for economic prosperity. The participants also highlighted the need for adequate infrastructure to attract more investment thereby facilitating economic prosperity. For this, it was discussed that the State's investment in infrastructure should be increased and quality of infrastructure such as roads, power, and aviation facilities should be ensured.

According to the participants, Nepal can learn from the growth story of Indian State of Bihar on getting the fundamentals right for economic prosperity. It is important to lower the cost of doing business in order to make domestic industries competitive. Therefore, the participants highlighted the

need to work on reducing regulatory burden for opening and closing businesses as an important prerequisite to economic prosperity. Similarly, policy stability was another important agenda discussed amongst the participants and they urged all political parties to adopt a 'common minimum economic agenda' such that political instability does not translate to policy instability.

Land ownership system and land holdings were also discussed as primary constraints to the Nepali economy and therefore, participants emphasized a system whereby land fragmentation issue has to be addressed and adequate land consolidation can be done to ensure economies of scale.

## **Role of the 'State' to bring about economic prosperity**

In order to promote economic prosperity, the participants opined that the 'State' should play a facilitating role rather than run businesses itself. Similarly, the Government's current policy of a three pillar approach of including the private, public and cooperative sector was appreciated by the participants. However, emphasis was given on implementing this approach rather than limiting it to paper based announcements. Similarly, the participants emphasized that the primary role of State is to ensure 'Safety and Security' of life, property and enterprises. The discussion revolved around current challenges that come through coercion and illegal use of force and the 'State's' inability to contain such violence. The participants also pointed out State's responsibility to create an educated and healthy population that would form a base for economic prosperity. In this respect, effective delivery of education and health services were emphasized.

The participants largely highlighted the role of state as a regulator and providing an adequate regulatory framework to ensure the effective utilization of resources including natural resources. While fulfilling its role, it is important to maintain an accountable framework and minimize corruption.

Federalism was a contentious issue amongst the participants but the fundamental principal of devolution of power was agreed upon by all the participants.

## **Role of the 'Private Sector' to bring about economic prosperity**

Private sector was seen as the driver of economic growth and prosperity and participants expected the private sector to take a lead role in determining areas and scale of investments to be made in the economy. Similarly, the role of private sector as an advisory body to the government regarding economic policy was also discussed and agreed upon by the participants. The private sector should provide inputs to the state to frame policies to create a private sector friendly business environment and help in the growth of the sector. In addition, private sector was also expected to play the role of a watch dog to ensure and lobby with the government to implement appropriate policies that have been agreed upon.

Private sector was also seen as the primary means to utilize local resources and work in partnership with the government for the larger development of local areas. Participants also entrusted the responsibility of identifying and promoting comparative advantage and producing products accordingly, to the private sector. Participants also expressed that it is important for the private sector

to provide feedback on the taxation system and lobby for rates that will help generate revenue for the government while ensuring that it does not stifle the economy.

## Legal, constitutional and policy framework for economic prosperity

Participants emphasized on the inclusion of the following list of 'rights' in the constitution as fundamentals to achieving economic prosperity:

- Right to Life
- Right to Property
- Right to Justice
- Right to Entrepreneurship

Emphasis was given on protecting these rights and ending the impunity that exists today.

Participants were of the view that Nepal should adopt an 'open' economic policy to achieve economic prosperity. This kind of a policy would translate to following legal reforms:

- Better insurance laws as the uncertainty present in the Nepalese business environment poses a big cost to doing business.
- Conducive labor laws that provide flexibility in terms of hiring and firing while protecting the rights of workers and providing welfare.
- Review of taxation laws to remove inconsistencies with other laws and provisions
- Local self-governance laws such that issues of revenue and taxation can be determined at the local level according to local requirements.
- Review of existing land related laws such that the issue of land fragmentation can be addressed.

Overall the participants expressed belief that the legal, constitutional and policy framework should allow competition and place private sector at the driving seat of the economy.

## Challenges to realizing economic prosperity

During the discussion on the specific questions, participants also pinpointed several challenges that Nepal faces in terms of realizing the vision of economic prosperity. Some of the primary areas of concern that resonated across the participants are listed below:

- **Issue of federalism:** The nature and kind of federalism that Nepal adopts will determine the usage of local resources and the kind of economic activity that will prevail in Nepal. Therefore, there was much debate on the issue of federalism with some arguing that it was perhaps a hasty decision to enter into a federal structure while others arguing that federalism would bring about more devolution of power to the local level.
- **Issue of the culture of impunity:** Participants expressed frustration on the state of law and order

in the country and the culture of impunity that has taken root especially amongst people with access to power. In this respect, participants believed that as long as the culture of impunity prevails and law enforcement does not exist, economic prosperity will be a far – fetched dream.

- **Issue of fiscal spending:** Participants also believed that Nepal's fiscal priorities should be in building infrastructure to provide a base for widespread economic growth. The current state of infrastructure was an issue of major concern and improving access to road and electricity were priority areas of discussion.
- **Issue of land fragmentation:** Since Nepal is largely an agrarian economy participants expressed concern about the small land holding as a major deterrent to commercializing agriculture in Nepal. Therefore, legal framework that rightly protects property rights while allowing for land consolidation to realize economies of scale was discussed as an important step towards achieving economic prosperity in Nepal.
- **Issue of corruption:** Participants specifically expressed discontent over the corrupt practices and rent seeking behavior in Nepali society. They also believed that cleaning up governance and making the state more accountable would provide a basis for a stable policy environment resulting in increased investments.
- **Issue of bilateral relations with India:** Participants believed that unless we can improve our bilateral relations with India and translate it into favorable terms of trade, economic prosperity will not be possible in Nepal. Therefore, they specially emphasized the need to have stronger economic diplomacy and work on reviewing the existing trade and transit treaties with India.

## Concluding remarks

The program concluded with remarks made by the facilitators traveling from Kathmandu. Hon'ble Ms. Sarita Prasain, Constituent Assembly Member emphasized the role of bureaucracy in implementing reforms. Ms. Prasain highlighted four major areas for reform in the context of economic prosperity as federalism, human resource capacity development and utilization, clear political vision and security of investors. She also emphasized natural resource utilization while expressing commitment to take forward the agenda raised during the consultation to the Constituent Assembly. Hon'ble Mr. Rishikesh Pokharel, Constituent Assembly Member pointed out that we should concentrate on the local resources and build a base around it for economic prosperity. He also spoke about the need for capital formation to form a strong economy. He expressed his commitment to learn more about local issues and aspirations and include them in the constitution. Mr. Dileep Agrawal, MD, Worldlink Communications Pvt. Ltd., talked about the vast opportunities that exist in Nepal. However, he expressed regret on the regulatory and red tape hassles that the governance poses to capitalizing on these opportunities in Nepal. He further expressed his commitment to take forward the local issues through central level advocacy mechanism. Dr. Bhimarjun Acharya summarized the key issues raised during the discussion and gave examples of other countries such as Afghanistan which has recently gone through a constitution writing process. Ms. Arpita Nepal, Samriddhi Foundation, closed the discussion program with a vote of thanks for the participants' and facilitators' contribution to the research process.



## Annex 2 (Birgunj Consultation Program)

### Discussion Program on 'Economic Aspirations of the General Public'

Hotel Vishuwa, Birgunj

14 March 2014

### Introduction

Nepal is currently in the process of drafting a constitution from the second constituent assembly after the first historic constituent assembly failed to do so. Even though political discussion in the first constituent assembly dwelled on political and social issues, discussion on economic issues were not adequately dealt with in the first constituent assembly even though there were strong voices in all quarters that it was high time that Nepal also focused on economic issues. During the run up to the second constituent assembly, all the political parties seemed to have acknowledged the fact that economic issues also needed to be dealt with and was articulated in their election manifestos.

