

A photograph of three men in business suits standing outdoors. The man on the left is wearing sunglasses and a grey suit. The man in the center is wearing a dark suit and a white shirt. The man on the right is wearing a dark suit and a white shirt. They are standing in front of a building with a large archway. The background is slightly blurred.

A HANDBOOK FOR ASPIRING ENTREPRENEURS

Towards Enterprise Building in Nepal (Vol. II)

Samriddhi, The Prosperity Foundation
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2010

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Samriddhi, The Prosperity Foundation : An Introduction

FOREWORD

Starting and sustaining a business in a country like Nepal is highly challenging. Bureaucratic complications combined with corruption, political unrest and limited economic freedom does not provide an encouraging scenario for those in Nepal who choose to base innovation as the foundation of their business at the cost of very high risks. However, it is the very spirit of entrepreneurship that has been acting as one of the driving forces in the Nepalese economy despite the innumerable challenges. In order to achieve higher economic growth, prosperity and higher living standards for a large population, entrepreneurship is our only practical answer.

Samriddhi, The Prosperity Foundation, since its time of establishment has been very clear on the role of entrepreneurship in a society like ours. Being an organization that stands for economic freedom, promoting entrepreneurship is one of the paths the organization has taken in that very pursuit. Shifting the mindset of the youth from always looking into the traditional job seeking culture to getting more involved in entrepreneurial activities has been one of the initiatives of the organization. Arthalaya, school of Economics and Entrepreneurship, is one such program of Samriddhi, where 24 young people in every batch sit for a five day residential school to get practically acquainted with the ideas of economic freedom, entrepreneurship and issues involved in doing business in Nepal. The message and the ideas further carried away through various Entrepreneurs Clubs in the colleges of arthalaya graduates and non-arthalaya graduates have helped further in spreading the word. Similarly interaction programs like "Last Thursdays with Entrepreneurs" held in Dwarika's every last Thursday of the English month provide a platform for new and aspiring entrepreneurs to learn, interact and network with established and successful entrepreneurs.

And this handbook published by Samriddhi is an additional initiative towards enterprise building in Nepal which can be a very useful and practical guide for aspiring entrepreneurs. Most of an entrepreneur's time and money here is spent in seeking and gathering information on the details about company registration, tax policies and other bureaucratic processes. The handbook contains that relevant information on pertinent policies and processes, stories of entrepreneurs, tips and guides on creating a successful enterprise in Nepal and also point of views from experts.

This is simply the first step towards building the spirit of entrepreneurship in Nepal. We know that the path we've taken is a long and strenuous one. However, the millions of enterprising spirit of people that we meet everyday, as we head towards our office, keep our spirit going. We hope we are able to transfer some of that energy on to you. Remember, at the end of the day, its' all about innovation and risk!

Happy Reading and we look forward to your comments and feedbacks.

Arpita Nepal
Program Manager
Samriddhi, The Prosperity Foundation

July 2010, Kathmandu.

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Sarita Sapkota

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CHAPTER I

Entrepreneurship, Economic Freedom and Business Environment of Nepal

के उद्यमी व्यवसायी बन्नु अपराध हो? - डा. मोला चालिसे

What's your Twist? - Mr. Ashutosh Tiwari

आर्थिक अधिकारको स्वतन्त्रता - डा. भीमार्जुन आचार्य

के उद्यमी-व्यवसायी बन्नु अपराध हो?

डा. भोला चालिसे

धर्मले उद्यमी-व्यवसायी नभई जोगी बनाउने पाठ सिकाउदै आयो



गारी खानु भन्ने अवधारणा दक्षिण एशियामा पहिले देखिनै हेयको दृष्टिकोणले हेर्दै आइयो। उद्यम-व्यवसाय गर्ने कार्यलाई पहिला वा दोस्रो श्रेणीमा नभई तेस्रो र चौथो श्रेणीमा राख्दै आइयो। धर्मले उद्यमी-व्यवसायी नभई जोगी बनाउने पाठ सिकाउदै आयो। जोगी बन्नू नै जीवनको सबैभन्दा ठूलो मुक्तिको बाटो हो भन्ने कुरा जन्मदेखि मृत्युपर्यन्तसम्म सिकाउदै आइयो। पश्चिममा विकसित देशहरूले दुई सय वर्ष लगाएर पत्ता लगाएको उन्नतिको बाटो नेपालसम्म आइपुग्न अर्को सय वा डेढसय वर्ष लाग्यो। बीसौं शताब्दीको शुरूमा नेपालमा राजनीति प्रजातन्त्रवादी हुनुपर्छ भन्ने बहस शुरू हुँदा राजनीतिमा वामपन्थहरूको वर्चस्व रह्यो। वामपन्थीहरूको वर्चस्वमाभ पनि समाजवादी प्रजातान्त्रिक सोचले भर्खरभर्खर उपनिवेशबाट स्वतन्त्रता पाएका देशहरूको प्रभावमा नेपालजस्तो एक व्यक्ति वा एक परिवारको शासन प्रणालीबाट उन्मुक्ति पाएको देशले आफ्नो राजनीतिको मूल नारा विकास र गरिवी निवारण हो भन्नेबाट प्रारम्भ गर्‍यो। यी दुईटा उद्देश्य प्राप्तिका लागि सरकार वलियो मात्र होइन हस्तक्षेपकारी पनि हुनुपर्छ भन्ने सोच व्यापक रूपमा ल्याइयो। जनताले उपनिवेशबाट मुक्ति दिलाउने वा जहाँनिया शासनबाट छुटकारा दिलाउनेले भनेका कुरा सही होलान् भनी विश्वास गर्न थाले। भन्डै अर्को ७०-८० वर्ष देश यस्तै चिन्तन र विश्वासमा चलन थाल्यो। यस प्रक्रियामा सबैले भन्ने गरेको जन्मदेखि मृत्युसम्म सरकारको कुनै न कुनै किसिमको हस्तक्षेप हुनुपर्छ भन्ने मान्यता पनि बढ्दै गयो। यसको परिणाम खासै राम्रो भएन भने देशको विकास पनि भएन र गरिवी पनि घटेन। यी दुवै चीज नहटनुको कारण सरकारको जबरजस्ती र व्यक्तिले उपयोग गर्ने सिर्जनशील प्रयासहरूको हत्याले गर्दा हो।

व्यक्तिको उत्प्रेरणाको अधिकतम उपयोगका लागि स्वतन्त्र बजार मुख्य पूर्वाधार हो। स्वतन्त्र बजार भन्नाले त्यसमा संलग्न हुने विभिन्न व्यक्तिहरूले आफूले स्वतन्त्र रूपमा उत्पादन

गरेको वस्तु वा सेवा खरिदबिक्री गरिराखेका हुन्छन्। यही स्वतन्त्र बजारमा संलग्न हुने विशाल संख्याका व्यक्ति-व्यक्तिहरूका निर्णयले उद्यमी-व्यवसायीहरूलाई कुनै पनि केन्द्रीय योजनामा विश्वास गर्ने योजनाकारहरूले कर्मचारीतन्त्रमार्फत संकलन गरेका सूचनाको तुलनामा कहाँ हो कहाँ बढी सत्य र निपूर्ण सूचनाहरू दिइराखेका हुन्छन। स्वतन्त्र बजारमा बिना डर, त्रास र धम्की सहभागी भइरहेका व्यक्तिहरूको व्यवहारबाट जुन व्यवस्था स्थापित हुन्छ, र त्यही व्यवस्था नै स्वतन्त्र बजार हो। यसले समाजमा एउटा त्यस्तो व्यवस्था स्थापित गर्छ जसलाई सामाजिक व्यवहार भने पनि हुन्छ। स्वतन्त्र व्यक्तिले स्वतन्त्र निर्णय गर्दै बजारमा भाग लिएर दिएको सूचनामा आधारित उद्यमव्यवसाय नै सबैभन्दा दिगो र दरिलो रहँदै आएको छ। सरकारले सञ्चालन गरेको उद्यमव्यवसायहरू सरकारी अधिकारीहरूले बटुलेको सूचनामा आधारित भएकाले तिनीहरू नेपालमा मात्रै हैन, हाम्रा छिमेकी भारत, चीन लगायत संयुक्त राज्य अमेरिकामा समेत असफल त भए नै तर यिनै सरकारी अधिकारीहरूको योजनामुताबिक अर्थतन्त्रलाई अगाडि बढाउन खोज्दा सं. रा. अमेरिकाको टेक्सटाइल उद्योग होस वा मोटर कार खानाहरू, उद्यमशिलताको अधिकतम उपयोग गरेर उत्पादन गरिएका अन्य देशका टेक्सटाइल वा मोटर कारखानाहरूसँग प्रतिस्पर्धी बन्न नसकेको उदाहरण सबैसामू छर्लङ्ग भइसकेको तथ्य हो।

“ स्वतन्त्र व्यक्तिले स्वतन्त्र निर्णय गर्दै बजारमा भाग लिएर दिएको सूचनामा आधारित उद्यमव्यवसायनै सबैभन्दा दिगो र दरिलो रहँदै आएको छ । ”

आफूलाई उदार अर्थतन्त्रमा विश्वास गर्छु भन्नेहरूले समेत स्वतन्त्र बजार निर्दयी हुन्छ, र यस स्वतन्त्र बजारमा विश्वास गर्नेहरूले स्वतन्त्र बजार आफैँमा पूर्ण हुन्छ भनेर भन्छन् भन्ने मिथ्या आरोप लगाउँदै बजार पूर्ण नहुने भएकाले पूर्ण बनाउन सरकारले हस्तक्षेप गर्नुपर्छ भन्ने तर्क राखेर सरकारी हस्तक्षेपकारी नीति कार्यान्वयनका लागि सल्लाह दिँदै आएका छन्। तर सत्य के हो भने स्वतन्त्र बजारमा विश्वास गर्नेहरूले बजार पूर्ण हुन्छ, भनेर कहिले पनि भनेका छैनन्। यसका लागि आफूलाई एकदमै उदार ठान्ने सं. रा. अमेरिकामा समेत अर्थशास्त्र विषयको स्नातकोत्तरको पाठ्यक्रममा भ्रण्डैभ्रण्डै चार पानामा सीमित राखिएको अष्ट्रियन स्कूल अफ इकोनमिक थटवारे गहिरो अध्ययन गरियो भने यस्ता

मिथ्या अवधारणाबारे स्पष्ट हुन सकिन्छ । सं. रा. अमेरिका जस्तो देशको पाठ्यक्रममा त त्यस्तो छ भने नेपाल जस्तो देशमा सरकारले नै सबैथोक गरिदिनु पर्छ भन्ने विचार पाठ्यपुस्तकहरूमा फर्त कक्षा नर्सरीदेखि स्नातकोत्तरसम्म थोपरिँदै आइएको छ । त्यसमा पनि नेपालमा शासक वर्गको थातथलो काठमाडौंका जनतामा त शौचालय गैसकेपछि आफ्नो फोहोर भएको अंगसमेत सरकारले पुछिदिनुपर्छ भन्ने सम्मको धारणा छ । अहिलेको नेपालको शिक्षित वर्गमात्र नभएर शिक्षित युवासमेतको सोच आफ्नो आँगनमा भएको फोहोर अलि कमजोर छिमेकीको आगनमा मिल्काउन खोज्दा छिमेकीले विरोध गर्‍यो भने सरकारले छिमेकीलाई प्रहरीद्वारा पिटाएर फोहोर मिल्काउन लगाउनुपर्छ भन्ने छ ।

स्वतन्त्र बजारमा व्यक्तिहरूले स्वतन्त्र रूपमा भाग लिने कार्यलाई धनीले गरिब मार्ने, उद्योगी-व्यवसायीले उपभोक्तालाई मार्ने, गरीखाने चोर-फटाहा हुन् भन्ने खालका सोच विद्यमान रहनुको कारण नेपाली समाजमा सताब्दियौंदेखि स्थापित हुँदै आएको मान्यताले गर्दा नै हो । जब मानिस कुनै डर त्रासबिना आफूसँग भएका स्रोतहरूको बजारमा आदानप्रदान गर्दछ, त्यसबखत धनीले गरिबलाई मार्ने वा उद्यमी-व्यवसायीले उपभोक्तालाई मार्ने भन्ने प्रश्न नै उठ्दैन । त्यसो गर्ने हो भने बलियाबाझाले स्वतन्त्र बजारमा भाग लिने होइन फटाफट मान्छेलाई मार्दै दास बनाउँदै लगेको हुनुपर्ने थियो । अथवा एउटा व्यक्ति सँग भएको स्रोत वा सम्पत्तिलाई खोसेर लिने अवस्था हुन्थ्यो । यस्ता कार्य गर्दा लुटिखाने वा खोसिखानेले आफूलाई आइपर्न सक्ने खतराको मुल्याङ्कन भने अवश्य गरेको हुन्छ । जसको सम्पत्ति लुटी खाइएको छ वा खोसिएको छ उसको विरोधको सामना गर्नुभन्दा संसारमा जो-जोसँग जे जति छ, ती सम्पत्ति वा स्रोतको स्वतन्त्रतापूर्वक लेनदेन गर्दा यस्तो लेनदेनमा सहभागी हुने सबैको कल्याण हुन्छ भन्ने सोचका आधारमा स्वतन्त्र बजारको विकास भएको हो । यहाँ अर्थशास्त्रमा प्रयोग हुने एउटा साधारण लेनदेनको उदाहरण दिनु उपयुक्त हुन्छ । एकादेशमा दुईजना किसान थिए रे । एउटा सँग ५ वटा घोडा र अर्कोसँग ५ वटा गाई रहेछ । खेती किसानी चलाउन दुबै किसानलाई गाई पनि चाहिने रहेछ, घोडा पनि चाहिने रहेछ । यस्तो अवस्थामा दुईटै किसान लेनदेनमा पस्दा तीनवटा गाई बराबर दुईवटा घोडा साटासाट गरेछन् । यो बिन्दुमा पुग्दा घोडा साटनेलाई पनि नोक्सान भएन गाई साटनेलाई पनि नोक्सान भएन । बरू आफूले साटोपाटो गरेको कार्यबाट दुबैको सन्तुष्टिमा वृद्धि भयो । यस्तो कार्यमा कसले कसको रगत चुस्यो त ?

