



# Federation of Nepalese Chambers of Commerce & Industry

## Year in Review

**59th Annual General Meeting**

Chaitra 28, 2081 (April 10, 2025)







## 1) Executive Summary

This annual report, presented at the 59th Annual General Meeting of FNCCI, outlines the economic fluctuations over the past year and the policies and programmes adopted for economic development and reform. FNCCI has focused on policy advocacy, investment promotion, international and national partnerships, capacity building for its members, and improving its internal operations. Key achievements include advocating against the inclusion of the private sector under the CIAA's jurisdiction, successfully influencing legislative amendments, and resolving the long-standing Dedicated Feeders and Trunk Lines dispute.

The Federation played a pivotal role in addressing the economic slowdown by organising a major economic conference, which led to the formation of a reform commission under former Finance Secretary Rameshwor Khanal, with FNCCI's active participation. Attracting both domestic and foreign investment remained a priority, with FNCCI leading business summits in China, India and Dubai. The Nepal-China Business Summit, held during the visit of Prime Minister KP Oli, was a significant step in strengthening economic ties. Additionally, an agreement was signed with the Qatar Chamber to establish the Nepal-Qatar Joint Business Council, followed by its first meeting in Doha. FNCCI also played a crucial role in reforming investment laws, leading to amendments in over 30 legal provisions to enhance Nepal's investment climate.

Institutional strengthening has been another major focus. FNCCI has established Nepal Development Public Limited to mobilise domestic capital for investment projects. Efforts to enhance service delivery include implementing a Business Intelligence System to support research and development, conducting nationwide surveys, and developing software for an online Certificate of Origin system. The Federation also continues to advocate for digital transparency in government processes. A significant milestone was the amendment of FNCCI's statute, which was unanimously passed in a special general meeting and later approved by the Government of Nepal, marking a step forward in institutional reform.

Through these initiatives, FNCCI has reinforced its role as a key driver of economic policy, business facilitation, and private sector advocacy in Nepal, ensuring a conducive environment for sustainable economic growth.

## 2) Private Sector Advocacy

The private sector's right to operate freely and with dignity is fundamental, and ensuring this remains a top priority for FNCCI. In an open market economy guided by social justice, businesses must be allowed to function lawfully without undue restrictions. According to a joint report by FNCCI and the International Finance Corporation, the private sector contributes 81% to the economy and provides 86% of employment. However, in the past two years, various laws and economic contractions have posed significant challenges to its operations. In response, FNCCI has taken proactive steps toward legal and policy reforms.

On August 18, 2024, FNCCI organised the 'Policy Reform for Sustainable Economic Development' interaction programme, bringing together members of both Houses of Parliament, the Deputy Prime Minister, and key ministers to discuss crucial legislative amendments. The programme aimed to make pending bills – such as those on corruption prevention, abuse of authority, customs, construction materials, and agriculture – more conducive to private sector growth. Attended by 175 parliamentarians, the event led to a commitment from lawmakers to frame policies that do not hinder business operations.



FNCCI President Chandra Prasad Dhakal emphasised the need for a business-friendly legal framework to encourage investment and production.



Deputy Prime Minister and Minister of Finance Bishnu Prasad Paudel assured that the government was actively addressing economic concerns through continuous dialogue with the private sector and implementing recommendations from the high-level economic reform commission. Other ministers, including those overseeing industry, commerce, and energy, highlighted steps being taken to create an investment-friendly environment, such as amendments to investment laws and efforts to involve private entities in infrastructure projects like electricity transmission. Several parliamentary committee chairs echoed these sentiments, acknowledging that existing policies often discourage investment and reaffirming their commitment to revising laws that hinder business growth.

The event also underscored the broader political consensus on strengthening the private sector. Leaders from various parties, including the CPN (Maoist Centre), Rastriya Swatantra Party, and Janata Samajwadi Party, recognised the importance of policy stability and respect for entrepreneurs. In closing, FNCCI Senior Vice President Anjan Shrestha reiterated the need for consistent policies to foster economic resilience and expressed gratitude to all participants for their commitment to reform. This initiative marks a significant step in ensuring that the private sector remains a driving force in Nepal's economic development.

## Revision of the Bill Bringing the Private Sector under the Purview of CIAA:



When the current Executive Committee took office, the National Assembly had already passed amendments to the Corruption Prevention Act and the CIAA Act, extending the CIAA's jurisdiction over the private sector. FNCCI strongly opposed this provision, arguing that the private sector should not fall



under the purview of the anti-corruption body. Engaging in continuous advocacy at all political levels, FNCCI successfully convinced top political leaders to reconsider the issue.