Given this context, Samriddhi Foundation, recognizing this renewed vigor of the political parties held a discussion on 'Economic Aspirations of the General Public' on 14th and 15th March in selected locations throughout the country. The major objective of this discussion program was to understand the kind of economic aspirations that the general populace had at the local level. In addition to this the discussion program also focused on how this vision could be translated to achieve economic prosperity by identifying the gaps as they thought were a hindrance to economic prosperity in the current situation and simultaneously highlighting issues that needed to be addressed in the legal, constitutional and policy framework of Nepal. The outcome of the first round of consultations will be a background paper on 'Economic Aspirations of the General Public in Nepal'. The consultation held in Birgunj on 14th March was a part of this process.

The consultation in Birgunj was attended by altogether 26 participants which consisted of local level business leaders, academicians, youths, lawyers, local leaders and journalists. The program was moderated by advocate Anjan Dahal, which was also facilitated by Honorable Ms. Kamala Subedi, Constituent Assembly Member from Communist Party of Nepal – Unified Marxist Leninists (CPN-UML), and Honorable Mr. Abhisekh Pratap Shah of the Madhesi Janadhikar Forum, Nepal (MJF-N) and Mr. Jagadish Agrawal, Chairman of the Nimbus Group.

During the consultation, the participants were divided into three groups and were asked to brainstorm on economic prosperity. One member of the group presented the discussion from the group work to the plenary which then deliberated on additions to be made to the points raised by the group. Finally, the constituent assembly members expressed their commitment to take the issues raised by the

participants to the Constituent Assembly and the representative from private sector expressed commitment to advocate on the issues raised at the local level. The program ended with the moderator summarizing the discussion.

## Vision of Economic Prosperity

The Birgunj participants espoused the following as their vision of economic prosperity:

- An environment where the citizens of the country have the right to life and the basics (food, shelter and clothing) of the weakest sections of the populace is fulfilled by the State
- A country where the skills of the citizenry is observed in a dignified manner rather than being used in the prosperity of other countries
- Adhere to competitive liberalization in the practical sense of the term without any hindrances by the government (Limited government in economic regimes)
- Minimization of economic system based on grant aided economic system but rather develop a free economic system
- The production required for the basic conditions of life are guaranteed within a framework of free competitive economic system
- Economically well developed with the prerequisites of the economy (industry, urbanization, transport, health, education) also well organized

This vision have emphasized the role of the state in ensuring that even the weakest section of the society enjoys the minimum basics of life to maintain their existence while at the same time the participants envisioned that this could only be possible with the adoption of a free competitive economic regime where the skills of the citizenry are put to best use in their own country.

## Foundations of Economic Prosperity

Given the fact that Nepal has been going through a painful transition most notably with its weak enforcement of laws, one of the key foundations as pointed out by the participants of the discussion was the 'Rule of Law'. The participants asserted that without the rule of law being actually put into practice, nothing could be possible in Nepal. They added that since economic development could only be realized in an atmosphere where everyone respects certain norms and standards, it is fundamental that the rule of law is adhered and followed. Likewise, the participants also rallied for an environment that was conducive to investment for they were of the opinion that without attracting any investments economic prosperity would only be mere talk. They also stated that labor issues have time and again plagued the existing industries and this issue has time and again come as an obstacle to the healthy growth of business. Thus, the participants also stated that labor laws needed to be revised that would also take into account the interest of the private sector and at the same time protect the welfare of the workers

The participants asserted that for Nepal to attain economic prosperity, it should focus on developing infrastructures in transport, communication, electricity, irrigation, management of skilled human resources, education, health and also sense of patriotism.

## **Role of the 'State' to bring about economic prosperity**

The participants asserted that the role of the State should be one that facilitates economic growth and provide an environment which is investment friendly. This according to them would entail drawing up an economic policy taking aboard all the stakeholders and one that would also account for a long term vision in terms of the economy. They also pointed to the fact that the government administration should be absolutely free from corruption and adopt principles where the vision of economic freedom can be translated into reality. The participants also added that the government must now focus its attention on regional and local area development and work in that direction by investing on essential infrastructures for regional and local level development. The discussion even though welcomed the government's commitment to public-private partnership but they also rued the fact that the government have done too little in terms of making this model a reality. Thus, the discussants stressed that the government must champion public-private partnership model within a framework of free economic policy.

## **Role of the 'Private Sector' to bring about economic prosperity**

The consultation meeting also maintained that in the present economic system the role of the private sector must be central and the private sector must be able to take the leadership in all areas of the economy. They also added that the private sector must work in such a way that they are not only able to deliver economic growth and development but is also able to champion social development simultaneously. It was also opined that the private sector needed to contribute tangibly so that they can live up to their own promise of taking the lead role in economic development of the country. However, they were also of the opinion that in order for the private sector to take the lead it was necessary for the government to treat them as equal partners. This according to the participants meant recognizing the private sector also as an advisory body that would be able to provide inputs to the government in terms of the economic direction and policy that the country needs to adopt. It was also agreed upon by the participants that for the private sector to be the engine of growth, it needed to invest in the modernization of agriculture, prioritize industries that make use of local resources and materials and also invest in the development of basic services and also contribute to social development.

## **Legal, constitutional and policy framework for economic prosperity**

Though, most of what the participants discussed under this did not come as specific rights but what could be inferred from the discussions were that they intended the following guarantees to be enshrined in the constitution. For instance the participants advocated that they should be allowed to live in an atmosphere free from threats and that they be able to enjoy their property without having to submit to anyone's coercion or the fear of having their property confiscated. This would certainly mean a) right to life and property.

Likewise, the participants also emphasized that the State should assure in their citizenry the due process of law without any regards to caste, creed, religion or any other such social distinctions. This would translate to b) right to justice. Likewise, they also added that the constitution should guarantee that irrespective of social distinction the citizens would be able to choose a vocation of their willing. This would translate to as being c) Right to Entrepreneurship.

In order for Nepal to move forward to economic prosperity the participants also acknowledged that fact that doing business entailed a cumbersome process. And even if one embarked on investing there were challenges galore that came as a hindrance. As such, the participants also were of the view that legal parameters needed to protect the interests of the private sector as well. This included above all labor law that would take into account the “carrot and stick” approach, where if the private sector has the right to hire they also needed the right to fire without impinging on the welfare of the laborers. The participants were of the view that legal, constitutional and policy framework should be devised with the spirit of a free competitive economy where the private sector is given its due recognition.

## Challenges to realizing economic prosperity

Some of the challenges that the participants stated as being a hindrance to the vision of economic prosperity were as follows.

**Law enforcement:** All the participants were unanimous in the fact that the State had lost its capacity to enforce its rule of law and as such Nepal was turning out to be a country where there is utter disregard for the rule of law.

**Corruption:** The participants were dismayed by the fact that corruption has come to such a pass that it has now been institutionalized in all spheres of life. They were of the opinion that if corruption cannot be lessened and ultimately rooted out, then it would also invite unscrupulous practices which would ultimately spell doom for a conducive environment not only for business but also for the health of the country.

## Concluding remarks

Mr. Jagadish Agrawal was the first speaker to put forth his concluding remark. As a part of his concluding remarks he was of the opinion that it had been more than 40 years that Nepal had embarked on planned development but our development aspirations had yet to come to fruition. This according to him was because we were falling into a ‘repetition syndrome’. By putting forth an example of repletion in our existing Industrial Policy, he asserted that this repetition was rampant everywhere. Thus, he was of the view that it was time we revisited the strategies that we have undertaken in the past and called for a thorough overhaul of the strategies and focused on having only a few strategies in place. He further added that one of those strategies needed to focus on developing the skills of our manpower that would provide them with gainful employment. He also opined that we needed to be clear on what we wanted and questioned whether Nepal wanted to focus on trading or manufacturing and devise plan and policies accordingly. The program then concluded with remarks made by the facilitators traveling from Kathmandu. Honorable Mr. Abhisekh Pratap Shah, Constituent Assembly Member emphasized that we needed to focus on investing in industries that had competitive advantage and these areas included agriculture, hydropower and tourism. He also opined that since it was an era

of outsourcing and if only Nepal was capable of making tyres for Tata and if that could be outsourced it would be a big boost to the economy. He also dwelt on the issue that even though there was political instability, nonetheless, there was bureaucracy which is permanent. As such, he asserted that the bureaucracy of Nepal needed to be made accountable. Likewise, Honorable Constituent Assembly Member Ms. Kamala Subedi stated that she had learnt a lot from this discussion on economic issues and also stated that it was incumbent upon them as members to the Constituent Assembly to take these issues and start a fruitful discussion so that a good economic policy for Nepal can be thrashed out. Mr. Anjal Dahal, the moderator, then summarized the key issues raised during the discussion and concluded the consultation meeting in Birgunj.