कुनै पनि अर्थतन्त्रमा उन्नति ल्याउनका लागि उद्यम वा सेवा व्यवसायीहरूको निपूर्णतम उत्पादनको आवश्यकता पर्दछ । यहाँ उत्पादनका लागि जमिन, श्रम र पूँजीको आवश्यकता पर्दछ भन्ने कुरा उल्लेख गर्नुको कारण यिनै तीन कुराको उपयोग गरेर वस्तु वा सेवाको उत्पादन गर्ने

व्यवसायीहरूमा अपराधी समूह हुन् भन्ने आरोप मिथ्या साबित गर्नका लागि हो । जमिन बापत भाडा, श्रम बापत ज्याला र पूँजीबापत ब्याज तिरेर कुनै एउटा उद्यमी-व्यवसायीले आफ्नो वस्तु वा सेवा बजारमा बिनात्रास बिक्री गर्दछ, र खरिद गर्नेले पनि बिनात्रास खरिद गर्दछ, भने यस्तो कार्य गर्नेहरू कसरी अपराधी ठहरिए ? हो अपराध त्यसबखत हुन्थ्यो जब सरकारले व्यक्ति-व्यक्तिको जग्गा खोसेर उद्योग खोल्ने नाममा, व्यवसाय र आर्थिक वृद्धि गर्ने नाममा आफ्ना मतियारहरूलाई सितैमा बाँड्दछ, श्रमिकलाई बन्दुक तेर्स्याएर आफ्नो कारखानामा काम गर्न लगाउँछ, बन्दुक नबोकेका सिपाहीमार्फत ती वस्तु वा सेवा सर्वसाधारणलाई किन्न बाध्य बनाउँछ, भने यस्तो कार्य पुरानो आपराधिक कार्य हो । तर अनौठो कुरा के भने जमिन, श्रम र पूँजी मिसाउँदैमा वस्तु वा सेवाको उत्पादन हुँदैन । यी तीन वस्तुको उपयोग गरी वस्तु वा सेवाको उत्पादनका लागि उद्यमशील व्यक्तिहरूको आवश्यकता पर्दछ । यिनले जग्गाको भाडा तिरेर, श्रमिकलाई ज्याला दिँदै, वित्तीय बजारबाट ऋण लिएको पूँजीमा ब्याज तिर्दा त्यस्तो वस्तु वा सेवाको उत्पादन गर्ने जोखिम उठाउनुपर्दछ । बजारमा त्यो वस्तु वा सेवा उपभोक्ताहरूले किनिदिएनन् भने ऊ टाट पल्टिन्छ । स्वतन्त्र बजारमा ऊ एउटा मात्र उत्पादक हुँदैन । उसले उत्पादन गरेको वस्तु वा सेवाको जस्तै प्रकृतिका सेवा वा वस्तुहरू उसलाई प्रतिस्थापन गर्न सक्ने गरी लाखौंका संख्यामा उपलब्ध हुन्छन् । बजारमा व्यक्तिहरूले कसरी निर्णय गर्दछन्, के-कस्ता वस्तुहरू रूचाउँदछन् भन्ने सूचनाको ज्ञानका अभावमा उत्पादन गरिएका वस्तु वा प्रवाह गरिएका सेवाहरू बजारसम्म पुग्दा निकम्मा भइसकेका संसारमा कयौं

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हो अपराध त्यसबखत हुन्थ्यो जब सरकारले व्यक्ति- व्यक्तिको जग्गा खोसेर उद्योग खोल्ने नाममा, व्यवसाय र आर्थिक वृद्धि गर्ने नाममा आफ्ना मतियारहरूलाई सितैमा बाँड्दछ, श्रमिकलाई बन्दुक तेर्स्याएर आफ्नो कारखानामा काम गर्न लगाउँछ, बन्दुक नबोकेका सिपाहीमार्फत ती वस्तु वा सेवा सर्वसाधारणलाई किन्न बाध्य बनाउँछ भने यस्तो कार्य पुराना आपराधिक कार्य हो।

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उदाहरणहरू छन् । जुनजुन उद्यमीले बजारमा व्यक्तिहरूले गर्ने निर्णय प्रक्रियाको ज्ञान राखेर वस्तु वा सेवा उत्पादन गरे, ती बजारमा बाँच्न सफल भए भने अन्य हराएर गए । संयुक्त अधिराज्य बेलायतको एकताका सफल रहेको जहाज बनाउने उद्योग क्रमशः अन्य देशका उद्यमी-व्यवसायीले सस्तो र उपभोक्ताले रूचाउने रूपमा उत्पादनको वृद्धि गर्दै जाँदा संयुक्त अधिराज्य बेलायतको खम्बा ठानिएको जहाज बनाउने उद्योग अहिले मरिसकेको अवस्थामा पुगिसकेको छ । संयुक्त राज्य अमेरिकाजस्तो शक्तिशाली राष्ट्रको मोटर उद्योगलाई पहिला जापानले र अहिले दक्षिण कोरियाले क्रमशः विस्थापित गर्दै छ । यस्ता खाले उदाहरणहरू लाखौं पाइन्छन् । आफ्नो उत्पादन वा सेवा निजी क्षेत्रले किनदिने सम्भावना स्पष्ट नभएका बेला त्यसमा संलग्न हुने उद्यमी-व्यवसायीले कति ठूलो जोखिम उठाउनु पर्दोरहेछ भन्ने कुरा सजिलै बुझ्न सकिन्छ । यद्यपि, व्यक्तिको जोखिम उठाउन सक्ने क्षमता उपयोग नगरिकन अर्थतन्त्र कहीं पनि उँभो लागेको भेटिएको छैन ।



**गरिबी निवारण, गरिब र धनी बीचको खाडल
पुर्ने, सन्तुलित विकास, सामाजिक न्यायको नाममा
सरकारले जति जति व्यक्तिको सिर्जनशीलतालाई
मादैँ सरकारको भूमिका बढाउदैँ लगे, ती ती देशहरू
धनी त के भन् भन् गरिब हुँदै गइरहेका छन्।**



जुन जुन देशले जमिन, श्रम र पूँजीको मानवको सिर्जनशीलतासँग उपभोग गरेर बजारमा विक्न सक्ने वस्तु वा सेवाको उत्पादन गरे, ती ती देशका अर्थतन्त्र गतिशील रहे । दश पन्ध्र वर्षमा ती देशहरूले गरिबी मात्र नहटाइ बल्कि अर्को दश पन्ध्र वर्षमा विकसित देशहरूसँग प्रतिस्पर्धासमेत गर्न पुगे । अर्कोतर्फ गरिबी निवारण, गरिब र धनी बीचको खाडल पुर्ने, सन्तुलित विकास गर्ने र सामाजिक न्यायको नाममा जुन देशहरूले व्यक्तिको सिर्जनशीलतालाई मादैँ सरकारको भूमिका बढाउँदैँ लगे, ती देशहरू धनी त के भन् भन् गरिब हुँदै गइरहेका छन् । जग्गाको भाडा पनि बजारानुरूप तिर्ने, श्रमको ज्याला पनि बजार अनुरूपतिर्ने, पूँजीको व्याज पनि बजारानुरूप तिरेर स्वतन्त्र बजारमा स्वतन्त्र व्यक्तिले खरिद गर्ने वस्तु वा सेवाको उत्पादन गर्ने कार्य गर्नु के अपराध हो ?

(दुई दशक भन्दा बढी समय निजामती सेवामा बिताउनुभएका डा. भोला चालिसे नेपालका प्रख्यात अर्थशास्त्री हुनुहुन्छ।)

What's your twist?

by Ashutosh Tiwari

Many entrepreneurs and would-be entrepreneurs come to me with questions. They hope that I will provide some easy answers with a pat on their back. Often, I can offer neither easy answers nor pats on the back. Sometimes, I hope that in the course of our back-and-forth conversations, I can at least make them think differently about their own questions.



As I look back upon my years of working with entrepreneurs, I have found that these five questions have been the most frequently asked by different entrepreneurs in different places at various times.

01) Is being an entrepreneur like being a risk taker?

My answer: No. If you like to take risks, go climb Mt. Everest or go sky-diving. I wish you success. In the business world, where you may have to use other people's money to finance your business, the phrase "risk taker" is a double-edged sword.

THE PHRASE "RISK TAKER" IS A DOUBLE-EDGED SWORD

Investors like to minimize risks so that they can happily grow their money. That's why if you, as a first-time entrepreneur, come across as a risk-taking person, most investors, banks and even your friends and relatives will not want to do anything with your business's financing needs. Sure, they will be nice and polite to you. But they are likely to not fund your business for the fear that their money will not be returned.

Keeping this in mind, do your homework carefully. Think of yourself as someone who is aware of all the risks associated with what you are planning to do, and then learn

to sensibly explain how you can minimize those risks in the course of your business. Viewed this way, first-time entrepreneurs need not be risk-takers. They need to think of themselves as risk-minimizers, and present themselves as such.

02) If that's true, then, how do entrepreneurs bring out new goods and services to the market?

My answer: Most successful entrepreneurs do not bring out goods and services that are completely new to the market. They bring out a slight variation of what's already available in the market. There's a reason for this. Often, customers do not understand these completely new goods and services in the beginning.



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THE MARKET).



When that misunderstanding happens, there's a danger that entrepreneurs may spend all their time and money educating the market about what their new products and services are. Educating the market is often very costly for most first-time entrepreneurs. In Nepal, I've seen those with completely new products and services not succeeding (because they were exhausted by having to explain themselves again and again to the market). But those who are second- or third-mover with the same products and services succeed because, for them, the first person has educated the market! Don't be a martyr for your second-mover!

That is why, as a first-time entrepreneur, you want to be in a business in which there

already are competitors, and in which customers are looking for a slightly new twist to what's being offered to them. Your entrepreneurial success rests on finding and developing that twist for which customers are likely to pay money.

03) But wouldn't entering an industry with competitors be difficult?

My answer: Yes. But it's easier than entering a market with no competitor where you will have to educate the customers about what you sell. Still, let's see this through an example. There are many restaurants in Kathmandu. But that competitive landscape has not stopped entrepreneurs from opening up new restaurants which exploit the advantages of new locations or new menus or new kinds of services.

Besides, entering a competitive industry means that your suppliers and customers generally know what you are about, and that you do not have to spend your money starting everything from scratch, thereby exhausting your limited attention and limited capital.

**DIFFERENT
CUSTOMERS PAY
DIFFERENTLY FOR
THE DIFFERENCE
THAT THEY
PERCEIVE IN
VALUE**

So the point is not to have competitors, but to have them so that you can think and work hard on what different value you can offer to customers. At the end of the day, different customers pay differently for the difference that they perceive in value.

4. But how can one maintain one's difference if s/he enters an industry with a new twist when there already are competitors?

My answer: It won't be easy. It will require a lot of hard work. But this is when you try to create what billionaire Warren Buffet calls a moat around your business. This is when, you ask yourself: What's one thing about my service or product that's different from my competitors? Price? Service? Quality? Design? Location? Additional useful features? A list of A-class customers? Follow-up service? A growing population of customers? This "moat" or this difference is something that you will have to figure out for yourself as

in what makes you sufficiently unique enough in the known industry for customers to choose you over your competitors.

5. This is all nice, but this is not how Bill Gates or Steve Jobs started their companies.

My answer: Sure. But by all accounts, Bill Gates and Steve Jobs are extreme outliers. What they did is so hard to copy that that's one reason why there is no second Microsoft or second Apple anywhere in the world. With that evidence, let's not generalize lessons for us all from how well outliers do.

WHAT'S ONE THING ABOUT MY SERVICE OR PRODUCT THAT'S DIFFERENT FROM MY COMPETITORS?

Even if you are absolutely convinced that God put you on this planet to be Nepal's Bill Gates or Steve Jobs, my suggestion is still that you aim for long-time success by first sticking to building up a successful track record as an entrepreneur who minimizes risks, who enters a known industry with a new twist so that you can offer something of value to customers while making your product different from that of your competitors. ●

(Ashutosh Tiwari is a columnist at "Nepali Times" weekly and is a founder of "Entrepreneurs for Nepal".)

आर्थिक अधिकारको स्वतन्त्रता

डा. भीमार्जुन आचार्य



विषयप्रवेश

न्याय राज्यको पहिलो गुण (virtue) हो । आधुनिक राज्यहरूको पहिलो अभिष्ट न्यायोचित समाज (just society) को स्थापना गर्नु हो । न्यायका धेरै अन्तरवस्तु र आयाम हुनेहुँदा राज्यको प्राथमिकताका विषयमा कति र कस्ता अन्तरवस्तु वा आयामहरू हुने भन्नेबारेमा भने मानिसहरूबीच एकमत छैन । तथापि एउटा नागरिकका आधारभूत सरोकारको कुरा गर्दा राजनीतिक, सामाजिक र आर्थिक न्याय अग्रस्थानमा आउने विषय हुन् । एउटा सभ्य, सम्मृद्ध र सम्पन्न राज्य निर्माणका लागि राजनीतिक स्वतन्त्रताको न्यायमात्र पर्याप्त नहुने विश्व अभ्यास र स्वयम् हाम्रो अनुभवले सिकाएको पाठ हो । अतः राज्यको नयाँ संविधान निर्माण गर्ने प्रक्रियामा राजनीतिक न्यायका साथसाथै आर्थिक तथा सामाजिक न्यायका विषयमा गम्भीर छलफल र विचारविमर्श हुनु आवश्यक हुन्छ ।^१

आर्थिक न्याय आर्थिक अधिकार तथा स्वतन्त्रताको विषय हो ।^२ यो अधिकारलाई व्यक्तिको आफ्नो सम्पत्ति तथा श्रममाथिको मौलिक हकका रूपमा लिइन्छ । यो अधिकारको प्रत्याभूतिले व्यक्ति तथा उसको परिवारलाई सरकारमाथिको निर्भरताबाट मुक्त राख्न र आफ्नो श्रम, सम्पत्ति तथा उत्पादनमाथि निर्भर हुन सहयोग पुऱ्याउँछ । यसबाट एउटा आर्थिकरूपमा स्वतन्त्र (आत्मनिर्भर) समाज (economically free society) स्थापना गर्न मद्दत पुग्दछ ।

समुन्नत राज्य निर्माणका लागि आर्थिक स्वतन्त्रता अपरिहार्य विषय हो । आर्थिक स्वतन्त्रता खुला बजार र उदारमुखी अर्थतन्त्रको अनिवार्य शर्त हो । कुनै अवरोध, छलछाम वा ठगीबिना सम्पत्ति आर्जन गर्न, उपभोग गर्न वा कुनै प्रकारको व्यवसाय वा रोजगार गर्न पाउने जस्ता

^१ प्रस्तुत अध्ययन आर्थिक अधिकार र स्वतन्त्रताहरूको बारेमा सीमित रहेकाले यसमा सामाजिक र राजनीतिक न्यायका बारेमा चर्चा गरिएको छैन ।

^२ विधिशास्त्रीय रूपमा अधिकार र स्वतन्त्रताको बीचमा भिन्नता रहेको भएपनि प्रस्तुत अध्ययनमा आर्थिक न्यायसँग जोडिएका अधिकार तथा स्वतन्त्रतालाई एउटै अर्थमा प्रयोग गरिएको छ ।

स्वतन्त्रता आर्थिक स्वतन्त्रताका विषय हुन् । अर्को शब्दमा भन्दा आर्थिक न्याय प्राप्तिका लागि एउटा व्यक्तिले आर्थिक अन्तरवस्तुहरूको निर्बाध रूपमा छनोट र त्यसको उपभोग गर्न पाउने अधिकार यस सन्दर्भमा प्रत्याभूत गरिएको हुन्छ । यसमा पूँजी सञ्चालन गर्ने व्यक्तिदेखि श्रम र सीप खर्चिने व्यक्तिसम्मका अधिकारहरू समावेश भएका हुन्छन् ।