To further this effort, FNCCI organised an interaction programme on August 18, 2024, with 175 federal parliament members from both Houses. The discussion covered not only the CIAA Bill but also over a dozen private sector-related bills, including the Banking Offense Act (BAFIA), Electricity Act, National Dignity Bill, Customs Bill, School Education Bill, and Agriculture Bill.

As a result of FNCCI's persistent efforts, the House of Representatives passed the Corruption Prevention Act Amendment Bill on January 20, 2025, removing the controversial provision. Additionally, a parliamentary sub-committee reached a unanimous decision to exclude the private sector from the CIAA Bill. This achievement underscores FNCCI's strong influence in driving policy reforms and fostering a more favourable investment environment in Nepal.

## Advocacy for Resolution of Dedicated and Trunk Line Dispute:

The long-standing dispute over Dedicated Feeders and Trunk Lines resurfaced in August 2023 when Nepal Electricity Authority (NEA) threatened to cut power to affected industries. In response, FNCCI President Chandra Prasad Dhakal led a delegation to meet then-Prime Minister Pushpa Kamal Dahal (Prachanda) on September 11, 2023, successfully halting the disconnection. However, the issue escalated again, and four months later, the power supply was cut. Seeking a permanent solution, FNCCI issued a press release on December 25, 2023, demanding a high-level judicial commission. As a result, on January 8, 2024, a commission led by former Supreme Court Justice Girish Chandra Lal was formed and later submitted its report. Following months of debate, the government officially decided to implement the recommendations on November 11, 2024, finally paving the way for resolution.

## 3) Leading Economic Reform

Despite FNCCI's persistent efforts for economic reform, a lack of progress led the third Executive Committee meeting in Dhorpatan, Baglung, to initiate pressure programmes and a national debate. Earlier, meetings with the prime minister and finance minister yielded no tangible results, forcing FNCCI to challenge the government's stance. On October 12, 2023, FNCCI organised a National Economic



Debate, demanding a high-level commission with private sector involvement to address economic coordination issues and structural reforms. The Terms of Reference (TOR) were submitted to key officials, prompting the prime minister to call an all-party meeting.

The issue later became part of the finance minister's 100-day plan, leading to the formation of a five-member commission under former Finance Secretary Rameshwor Khanal. However, the private sector was initially excluded, contradicting the prime minister's earlier commitment. Due to continued advocacy, the Council of Ministers decided on November 21, 2024, to include FNCCI President Chandra Prasad Dhakal, CNI President Rajesh Kumar Agrawal, and NCC President Kamlesh Kumar Agrawal in the commission. On November 23, 2024, Finance Minister Bishnu Prasad Paudel officially appointed them,



expressing confidence in their role in identifying economic challenges and solutions. FNCCI President Dhakal welcomed the decision, emphasising the private sector's crucial role in strengthening the economy.

## 4) Investment Promotion



Foreign investment in Nepal accounts for only 0.2% of the GDP, while domestic investment faces continuous discouragement. To expand investment, FNCCI organised four large-scale investment conferences abroad, including two Nepal-China Business Summits in China. The 2023 summit was attended by then-Prime Minister Pushpa Kamal Dahal, while the 2024 edition featured Prime Minister KP Sharma Oli as the chief guest. These events,

co-hosted with CCPIT, drew participation from high-ranking officials, including Chinese Vice Minister of Commerce Liang and over 150 Chinese entrepreneurs. FNCCI highlighted Nepal's investment-friendly reforms and pushed for trade infrastructure development, direct flights, and policy changes.

During PM Oli's China visit in December 2024, the Nepal-China Business Summit reinforced commitments to investment expansion and economic collaboration. FNCCI's advocacy led to key legal amendments and Nepal's first credit rating, positioning it as a viable investment destination. The organisation also hosted the Nepal-India Summit in June 2023 in New Delhi and the Nepal-Dubai Business Forum in November 2023, coinciding with COP28.

Additionally, Nepal successfully hosted the CACCI conference after Cambodia's withdrawal, drawing 200 entrepreneurs. In April 2024, FNCCI signed an agreement with the Qatar Chamber to establish the Nepal-Qatar Joint Business Council, with its first meeting in Doha. At the BIMSTEC Business Summit 2024 in New Delhi, an agreement was reached to establish the BIMSTEC Chamber of Commerce, building on FNCCI's earlier proposal at the BIMSTEC Business Conference in Kolkata.