## **Annex 3 (Kathmandu Consultation Program)**

### **Discussion Program on 'Economic Aspirations of the General Public'**

Hotel Everest, Kathmandu

20 March 2014

#### **Introduction**

In a meeting titled "Understanding Economic Aspirations and Policy Priorities for Nepal", Kathmandu based public policy institute Samriddhi, The Prosperity Foundation invited entrepreneurs, lawyers, members of civil society, representatives from non-governmental organizations, political leaders, business leaders and legal experts in Kathmandu to brainstorm on economic issues that should be the priority of the current leadership. Altogether 25 participants attended the program.

Five questions were prepared and asked in the group to discuss and brainstorm on ways to better understand the economic aspirations of the people in the consultation locations. The answers to those questions are summarized below.

The coordinator of the event, Mr. Manogya Sharma, opened the discussion by welcoming the participants and handed it over to the moderator Dr. Bhimarjun Acharya, constitution expert and a lawyer by profession. Dr. Acharya talked about three different forms of justice that form the basis for economic prosperity around the world viz. social justice, economic justice and political justice. He highlighted the fact that economic agenda have not received mainstream attention until recently. He further added that freedom to enterprise, investment security, right to private property, guarantee of a competitive environment and freedom to trade and industry are important aspects of economic prosperity. Based on these fundamentals, he invited the participants to share their views of economic prosperity and how it can be achieved.

Ms. Arpita Nepal from Samriddhi Foundation made a presentation about the background and objective of the meeting. The presentation also constituted of the questions which were expected to drive the discussion. The moderator then set the context and led the participants into group discussion.

Four groups were formed to answer the five key questions posed by the researcher. Each group worked on their respective version of economic prosperity and answered one other research question. After twenty minutes of discussion in the groups, each group presented a summary of the

discussions. The description written below is an outcome of the summaries presented from each group. Further opinions were also added when the floor was opened for discussions. These comments have also been incorporated in the following section.

## Vision of Economic Prosperity

Participants from Kathmandu shared a vision of economic prosperity that entailed both economic progress and social progress. In this respect, their vision of economic prosperity included the following:

- Moving away from aid dependency
- Nepali diaspora returning to Nepal to capitalize on opportunities
- More urbanization, more modernization and more investment flowing in Nepal
- Higher level of women's participation in economic activities
- Improved access to natural resources and economic opportunities for everyone irrespective of the race, religion, caste and geographical region they come from.
- Health, education and employment guarantees for everyone
- Pursuit of Happiness as a fundamental guarantee enshrined in the constitution
- A state where we no longer have to fear bureaucrats, police and politicians
- Adequate social safety net that covers retirement costs of everyone
- A state where there is freedom to enterprise

In essence, participants specifically expressed a vision where fundamentals such as health, education and social safety net were accessible to everyone and the citizens can work freely to pursue their own dreams within a transparent regulatory framework provided and effectively implemented by the State such that Nepal can truly realize economic prosperity.

## Foundations of Economic Prosperity

The fundamentals of economic prosperity, as highlighted by the participants of the discussion were:

- Transportation: All forms of transportations that are feasible in Nepal should be developed.
- Education: Education should be practical and entrepreneurial. Education needs to meet the demand of skills made by the job market. In order to achieve this, better collaboration between educational institutions and employers' association is required.
- Energy: Although hydropower is an important resource, we have to focus on other forms of feasible alternative sources of energy such as solar, wind and biomass energy to facilitate economic prosperity.
- Industry and industrial zones development will also facilitate economic prosperity.
- Since tourism is one of the primary growth sectors of Nepal, special emphasis is required to develop tourism infrastructure to facilitate economic growth and prosperity.

- Information and communication technology is yet another pre-requisite for economic prosperity that brings down the cost of doing business.
- Research and innovation is specifically essential to promoting economic prosperity. Therefore, research on science and technology is yet another pre-requisite for economic prosperity.
- Nepal's current regulatory framework makes it very difficult to operate a business in Nepal. Therefore, to propel economic prosperity it is also important to simplify existing regulations and reduce regulatory burden.

## Role of the 'State' to bring about economic prosperity

Much of the discussion centered round the role of the state. While participants agreed on a limited and facilitating role of the government in promoting economic prosperity, they also emphasized on effective governance and strong implementation of the rule of law. Participants attributed the following as the role of the state:

- Facilitating establishment and closure of businesses by simplifying the regulatory environment, removing conflicting provisions in the existing legal system and improving its internal coordination to enact the one window policy.
- Providing direction to the economy with well researched and evidence based plans that lead the economy in the right direction of comparative and competitive advantage.
- Provisioning for a social safety net that takes care of citizens who cannot look after themselves and in times of difficulties
- Provisioning for basic health, education and employment
- Providing infrastructure required for economic activities
- Providing defense and security in order to ensure safety of life and property
- Ensuring accountability and corruption free governance

As one of the participants put it, 'we will be able to have an effective State only when we lose our fear of bureaucrats, politicians and policemen.'

## Role of the 'Private Sector' to bring about economic prosperity

The participants believed that the role of private sector and government should go together for achieving economic prosperity. Representatives of the private sector said that private sector has been doing a lot in Nepal and expressed the possibility of it doing much better if the business environment is improved. Participants attributed the following as the role of the private sector:

- Bringing foreign direct investment along with encouraging local investment
- Complying with the government rules and regulations such as paying taxes and practice ethical business practices.
- Performing Corporate Social Responsibilities
- Lobbying for policies in national interest rather than individual interest

- Addressing local needs through innovations
- Maintaining healthy competition and refraining from anti-competitive practices such as cartels and syndicates

## Legal, constitutional and policy framework for economic prosperity

According to the participants, following legal, constitutional and policy framework are required for economic prosperity:

- Provision of social security and right to education and health services
- Investment friendly economic policies
- Provision of security for enterprises and businesses
- Policies increasing economic freedom
- Constitutional provision of government's accountability
- Banning of Bandas and strikes and considering them a crime
- Prioritization of agriculture, hydro power and tourism sector by the government

## Challenges to realizing economic prosperity

The participants highlighted the following prevailing challenges that can prevent the realization of the goal of economic prosperity:

- The attitude of bureaucracy which is that of rulers rather than that of facilitators
- Very lengthy and costly exit policies regarding businesses and investment which discourage investment and entry into the business
- Limitation of economic reforms process in the rhetoric only
- Centralization of development activities and private sector in urban areas
- Lack of enough investment in agriculture
- Prevalent corruption in government agencies
- Existence of too many government agencies and conflicting regulations
- Lack of clarity and predictability in laws
- Anti-investment legal provisions such as minimum threshold in foreign direct investment

## Concluding remarks

The program concluded with remarks made by panelists representing the Constituent Assembly and the private sector. Mr. Saurabh Jyoti provided an analogy of a motorcycle to describe the role of private sector and the government for achieving economic prosperity. According to him, private sector is the engine which drives the vehicle forward whereas the government is the chain which

facilitates the process and civil society are the wheels of the vehicle. He outlined rule of law, private property rights and accountability as fundamentals of economic prosperity and said that with these fundamentals in place, private sector can create jobs which will eventually increase living standards. For that, however, he mentioned that educated manpower is a prerequisite. He also urged for youth empowerment and greater participation of women in the mainstream economic activities.

He opined that corporate social investment is more important and useful than corporate social responsibility and called for a more flexible labor law citing that lack of hiring and firing provision has discouraged private from hiring more people. He ended his remarks on a hopeful note saying that Nepal has a potentiality to be a global players in services related to hospitality, tourism and education.