आर्थिक स्वतन्त्रताको अवधारणाविनाको लोकतन्त्र राजनीतिक भाषणमा सीमित लोकतन्त्र हुनेहुँदा समग्र विकासका लागि नयाँ संविधानले आर्थिक स्वतन्त्रताका अन्तरवस्तुहरूलाई संविधानको मौलिक हकमै प्रत्याभूत गरिनु पर्छ, भन्ने आवाजहरू उठ्न थालेका छन् । त्यसैले आर्थिक अधिकारहरूको संवैधानिक प्रत्याभूति नयाँ संविधानहरूका एक प्रकारका विशेषता हुन्, जसको संरक्षणमा राज्य प्रतिबद्ध हुन आवश्यक छ ।



**आर्थिक न्याय प्राप्तिका लागि एउटा व्यक्तिले
आर्थिक अन्तरवस्तुहरूको निर्बाध रूपमा छनोट
र त्यसको उपभोग गर्न पाउने अधिकार यस
सन्दर्भमा प्रत्याभूत गरिएको हुन्छ ।**



विधिको शासन, सम्पत्तिको अधिकार, सम्भौताको स्वतन्त्रता, आन्तरिक र बाह्य खुला बजार, आर्थिक परिचालन, भ्रष्टाचार तथा राजनैतिक हिंसाको अन्त्यजस्ता तत्त्वहरू आर्थिक स्वतन्त्रतासँग प्रत्यक्ष वा अप्रत्यक्ष रूपमा गाँसिएका विषय हुन् ।

आर्थिक रूपमा स्वतन्त्र समाज

आर्थिक न्याय तथा स्वतन्त्रताको मुख्य अभिष्ट आर्थिक रूपमा स्वतन्त्र समाजको स्थापना गर्नु हो । त्यस्तो समाज जहाँ नागरिकहरू आफूले रोजेको रोजगार, पेशा, व्यवसाय तथा उद्योग सञ्चालन गर्न, त्यस्तो पेशा, व्यवसाय तथा उद्योगमा लगानी गर्न र आफूले चाहेको उत्पादन गर्न स्वतन्त्र हुन्छन् । उनीहरूको त्यस्तो चाहनालाई राज्यले पूर्णतः संरक्षण प्रदान गरेको हुन्छ । त्यस्तो समाज जहाँ राज्यले श्रम, पूँजी तथा वस्तुहरूको स्वतन्त्र परिचालन र चलायमानतालाई सम्मान र संरक्षण प्रदान गरेको हुन्छ ।

आर्थिक रूपमा खुला र स्वतन्त्र समाजको निर्माण गर्नु भनेको व्यक्तिका आर्थिक अधिकार तथा स्वतन्त्रताहरूको संरक्षण गर्नु हो । अतः राज्य व्यवस्थाको पुनः संरचना वा पुनः परिभाषा गर्दा यी सरोकारहरूलाई गम्भीरतापूर्वक लिइनु पर्दछ । नब्बेको दशकभन्दा पछाडि निर्माण भएका प्रायजसो सबै संविधानहरूले आर्थिक न्याय र अधिकारको विषयलाई कुनै न कुनै रूपमा स्थान दिएको पाइन्छ । यस आधारमा पनि यो विषय राज्य व्यवस्थाको पुनः संरचना वा पुनः परिभाषासँग जोडिएको विषय हो ।

आर्थिक रूपमा स्वतन्त्र समाजका धेरै पूर्वशर्तहरू हुन सक्छन् । संविधानद्वारा प्रत्याभूत गर्नुपर्ने यस्ता केही आधारभूत शर्तहरू निम्नलिखित हुन सक्छन् :

क) विधिको शासन : स्वतन्त्र समाजको परिकल्पना कानूनी राज्यको अवधारणामा मात्र सम्भव हुन्छ । विधिको शासनमा आधारित लोकतान्त्रिक व्यवस्थाविना आर्थिक रूपमा स्वतन्त्र समाजको परिकल्पना सम्भव छैन । अतः व्यक्तिको नभइ विधिको शासनको पूर्ण प्रत्याभूति आर्थिक रूपमा स्वतन्त्र समाजको अनिवार्य पूर्वशर्त हो । यसतर्फ संविधान निर्माताहरू सचेत हुन आवश्यक छ ।

ख) सम्पत्तिको अधिकार : व्यक्तिगत सम्पत्तिको अधिकार आर्थिक स्वतन्त्रताको अभिन्न अंग हो । यस्तो व्यवस्थाले प्रमुख दुई अधिकारलाई समावेश गर्दछ :

क) सम्पत्तिको आर्जन, उपभोग र मुनाफा गर्न पाउने अधिकार, र

ख) कुनैपनि माध्यमद्वारा आफ्नो सम्पत्तिको परिचालन वा हस्तान्तरण गर्न पाउने अधिकार ।

अर्थशास्त्री मिल्टन फ्राइडम्यानले सम्पत्तिको अधिकारलाई मानव अधिकारहरूमध्येकै सबैभन्दा आधारभूत अधिकार भनेका छन् । यस्तो व्यवस्थाले अनिश्चितता र असुरक्षाको अन्त्य गरी बढीभन्दा बढी लगानी बढाउने वातावरण सिर्जना गर्न प्रेरित गर्दछ । विश्व अभ्यासलाई हेर्दा सम्पत्तिको अधिकारसम्बन्धी कमजोर कानूनी व्यवस्था भएका मूलुकहरूमा भन्दा सम्पत्तिको सुरक्षासम्बन्धी स्पष्ट र कडा कानूनी व्यवस्था भएका मूलुकहरूमा आर्थिक उन्नतिको दर बढी छ । नेपालमा आर्थिक स्रोतको सम्भाव्यता ठूलो हुँदाहुँदै पनि आर्थिक वृद्धिदर नगन्यप्रायः हुनुको प्रमुख कारण आर्थिक स्वतन्त्रतासम्बन्धी राज्यको स्पष्ट नीति र त्यसको कार्यान्वयनको स्पष्ट योजना नहुनु हो । यस सन्दर्भका अन्य चुनौतीहरू आर्थिक क्रियाकलापमा संलग्न व्यक्ति वा

पक्षमाथि राज्यले गर्ने व्यवहार, व्यक्तिको सम्पत्तिमाथि राज्यको अतिक्रमण हुन् । श्रमिक, शोषित र आय नभएका वा निम्न आय भएका व्यक्तिहरूको हित उच्च आर्थिक क्रियाकलापबाट मात्र सम्भव छ, भन्ने यथार्थतालाई हामीले बोध गर्नु आवश्यक छ ।



**नेपालमा आर्थिक स्रोतको सम्भाव्यता ठूलो हुँदाहुँदै पनि
आर्थिक वृद्धिदर नगन्यप्रायः हुनुको प्रमुख कारण आर्थिक
स्वतन्त्रतासम्बन्धी राज्यको स्पष्ट नीति र त्यसको कार्यान्वयनको
स्पष्ट योजना नहुनु हो ।**



ग) खुला बजार : बजारमुखी अर्थतन्त्र, खुला बजार र निजी क्षेत्रको सक्रियता आर्थिक प्रगतिका प्रमुख कारकत्वहरू हुन् । यसको संरक्षण राज्यले गरेको हुनुपर्दछ, र यसका लागि संवैधानिक प्रत्याभूति आवश्यक हुन्छ ।

घ) वस्तु, सेवा तथा लगानीको सुरक्षा : अनुचित बन्द र हडतालजस्ता क्रियाकलापबाट उद्यमी तथा लगानीकर्ताले ठूलो क्षति व्यहोरिरहेका हुन्छन् । खुला बजारको अवधारणालाई अवलम्बन गर्नका निमित्त आर्थिक रूपमा स्वतन्त्र समाजको स्थापनार्थ आवश्यक अनिवार्य शर्त परिचालनको संरक्षण हो । यसतर्फ पनि संविधान निर्माताहरू सचेत हुन आवश्यक छ ।

ङ) भ्रष्टाचारमुक्त राज्य प्रशासन : निरंकुश शासन पद्धति, भ्रष्ट कर्मचारीतन्त्र र अस्पष्ट कानूनी प्रावधान भएमा स्वतन्त्र समाजको परिकल्पना निरर्थक हुन्छ । जहाँ भ्रष्टाचार मौलाउँछ, त्यहाँ आर्थिक स्वतन्त्रता आर्थिक उदासिनतामा परिणत हुन्छ । यसर्थ, प्रशासनिक भ्रष्टाचार, सरकारी एकाधिकार जस्ता विषयको न्यूनीकरण र नियन्त्रणमा ध्यान दिनु आवश्यक हुन्छ ।

च) आर्थिक अधिकारको संरक्षण : माथि उल्लेख गरिएका विषयहरूका अतिरिक्त आर्थिक रूपमा आत्मनिर्भर समाज निर्माणका लागि आवश्यक पर्ने र एउटा व्यक्तिको नैसर्गिक अधिकारका रूपमा आउने सबै आर्थिक अधिकारहरूको कानूनी संरक्षण आर्थिक रूपमा स्वतन्त्र समाजको अर्को आधारभूत शर्त हो ।

आर्थिक अधिकारको स्वतन्त्रता

एउटा व्यक्तिलाई राज्यले किन आर्थिक अधिकारको स्वतन्त्रता प्रत्याभूत गर्ने ? यसका खास आधार र मान्यताहरू छन् । जसलाई निम्नलिखित बुँदाहरूमा प्रस्तुत गर्न सकिन्छ :

- एउटा मान्यता, राज्यले प्रत्येक नागरिकलाई आफू र आफ्नो परिवारका बारेमा के गर्दा राम्रो हुन्छ, आफैँ निर्णय गर्ने स्वतन्त्रता प्रदान गर्नु पर्दछ भन्ने हो ।
- दोस्रो, स्वतन्त्र बजार नै श्रम, पूँजी तथा उत्पादित वस्तुहरूको वास्तविक मूल्य हो भन्ने मान्यतालाई राज्यले आत्मसात गर्नु पर्दछ ।
- तेस्रो, राज्यले व्यक्ति तथा व्यक्तिको निजी सम्पत्तिको संरक्षण गर्नु पर्छ र व्यक्तिहरूको श्रम, पूँजी र उत्पादनबीच स्वस्थ प्रतिस्पर्धा हुनसक्ने वातावरण निर्माण गरिदिनु पर्दछ ।
- चौथो, आफ्ना नागरिकले गरेको लगानीको सम्पूर्ण रूपमा सुरक्षा हुन सकेमात्र मूल्यको आर्थिक वृद्धि हुन सक्दछ भन्ने सत्यलाई आत्मसात गर्नुपर्छ ।

सम्भवतः यिनै वास्तविकताका आधारमा राष्ट्रिय तहमा मात्र नभई अन्तर्राष्ट्रिय कानूनहरूले समेत व्यक्तिका आर्थिक अधिकारको संरक्षणमा जोडदिएको हुनसक्छ । यसको एउटा उदाहरण आर्थिक, सामाजिक र सांस्कृतिक अधिकारसम्बन्धी अन्तर्राष्ट्रिय अनुबन्ध हो । जसले राज्यलाई विभिन्न प्रकारका आर्थिक अधिकारहरूको संरक्षण गर्नुपर्ने दायित्व सुम्पेको छ । यसअन्तर्गत सम्पत्तिको अधिकार, काम गर्न पाउने अधिकार, न्यूनतम जीवनस्तरको अधिकार, श्रमको अधिकार, संगठनमा सहभागी हुने वा संगठन खोल्न पाउने अधिकार जस्ता अधिकारहरूको सुनिश्चितता गरिएको छ ।



**स्वतन्त्र बजार नै
श्रम, पूँजी तथा
उत्पादित वस्तुहरूको
वास्तविक मूल्य हो
भन्ने मान्यतालाई
राज्यले आत्मसात
गर्नु पर्दछ**



मानव अधिकारको विश्वव्यापी घोषणापत्र (१९४८) ले पनि विभिन्न प्रकारका आर्थिक तथा सामाजिक अधिकारहरूलाई मान्यता दिएको छ। यसअन्तर्गत सामाजिक सुरक्षाको अधिकार, काम तथा रोजगारीको स्वतन्त्र छनौटको अधिकार, युनियन गठन गर्ने र त्यसमा सम्मिलित हुन पाउने अधिकार जस्ता अधिकारहरू संरक्षित छन्।

आर्थिक स्वतन्त्रताका पूर्वाधारहरू

आधुनिक राज्य तथा संविधानका लागि आर्थिक अधिकारको स्वतन्त्रता अमूर्त विषय होइन। यस्तो स्वतन्त्रताको प्रत्याभूति खास शर्तहरूको प्रत्याभूतिको आधारमा मात्र हुन सक्छ। यसलाई हामी आर्थिक स्वतन्त्रताका अन्तर्निहित तत्त्व भन्न सक्दछौं। त्यस्ता अन्तरवस्तुहरू आधारभूत रूपमा निम्नलिखित हुन सक्दछन्^३:

- वैयक्तिक छनौटको स्वतन्त्रता
- स्वैच्छिक विनिमयको स्वतन्त्रता
- स्वस्थ प्रतिस्पर्धाको स्वतन्त्रता
- निजी सम्पत्तिको संरक्षणको स्वतन्त्रता
- उद्योग व्यापार तथा व्यवसायको स्वतन्त्रता
- लगानीको स्वतन्त्रता
- श्रम स्वतन्त्रता
- भ्रष्टाचार एवम् सरकारी एकाधिकारविरुद्धको स्वतन्त्रता
- क्षतिपूर्ति प्राप्तिको स्वतन्त्रता आदि।

आर्थिक स्वतन्त्रताका उल्लिखित अन्तरवस्तुहरू आर्थिक रूपमा आत्मनिर्भर समाज निर्माणका लागि नभइ नहुने आधारभूत कुराहरू हुन्। एउटा राज्यले यी स्वतन्त्रताहरूको संरक्षणबाट मात्र आर्थिक सफलता प्राप्त गर्नसक्छ। विश्वमा प्रचलित कतिपय संविधानहरूले आर्थिक स्वतन्त्रताका उल्लिखित अन्तरवस्तुहरूलाई पूर्णतः मान्यता र संरक्षण प्रदान गरेको पाइन्छ।

^३ सन् २००४ को विश्वको आर्थिक स्वतन्त्रतासम्बन्धी वार्षिक प्रतिवेदनले वैयक्तिक छनौट (personal choice), स्वैच्छिक विनिमय (voluntary exchange), प्रतिस्पर्धा (competition) र व्यक्ति तथा सम्पत्तिको सुरक्षा (protection of persons and property) लाई आर्थिक स्वतन्त्रताका मुख्य चार शर्त मानेको छ।