## 5) Investment-Related Policy Reforms

Targeting the third Investment Summit held on April 28–29, 2024, the Federation of Nepalese Chambers of Commerce and Industry (FNCCI) played a key role in advocating legal reforms to remove investment barriers. At FNCCI's request, the government formed a task force, which led to the amendment of eight laws before the summit, promoting a more favourable investment climate. FNCCI is now working on necessary regulations to implement these reforms. Based on insights from global investment forums, FNCCI also pushed for a Bilateral Investment Agreement, leading to the government's approval of a framework, with discussions underway to finalise agreements with multiple countries.







Given that foreign investment constitutes only 0.2% of Nepal's GDP, FNCCI believes these reforms will significantly enhance the investment environment. It also welcomes the introduction of Startup Regulations and the inclusion of startups in the Industrial Enterprises Act, considering these as steps toward second-generation economic reforms. Acknowledging governance challenges and outdated laws hindering national development, FNCCI has long urged bold policy changes. The government has responded by amending 29 laws through ordinances, covering investment, governance, public service reforms, and privatization – an initiative FNCCI believes will revitalise the economy. While appreciating these swift legal changes, FNCCI also calls for timely regulations to ensure their effective implementation.

On January 15, 2025, at the Prime Minister's residence, FNCCI President Chandra Prasad Dhakal lauded the government's efforts in the presence of PM KP Sharma Oli, ministers, and business leaders. He emphasised that addressing long-standing private sector concerns is a crucial step toward economic recovery and urged the government to introduce streamlined regulations for smooth implementation. He also proposed an integrated online one-stop system for business registration, project-based loans for young entrepreneurs, and easier access to national identity cards. PM Oli, in response, reaffirmed the government's commitment to prioritising private sector needs and fostering a free and supportive business environment.

## Formation of Joint Business Council between FNCCI and Qatar Chamber





On April 24, 2024, Nepal and Qatar reached an understanding to establish the Nepal-Qatar Joint Business Council, strengthening private-sector collaboration between the two nations. Signed in the presence of the Emir of Qatar, Sheikh Tamim bin Hamad Al Thani, and Nepal's then-Prime Minister Pushpa Kamal Dahal (Prachanda), the agreement was formalised by FNCCI President Chandra Prasad Dhakal and Qatar Chamber Chairman Sheikh Khalifa bin Jassim Al Thani. The Council aims to expand trade, promote investment, boost tourism, and facilitate technology transfer. Additionally, the 2005 agreement on bilateral economic cooperation was renewed to reinforce trade and investment ties.

The first chairperson-level meeting of the Nepal-Qatar Business Council took place on October 3, 2024, in Doha, where FNCCI President Chandra Prasad Dhakal discussed economic expansion with the Emir of Qatar. Dhakal emphasised Nepal's stable economic environment and legal reforms fostering investment opportunities, inviting



Qatari investors to explore sectors like hydropower, tourism, IT, and skills development. Representing Nepal's private sector at the Asian Cooperation Dialogue, he highlighted Qatar's growing interest in investing in Nepal beyond its traditional role as a labour destination. Qatar Chamber Chairman Khalifa bin Jassim bin Mohammed Al Thani assured that Qatari investors were keen to explore Nepal's market.

During the meeting, both sides agreed to appoint members under their leadership to finalise the Council and organise a Qatar-Nepal Business Conference in Nepal the following year.

## Establishment of an Investment Company

FNCCI's Executive Committee, in a meeting held in Dhorpatan, decided to initiate an investment company, Nepal Development Public Limited, to pool small investments nationwide into key sectors. While FNCCI will promote the company, it will be independently managed with a separate board, open to both members and non-members. With a capital target of up to NPR 10 billion, the initiative aims to encourage private-sector investment and demonstrate the viability of large projects through local capital mobilisation. The Nepal Development Public Limited has already initiated its activities.

## 6) Statute Amendment

### Statute Amendment Process

Following the 58th Annual General Meeting's mandate to amend the statute, discussions on a draft prepared by a committee led by former FNCCI President Kush Kumar Joshi were conducted with various stakeholders. These included meetings with office bearers on May 13, 2024, former presidents on June 6, 2024, and a clause-by-clause review by the Standing Committee on June 20, 2024, before the draft was submitted to the Executive Committee. The Executive Committee then unanimously approved the draft on July 8, 2024, and circulated it to members. Subsequently, a special general meeting was convened on September 18, 2024, to finalise the amendment, which was ultimately passed on December 10, 2024, and approved by the Council of Ministers on February 17, 2025.