Honorable Mr. Raju Khanal assured that the country would get a constitution this time. He highlighted how private industries have flourished in banking, education and communication sector of Nepal following the liberalization of 1990s. He, however, pointed out that there are still many policy problems. He mentioned that bureaucracy has been a major hurdle in industrialization and said that easing up the bureaucratic procedures should be the priority of the government in coming days.

He also shared his concerns about the lack of security of life and property citing examples of extortion and strikes going on. He said the government has been giving licenses to open a business but not providing the protection necessary to run that business.

He opined that it would not be wise to compete with our neighboring countries in manufacturing industries and hence should focus on services industries like tourism. He too reiterated that women empowerment is essential for economic growth. He ended his remarks expressing his commitment to keep discussing these issues.

Honorable Mr. Rameshwor Phuyal assured the audience of his commitment to get constitution drafted this time. He also committed to work for simplifying regulations. He urged for conduction of local elections which will empower local people, especially the women. He reiterated the need of securing private property rights and provision of just compensation in the constitution.

Honorable Mr. Gagan Thapa, cautioned that fundamentals of constitution should not be missed out in the rush to deliver constitution within a year. He assured that property rights is not an issue now as it was generally agreed that property rights are very important for economic prosperity. He, however, mentioned that there are many issues that need deliberation and discussion such as federalism, taxation and cost of doing business in different provinces. He said that Nepal has signed so many treaties without realizing their implication and the treaties are affecting the constitution making process in Nepal.

He advocated for a common minimum program among political parties and adoption of New Zealand's practice of cost benefit analysis for every new legislation. He also advocated for reform in public procurement act which has been hampering development activities of the government. He informed the audience that the government is working on social security act and labour act. He insisted on the need to view the second generation of reforms critically based the past experiences. He concluding his remarks by saying that state has to play the right role in different economic sectors as the sectors cannot grow without the facilitation role of the government.



## **Annex 4 (Nepalgunj Consultation Program)**

### **Discussion Program on 'Economic Aspirations of the General Public'**

Hotel Siddhartha, Nepalgunj

15 March 2014

### **Introduction**

Samriddhi Foundation held a discussion program on 'Economic Aspirations of the General Public' on 14th and 15th March in various locations in Nepal. The objective of the program was to help enhance our understanding of the economic aspirations that people hold at the local level. Since economic prosperity has been espoused as a goal by political mainstream, Samriddhi Foundation has launched this qualitative research to better understand and define 'economic prosperity' and identify gaps that exist in the current situation while highlighting issues that need to be addressed in the legal, constitutional and policy framework of Nepal to help achieve economic prosperity. The outcome of the first round of consultations will be a background paper on 'Economic Aspirations of the General Public in Nepal'. The consultation held in Nepalgunj on 15th March was a part of this process.

Altogether 27 participants including local level business leaders, lawyers, academics, youth representatives, local level representatives of political parties, representatives of non-governmental organizations and educational institutions joined the consultation program moderated by Mr. Khimlal Devkota, Legal Expert. The program was also facilitated by Hon'ble Mr. Rajib Shah, Constituent Assembly Member from Nepali Congress, Hon'ble Mr. Shakti Basnet, Constituent Assembly Member from Unified Communist Party of Nepal – Maoists (UCPN-Maoists), and Mr. Deependra Tandon, Director, Business Advantage Private Limited.

It was a round-table discussion and each participant was invited to put forward their views and opinions on the five questions related to economic prosperity. Finally, the constituent assembly members expressed their commitment to take the issues raised by the participants to the Constituent Assembly and the representative from private sector expressed commitment to advocate on the issues raised at the local level. The program ended with the moderator summarizing the discussion.

## Vision of Economic Prosperity

Participants from Nepalgunj envisioned an economically prosperous Nepal where:

- The basic needs of the populace was fulfilled,
- People had access to all the fundamental rights enshrined by the Interim Constitution of 2063 and the state is active in implementation,
- People have access to employment and entrepreneurship opportunities,
- A corruption free society is created and the government is transparent and accountable,
- Industry and Service sector have expanded,

According to this vision of economic prosperity, participants demonstrated a need to define economic prosperity that is not only limited to economic indicators but includes social well-being and creation of a accountable society as an integral part of economic prosperity.

## Foundations of Economic Prosperity

Participants pointed out that political stability is the key prerequisite for achieving economic development and prosperity. Participants suggested that political parties should agree on common minimum agendas in major economic sectors of Nepal, namely: Agriculture, Hydropower and Tourism and stop making them issues of political contention.

They also believe that federalism and decentralization are essential for development of rural regions of the country since under current structure most of the development activities are focused on Kathmandu valley and urban areas only.

Political interference in economic activities and prevalence of nepotism and favoritism in government structure from local level to central level have been encouraging corruption and deterring economic development. Elimination of such practices is necessary for achieving economic growth and prosperity. To achieve more political accountability, the participants called for local elections. According to them, absence of local representatives and handling of governance by bureaucracy alone has encouraged and increased corruption. Regular, free and fair local level elections are another prerequisite for economic prosperity. Freedom of expression and right to information were also seen as major requirements for economic prosperity by the participants.

Participants also pin-pointed that state should understand that one cannot make a person rich by making another person poorer and hence the policy thrust should be towards creating opportunities for everyone not constraining opportunities for successful people. Entrepreneurs should be seen as an asset of the nation not as evil, they said.

## Role of the 'State' to bring about economic prosperity

According to the participants, in order to achieve economic prosperity, the state should mainly play the role of a facilitator the economy but at times it also needed to play a demonstrative role to encourage private sector to go into socially beneficial sectors. They opined that there is no alternative to a liberal economic system in today's context but cautioned that such a system should be accompanied by aspects of social justice. For this, the state should ensure that every citizen has access to basic needs like education and health services.

The participants also demanded that rule of law should be actually implemented and not just limited to the papers they are written on. Participants highlighted cases of threats received by businessmen from political parties and criminal groups which have not only discouraged economic activities but also endangered lives of people. Entrepreneurs also pointed out the cases of individual and industrial property seizure by political groups and said that as long as such situation prevails, no person would want to be an entrepreneur and contribute to economic development. In this context, they pointed out that state's primary responsibility is to ensure safety of lives and properties of its citizens.

Additionally, participants acknowledged that state should play a crucial role in developing physical infrastructures essential for economic development. According to them, State has a primary role to play while linking up national infrastructures with international infrastructures. The participants frequently cited the immense possibility of tourism development in the region if Government of Nepal could work with Government of India to link Western Region of Nepal to Lughnow.

Finally, the participants also discussed that state has the responsibility to help out small enterprises by making access to finance easier and having investment policies encouraging entrepreneurship.

## Role of the 'Private Sector' to bring about economic prosperity

Private sector was seen as the backbone of economic growth and prosperity through utilization of available resources. The participants expected the private sector to prioritize integrated development of the nation by creating complementary economic relations with different parts of the country.

According to the participants, the private sector has a responsibility to show integrity and engage in healthy competition.

According to them, for maintenance of law and order, private sector and civil society should also come forward and support state mechanism since state mechanism without the support of local communities cannot function properly. Provisions of community-based policing were put forward as measures for making security of lives and properties more effective.

## Legal, constitutional and policy framework for economic prosperity

Participants of the meeting concurred that there is no alternative to a liberal economic policy in today's context. However, they cautioned that having too liberal policies can be counterproductive and urged for adoption of a liberal economic policy framework along with basic provisions for social justice like guarantee of education and health services and social safety provisions.