विश्वका कुन राष्ट्रमा के कति आर्थिक स्वतन्त्रता छ र त्यसबाट जनताको जीवनस्तरमा के कस्तो प्रभाव परेको छ भनी वार्षिक रूपमा सर्वेक्षण र मूल्याङ्कन गर्ने सूचकहरू Economic Freedom of the World / Index of Economic Freedom हुन् । यी सूचकहरूमा उल्लेखित तथ्यलाई हेर्दा खुला बजारको अर्थनीति भएका मुलुकहरूमा नै आर्थिक वृद्धिदर उच्च भएको पाइन्छ । जुन देशमा मानिसहरूको आयदर बढी छ, त्यहाँ मानिसको सरदर आयु पनि कम आय हुने देशका मानिसको भन्दा बढी भएको पाईएको छ । यी अध्ययनहरूले मानिसको स्वस्थ रहेर बाँच्न पाउने आधारभूत अधिकारसँग पनि आर्थिक स्वतन्त्रताको सम्बन्ध रहेको देखाएका छन् । उदाहरणका लागि सन् १९९८ को दशकमा सबैभन्दा बढी आयस्रोत हुने धनी राष्ट्रका जनताहरूको आयु सबैभन्दा कम आयस्रोत हुने गरिब राष्ट्रका जनताहरूको आयुभन्दा करिब २० वर्ष बढी हुने

“तथ्यलाई हेर्दा खुल्ला बजारको अर्थनीति भएका मुलुकहरूमा नै आर्थिक वृद्धिदर उच्च भएको पाइन्छ ।”

गरेको तथ्य Economic Freedom of the World ले प्रकाशित गरेको छ । त्यसैगरी Index of Economic Freedom ले मानिसलाई बढी खुसी र आत्मनिर्भर बनाउन बढी आर्थिक स्वतन्त्रताको आवश्यकता पर्ने तथ्य प्रकाशित गरेको छ । आर्थिक स्वतन्त्रताको अवधारणालाई संसारले गम्भीरतापूर्वक आत्मसात गर्दै अगाडि बढिरहेको परिप्रेक्ष्यमा नेपालले पनि यस सम्बन्धमा ठोस नीति अवलम्बन गर्नु आवश्यक छ । त्यसको एउटा अवसर संविधान निर्माण प्रक्रिया हो ।

सरकारको स्वरूप, निजी क्षेत्रप्रति सरकारको धारणा, कानूनी संरचना, शिक्षा, प्राकृतिक स्रोत, अन्तर्राष्ट्रिय व्यापारिक सम्बन्ध, जनसंख्या इत्यादि आर्थिक स्वतन्त्रतालाई प्रभाव पार्ने थप तत्त्वहरू हुन् । यसवारेमा पनि राज्य जिम्मेवार र संवेदनशील हुनु आवश्यक छ ।

निष्कर्ष

माथि विवेचना गरिएका सन्दर्भहरूले कम्तिमा देहायका अधिकारलाई व्यक्ति तथा निजी क्षेत्रका मुख्य आर्थिक अधिकारको रूपमा मान्यता दिएको देखिन्छ । यी अधिकारहरूको संवैधानिक संरक्षण आजको आवश्यकता हो ।

- आर्थिक क्रियाकलाप गर्ने अधिकारको स्वतन्त्रता,
- उद्यम अधिकारको स्वतन्त्रता,
- सरकार वा कुनै व्यक्तिको अनुचित कार्यबाट कसैको कुनै प्रकारको भौतिक क्षति हुन गएमा त्यस्तो क्षतिवापत क्षतिपूर्ति पाउने अधिकारको स्वतन्त्रता,
- निस्पक्ष प्रशासनिक सेवा प्राप्त गर्ने अधिकारको स्वतन्त्रता,
- व्यापार-व्यवसाय खोल्ने, सञ्चालन गर्ने, यसबाट मुनाफा प्राप्त गर्ने र बन्द गर्न पाउने अधिकारको स्वतन्त्रता,
- स्वतन्त्र तथा निस्पक्ष प्रतिस्पर्धाको अधिकार,
- संभौता गर्ने अधिकारको स्वतन्त्रता,
- सरकारको एकाधिकारविरुद्धको अधिकार,
- वस्तु तथा उत्पादनको खुल्ला परिचालनको स्वतन्त्रता,
- लगानी तथा व्यावसायिक सुरक्षाको व्यवस्था,
- दोहोरो करविरुद्धको अधिकारको स्वतन्त्रता,
- श्रमिक तथा कामदारले न्यायोचित ज्याला तथा सुविधा प्राप्त गर्ने अधिकारको स्वतन्त्रता,
- उद्यमी/लगानीकर्ता/रोजगारदाता र कामदार/श्रमिकबीचको अन्तरसम्बन्धको संवैधानिक प्रत्याभूतिको अधिकार । ●

(संवैधानिक कानूनमा विद्यावारिधी प्राप्त गर्नुभएका डा. भीमार्जुन आचार्य नेपालका प्रख्यात संवैधानिक कानूनविद् हुनुहुन्छ ।)

CHAPTER II

Entrepreneurs' Kit

Business Networks Support in Nepal

Documents required for Company Registration

What is PAN (Permanent Account Number) ?

Tax policy of Nepal

Trade Associations

Starting a business in Nepal

ENTREPRENEURS' KIT

Introduction

Information is the key to making all kinds of complicated processes in businesses simple. Taking a business idea forward in an institutional manner and making it formal and legal is a challenging job for entrepreneurs in Nepal. According to World Bank's "Doing Business 2010" report, it takes 31 days to just start up a business in Nepal. In this context, having information and knowledge about taxes, registration procedures and formalities, other policies and available supports and networks can be very valuable. This information will not only save money, time and energy on the part of entrepreneurs but will also save a lot of frustration while going through the long bureaucratic procedures in registering and establishing a business. This entrepreneurs kit provided here gives an introductory idea on various business network supports, company registration procedures and required documents, tax systems and policies and various trade organizations in Nepal.



According to World
Bank's "**Doing
Business 2010**"
report, it takes **31
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up a business in
Nepal.**



Business Networks Support in Nepal

Starting a business and being successful in it requires much more than having an innovative idea. Every entrepreneur should be aware of the environment s/he is working in because business is not done in isolation. Being a part of the network circle and learning about the environment and support available could be one of the major factors in determining the success of any business. In the Nepalese context, very few platforms exist when it comes to rendering support and help to aspiring entrepreneurs who need a lot of encouragement and guidance at the starting up phase. No matter how strong the product or service, without proper network and support, it cannot flourish. The organizations, forums and network mentioned below offer different kinds of support and opportunities to network which could be helpful for aspiring and established entrepreneurs.

The Nepalese Young Entrepreneurs' Forum (NYEF)

NYEF is a membership based nonprofit organization established with an aim of creating outstanding entrepreneurs through idea exchange, fellowships, education, training and advocacy among the Nepali youth. The forum was officially instituted by the FNCCI in September 26, 2003 as a National Youth Business Forum. NYEF brings together young entrepreneurs within the country. It promotes entrepreneurial mindset and a shared vision through an effective and much needed networking of young entrepreneurs.

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NYEF provides its member's access to a dynamic network of peers on a national level. The forum provides young entrepreneurs with opportunities for an open dialogue and exchange of views to learn about different business opportunities, to discuss how to

improve the environment for business and to achieve closer cooperation for the future. NYEF as a forum also advocates issues and concerns of the business community, especially those faced by young entrepreneurs. The forum seeks to develop positive attitude towards enterprises and businesses by educating the masses about the benefits of an enterprise based free market economy.

For more details log on to: <http://www.nyef.org.np/>

Non-Resident Nepali (NRN)

The term NRN refers to Nepalese irrespective of their nationality (citizenship) living outside of Nepal. The Non-Resident Nepali Association was instituted to represent the interests, concerns and commitment of all NRNs and to encourage their involvement in the economic and social life of Nepal. For practical purposes Nepalese citizens living outside of the SAARC member countries are considered NRNs and come under the fold of NRNA.

Nepalese citizens living outside of the SAARC member countries are considered NRNs

The NRNA came into existence at the first Non- Resident Nepali Conference held on 11-14 October 2003 where the assembled delegates decided to join their hands together to create a common institution of Nepalis residing outside of Nepal. NRNA is a global network of Nepalis associations and is committed to streamline their energy and resources for the transformation of Nepali society. From the nationality point of view both Nepali nationals and foreign nationals of Nepali origin are regarded as NRNs.

For more details log on to: <http://www.nrn.org.np/nrna/intro.php>

Business Incubation Initiative In Nepal

The aim of the incubation project is to prepare business plan for the establishment and operation of Business Incubator Initiative in Nepal. The objective of the initiative is to 'convert Job-Seekers into Job-Creators' in the country. The incubation initiative was initially focused on:

it builds the network of academics, businesses, professionals, financiers, and managers for nurturing the economic growth of Nepal

- Encouraging young graduates with idea, information and innovation (3i) and to enable them to convert it to successful product & services by using technology.
- Fostering Micro Enterprises (MEs) and Small and Medium Enterprises (SMEs) to enhance their efficiency, productivity and market reach through the education of information & communication technology.
- Enhancing the capabilities of enterprises that are under 'growth trap' to reach new markets with improved process and information & communication technology.
- Facilitating entrepreneurs in rural sector and Enhancing efficiency, productivity and market reach of SMEs & MEs.

The concept is to build the network of academics, businesses, professionals, financiers, and managers for nurturing the economic growth of Nepal through Innovation and information & communication technology.

For more details log on to: <http://www.incubation.org.np/>

Nepal Youth Business Foundation (NYBF)

NYBF is inspired and modeled under the Prince of Wales Youth Business International (YBI) in UK. With a vision to address the critical issue of youth unemployment, NYEF with support of FNCCI initiated this program. NYBF is committed to promote entrepreneurship development among under privileged and disadvantaged youth by developing their business ideas into viable enterprises under the guidance of a mentor.

NYBF uniqueness has been its integral element of mentoring, which has fostered bonds beyond business between the youngsters and their mentors.

For more details log on to: <http://www.nyef.org.np/about-nybf.html>

Documents Required for Company Registration

Taking a business ahead in an institutional way requires a lot of administrative work. In a very bureaucratic system like Nepal, the long and complicated processes involved in company registration can be full of hassle and that might highly discourage the entrepreneurs as a huge amount of their productive time can be wasted in paper works only. Often, the lack of information is at the root of all worries involved in company registration. Hence, the information provided below will provide a basic idea on the documents required in company registration for different kinds of businesses which in turn can save a lot of time, money and energy for an entrepreneur.

The person or people willing to register their company should present the following documents in the office of the company registrar.

- An application in the format as per the '**ANUSUCHI 1**' along with a 5 rupees stamp attached to it.
- Two copies of '**PRABANDHA PATRA**' (Article of Association) in the format as per '**ANUSUCHI 2**'.
- Two copies of '**NIYAMAWALI**' (Article of Memorandum) in the format as per '**ANUSUCHI 3**'.
- Attested copies of the citizenship certificates of the founder shareholders.
- In case of a public company, a copy of the agreement made among the founder members before the establishment of the company.
- In case of a private company, a copy of the mutual agreement (if any).
- If the founder company is a Nepali registered company, a copy of the company registration certificate, and a copy of the decision of the

managing committee regarding details of the investment to be made upon the aspiring company, as well as the name and a copy of the citizenship certificate of the person representing the founding company.

Additional documents required for Company Registration by foreigner:

A foreigner can also establish a company by receiving permission according to the act for establishing a company by investing within the kingdom of Nepal with the aim of profit making such a foreigner should present the following additional documents besides the ones mentioned above.

“ A foreigner can also establish a company by receiving permission according to the act for establishing a company by investing within Nepal with the aim of profit making ”

- A copy of the permit received from the concerned body to invest within Nepal according to the existing rules.
- In case of Industrial Company with joint investment, a copy of the joint-investment agreement issued and registered by the department of industries.
- In case of the foreigner being a single person, an attested copy of his passport, and in case of the foreigner being a company (legal body), an attested copy of the company registration certificate and a copy of the decision regarding details of the investment to be made upon the aspiring company by the founder and an attested copy of the passport of the person representing the founder company.

After having prepared the documents as mentioned above, the next step is to present the documents.

Things to be considered while presenting the documents for company registration:

While presenting the above mentioned documents to the office of the company registrar for the registration of the company, the following things should be considered:

- In case of a private company, there can be at least one and at most 50 founders. In case of a public company, there should be at least seven founder shareholders. But if a public company is establishing another public company, there is no need of seven founders.
- The '**PRABHANDA PATRA**' (Article of Memorandum) and the '**NIYAMAWALI**' (Article of Association) should be prepared in clear and correct Nepali language.
- All the founder shareholders should sign at the bottom of each page of the '**PRABHANDA PATRA**' and '**NIYAMAWALI**'. In the last page of the '**PRABHANDA PATRA**' and the '**NIYAMAWALI**', the full name, address, number of shares agreed upon for buying and the signature of the founder shareholders as well as the full name, address and signature of one witness each for a shareholder should be included. In the end page of the '**PRABHANDA PATRA**' and the '**NIYAMAWALI**', the name, registration number and signature of the legal-professional or chartered accountant preparing the '**PRABHANDA PATRA**' and the '**NIYAMAWALI**' should be included along with the date of preparation.

Company Registration:

If circumstances to reject the company registration do not exist, the registrar decides to register the company. Then, the founders are notified to pay the registration charge and collect the certificate. If the company registration fee, which depends on the company's registered capital (according to the index 21) is up to Rs.5,000 the payment is made in the accounts section of the office itself. Otherwise the amount should be deposited at the Nepal Rastra Bank, Banking Office, Thapathali, Kathmandu or in a branch of the commercial bank permitted by Nepal Rastra Bank, in the '**RAJASWA**' account number 1-1-05-10. Then two copies of the voucher should be submitted in the accounts section of the office of the company registrar, and the receipt should be presented in the registration

section. After this, the company registration certificate (according to the index 5) and one copy of each (approved and signed by CRO Officer) of the '*PRABHANDA PATRA*' and the



If circumstances to reject the company registration do not exist, the registrar decides to register the company.



'*NIYAMAWALI*' presented by the founders are provided to the founders. After the company has been so registered, the company comes into existence and it can carry out the necessary activities to achieve the goals mentioned in the '*PRABHANDA PATRA*' by staying within the conditions of registration. ●

What is **PAN** ? (Permanent Account Number)

Permanent Account Number (PAN) is an unique identification number, issued to all the taxpayers throughout Nepal. PAN is allotted only once in the lifetime of a taxpayer. It never changes. PAN becomes necessary for computer data processing of taxpayer's information.

Following persons must obtain PAN :

1. Citizens engaged in business (commercial transaction) registering or without registering firm and who have to pay income tax or VAT.
2. Partnership Firm, Company and Organization engaged in commercial transaction who have to pay income tax or VAT.
3. All organization deducting tax at source.

How do you get PAN ?

Collect the application form from concerned Inland Revenue Office (IRO). You can also download the forms online at <http://www.ird.gov.np>. There are three different application forms that differ according to the taxpayer type:

1. Individual
2. Partnership Firm, Private Limited Company, Public Limited Company, Corporation, Others
3. Tax Deduction at Source (TDS)

Fill in the application form and submit the application to the concerned IRO.

The individual who wants to register a proprietorship firm or any partner of a partnership firm or the CEO of a limited company/corporation should visit the IRO in order to process the application. If you come to register for partnership firm, limited company, corporation, and others, you may send a representative giving authority by filling in and signing the **Power of Attorney** form. The power of attorney must be produced to the tax officer of the IRO's Tax payer service section at the time of application. The representative must produce his citizenship card.

Submit the application form and all necessary documents as mentioned below to the IRO and follow the instructions given by the IRO officials.

Which Documents must be submitted when obtaining PAN?

Applicants for new registration

1. Application form.
2. Copy of the citizenship certificate of the individual or of the partner who signs the application for partnership firms or the person who signs the application form for limited companies/corporations.
3. Copy of the company/firm registration certificate.
4. Two passport size photo of the individual or of the partner who signs the application for partnership firms or the person who signs the application form for limited companies/corporations.
5. Hand drawn sketch of the business location of the applicant.
6. Power of attorney in case a representative is sent to the IRO for registration (except for applicants registering as individual).

Applicants for re-registration

1. Application form.
2. Copy of citizenship certificate.

3. Copy of the firm/company registration certificate.
4. Recommendation letter from local FNCCI or concerned association.
5. Two (preferably black& white) passport size photo of the individual or of the partner who signs the application for partnership firms or the person who signs the application form for limited companies/corporations.
6. Hand drawn sketch of the business location of the applicant.
7. Power of attorney in case a representative is sent.

Where to apply ?

Registration form should be submitted to the concerned Inland Revenue Office (IRO).

When to apply ?

As soon as the liability is created to pay income tax or VAT by running the business. ●

Source: <http://www.ird.gov.np/information.php?c=PAN>

Tax Policy of Nepal

The Income Tax Act, 1962 was replaced by income Tax Act, 1974, which was amended for eight times and existed for a period of 28 years. The New Income Tax Act, 2058 became effective from Chaitra 19, 2058 (01, April 2002). The Act governs all income tax matters.

- The tax is imposed and calculated for an income year. The income year corresponds with Government's Fiscal Year, i.e., the period from the start of Shrawan of a year to the end of Ashad of the following year (mid-July to mid-July).
- The taxable income of a resident individual and family for an income-year will be taxed at the following rates:
 - For individual Rs. 1,15,000 not taxable
 - For family Rs. 1,40,000 not taxable

On taxable income

Income upto Rs 75,000 beyond the exemption amount, 15%

On all further incomes beyond taxable income of Rs. 75,000, 25%

- The tax for individuals conducting small businesses in the Metropolitan or Sub-Metropolitans, Municipalities and anywhere else in Nepal shall be taxed amounting Rs 2,000 Rs. 1,500 and Rs.1, 000 respectively.
- The taxable income of a non-resident individual is taxed at the rate of 25 percent.
- The taxable income of a bank, or financial institution, or general insurance business, or an entity conducting petroleum work under Petroleum Act, 2040 for

an income-year is taxed at the rate of 30 percent.

- The taxable Income derived by an entity engaged in an industrial enterprise or from operating any road, bridge, tunnel, ropeway, or flying bridge constructed by the entity or any trolley bus, or tram manufactured by the entity will be taxed at the rate of 20 percent.
- The taxable income of an entity engaged in power generation, transmission, or distribution is taxed at the rate of 20 percent.
- The repatriated income of a foreign permanent establishment of a non-resident person situated in Nepal will be taxed at the rate of 10 percent.
- The taxable income of a non-resident person deriving income from providing shipping, air transport or telecommunication services in Nepal will be taxed at the rate of 5 percent.
- All industrial establishments accepted as industry by Industrial Enterprise Act (except alcohol & tobacco based units) will be charged 20%.
- An agricultural income derived from sources in Nepal during an income-year by a person, other than the income from an agriculture business derived by a registered firm, or company, or partnership, or a corporate body, or through the land above the land holding ceiling as prescribed in the Land Act, 2021, is exempt from income tax.
- Incomes derived by cooperative societies, registered under Cooperative Act, 2048 (1991), from business mainly based on agriculture and forest products such as sericulture and silk production, horticulture and fruit processing, animal husbandry, diary industries, poultry farming, fishery, tea gardening and processing, coffee farming and processing, herbiculture and herb processing, vegetable seeds farming, bee-keeping, honey production, rubber farming, floriculture and production and forestry related business such as lease-hold forestry, agro-forestry, cold storage established for the storage of vegetables and business of agricultural seeds, insecticide, fertilizer and agricultural tools (other than machine operated) and rural community based saving & credit cooperatives

are exempt from tax. Dividends distributed by such societies are also exempt from tax.

- Unrelieved business losses of previous 4 years are allowed to carry forward.
- In case of electricity projects involving in building power station, generating and transmitting electricity and the projects conducted by any entity so as to build public infrastructure, own, operate and transfer to the Nepal Government, any unrelieved loss of the previous seven years are allowed to carry forward.
- If a person incurs a loss for an income-year from any banking business, the person may carry back the loss and deduct it in calculating the income from the business for any of the five preceding income-years.
- A resident natural person and a resident spouse of the person may, by notice in writing, elect to be treated as a single individual for a particular income-year.
- Each spouse of a couple making an election as above with respect to an income-year is jointly and severally liable with the other spouse for any tax payable by the couple for the year.
- Every taxpayer is required to maintain, in Nepal and in Nepali language, documents as prescribed by the Department, which are necessary to explain information to be provided in a return, enable an accurate determination of the tax payable and substantiate deductions and outgoings. The documents must be retained for at least 5 years after the end of the income year to which they are relevant. If the documents are not in Nepali, the taxpayer may be requested to provide at his expense a translation by an approved translator.
- In general, every taxpayer will file a signed return of income not later than 3 months after the end of each income year.
- In order to avoid the double taxation on incomes of foreign investors, the agreement for the same have been concluded with India, Norway, Thailand, Sri Lanka, Mauritius, Austria, Pakistan, China and Korea.

Value Added Tax (VAT)

The Value Added Tax (VAT) is a broad based tax. It is a modern tax system intended, when fully operational, to improve the collection of taxes, to increase efficiency and to lessen tax evasion. VAT will replace the existing Sales Tax, the Contract Tax, the Hotel Tax and the Entertainment Tax. It has been designed to collect the same revenue as the four taxes it replaces.

- VAT is levied at a single rate of 13 percent. In certain cases, the rate may be zero and certain goods and services are exempted from VAT.
- Value Added Tax is collected at every stage of selling goods and services.
- Exports of taxable goods are zero rated.
- VAT Registration is required for any business whose with annual taxable sales of more than Rs. 20,00,000. However, all firms conducting business in Metropolitan, Sub-Metropolitans or Municipalities related to hardware, sanitary, furniture, fixture, furnishing, electrical and marble should be compulsory registered in VAT office.
- A firm registered with the VAT Office may claim credit on tax paid on inputs / purchases.
- The VAT Act, Schedule I lists imports items which are tax-exempt. Some of these include: prescription drugs, basic groceries, medical devices and agricultural products. Most imports, however, are fully taxable at the time of importation.
- The VAT on imported goods is collected by Customs. It is calculated on the duty paid value of the goods. The value for the duty of the goods is determined in accordance with the valuation provisions contained in the Customs Act.
- The obligations of VAT registrants are required to pay VAT on or before the 25th day following the end of each month, provide their customers with a tax invoice , maintain records ,keep their VAT records for a period of 6 years ,advise the VAT Office of changes to the business such a new address, telephone number

or a reorganization of a partnership ,post their Certificate of Registration where customers may observe it, and allow tax officers to enter the business to examine the business records and the stock on hand.

- Tax Officers may grant permission for a VAT registrant to issue an abbreviated invoice for retail sales below the value of Rs. 5000. An abbreviated invoice does not require the name and address of the purchaser.
- A registrant will make his VAT payment at a bank where he will receive a voucher number as proof of payment. This number is to be entered on his VAT return and 'submitted within 25 days of the end of the proceeding month. ●

Source: <http://www.nepalchamber.org/policies/incometax.php> (accessed on feb 10, 2010)

Trade Associations

Federation of Nepalese Chambers of Commerce and Industry (FNCCI) | Nepal Association of Tour & Travel Agents (NATTA) | Central Carpet Industries Association (CCIA) | Trekking Agencies' Association of Nepal (TAAN) | Institute of Chartered Accountants of Nepal (ICAN) | Computer Association of Nepal (CAN)

Associations exist in almost all kinds of trades. From hotels to transport industry to home based workers, trade associations are formed with different objectives. In many instances, the associations are there to influence public policies in their direction, to develop a network, discuss pertinent issues and seek solutions for problems together. It is helpful for aspiring entrepreneurs to know about those associations that are existent in his/her sector or area of interest for information, network and support purposes. Here is a brief introduction to some associations in different trades in Nepal.

Federation of Nepalese Chambers of Commerce and Industry (FNCCI)

FNCCI is an umbrella organisation of the Nepalese private sector. It was established in 1965 with the aim of promoting business and industry while protecting the rights and interests of business and industrial communities, FNCCI has been playing a key role in promoting business and industry in the country. It provides, inter alia, information, advisory, consultative, promotional and representative services to business and government and organises training / workshop / seminar on a regular basis.

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For more details log on to: www.fncci.org

Nepal Association Of Tour & Travel Agents (NATTA)

NATTA was established in 1966 (2022/11/27 B.S.) by a group of leading travel agents, who felt that it was the time to work together to formulate sound business principle and to regulate the travel industry in Nepal. The primary purpose of NATTA was to protect the interests of those engaged in the travel trade business, to promote its orderly growth and development, to safeguard the travelling public from exploitation by unreliable agents. NATTA is non-political, non-profit making, non-governmental pioneer and national association of travel industry in Nepal. It is recognised as the main representative body of tourism industry in Nepal. The number of association's members has been increasing since its establishment. Today, there are 365 active members and 14 allied members in NATTA. It also offers provisional membership

For more details log on to: <http://www.natta.org.np/>



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Central Carpet Industries Association (CCIA)

While the industry was growing and maturing, the need for a common platform to co-ordinate policies and activities between the Government and the Industry emerged. Hence the concept and the first step toward the creation of the association in 1978. However, a fully representative Association came into being only after the formation of the Central Carpet Industries Association (CCIA) in July 1990.

For more details log on to: <http://www.nepalcarpet.org/>

Trekking Agencies' Association of Nepal (TAAN)

Trekking Agencies' Association of Nepal (TAAN) was formed and registered with the Kathmandu CDO Office in 1979 by a handful of trekking agents who realized that it was time to assemble and create an umbrella organization. Under which they could work together to meet their common goals and also assist the government by providing suggestions to develop trekking business into a revenue generating industry. Such a body was necessary for many reasons. There was a need for a single organization, which could undertake the major responsibilities to develop and promote adventure tourism in the country. The need for a responsible body, which could play a significant and conducive role to mitigate mountain environmental stress, was felt essential.

Since the inception of TAAN not only the trekking agencies have been increasing, and so has the TAAN members. TAAN limited its membership only to Nepalese trekking agents at its initial phase. Nevertheless, it opened its associate membership to foreign organizations to broaden the scope of the Association.

TAAN members (571 General Members, 8 Associate Members and 49 general members of TAAN Regional Pokhara Chapter) meet annually to endorse policy guidelines, which govern the Executive Body. It frequently communicates with the concerned bodies of the government to simplify the procedures and solve the problems related with trekking. TAAN has four Sub-Committees, which assist to meet its objectives. It also organizes workshops to make trekking agents aware of the rising pollution in trekking routes and other problems encountered by the trekkers and trekking agents.

It frequently communicates with the concerned bodies of the government to simplify the procedures and solve the problems related with trekking.

For more details log on to: <http://www.taan.org.np/aboutus.php>

Institute of Chartered Accountants of Nepal (ICAN)

The Institute of Chartered Accountants of Nepal (ICAN) was established under a special act, The Nepal Chartered Accountants Act, 1997 to enhance social recognition and faith of people at large in the accounting profession by raising public awareness towards the importance of accounting profession as well as towards economic and social responsibility of the accountants, and to contribute towards economic development of the country. The Institute is an autonomous body and the Council is fully authorized by the Act to undertake accountancy profession in Nepal.

For more details log on to: <http://www.ican.org.np/objective.php>

Computer Association of Nepal (CAN)



The Computer Association of Nepal has been formed with the involvement of professionals, specialists, manufacturers, institutions and the related organization of Computer and Information Technology within the country.



Computer Association of Nepal (CAN) was formed in May 1992 but was formally registered in December 1992 as an autonomous, non political, non partisan, non-profitable and service oriented organization. The Computer Association of Nepal has been formed with the involvement of professionals, specialists, manufacturers, institutions and the related organization of computer and information technology within the country. ●

For more details log on to: <http://www.can.org.np/index.php?linkId=2&About>

Starting a Business in Nepal

This section identifies the bureaucratic and legal hurdles an entrepreneur must overcome to incorporate and register a new firm in Nepal.

The country data appearing on this page was collected as part of the Doing Business project, which measures and compares regulations relevant to the life cycle of a small-to medium-sized domestic business in 183 economies. The most recent round of data collection for the project was completed in June 2009.

The table below provides a summary of the procedures and the associated completion time and cost for setting up a standardized company.

Standardized company

Legal Form: Private Limited Liability Company

City: Kathmandu

Registration Requirements Details:

Procedure 1.	Verify the uniqueness of the proposed company name
Time to complete:	1 day
Cost to complete:	NPR 5
Comment:	To check whether the proposed company name is available and acceptable, the company must submit an application to the Office of the Registrar of Companies.
Procedure 2.	A professional verifies and certifies the memorandum and articles of association
Time to complete:	5 days
Cost to complete:	NPR 10,000 depending on the professional's charges

Procedure 3. **Buy a stamp to be attached to registration form**
Time to complete: 1 day
Cost to complete: NPR 5

Procedure 4. **File documents with the Company Registrar's Office,
Department of Industry**

Time to complete: 15 days

Cost to complete: NPR 4,500

Comment: To register a company, the promoter must submit an application as prescribed by the Ministry of Industry, Commerce, and Supplies. The registration fee is based on the company's authorized capital:

- Up to NPR 100,000 (authorized capital): NPR 1,000.
- NPR 100,001 to NPR 500,000: NPR 4,500.
- NPR 500,001 to NPR 2,500,000: NPR 9,500.
- NPR 2,500,001 to NPR 10,000,000: NPR 16,000.
- NPR 10,000,001 to NPR 20,000,000: NPR 19,000.
- NPR 20,000,001 to NPR 30,000,000: NPR 22,000.
- NPR 30,000,001 to NPR 40,000,000: NPR 25,000.
- NPR 40,000,001 to NPR 50,000,000: NPR 28,000.
- NPR 50,000,001 to NPR 60,000,000: NPR 31,000.
- NPR 60,000,001 to NPR 70,000,000: NPR 34,000.
- NPR 70,000,001 to NPR 80,000,000: NPR 37,000.
- NPR 80,000,001 to NPR 90,000,000: NPR 40,000.
- NPR 90,000,001 to NPR 100,000,000: NPR 43,000.
- More than NPR 100,000,000: NPR 43,000 plus NPR 30 for each additional NPR 100,000.