According to the participants, following provisions should be in the constitutional and legal framework:

- Rule of Law
- Security of Life and property
- Right to education
- Right to health services

## Challenges to realizing economic prosperity

During the discussion on the specific questions, participants also pinpointed several challenges that Nepal faces in terms of realizing the vision of economic prosperity. Some of the primary areas of concern that resonated across the participants are listed below:

- Issue of too many conflicting laws and policies: Too many conflicting laws and policies and lack of coordination between government agencies have been hampering entrepreneurial activities in the country. Participants pointed out that there are 258 conflicting laws and acts with regards to natural resources utilization alone. They also shared cases of enterprises being given permission to run by a government agency and later on being closed down by another government agency.
- Issue of lack of timely update of acts and policies: Participants expressed discontent over lack of timely update of acts and policies. One of the participants cited the case of high import duties on vehicles as an example. Vehicles have already become necessity for Nepalese but the government is still treating them as luxury goods, he said.
- Issue of the culture of impunity: Participants expressed frustration on the state of law and order in the country and the culture of impunity that has taken root especially amongst people with access to power. In this respect, participants believed that unless we can deal with this culture of impunity and improve law enforcement, economic prosperity will be a far – fetched dream.
- Issue of corruption: Participants specifically expressed discontent over the corrupt practices and rent seeking behavior in Nepali society. They also believed that cleaning up governance and making the state more accountable would provide a basis for a stable policy environment resulting in increased investments. For this, they demanded that local elections be held soon.

## Concluding remarks

The program concluded with remarks made by the facilitators traveling from Kathmandu. Hon'ble Mr. Rajib Shah, Constituent Assembly Member told how political transition had pushed economic

agendas to backseat and hampered economic growth. He expressed his hope and commitment to push forward economic agendas in the coming days as the country gradually achieves political stability. Hon'ble Mr. Shakti Basnet, Constituent Assembly Member too highlighted that political agendas had so far dominated the political discourse but it was time that we recognized the equal importance of both and take both of them forward together.

Mr. Deependra Tandon , MD, Business Advantage Private Limited, talked about the vast opportunities that exist in Nepal. He mentioned that 70 percent of the trade happening between India and China is being facilitated by Singapore. By simply playing the role of a facilitator Singapore has grown into one of the most affluent nation in the world. He expressed that Nepal being situated between them could do even better. He, however, expressed frustration with regards to the regulatory and red tape hassles that the governance poses to capitalizing on these opportunities in Nepal. He pointed out that lack of implementation of policies, lack of security of lives and properties and indecision of bureaucracy for fear of being prosecuted by CIAA were major hurdles being faced by private sector in Nepal. He expressed his commitment to take forward these issues through central level advocacy mechanism. Mr. Khim Lal Devkota summarized the key issues raised during the discussion and closed the discussion program with a vote of thanks for the participants' and facilitators' contribution to the research process.



## Annex 5 (Pokhara Consultation Program)

### Discussion Program on 'Economic Aspirations of the General Public'

Hotel Barahi, Pokhara

14 March 2014

#### Introduction

In a meeting titled "Economic Aspirations of the General Public", Kathmandu based public policy institute Samriddhi, The Prosperity Foundation invited entrepreneurs, lawyers, members of civil society, representatives from non-governmental organizations, political leaders, business leaders and legal experts in Pokhara to brainstorm on economic issues that should be the priority of the current leadership. Altogether 25 participants attended the program.

Five questions were prepared and asked in the group to discuss and brainstorm on ways to better understand the economic aspirations of the people in the consultation locations. The answers to those questions are summarized below.

The coordinator of the event opened the discussion by welcoming the participants and handed it over to the moderator Mr. Subash Acharya, who is an advocate by profession. The moderator asked the participants to introduce themselves and the researcher from Samriddhi Foundation made a presentation about the background and objective of the meeting. The presentation also constituted of the questions which were expected to drive the discussion. The moderator then set the context and led the participants into group discussion.

Five groups were formed to answer the five key questions posed by the researcher and after twenty minutes of discussion in the groups, each group presented a summary of the discussions. The description written below is an outcome of the summaries presented from each group. Further opinions were also added when the floor was opened for discussions. In the end, two speakers of the event, Constituent Assembly member Hon. Rabindra Adhikari (elected from Pokhara) and business leader, Mr. Niranjana Shrestha were asked to share their opinions before the moderator wrapped up the session.

Participants in the Pokhara consultations shared the following thoughts regarding the topics highlighted below.

## Vision of Economic Prosperity

Participants from Pokhara expressed that moving on from the current model of mixed economy, Nepal should ultimately opt for creating a free economy and becoming a production driven economy. They also added that businesses should be led by the private sector and not the government in order to enable economic growth. The participants also envisioned a state of economic prosperity whereby social security would be taken care of by the government and the country would no more rely on remittance for sustaining the economy.

## Foundations of Economic Prosperity

The fundamentals of economic prosperity, as highlighted by the participants of the discussion were: availability of capital, human resource, technology, physical infrastructure and facilities, open market system and political stability. The importance of physical infrastructure was further stressed upon and was called the 'backbone' of the economy. The participants emphasized on the need to create a secure environment whereby investors and entrepreneurs are encouraged to conduct economic activities. Discussion was also done on the need for Foreign Investment policies to be sound, which would enable Nepal to take advantage of its location between India and China. The moderator, while summing up the discussion, also added the pre-requisite for growths friendly economy is to have an environment whereby businesses are not only free to enter but also exit.

## Role of the 'State' to bring about economic prosperity

A large portion of the discussion was centered on the role of state in creating economic prosperity. Members of the discussion group expressed that the role of the government was to provide social security and not run businesses. Comparison of private and government school was made as an example arguing that many government run schools are closing down and private schools are perceived to be providing better quality education. Hence, it was said that the government should not misuse taxpayers' money in places where it is not effective.

Another important role of the government was seen in providing a secure environment for the private sector to do business, development of infrastructure, providing access to law and ensuring equality before the law. It was also mentioned that the marketing of goods and services produced by the private sector should be done by the government and also that the government should play an active role in determining land usage. Also, it was mentioned that government should promote nationalist policies to promote Nepalese products.

Participants stressed that the government should implement laws and supervise economic activities. Public Private Partnership was also mentioned as a preferred system.

## Role of the 'Private Sector' to bring about economic prosperity

The discussion on the role of the private sector raised the point that private sector is the backbone of economic growth. However, referring to the global financial crisis bailouts in the United States, the role of state in protecting the private sector in times of crisis was also acknowledged. Examples of South Korea and USA were given where vibrant private sectors have played key roles in creating prosperity under free economy and secure environment. It was also mentioned that places where government imposes on economic activities have not prospered. The fundamental understanding should be that the private sector is the backbone of economic development.

## Legal, constitutional and policy framework for economic prosperity

Policies that enabled job creation were discussed as being important for economic prosperity. It was mentioned that the new constitution should put economic rights as fundamental rights. Right to do business and right to invest was also discussed as an important part of economic rights.

The group shared that one window policies have to be put in practice to deal with regulatory hassles in the current bureaucracy and tax policy should be simplified to get more people in the tax bracket. Tax deductible system was also said to be needed as it is with many other countries. Lower tax rates and simplified tax systems was also seen as a policy priority for encouraging prosperity.

It was also stressed that policies should be relevant and stakeholder consultation is necessary in policy making. The discussion also put emphasis on the need for policies that secure private investment.

## Challenges to realizing economic prosperity

The consultation drew attention to a number of problems that are existent in the current business environment. 'Exporting muscle, mind and money from the country' i.e. labour migration, brain drain and capital flight was seen as a major challenge in the current economic scenario. Participants showed concern over the underutilization of capital accumulated in banks in Nepal. It was highlighted that the central planning rarely reaches the local level beneficiaries and most planning made by ministries start and end there. Citing the example of the education sector, which is run as a commercial activity (under the company act) and public service (under the education act), participants highlighted the need for better clarity in policies to guide economic activities. Participants also referred to the existence of similar problem in the health sector.

Political interference in private sector was also seen as a big problem. It was shared that 'without blessings' from political parties in local areas, one could not open a business. Similarly, the political groups 'taking percentage' from businesses was also said to be affecting businesses. The trend of political groups running businesses and competing with each other was also talked about. Lack of implementation of laws and policies was also shared as a major problem.

The current 25 percent corporate tax was also said to be too high and decreasing tax rates was suggested as a way to encourage a larger number of people to pay taxes. The Value Added Tax was also said to be full of hassles and using technology i.e. make it online was suggested as a way forward.

“Bureaucracy is a spider web”, mentioned a participant. Other participants added that there were several difficulties and hassles in registering a business, renewing registration and paying taxes. One of the participants shared that enterprises have to keep their books open for five years because there is no assurance on when, why and how your accounts will be examined. Multiple agencies (Internal Revenue Department & Attorney General's office) are performing regulatory roles which are adding to the regulatory burden faced by entrepreneurs. He also complained that this has created a necessity to hire much expensive human resource to deal with the finances. In addition to that, paying bribes at the Internal Revenue Department (IRD) to evade taxes was also cited as a malpractice.

The private sector representatives in the discussion shared disappointment on being perceived negatively by general people as well as the government. Similarly, it was also shared that access to finance was difficult for entrepreneurs who do not have political, business or other kind of connections.

The need for private sector reform was also discussed as an important point, especially with reference evading taxes, cartels, selling 'bad products' and running illegal businesses. Use of agricultural land for residential purposes and lack of 'proper' land usage provision was referred to as a problem. In terms of infrastructure, electricity shortage was unequivocally mentioned as a huge challenge. This also brought into discussion Nepal's water resources usage policies.

It was also mentioned that too much government policies have forced enterprises to appear illegal. Government should focus on commercializing agriculture and incentives should be placed accordingly.

A participant also shared that in what is called 'under billing', the government is the source as entrepreneurs like him do not get bills of their products and are in turn, not being able to give VAT bills to the customers.

Discussion also occurred on the need to have a policy which allowed giving away inheritance to charities and other entities as opposed to the current provision whereby the children are compulsorily the ones who receive inheritance from parents.

While labour shortage was cited as a problem, having multiple labor unions affiliated to several political parties was also mentioned as a strong factor in discouraging entrepreneurship. “We can allow labour unions but not sister organizations of political parties” shared a participant. Owing to these problems, participants mentioned, entrepreneurs get tired and leave for foreign countries.

## Lucky Chettri, Founder, 3 Sisters Adventure Trekking Company

Lucky Chettri is a renowned woman entrepreneur in Nepal who, with her two sisters, had started the 3 Sisters Adventure Trekking Company. The company not only runs a business of providing female trekking guides, but also scouts and trains women through the non-profit wing of the enterprise to empower them. However, Ms. Chettri shares her frustration saying “there is incentive to stay small

and not grow in the Nepalese business environment because when you grow to become a big enterprise, you are viewed as a 'malik' or an exploiter. Additionally, businesses are becoming victim of extortions where political groups approach you for 'donations'. As long as entrepreneurs do not feel secure, growth cannot happen. The government says that it will support women entrepreneurs, but it has not happened." Ms. Chettri also shared that the anti-competitive behaviour from the private sector in the form of cartels has also been creating barriers for entrepreneurs.

## Concluding remarks

The program concluded with remarks made by the facilitators traveling from Kathmandu. Hon'ble Rabindra Adhikari shared that although the priority of the leadership is generally more on politics compared to economics, the fact that the people in the room had spent two hours talking about the economy was a good sign. He stressed on the need for an overhaul in our culture and attitude to transform Nepal's economic situation and become a prosperous nation. When politicians mostly end up saying 'yes' to what bureaucrats put on their 'table' and bureaucracy is unable to be an active factor in escalating economic growth, the problem is in the attitude of the decision makers and leaders. Referring to the existence of more than 600 laws in Nepal, Mr. Adhikari drew focus on lack of implementation of policies and also shared that 'our legal provisions are more binding than freeing'. He also expounded on the challenges related to bureaucratic reform by saying that the yardstick for performance evaluation of bureaucrats as in terms of their administrative achievements rather than achievement of development goals is at the heart of the problem. He shared "two decades earlier, we believed that when political system changes, economic change will come. But now we realize that it might actually work the other way around."

Similarly, another speakers, Mr. Niranjana Shrestha agreed to the comments made on the tax rates being very high and expressed that the "current tax regime is redistributive". He also committed to echo the voice of the private sector as represented in the room in other important policy discussions. He shared the optimism he felt on observing that over the past few years, the gap between private sector and policymakers (especially politicians) has been bridged because of efforts like this. Today, the political leadership (at least the younger generation) understands the challenges of the private sector much better compared to few years ago.

Mr. Subash Acharya summarized the key issues raised during the discussion and thanked the participants, speakers and organizers for their participation.



## Annex-6(Participant List)

10th March 2014, Hotel Himalaya, Kathmandu

Salutation	Name	Designation/Institution
Dr.	Bhimarjun Acharya	Constitutional Expert
Hon. Mr.	Abhishek Pratap Shah	CA Member, Madheshee Jahaadhikaar Forum, Nepal
Hon. Mr.	Badri Pandey	CA Member Nepali Congress
Hon. Mr.	Bikash Lamsal	CA Member, CPN-UML
Hon. Mr.	Brijesh Gupta	CA Member, Terai Madhesh Loktantrik Party
Hon. Mr.	Ganesh Man Pun	CA Member UCPN- Maoist, Convenor YCL
Hon. Mr.	Giri Raj Mani Pokharel	CA Member, UCPN Maoists
Hon. Mr.	Krishna Pokharel	CA Member, CPN-UML
Hon. Mr.	Shakti Basnet	CA Member, UCPN Maoists
Hon. Mr.	Top B. Rayamajhi	CA Member, UCPN Maoists
Hon. Mr.	Sunil Babu Thapa	CA Member, RPP
Hon. Ms.	Chhya Sharma	CA Member, Madheshee Jahaadhikaar Forum, Nepal
Hon. Ms.	Garima Shah	CA Member, CPN-UML
Hon. Ms.	Mamata Giri	CA Member, CPN-UML
Hon. Ms.	Sarita Prasain	CA Member, Nepali Congress
Hon. Ms.	Sita Gurung	CA Member, Nepali Congress
Hon. Ms.	Jayanti Rai	CA Member, CPN- UML
Mr.	Chetan Bhandari	Chairman, Bajeko Sekuwa
Mr.	Niraj Acharya	Member, CPN-UML
Mr.	Niranjana Shrestha	Director, Laxmi Group, Vice President NYEF
Mr.	Pashupati Murarka	Vice President, FNCCI
Mr.	Ranjit Acharya	Member, Board of Directors, Samriddhi, The Prosperity Foundation
Mr.	Samir Thapa	President NYEF
Mr.	Thakur Gaire	Member, CPN-UML
Mr.	Yogesh Bhattarai	Centre Committee Member CPN- UML
Mr.	Manogya Sharma	Program Coordinator - Samriddhi
Ms.	Sarita Sapkota	C&F Coordinator - Samriddhi
Mr.	Surath Giri	Researcher Samriddhi
Ms.	Arpita Nepal	Research Director, Samriddhi