Procedure 5. **Make a company seal/rubber stamp**
Time to complete: 3 days (max.)
Cost to complete: NPR 1,000 (approx.)

Procedure 6. **Register with the Inland Revenue Office, the Ministry of
Finance**

Time to complete: 5 days

Cost to complete: no charge
Comment: The company must disclose the office address and withhold 15% tax of the rent for at least 3 months and deposit it to the tax office. If the company's objectives include goods or services subject to VAT, both registrations (VAT and income tax) should be obtained simultaneously.

Procedure 7.

Enroll the employees in the Provident Fund

Time to complete: 1 day

Cost to complete: no charge

Comment: From the basic salary of each employee, 10 percent is deducted each month, and a matching contribution is made by employer. The contribution is made to the provident fund and released on employee retirement. The employer also has to pay gratuity on retirement of an employee at the rate prescribed by labor regulation. Both of these rules are applicable only if the company appoints 10 or more employees.

<http://www.doingbusiness.org/ExploreTopics/StartingBusiness/Details.aspx?economyid=136>

(accessed on July 2, 2010)

CHAPTER III

Entrepreneurs' Story

Anil Keshari Shah, CEO, Mega Bank

Bal Krishna Joshi, Thamel.com

Prabal Gurung, International Fashion Designer

Entrepreneurs' Story

The three entrepreneurs featured on the entrepreneurs' story have all been speakers in one of the regular programs of **Samriddhi, The Prosperity Foundation** organized in partnership with **Entrepreneurs For Nepal (YFN)** named “**Thursdays with Entrepreneurs**”. The program takes place every last Thursday of the English calendar in Hotel Dwarika's, Battisputali, Kathmandu and the text that appears here is an excerpt from those talk/interaction programs. The experience and expertise the speakers share are the highlights of the program but besides this, it has also proven to be an excellent platform for networking for aspiring entrepreneurs.



“ until you work in the system you will not succeed and once you learn to work in the system then success is yours ”

Anil Keshari Shah, CEO, Mega Bank



“ everybody in the government wanted a piece of it and I couldn't satisfy everyone without hampering my venture ”

Bal Krishna Joshi, Thamel.com



“ I would rather live with a mistake than live with a regret that I never gave it a shot ”

Prabal Gurung, International Fashion Designer

Anil Keshari Shah

CEO, Mega Bank

Anil Keshari Shah, currently the CEO of Mega Bank and a household name in Nepal, in his own words 'loves change, thrives in change'. He shared the story of his life among 80 young entrepreneurs during the Last Thursday's with Entrepreneurs program on April 29th, 2010 organized by Entrepreneurs for Nepal, Samriddhi, The Prosperity Foundation and Change Fusion.



For Shah, change has been his mantra of living. As a kid, he went to seven different schools in Nepal and India. Thereafter, he left for Washington for further studies and when he came back to Nepal to do something, he worked for a Walt-Disney production movie. This was just the beginning of changing environments and places for a young Anil Shah, who attributes the experience and outlook gathered in all those years of change for making him one of the best suited people to live in a country like Nepal which is going through not an evolutionary but a revolutionary change in the current situation.

**until you work in the
system you will not
succeed and once you
learn to work in the
system then success is
yours**

When he first set foot in the banking sector, Anil Shah joined Nepal Grindlays Bank , now known as the Standard Chartered Bank in an assisting position with a starting salary of Rs.3,500 to later become the Head of consumer bank and Chief Operating Officer. Yet again, change was his calling as from Standard Chartered bank; he moved on to Nabil Bank and became the CEO in one year. In his five years as a CEO in Nabil

Bank, the institution saw unprecedented success becoming the number one bank in Nepal. Presently, he is the CEO of Mega Bank which according to Shah is a bank that has brought inclusiveness from the root itself in a practical and ideal sense, having 1219 promoters, network over 63 districts and investments from people mostly of middle level family from 10 lakhs to 1 Crore rupees.

Being a successful entrepreneur or a business person in Nepal is not everyone's cup of tea and according to Shah, when you are doing business in Nepal, the first thing to realize is that; complaining and blaming the conditions won't do you any good. Stepping out of the comfort zone and trying to work in the system is the formula to success.

'Until you work in the system you will not succeed and once you learn to work in the system then success is yours' says Shah. Giving his own example he adds 'I have not invented any wheels by myself, I have taken out different wheels from different places and put them in the proper places and I have succeeded. I see which things work where and put the right wheel in right place and make a move. If you want to be one step ahead of your competitors, you must be able to learn from others mistakes, others success.'



**If you want to be
one step ahead of
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learn from others
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success**



His philosophy on the leadership he has taken over the years in different places is that if the institutions or the teams he headed were a band or an orchestra, he was the conductor. He explains he succeeded because he believed in his orchestra and everybody who played the instruments in the orchestra knew how to play their respective instruments better than him. His job was to bring all of them together and deliver the result by coordinating them. According to him, as a leader, there are only three things one should focus on; first, understand the person you are working with, then understand the work, the task and the time you want to deliver, and lastly, determine what leadership style you want to implement to achieve your goals.

Speaking to entrepreneurs who are starting off and are in Small and Medium Enterprises i.e. SME's, Shah says, since we are completely over banked in the present context, it is the best time from the banking side. When top businesses have 28 banks running after them, the banks have to find a new market and that market is SME's. In Nepal every house has at least one shutter and each shutter has a SME. If you are in a SME than its the time for you, adds Shah because its time for banks to search for new markets.

Questions and Answers

What is the value that you liked of Mega Bank?

AS: The value of bank is not just making money- I want to make it clear; you have to make money, but not just money. You can make money by two ways, either filling up a tank by a bucket or by drops. The banks now are working in a bucket model where there is no such thing as micro lending, lending for SME's. Mega bank has end to end value chain management, for instance, people eat vegetables or chicken or anything in the five star hotels which might have come from India or other places, but we have vegetable in Thimi as well. So, we will make such a chain as to bring vegetable and chicken from Nepal itself to sell in big hotels and we also provide finance in the villages to increase the production. We have hotels as our consumers whom we could talk to and they could buy the products from these places. So, the wealth will be earned not only by the hotels but it will be distributed to all the producers and the entrepreneurs. This is one of the keys towards long term economic growth. As this was the idea of Mega Bank I chose to be there.

How do you finance any SME's? What are the requirements?

AS: First you have to have a business plan that works and that makes you money because if you don't make money, you won't have any thing to pay to the bank. So, showing your houses, land is not the major requirement. If we put these things as a requirements, there won't be any SME's coming to us. We are trying to initiate a change of a culture where your plan works, not the collateral. But it might definitely take some time.

**We not only
ask SME's
to save their
money in our
bank, we will ask
them if they
need any
money**

We have so many geographical difficulties, and transportation problem, so how can you deliver things on time?

AS: Let's say apples come from Mustang. If anyone started a jam factory in Mustang and asked BhatBhateni or BlueBird or any other store to sell the jam in their department stores, they won't refuse. If we tell Buddha Air to give few subsidies in transporting the jam, they will surely help. Even the department stores love to sell Nepali jam. So, who will facilitate the talks between the farmer, factory owner, and the department store is Mega Bank. That is our work. We neither produce jam nor do we sell them, we just finance both of them. Anyway it's not easy, it's difficult, so there was no one doing it till now.

How is today different from 1991, after restoration of democracy?

AS: It's the same thing, if we dig the problem of any area either you are a doctor, engineer, banker or a laborer, it all comes down to politics. One sector that has failed us is the political leadership. Be it the king or prime ministers or ministers or parliamentarians, good leadership is what's lacking. Unless we have political leaders with a vision and ability to see things that are outside the box to do things that are within the box, it's going to be all the same.

What are the roles of the citizen to develop the country?

AS: Get involved. It doesn't mean drop every thing and jump into politics but get involved and again it doesn't mean just talking about it in your room over a drink. We have to get involved and talk, because if we continue to stay in the sideline, we don't have the right to say others have not done good. We should be involved not against any one but for our voice to be heard.

What is unique in your bank?

AS: I think our main feature is that it is a first five star bank, an inclusive five star bank. We compete on the level of service; we make our costumers feel the difference. For instance, we may take a cake to the daughter of an account holder on her birthday, and if the father sees his daughter returning home smiling, then you will know about our

service. We not only ask SME's to save their money in our bank, we will ask them if they need any money. So, we are doing things a little differently than others.

I have seen in Nepal, most of the people follow what others are doing. So, what do you have to say about the culture?

AS: I generally love to come to Nepal because I can see everyone happy. Everyone is smiling all the time even when we have to walk six hours to get water or even when we are dying from diarrhea because of lack of medicine. Because our satisfaction is too low, we have the highest mountain in the world. Unconsciously we have huge inferiority complex with our two big neighbors. We go for our study in India, go for tourism in India, we used to go to die in India in Baranasi, but as soon as we return from India we start calling them bad names. But I am very happy to see the young generation right now, I think the culture is changing.

The best minds of Nepal can serve Nepal now by going out. Not only the money is coming back, the skills are coming back too.

How difficult is to collect the deposit for a new bank in this competitive banking?

AS: I think it is extremely difficult because there are established bank, older banks, which already have deposits. Deposits are our raw materials. There are lots of people in Nepal whose money is not in the banks. We have to see how we can pull them in. We can see the market in two ways, there is a classic example for it. Two business men went to an island where no one was wearing shoes. One man said, no one wears shoes here, so there is no market. The other man tells him, no one is wearing shoes, I can sell shoes to every one. You can look at it both ways; most of the banks say we don't have deposits, what can a new bank do and most of the bank target people who already have shoes, so we are targeting the people who don't have shoes, who haven't put their money in the banks yet.

What would you like to say to the youngsters of Nepal who despite the adverse political situation of Nepal and the huge trend of going abroad still think something could be done here in Nepal itself?

AS: The best minds of Nepal can serve Nepal now by going out. Not only money is coming back, the skills are coming back too. I have seen that from the examples of British Gurkha. Nepal will pull those skilled Nepalese back if we can put the act together and make a sound political environment here in the country, write a good constitution. ●

Bal Krishna Joshi

Thamel.com

Bal Krishna Joshi, the most famous goat-seller of Nepal, has come a long way since he started his struggle about 16 years ago but he thinks he still has a longer way to go. Best known for co-founding Thamel.com, a Web site and business that enables expatriate Nepali to purchase gifts and arrange for their delivery within Nepal, this versatile personality has 10 years of experience working with both private and public sectors in the areas of Information Communications Technology, remittances and business development. He is a recipient of the Tony Zeitoun Award (The Cyber Oscars) for his innovative approach in utilizing information technologies towards business ventures in developing countries.



United States of America, where he completed his higher studies, became a place to help him learn about his goal in life i.e. don't just create wealth but explore all the opportunities and deliver what you are supposed to deliver. However, the second day he set his feet in USA, he realized it was not the place for him to stay which made him return to his motherland after his studies and start his business ventures.

What made him an entrepreneur? His dislike for a career oriented job and his reluctance to work for a corporate house. Mr. Joshi has clear messages for the aspiring entrepreneurs: Know what you don't want to do, acknowledge the fact that people's opinions vary and so find out what really fulfills your life and finally, make sure you don't die with a list of things you had always wanted to do. And these are the very reasons that made Mr. Joshi leave his family business of autos, real estate where he didn't find enough accommodation for his innovative ideas and worked as a beer salesperson for Chaudhary Group. Though everybody thought he was crazy, Mr. Joshi found the job very fulfilling and treated it as an opportunity intermingle with the real Nepalese.

“ Once again he got branded crazy and once again he was highly successful in his venture. But the success was short lived as the government intervention began. ”

Always with a willingness to experiment, Mr. Joshi jubilantly accepted the offer from an investor to start a lottery program in Nepal which distributed prizes of worth 2 million every week through a TV program every Saturday. Once again he got branded crazy and once again he was highly successful in his venture. But the success was short lived as the government intervention began. Mr. Joshi made an offer to pay 80% of the revenue as taxes but when another political party came in the government and the intervention resumed. Mr. Joshi thought better of it and abandoned the venture.

“Everybody in the government wanted a piece of it and I couldn't satisfy everyone without hampering my venture”, he recalls. “I wanted to do something better. So I started looking around for opportunities.”

His search for new opportunities brought his attention towards the IT industry. IT industry was at its nascent stage at the time when today's giant companies like Yahoo!, Google were just born. Nepal had yomari.com and explorenepal.com as it share on the web world. With a friend of his, Mr. Joshi thought of building an information portal. His friend registered thamel.com. Their initial step to catering to the needs of the site visitors was to create a chat platform which they had even intended the vendors to use to connect to their prospective customers and sell their products. But to their surprise, they found most of the users were Nepalese students studying abroad and they used the platform to connect to their relatives and friends here in Nepal. Mr. Joshi remembered a website called 1800flowers.com which used to sell things online and had made millions while going public. They thought of giving it a shot and hence started selling stuff on web. A tough time ensued as people were reluctant to put their photos or sell things. Nevertheless, the venture made them around 2000 dollars.

It was the Dashain festival of 2001 that gave Mr. Joshi the lucky break he deserved.

Driven to the brink of final showdown, he and his partners had made their decisions to either see their business pick up at the Dashain-Tihar period or they would return to their old jobs. While discussing about the business during the festive season at a bar, a drunken guy suggested them to send **Khasi** (Goat) to Nepal. Another crazy idea it seemed. But crazy ideas are what get him most excited. No wonder the idea got implemented, thought with much doubt at first and today has made him the most famous goat seller of the country, perhaps of the world.

When thamel.com started taking orders from Nepalese abroad to deliver **Khasi** to their families in Nepal, their primary concern was what if the khasi died? How will the customers know if they delivered the type of **Khasi** they wanted? Plagued by uncertainty Mr. Joshi went to observe and study the **Khasi** selling process as used by the local Khasi traders. Now he could be sure he got the right **Khasi** and conveyed the message to his customers by arranging to take the pictures of the recipient families with the **Khasi** and send it to the customer. First two weeks after the launch of the scheme saw no transaction at all but on the third week things not only began to look up, thamel.com sold **Khasi** worth 50,000 dollars. Not only did he made dime out of the crazy idea but it got him famous all over the world when he got featured on TV channels like BBC world service and CNN. Now this goat seller in the limelight travels around the world sharing his success story.

“ While discussing about the business during the festive season at a bar, a drunken guy suggested them to send *Khasi* (Goat) to Nepal. Another crazy idea it seemed. But crazy ideas are what get him most excited ”

The idea of clicking pictures with the Dashain **Khasi** excited the people so much that the guys at thamel.com had a hard time managing time to deliver **Khasi** and clicking pictures. “**Bhai Tika**” saw the most number of pictures as it carried sentiment of all the sisters for their brothers.

Talking about sentiments, thamel.com once had to deliver a present on the deathbed, a gift of teddy bear to someone on their final moments on life in a hospital. Moved by the

sentimental value of their work, he changed the slogan of **Thamel.com** to “messenger of sentiments”.

In the background of his working area, Kathmandu, a highly congested and mismanaged city, Mr. Joshi thinks the guys at amazon.com have a much easier job which is why he has been busy developing new systems to facilitate the gift delivery system in the city. He has been trying to make use of Google Maps and Global Positioning System (GPS) technologies.

Some tips for aspiring entrepreneurs:

1. Always think of the final consumer while designing a product or service
2. Don't complain about the obstacles along your way. Try to turn them into opportunities
3. Keep seeking for opportunities
4. While hiring people make sure they believe in the cause you are working on
5. Finding a talented workforce is hard and retaining them is even harder.
6. Never ignore the social cost of your economic activities.

Besides, thamel.com Mr. Joshi has also worked on introducing the automatic clearing house technology in Nepal which enables people to transfer money to Nepal without any additional charges or any requirement for middlemen. He is also planning to introduce mobile remittance, a technology that allows transfer of remittance to Nepal through mobile phones. Among other things, Mr. Joshi was the first person to introduce the concept of loan to Non Residential Nepalese.

Having done his best in every sector he has put his hands on, the guiding principle for Mr. Joshi has been “don't just create wealth and find every opportunities and do the best you can do”. ●

Prabal Gurung

International Fashion Designer

“

**I would rather live
with a mistake than
live with the regret
that I never gave it a
shot**

”



For a young, passionate and interesting individual, Prabal Gurung, it could be said that he started off his career from an inspirational line from The Oprah Winfrey Show about living your dreams. Realizing he was blessed with an encouraging family who supported him in his each and every endeavor, this student from St. Xavier's School in Kathmandu humbly accepts that he wasn't one of the students called 'brilliant' back in those days. Immersed in his own world of dreams, he used to sketch his ideas and designs wherever he could, be it in the school books or the drawing sheets or the walls and one among the first admirers of his work, even in the early days of schools was his mom who always encouraged him to come up with more creativity. Gurung believes that this was the root of all his success and ability to hold his feet on the competitive ground, from Bollywood's fashion capital to New York's design industry.

Following his dreams, he went to pursue his career in India and started by studying at New Delhi's National Institute of Fashion Technology (NIFT). While studying there he worked with various local production and fashion houses and designed with designer Manish Arora at the wake of India's booming fashion industry, especially its link with

Bollywood's style and fashion. With his fair share of experience in India and other countries, Prabal Gurung decided to take a risk and move to New York to live his dream taking comfort in the fact that even if moving to New York turned out to be a mistake, it would still be his own choice as he says in his own words "I would rather live with that mistake rather than living with a regret that I never gave it a shot."



He attributes his power to compete anywhere in the world to growing up in Nepal and in any interview he gives he makes sure, he mentions his heritage which he believes is one of the things he could do for Nepal.



Fortunately, his shot was a winning one with long years of hard work, patience and support from his family. In the meantime, working in various fashion houses in New York was an added comfort combined with the fact that New York felt like home to him and what is popular as "cultural shock" never occurred in his case. From interning for Donna Karan while attending Parson's School of Design to being a part of Cynthia Rowley's design team to being the design director at Bill Blass and United State's First Lady Michelle Obama wearing his designs, Prabal Gurung has come a long way from designing clothes from junk materials to fully materializing his dream when he was able to launch his own collection PRABAL GURUNG in 2009. Prabal recalls, the modeling industry, the production houses and people from the fashion fraternity in New York have been really supportive to him in this journey.

However, while he is busy in his work and is making Nepal proud all over the world, he is aware of the frustrations surrounding the country like power cuts, traffic and pollution etc. He attributes his power to compete anywhere in the world to growing up in Nepal and in any interview he gives he makes sure, he mentions his heritage which he believes is one of the things he could do for Nepal.

Questions and Answers

How would you explain your success in the fashion industry?

PG: Fashion is all about your love for it, not because you need fame. Fame is just a by-product of hard work. In an art work like fashion and music, it has to come out of passion. If at any hour of my life, fashion is taken out of it, I wouldn't survive.

To be a fashion designer, what should you be good at?

PG: In every thing and not only in fashion, one has to "dare to dream". Think differently, you should not always follow the prescribed system. You should utilize the technology like facebook, twitter etc. to the fullest. Technology is the mantra to success, not only in fashion industry but every where else.

**Think differently,
you should not
always follow
the prescribed
system**

What was your lowest point in your business?

PG: There is always high point and low point while doing business anywhere. The beauty of 9-5 job is you are guaranteed with the salary and lots of benefits. The lowest point for me is, people don't understand that I am different at times, especially in our culture, it's a little difficult to appreciate difference. The rolling of cash is the most challenging thing during the business. But I cannot remember of specific lowest point.

When can we see your collection in Nepal?

PG: This is just the beginning of my career; once I am established I can come back. I would love to work here, but I don't know the time line.

Is there any buyer who would love to buy your collection here?

PG: In a country like Nepal, fashion is a luxury. The day when fashion will not be the luxury but part of the daily things, things will be better

What are the possibilities of Nepalese organic fiber in New York ?

I want to be known as a International designer from Nepal not as a Nepali designer

PG: There are many popular companies who only use organic and natural fiber in the product in New York. There is organic and green revolution going on all over the world. For me I don't do that yet, because I want to be known as a international designer from Nepal not as a Nepali designer, because it's a very small market. But the market for the organic fiber is growing globally. My area of interest is luxury designer wear but organic fiber has not become a luxury till now.

What are the big things coming? And what's your favorite color that you use mostly during your work?

PG: The next big thing that I want to achieve is lots of stuff with different category accessories like shoes, hand bag, the whole product category. I along with my brother and sister are planning for foundation for education in Nepal. Regarding the favorite color, its always red.

How did the Michelle Obama thing happen?

PG: I think when Michelle Obama wore my dress, its not just for me its was for the whole country.

How will you maintain your creativity and your originality with the expansion of your market?

PG: We don't live in a vacuum, we are surrounded by people. So, the main thing required is extremely talented, knowledgeable and smart people. All the good ideas don't just come from me but from my team. Give people responsibility and make them responsible for their action and when they are given the responsibility they will perform themselves.

How did you start your business?

PG: I didn't have a lot of capital money; I started with goodwill and good people, my friends and everyone. I started with 26 looks. The media supported me and as my collection was featured in a top magazine and people started buying my collection.

What were your highest and lowest moments?

PG: I think the lowest moment is yet to come. The major hit moment was when I realized I wanted to do fashion and I studied it. And the Michelle Obama moment is one of my high moments.

Where do you fabricate your collection? In Nepal?

PG: Most of them are done in New York. I mostly buy from Italy and Paris. Majority of that is done in Europe. My sweater, knitting wear is done in Nepal. I have tried to do fabrication in Nepal but the efficiency here is very poor. Time is a major factor in fashion business; I have unpleasant, terrible experience in Nepal. I had ordered a job in Nepal; it was not delivered on time and I had to cancel the collection in all the stores. Incidents like this will have a negative impact on my reputation.

What is your products' uniqueness?

PG: A product has to be good and the quality should match the price and meet expectation of the consumer. I make sure the product is extremely well made and delivered on time. We should think globally, not only locally.



Give people responsibility and make them responsible for their action and when they are given the responsibility they will perform themselves.



What is your CSR?

PG: I don't know if it's corporate social responsibility or not, my responsibility is to make my product great and to create identity of my own and I always add Nepal to my name.

Who is your role model?

PG: My mother, my sister, my family and my friends plus every global woman who is aware of what is happening around the world. ●

CHAPTER IV

Finding Funds for Your Business

Tips on Finding Funds - Steve Strauss for USA TODAY

Some Major Funding Source and Basic Document Requirements

Starting a Small Business?

Use these tips to find funding

By Steve Strauss for USA TODAY on "Ask an Expert"

Posted : 3/15/2010

Q: Steve — This USA TODAY Small Business Challenge makes me want to start a business too, but my question is, where does one find the money to start a business? — Stephen

A: This question reminds me of a quote by Benjamin Franklin: "If you would know the value of money, go and try to borrow some." No, finding the money is not easy — but the good news is, if others did it, so can you.

There are plenty of sources, which is a good thing, because it is unlikely that you will get all of your desired funding from any one place.

My colleague Rhonda Abrams suggests that the best place to find the money is from your own sales, and that is a smart plan. That said, if that is not a viable option for you, here are your other choices:

The power of one:

The first place you should look for the money to start your business is... in the mirror. Most new small businesses are started using funds, at least partially, from the new owner himself. Even if you are looking for outside investors, they will want to see that you are sharing some of the financial risk.

“
If you would
know the value
of money, go
and try to
borrow some.
”

So if you have savings, you will likely need to tap some of it. Maybe you will be getting an inheritance down the road; if so, check and see whether you might be able to get an advance on it. Other entrepreneurs use their IRA or 401(k) funds, despite the penalties. If you still have a stock portfolio, consider selling some of it. You will have to be creative and a bit bold, but that is what will likely be needed if you are going to make your dream come true.

The friends and family plan:

The next most common method of funding your start-up is to find friends and family members who believe in you and who would be willing to invest in your new business.



If you want to be considered a serious business person by those around you, then you must act like one, and part of that is having a good business plan.



This is where a well-written, viable business plan comes in handy. If you want to be considered a serious business person by those around you, then you must act like one, and part of that is having a good business plan. If you can show potential investors a plan that makes sense and one which explains how they will be paid back in a reasonable amount of time, the chances of getting them to invest will be much higher.

One of the great things about this option is that friends and family tend to offer very sweet terms — either interest-free or close to it.

Credit cards:

Another very popular option for funding a start-up is the credit card. According to one study, almost half of all businesses use credit cards when getting started. Again, it is easy to see why this is a well-liked choice:

- Credit cards are readily available
- They can be paid back in installments
- You don't need to convince anyone that you have a great idea.

Bank loans:

Contrary to popular belief, many banks are still making plenty of small business loans, and that is a good thing; your banker can be a really good friend to your business. Not only do they help you get started financially, but the best banks look to be trusted advisors to their small business customers.

One especially attractive option is a loan guaranteed by the Small Business Administration (SBA). By acting as a guarantor, the SBA reduces the risk to the lender, and so many more small business loans are made.

Angel investors:

For the new small business, angel investors could not be better named. Typically, angels are individuals who have made a lot of money in a particular industry and are looking to invest in new start-ups, often (but not always) in that industry. Deals with angels can take several different forms:

- They may ask for a piece of the company, some "equity."
- They may just offer a loan, but probably at a considerable interest rate
- They may even want to be part of the business, either as an advisor or principle

Where do you find angels? Usually through networking. Speak with your accountant and lawyer, with real estate agents, bankers, customers, with people where you worship, and with sales reps and business associates. It is also possible to find angels online by doing a Google search.

Today's Tip:

When looking for a loan, banks and other lenders typically look at your "Five C's":

1. Capacity (to repay the loan)
2. Character (history of repayments)
3. Collateral (whether you have any)
4. Capital (how much you need), and
5. Conditions (yours and that of the economy).

Venture capital:

Your final option when looking for start-up capital is the venture capitalist. If an angel investor is someone with plenty of money, a venture capital is a group of people with even more money, and as such this route only makes sense if you are planning on starting a significant business requiring hundreds of thousands of dollars (or more.)

From <http://www.usatoday.com/money/smallbusiness/columnist/strauss/index.htm>

(Retrieved on June 15, 2010)

Some **Major Funding Sources** and **Basic Document Requirements**

Capital is among the most essential of resources to start up a business and it is almost among the most difficult resources to collect. Initial investment from the entrepreneur only generally does not suffice the capital requirements for starting up a venture. The solution to this problem is loans taken from financial institutions but taking loans have always been seen as a very tedious and long process. Here is a brief description of the various procedures that need to be followed while taking up loans from various financial institutions like Banks, finance companies and co-operatives.

BANKS

The first and the foremost material to be included in a loan proposal to a bank is proper client identification documents. These documents include:

- the firm's registration documents together with VAT certificates or PAN certificates
- any other income tax certificates applicable to the business.

Since most of the entrepreneurial ventures are proprietary in nature; citizenship certificate of the business owner is also necessary. Included in the customer identification checklist are also the certificates of the third party if involved in providing collaterals and guarantees. Along with all these materials, the partnership deed is also necessary.

The financial statements are also necessary and both audited and non-audited versions have to be presented to the bank along with the auditor's identification. These financial statements can be actual statements up to 3 years or projected statements for new businesses.

Actual or projected monthly sales figures are also required in many banks for loans. As with any other loans, collaterals or securities are very necessary as well and banks have various forms to be filled regarding this section. Applicants will have to include

personal guarantees, blue prints of any fixed assets, especially buildings, land ownership certificates and land revenue slips.

Other important papers to be presented are separation deed paper (Banda Patra), mortgage deed paper, title transfer deed papers and boundary certificates as well as certificate for construction (if any is required). These papers should be presented as and when needed by the bank during the loan process. These securities will be then evaluated by the Internal Branch Valuation unit and a report submitted to the credit department for further scrutiny. Any involvement of a third party and the applicants will then also have to be included letter of consent and Legal Heir's Consent letter as well.

After these forms have been submitted there are a number of CDT forms to be submitted as per the bank requirements and these forms are separate for proprietary businesses and corporations. These will be presented to the limit section of the bank together with Board Resolution for loan approval, credit information report, recommendation from the branch, Power of Attorney (wherever applicable), photocopies of post approval facility letter (for additional loans) and finally credit committee minutes.

After all these procedures are duly completed and the bank is satisfied with the documents and the proposal presented, loans are granted to the entrepreneurs as per called for or deemed necessary by the bank.

COOPERATIVES

Cooperatives have been budding around within and outside the Kathmandu valley like wild mushrooms. Interestingly though, cooperatives have also become a huge force in the Nepalese Financial Market and they have been successful to take a relatively bigger chunk of the money. This being said, cooperatives have become a wonderful source of loans for anything from house loans to business loans. Taking loans from cooperatives is relatively easier and shorter process that from other financial institutions. A generic stepwise description of the loan procurement process has been briefed in the following paragraphs.