11th March 2014, Hotel Himalaya, Kathmandu

Salutation	Name	Designation/Institution
Hon. Mr.	Abhishek Pratap Shah	CA Member, Madheshee Jahaadhikaar Forum, Nepal
Mr.	Anjan Dahal	Advocate/Nepal Law School
Dr.	Bhimarjun Acharya	Constitutional Expert
Hon. Mr.	Biraj Bista	CA Member RPP, Nepal
Mr.	Biswas Dhakal	Chairman F1 Soft International
Hon. Mr.	Brijesh Gupta	CA Member, Terai Madhesh Loktantrik Party
Ms.	Charu Chadda	Chief Editor Of Business 360
Mr.	Chetan Bhandari	Chairman, Bajeko Sekuwa
Hon. Ms.	Chhya Sharma	CA Member, Madheshee Jahaadhikaar Forum, Nepal
Mr.	Deependra Tandon	Director, Advantage Group of Companies
Hon. Ms.	Kamala Subedi	CA Member, CPN-UML
Mr.	Khim Lal Devkota	Central Committee Member, United Communist Party of (Marxist Leninist) Nepal.
Hon. Mr.	Krishna Pokharel	CA Member, CPN-UML
Mr.	Mangesh Lal Shrestha	CAS Trading House
Mr.	Niraj Acharya	Member, CPN-UML
Mr.	Niranjan Shrestha	Director, Laxmi Group, Vice President NYEF
Mr.	Pashupati Murarka	Vice President, FNCCI
Mr.	Pavitra Bajracharya	President, Retailers Association Nepal
Hon. Mr.	Rabindra Adhikari	CA Member CPN - UML
Hon. Mr.	Rajib Bikram Shah	CA Member Nepali Congress
Mr.	Ranjit Acharya	Member, Board of Directors, Samriddhi, The Prosperity Foundation
Dr.	Sandip Shah	VP & Country Director/SN Power Nepal
Hon. Ms.	Sarita Prasain	CA Member, Nepali Congress
Hon. Mr.	Shakti Basnet	CA Member, UCPN Maoists
Mr.	Yogesh Bhattarai	Centre Committee Member CPN- UML
Mr.	Robin Sitoula	Executive Director, Samriddhi
Ms.	Arpita Nepal	Research Director, Samriddhi
Mr.	Tilak Dhakal	
Ms.	Sarita Sapkota	
Mr.	Deependra Chamlagain	
Mr.	Manogya Sharma	
Mr.	Manish Jha	

20th March 2014, Everest Hotel, Baneshwor, Kathmandu

Salutation	First Name	Designation	Institution
Mr.	Kailash Gurung	Country Manager	Zydus
Dr.	Bhimarjun Acharya		Alliance law firm
Mr.	Gokul Bhandari		Alliance law firm
Mr.	Suresh Bhakta Shrestha		
Mr.	Suman Shakya		One Planet Solution
Mr.	Parshuram Kunwar	Freelance Consultant	
Mr.	Arun Karki		Ncell Pvt.Ltd
Mr.	Subash Acharya	Lawyer	
Mr.	Janardan Baral	Asst Editor	Abhiyan
Mr.	Ujjwal Chapagain	M.D.	The Himalayan Rabbit Firm
Mr.	Pradhyumna Pokharel		Mega Bank
Hon. Mr.	Rameshwor Phuyal	CA Member	
Mr.	Kuber Mani Nepal	Director	Ridi Hydro
Ms.	Rita Bajracharya	President	FWEAN
Mr.	Narottam Aryal	ED	King's College
Mr.	Santosh Koirala	Sr. Finance Manager	
Ms.	Sanjeeta Pant	Prosperity Officer	BE
Mr.	Saurabh Jyoti	Director	Jyoti Group
Mr.	Raju Khanal	M.P	
Mr.	Pavitra Bajracharya	President	Nepal Retailer Association
Mr.	Sudeep Sharma	President	FOTS Nepal
Mr.	Subash Paudel	Student	Civil Engineering
Mr.	Sajjan Paudel	President	Nepal Student Union
Mr.	Narayan Kr Ghimire	Student	Thapathali Campus
Mr.	Dilliram Subedi		Public Policy Pathsala

26th March 2014, Hotel Himalaya, Kathmandu

Salutation	Name	Designation/Institution
Hon. Mr.	Abhishek Pratap Shah	CA Member, Madheshee Jahaadhikaar Forum, Nepal
Mr.	Ananda Bagaria	Managing Director, Nimbus Business Group
Mr.	Anjan Dahal	Advocate/Nepal Law School
Mr.	Anjan Pandey	Economist
Mr.	Arjun Kumar Bhattarai	President/ Export Council of Nepal
Dr.	Bhimarjun Acharya	Constitutional Expert
Mr.	Bigyan Adhikari	President/ SEJON

Hon. Mr.	Bikash Lamsal	CA Member, CPN UML
Ms.	Bimala K.C.	Member UPCN Maoist
Hon. Mr.	Biraj Bista	CA Member, RPP Nepal
Hon. Mr.	Brijesh Gupta	CA Member, Terai Madhesh Loktantrik Party
Mr.	Chetan Bhandari	Chairman, Bajeko Sekuwa
Hon. Ms.	Chhya Sharma	CA Member, Madheshee Jahaadhikaar Forum, Nepal
Mr.	Deependra Tandon	Director, Advantage Group of Companies
Ms.	Devi Khadka	Former C.A Member UPCN Maoists
Mr.	Dileep Agrawal	World link Communications
Mr.	Neil Pandey	Senior Doctor/ Healthy Smiles
Hon. Mr.	Ganesh Man Pun	C.A Member UPCN Maoist, Convenor YCL
Hon. Ms.	Garima Shah	C.A Member CPN-UML
Hon. Ms.	Jayanti Rana	C.A Member CPN-UML
Hon. Ms.	Kamala Subedi	C.A Member ,CPN-UML
Mr.	Khim Lal Devkota	Central Committee Member, United Communist Party of Marxist Leninist
Hon. Ms.	Mamata Giri	CA Member CPN-UML
Mr.	Mangesh Lal Shrestha	CAS Trading
Mr.	Niraj Acharya	Member, CPN-UML
Mr.	Nirajan Shrestha	Director, Laxmi Group, Vice President NYEF
Mr.	Pashupati Murarka	Vice President, FNCCI
Mr.	Rabindra Adhikari	CA Member CPN-UML
Hon. Mr.	Raju Khanal	CA Member/ Nepali Congress
Mr.	Samir Thapa	President NYEF
Ms.	Sanjeeta Pant	Prosperity Officer British Embassy
Hon. Ms.	Sarita Yadav	CA Member/ Madheshee Janaadhikar Forum
Hon. Ms.	Sita Gurung	CA Member, Nepali Congress
Mr.	Suman Joshi	CEO Laxmi Bank

Mr.	Thakur Gaire	Member, CPN-UML
Hon. Mr.	Udaya Rana	CA Member President Nepal Taru Dal ( Youth Wing of Nepali Congress)
Mr.	Yogesh Bhattarai	Central Committee Member, CPN-UML
Mr.	Raj Kumar Shrestha	Member UPCN Maoist
Mr.	Lila Mani Pokharel	UPCN Maoist
Hon. Ms.	Ranjana Kumari Sarkar	CPN-UML
Hon. Mr.	Rameshwor Phyal	CPN-UML
Mr.	Manogya Sharma	Samridhi, The Prosperity Foundation
Mr.	Deependra Chamlagain	Samridhi, The Prosperity Foundation

26th March 2014, Hotel Himalaya, Kathmandu

Salutation	First Name	Designation	Institution
Mr.	S.S. Tharu		PC Banke UNESCO Club
Mr.	Ekrar Qureshi		UNYC Nepal Banke
Mr.	Kailash Nath Kashardah	Ex M.P Nepali Congress	
Mr.	Ajay Kumar Tandon		Mid Western petroleum Dealers Association Banke
Mr.	Rajesh Kumar Khanal	Lecturer, Economics	Mahendra Multiple Campus
Mr.	Ambar Bahadur Khadka		Nepali Congress, Banke
Mr.	Dilip Regmi		National Investigation Department
Mr.	Abdul Asif		Nepal IQRA educational Foundation
Mr.	Hasrat Ali	BBA Student	Alpine College Management
Mr.	Gopal Pun	UPCN Maoist	Banke
Mr.	Alam Khan		THRD Alliance Midwest
Mr.	Indrajeet Tiwari	Senior Advocate	
Mr.	Rajesh Uprety	Coy Commander	Industrial Security Company
Hon. Mr.	Rajeev Bahadur Shah	C A Member	NECA
Mr.	Khim Lal Devkota	Ex C.A Advocate	
Hon. Mr.	Shakti Basnet	C.A. Member	UPCN Maiost
Mr.	Deependra Tandon		Advantage Group
Mr.	Imran Halwai	Student	
Mr.	Vinay Raj Tripathi	P.C Journalist	Nepal Muslim Samaj
Mr.	K.S. Bohra		Mahendra Multiple Campus
Mr.	Mohammad Majid Ali	Local Coordinator Of Nepalgunj	
Mr.	Ravi Pratap	Student Leader	
Mr.	Binod Budathoki		NepaliCongress
Ms.	Bimala B.K.		Kalash Saptahik
Mr.	Shiva Pariyar	Journalist	Advantage Group
Mr.	Ganesh Kabi	Online Media	

15th March 2014, Hotel Xenia Biratnagar

Salutation	Name	Designation	Institution
Hon. Mr.	Rishi Kesh Pokharel	CA Assembly Member	CPN – UML
Mr.	Khadga Bdr Basnet	Ex Chairman	D.D.C Morang
Mr.	Dileep Agrawal	MD	World Link
Hon. Ms.	Sarita Prasai	CA Member	Nepali Congress
Mr.	Tosita Gurung	District Coordinator	Youth Initiative
Mr.	Nabin Bhattarai		Youth Initiative
Mr.	Tanka Subedi	Manager	World Vision
Mr.	Sanjeeb Chapagain	Program Coordinator	
	Rima Shrestha		Hotel Namaskar
Mr.	Ganesh Gautam	Teacher	
Mr.	Binay Raj Pandey	President	Morang Bar
Mr.	Dipak Khatiwada	Member	Morang Bar
Mr.	Rupesh Koirala	Member	Morang Bar
Mr.	Dilli Pokharel	Chairman	District Cooperative Federation, Morang
Mr.	Suyesh Pyakurel	Director	MM GRP
Mr.	Kabin Shrestha	Director	WPR Traders
Mr.	Bandhu Pokharel	Vice President	Federation of Nepalese Journal Morang
Mr.	Mohan Adhikari		Lions Club
Mr.	Sandesh D. Shrestha	Director	
Mr.	J.P Acharya	President	BRTJCI
Mr.	Aashish Shakya		Koshish Digital Studio
Mr.	Bhagendra Yadav		UNCP Maoist
Mr.	Subash Regmi		Techno Commercial Imp
Mr.	Bivek Dahal		RIT Foundation
Mr.	Udaya Raj Regmi		MMC campus
Mr.	Deepak Pd . Lohani	General Committee Member	Nepali Congress
Mr.	Yogesh Bhattarai	Assistant Manager	Nepal Bank Ltd.
Mr.	Umesh Kumar Yadav		Mountain Television
Mr.	Dinesh Shrestha		Hamro Abhiyan
Mr.	Rupesh Khatiwada		CPN-UML Morang
Mr.	Raju Shrestha		RIT Foundation
Mr.	Arjun Baral	Associate Professor	T.U.
Mr.	Dr. B.P. Dhamala	President	Elite Club
Mr.	Basanta Adhikari		Bikalpa
Mr.	Jayak Sonyok Limbu	Forum Democratic	

14th March 2014 , Hotel Barahi Pokhara

Salutation	Name	Designation	Institution
Mr.	Rishiraj Gautam		Federation of Contractor's Association Of Nepal
Mr.	Dam Bahadur Bika		Gair Sarkari Mahasanga Kaski
Mr.	Bikash Acharya		Prabhu Money Transfer
Mr.	Tulasi Sapkota		Western Union
Ms.	Lucky Karki		3 Sister's Adventure Trek
Mr.	Deepak Shrestha		Lions Club
Mr.	Krishna K.C.		Nepali Congress, Kaski
Mr.	Ganesh Bahadur Ale		Apellete Bar, Pokhara
Mr.	Lok Bahadur Thapa		NCP Maiost
Hon. Mr.	Rabindra Adhikari	CA Member	CPN UML
Mr.	Bishwo Mohan Adhikari	CEO	City Development Bank
Mr.	Saroj Shrestha		Nepalese Young Entrepreneur Forum
Ms.	Rit Gurung	Maitriya Pathsalla	
Mr.	Amit Bhandari	President	President, NYEF Pokhara
Mr.	Bishnu Kumar Sherchan		world ganic Pokhara
Mr.	Hira Bhattarai		Pokhara Chamber of Commerce & Industry
Ms.	Sanjeeta Pant	Prosperity Officer	British Embassay
Mr.	Niranjan Shrestha		NYEF
Mr.	Binal Karmacharya		NYEF Pokhara
Mr.	R.K Gynawali		FNJ Kaski
Mr.	Samundra Paudel		Alternatives
Mr.	Sujan Paudel		DPC Nepal/The Science
Mr.	Krishna Mohan Shrestha	Immediate Past President	Pokhara Chamber of Commerce & Industry
Ms.	Chinu Ranabhaat	Chairman	PABSON
Mr.	Sujan Paudel	DDC Nepal	

14th March 2014, Hotel Bishwa Birgunj

Salutation	First Name	Designation	Institution
Ms.	Indu Shankar Mishra		T.R. M campus
Mr.	Kamal Mohan Pokharel	Advocate	
	Anjan Adhikari		

## Background paper on ' Economic Aspirations & Policy Priorities'

Mr.	Jagadish Agrawal	Chairman	Nimbus Group
Mr.	Manoj Upadhyay	Admin Officer	Birgunj Chamber of Commerce & Industries
Mr.	Ashok Kumar Baidya	President	Birgunj Chamber of Commerce & Industries
Mr.	K.C. Lamichhane	Immediate Past President	Federation of Nepalese Journal Parsa
Mr.	Arbind Singh		CPN-UML
Mr.	Shyam Banjara	President	FNJ Parsa
Mr.	Dindyal Kedia	Youth Activist	
Mr.	Sharwan Shah	Youth Activist	
Mr.	Dipak Man Shrestha		Rotary Club Of Birgunj
Mr.	Pramed Kunersu	Engineer	
Mr.	Arbindra Amatya	President	NYEF
Mr.	Prashant Singh		Birgunj Jayces
Mr.	Dipak Tibrewal		Lions Club
Mr.	Nishant Lamichhane		NYEF
Hon. Mr.	Abshishek Pratap Shah	CA member	MJFN
Hon. Ms.	Kamala Subedi	CA member	CPN-UML
Ms.	Charu Chadda		Business 360
Mr.	Anjan Dahal	Advocate	
Mr.	Santosh Khanal		Rotary Club Of Birgunj
Mr.	Sunil Kantha Agrawal		Birgunj Chamber
Mr.	Dr. Deepak Shakya		Birgunj Jaycess
Mr.	Shyam Mandel	Director	
Mr.	Sohan Poddav		Lions Club of Birgunj

## AN INTRODUCTION

# SAMRIDDHI, THE PROSPERITY FOUNDATION

Samriddhi, The Prosperity Foundation is an independent research and educational public policy institute based in Kathmandu, Nepal. As the name suggests, Samriddhi works with a vision of creating a prosperous Nepal.

Initiated in 2007, it formally started its operations in 2008. The specific areas on which the organization works are:

- Entrepreneurship Development
- Improving Business Environment
- Economic Policy Reform
- Discourse on Democracy

Known for bringing together entrepreneurs, politicians, business leaders, bureaucrats, experts, journalists and other groups and individuals to make an impact on the policy discourse of Nepal, Samriddhi works with a three-tier approach - Research and Publication, Educational and Training, Advocacy and Public Outreach. Some of its highly successful efforts include the annual economic policy reform initiative named “Nepal Economic Growth Agenda (NEGA)”, a sharing platform for entrepreneurs named “Last Thursdays with an entrepreneur” and a regular discussion forum on contemporary political economic agendas named “Econ-ity”. Samriddhi also hosts the secretariat of ‘Campaign for a Livable Nepal’, popularly known as Gari Khana Deu campaign.

One of Samriddhi’s award winning programs is a five day residential workshop on economics and entrepreneurship named Arthalya, which has produced over 400 graduates over the past few years, among which more than two dozen run their own enterprises now.

The organization is also committed towards developing a resource center on political economic issues with its Political Economic Resource Center (PERC). Besides this, Samriddhi also undertakes localization of international publications on the core areas of its work. Samriddhi was the recipient of the Dorian & Antony Fisher Venture Grant Award in 2009 and the Templeton Freedom Award in 2011.

(For more information on the organization and its programs, please visit [www.samriddhi.org](http://www.samriddhi.org))





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