Cooperatives can only give loans to their members and because of this the first step towards getting a loan to start a business up is to fill in the membership form of the concerned cooperative. The form basically includes basic individual information and

the number of shares that are to be purchased. Besides this, other official documents such as the citizenship certificate, land ownership certificate and other documents as mentioned in the company policy. In case of companies applying for membership and loans, documents including company registration certificate, PAN certificate, MOA , AOA, audit reports and other documents as per cooperatives' rules are required which are mentioned while taking out forms for loans.

The second major step for new entrepreneurs seeking business loans is to fill out the actual loan request form provided by the cooperative. The loan request form includes individual information, employment and company information, information regarding the collateral that is to be kept against the loan (unlike banks even guarantors can be considered if no collateral is there) and loan amount details.

Cooperatives will basically base their loan decisions on these forms filled and incase the loan is passed, the borrower will have to fill in a collateral form that clearly states the rights of the cooperative to capture the collateral incase of non payment.

FINANCE COMPANIES

Finance companies are among the various classes of financial institutions within the Nepal Rastra Bank framework. Finance companies have been on a rise since a past few years opening new doors to entrepreneurs wanting to take up loans for starting up a new business. Having said this, finance companies seem to e very strict regarding the documents and the loans that they give out to individuals or companies. The credit limit for finance companies handing out loans to companies or businesses is within 1 to 3 crores. Here are some generic documents or steps that entrepreneurs need to follow while applying for loans in finance companies.

The first document that needs to be prepared is the document for alternative cash flows for the finance company to verify that the borrower is capable of paying the interest and the principal amount. The next document that needs to be presented is a set of credit history, i.e., if the entrepreneur has taken up loan from other financial institutions as well.

After having presented the above mentioned documents, a loan application form has to be filled which includes company's particulars, the authorized person's information and

information regarding the shareholders of the company if any. This form also requires for information regarding the management team of the company if any and the applicant will also have to let the company know the asset and liability aspects of the company. After these information have been provided, only then the details regarding the actual loan amount and the purpose of use are mentioned in the application form. The fifth topic that the finance company requires is the collateral details which is later verified by engineers and credit department.

It should be kept in mind that finance companies do not give money to new ventures and inexperienced entrepreneurs but rather prefer old and running ventures and experienced managers/owners. Besides the above mentioned information, the applicant should also submit a copy of his/her business plans and other official documents regarding the company such as the PAN certificate, company registration certificate, tax clearance certificate and documents of the collateral to be. ●

CHAPTER V

Starting Up a Business : Useful Guide

How small entrepreneurs can benefit from the internet?

10 tips on starting your own venture in Nepal

How **small entrepreneurs** can **benefit from the Internet?**

With the proliferation of technology in every aspect of human lives, it has become impossible for entrepreneurs to ignore it. The internet especially has helped to create a leveled playing field where every entrepreneur small or big can now compete for the precious attention of their consumers.

Here are some simple steps to get your presence felt on the World Wide Web:

1. Have a website

Having a website benefits an entrepreneur in many ways. From the simple job of transmitting information about your company and products across to interacting with customers, websites come as a handy tool. Having a website is a very easy job these days if you have the right information and some basic IT skills.

“ For any organizations registered in Nepal, government provides a free domain name with .np in the end ”

For any organizations registered in Nepal, Nepal government provides a free domain name with .np in the end. The domains are maintained and managed by Mercantile Communications Pvt. Ltd.

To get your domain name:

- a) Fill the online form at <http://register.mos.com.np>
- b) Drop the photocopies of your company registration along with an application typed on your company's letterhead.

For the website hosting, you can choose to have a paid web-hosting or a free one depending on the purpose of your website. If you intend to just publish about your company and products and have some feedbacks from your customers, free webhosting services will do enough. However if want an interactive website, you should definitely go

for paid webhosting that support interactive content management systems. <http://www.awardspace.com> and <http://www.000webhost.com> are pretty good free services.

2. Have a fan page in Social networking websites

**Catchy fan pages
and groups
easily garner
thousands of
fans overnight.**

Social Networking sites are all over our lives these days. So what's a better place to reach your customers than a social networking site like Facebook, Hi5 or Myspace. Create a fan page or a group of your products or your company in these sites. While creating a fan page, make sure you use a catchy word or phrase for your fan page's name. Catchy fan pages and groups easily garner thousands of fans overnight.

Allocate some time to update fan page or group page regularly and keep the customers or prospective customers engaged. Fan pages and groups are great means of announcing new products and events.

3. Have a twitter account

Having a twitter account lets you send short (140 characters) text- messages known as tweets to your followers. It's a great means of making quick announcements and being in touch with your customers.

4. Have a blog

Despite of the proliferation of social networking sites and twitter, blogging still remains popular with a certain mass of netizens. Having a blog is free and easy. Services like <http://www.blogger.com> and <http://www.wordpress.com> let you create and manage your blogs free of cost.

5. E-newsletter

E-newsletter serve the same purpose as fanpage and groups, ie. Let you make announcements easily and stay in touch with your customers. Preparing a newsletter is easy with proper knowledge of html and css. You should build a proper mailing list of your customers to send out your newsletters. ●

10 tips on starting your own venture in Nepal

Samriddhi, The Prosperity Foundation along with Entrepreneurs For Nepal (EFN) organizes "Thursdays with Entrepreneurs" every last Thursday of the English month in Hotel Dwarika's, Battisputali, Kathmandu where a successful entrepreneur is featured as a speaker. Here are some tips Gathered from those interactions that might be helpful if you are thinking about starting a new venture in Nepal. This is a collection of few lessons gleaned from guests who spoke at "Thursdays with Entrepreneurs" in the past year.

1. Success takes patience.

Min Bahadur Gurung of Bhatbhateni Supermarket waited almost for a decade before he expanded his one-room cold storage shop to a small department store, which then went on to be today's Bhat Bhateni Supermarkets at more than one location.

2. Know yourself.

Karna Sakya, a tourism entrepreneur and writer, has devised a test that helps you find out how you work, how you value time, and what your values are. His point is that unless you really know what you are good at, and how you function, you are not likely to be a success.

3. Know the strengths of others you are working with.

You can't do everything by yourself. Icchya Raj Tamang of Civil Homes says that working well in a team is a function knowing and using the strengths of other team-mates toward your goals.

4. Aim for precision in communication.

Jonas Lindholm, a swedish entrepreneur doing business in nepal, says that bad

communication lies at the heart of many business failures and misunderstandings. In Nepal, often, people say 'yes' too eagerly, without being aware of what they can do and what they cannot do. This can be a problem when things do not go right. Say what you mean, and mean what you say.

5. When choosing partners, do your homework well.

Mahendra Man Shakya of Momo King says that most mistakes are made in Nepali businesses when people get into business partnerships without doing the necessary background research and without asking themselves some tough questions which need to be answered and understood upfront. There is no fun in quarreling with your business partners when things go wrong, which is likely to happen at some point in the business.

6. Honesty is the key.

Min Bahadur Gurung says that long-term business success is anchored on honesty, and on mutually trustworthy relationships with your financial institutions, creditors, debtors, co-workers, employees and customers.

7. Analyze your mistakes to learn from them.

Gyanendra Pradhan of HydroSolutions says that a good habit an entrepreneur needs to develop is an ability to reflect upon one's mistakes, and learn from them without getting stuck in the past. This habit can be cultivated through conscious practice and reflective experiences.

8. Hard work is the only way to success.

Ambika Shrestha of Hotel Dwarika's attributes her success to her ability to work very hard when she was young. No work was beneath her, and she made many, many sales calls and visits to sell her hotel and travel agency's offerings.

9. Persistence is important.

Ajay Ghimire, CEO of Vibor Bank, says that he looks for a sense of persistence when dealing with entrepreneurs. Those who are persistent are likely to not get disappointed with failures and setbacks, and have the energy and willpower to push ahead to success.

10. Entrepreneurship is the art of selling.

Ajay Ghimire believes that whatever an entrepreneur does, success comes from an ability to sell ideas, concepts, goods and services to others. This is why, an ability to sell what one knows and makes is a critical skill to have.

SUMMING UP THE POINTS

1. Success takes patience.
2. Know yourself.
3. Know the strengths of others you are working with.
4. Aim for precision in communication.
5. When choosing partners, do your homework well.
6. Honesty is the key.
7. Analyze your mistakes to learn from them.
8. Hardwork is the only way to success.
9. Persistence is important.
10. Entrepreneurship is the art of selling.



Arthālaya- School of Economics and Entrepreneurship, with its nine batches so far has proven to be a place where young people come up with alternative ideas to deal with the current economic situation of Nepal. Keeping entrepreneurship as the main agenda, in this five days residential program, participant learn about almost every detail of economics and entrepreneurship. Arthālaya (School of Entrepreneurship and Economics) was the first of its kind program organized by Samriddhi. Promoting the spirit and skill of entrepreneurship and sensitizing young people about economic freedom and policy regime Arthālaya is made up of discussions, debates, case studies, lectures from experts various experience sharing sessions, leadership exercises and business simulations that will help youth understand the importance of entrepreneurship. Implications of various policy measures and role of private sector and government in economic reform are also other topics discussed in the program.

Basically a group of 20-30 students who are enthusiastic on issues of entrepreneurship and economic prosperity make up an entrepreneur's club. They have been organizing programs like Rendezvous with an Entrepreneur where they invite an entrepreneur in their colleges and the entrepreneur shares his/her experience with the students and answer their questions regarding establishing an enterprise in Nepal. They also talk

about their contribution to society through the establishment of an enterprise. Other club activities include documentary shows on pertinent issues namely Docu-Talks, various capacity building programs for the students and interaction programs. These activities are facilitated and supported by Samriddhi when asked by the clubs. Currently, following are the Entrepreneurs Clubs existent in various colleges.

Inside Kathmandu Valley

1. Entrepreneurs' Club of Chelsea International Academy, Baneshwor, Kathmandu
2. Entrepreneurs' Club of St. Xavier's College, Maitighar, Kathmandu
3. Entrepreneurs' Club of Kantipur Valley College, Kumaripati, Lalitpur
4. Entrepreneurs' Club of Kathmandu Institute of Science and Technology (KIST) College, Kamalpokhari, Kathmandu
5. Entrepreneurs' Club of Bajra International College, Boudha
6. Entrepreneurs' Club of Santwona Memorial College, Shantinagar, Kathmandu
7. Entrepreneurs' Club of College Of Information Technology and Engineering (CITE), Tinkune, Kathmandu
8. Entrepreneurs' Club of Liberty College, Anamnagar, Kathmandu
9. Entrepreneurs' Club of Standard Chartered College, New Baneshwor, Kathmandu
10. Entrepreneurs' Club of Ace Institute of Management, New Baneshwor, Kathmandu
11. Entrepreneurs' Club of Triton College, Tinkune, Kathmandu
12. Entrepreneurs' Club of College of Applied Business (CAB), Tangal, Kathmandu
13. Entrepreneurs' Club of Little Angel's College of Management, Lalitpur
14. Entrepreneurs' Club of Himalayan WhiteHouse International College, New Baneshwor, Kathmandu

Outside Kathmandu Valley

1. Entrepreneurs' Club of Purvanchal Campus (Biratnagar)
2. Entrepreneurs' Club of Metropolis College (Biratnagar)
3. Entrepreneurs' Club of Birat Management College (Biratnagar)
4. Creative Entrepreneurs' Club of Shreenagar Integrated College (Palpa)

Samriddhi, The Prosperity Foundation

an introduction

Samriddhi, The Prosperity Foundation is an independent -- non-partisan, not-for-profit, research and educational, -- public policy institute based in Kathmandu, Nepal.

Following the April 2006 movement for democracy that marks the re-emergence of political freedom in Nepal, it has been established with the vision of “a free and prosperous Nepal where individuals can live a dignified life in a vibrant and democratic society with equal access to opportunities and respect for rule of law.”

Samriddhi operates with a three-tier approach to achieve its mission of promoting ideas of civil, political and economic freedom through public policy recommendations (based on independent research), educational programs and public participation. Samriddhi believes in the power of private entrepreneurs as a key to economic development and engages in fostering democracy and building a conducive environment for economic growth.

Following are some of the programs Samriddhi.

01. Educational and Training Programs

a. Arthalaya – School of Economics and Entrepreneurship

Arthalaya is a five day residential school to reinvent the entrepreneurial zeal in the Nepali youth from undergraduate and graduate courses. Arthalya uses array of teaching tools from lectures and discussions to participatory techniques like simulation, group work, case studies and outdoor bound activities to reinforce entrepreneurship and educate about policy issues that affect entrepreneurship and the economy of Nepal.

b. Docu-Talks

Documentaries related to law and livelihood issues are screened and discussed in colleges every month through student groups and clubs. Interested students are also linked up to documentary making workshops to help students make amateur documentaries on contemporary issues to be able to voice themselves.

c. Internships

Samriddhi offers regular internship opportunities to students interested in having a career in public policy and research and advocacy.

02. Research and Publication

a. In-house Research

Samriddhi conducts research on several public policy issues. Its area of interest lies on research related to economics and political economy. Largely, the research it conducts is related to studying the impact of policy on livelihood issues.

b. Localization Projects

Samriddhi realizes the value of sharing and distributing available knowledge in order to move forward. Therefore, it undertakes several translation projects where publications and books relevant to promoting economic freedom in Nepal are translated into Nepali and spread for wider discourse.

03. Public Outreach

a. Policy Talkies

Samriddhi hosts discussion programs on contemporary issues affecting policy formulation process of Nepal. It invites stakeholders on particular issues and draws policy makers' attention to alternative solution on issues through interaction programs.

b. Entrepreneurs Speak

In order to highlight the contribution made by Entrepreneurs in the development of an economy, Samriddhi co-hosts 'Last Thursdays with an Entrepreneur' with Entrepreneurs for Nepal and other partners. This is a talk program where Entrepreneurs from varied areas are brought together to talk about their success stories and challenges they face in the Nepali business environment.

c. Occasional Discussions

Samriddhi has several international networks where people from relevant sectors with varied experiences come together to discuss on several global policy issues. Samriddhi

hosts Occasional discussions to share the experience and expertise from Experts around the world.

d. Constitutional Round Table (CRT)

In order to make a meaningful contribution to the discussion on constitutional provisions, Samriddhi has initiated CRT. This program brings together experts, stakeholders and representatives of constitutional committees to discuss the elements of upcoming Nepali Constitution. The discussions are documented and distributed to stakeholders of the issue being discussed and the wider public.

e. Campaigns

Samriddhi is proud to be associated with National Campaign for a Livable Nepal- Gari Khana Deu!! (www.livablenepal.org). The campaign is an effort to raise voices to end the prevailing lawlessness and impunity in the country by advocating rule of law, safety of life and property and freedom to pursue livelihood and enterprises in Nepal as essential preconditions to a livable country.

In addition to its programs, to encourage research and scholarship in the area of political economy, Samriddhi hosts a Political Economic Resource Center (PERC). It currently has a collection of books, journals, reports and audio visuals of varied ideas ranging from philosophy to Nepal's development history.

For more information:

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