## Key Amendments

A special general meeting on December 10, 2024, successfully passed the seventh amendment to the Statute of the Federation of Nepalese Chambers of Commerce and Industry 2049. A significant change introduced by the amendment is the direct election of the FNCCI President, with a term of office set at two years. This replaces the previous system, in place since 2016, where



the Senior Vice President was automatically appointed President. Under the new statute, the Annual General Meeting will elect the President after the current Senior Vice President concludes their term. The amendment also increases the number of Vice Presidents from three to five, including one Senior Vice President selected by the Executive Committee. Two Vice Presidents will be from the District/City side, with an additional Vice President also appointed. Furthermore, a provision for a Woman Vice President, to be selected by the Executive Committee provided there are at least 12 female members, has been established, along with the formation of a Women Entrepreneurs Council under their leadership. To enhance female representation, a reservation system has been implemented for the election of female members from District/City, Sectoral, and Associate sides. Finally, the President of the Nepalese Young Entrepreneurs' Forum will now serve as an ex-officio member of the FNCCI Central Executive Committee.

## Secretariat Reform:

FNCCI implemented special initiatives to reform its secretariat for more effective operations, including the installation of a Business Intelligence System (BIS) for research and development to support evidence-based recommendations. A memorandum of understanding was also signed with Nepal Rastra Bank. To streamline daily operations, the accounts and administration branches were digitised. These reforms, particularly in accounting, led to the reinstatement of the FNCCI's tax exemption certificate after an eight-year suspension, enhancing its credibility and facilitating tax exemption for members. Software development is underway to manage the issuance of certificates of origin, with a committee formed to oversee coordination and improvements, mandating online connectivity for all issuing District/City Chambers of Commerce to ensure transparency. Upon our request government has request issued circular to issue Certificate of Origin online. Furthermore, FNCCI, in collaboration with GIZ and the Securities Board of Nepal, completed revenue-related and capital market training programmes across 20 locations. To support market promotion, FNCCI began providing financial assistance to District/City Chambers of Commerce organising fairs and festivals.



## Launch of Business Intelligence System

The Federation of Nepalese Chambers of Commerce and Industry officially launched the Business Intelligence System (BIS) on August 20, 2024. This system is designed to manage FNCCI's member database, facilitate studies and research, and enhance office management. The BIS will store information on approximately 600,000 businesses affiliated with FNCCI, directly and indirectly,



and will also be accessible to members. It will enable surveys for policy recommendations and serve as a knowledge platform for FNCCI's studies and publications, accessible to the public. FNCCI President Chandra Prasad Dhakal inaugurated the system, emphasising its role in improving FNCCI's research, policy advocacy, and overall operations. The BIS portal was developed with technical assistance from The Asia Foundation Nepal and Smart Solutions Technology Pvt. Ltd. FNCCI also held a press conference on August 17, 2024, where President Dhakal reiterated FNCCI's commitment to an open society and economy, urging the media to promote the private sector for national development.

## FNCCI's Operational Strategy

The Federation of Nepalese Chambers of Commerce and Industry conducted discussions with sectoral, district/city, and bi-national chambers of commerce, along with other members, to enhance member services. Based on their suggestions, an operational strategy was formulated. The workshop addressed the review of the chamber system, FNCCI's existing structure and role, challenges within the current system, strategies to improve the chamber system's effectiveness, initial expectations of sectoral associations, mapping, and international best practices, particularly referencing the German chamber system. Approximately 70 individuals, including FNCCI office bearers, Executive Committee members, and representatives from sectoral and bi-national chambers of commerce, participated in the workshop.

## 6) Programmes for Promotion of Industry and Commerce

Various programmes were conducted in coordination and collaboration with domestic and foreign organisations to carry out activities related to the promotion of industry and commerce.



## Establishment of SME Development Centre

On November 19, 2024, the Federation of Nepalese Chambers of Commerce and Industry established the Micro, Domestic, and Small and Medium Enterprise Development Centre, jointly inaugurated by officials from the National Planning Commission, the Ministry of Industry, Commerce and Supplies, and the FNCCI President. The centre aims to empower



entrepreneurs by providing necessary skills, technology, and training for business operations, along with assistance in market management, financial management, and business strategy. It will also offer consultancy services in business operations, management, production, and distribution, guidance on resolving business problems, and legal advice. Additionally, the centre will assist entrepreneurs with business registration, licensing, understanding tax information, and complying with government regulations.

## Agreement to Establish Forum with Trade Unions

The Federation of Nepalese Chambers of Commerce and Industry (FNCCI) and trade unions agreed on November 28, 2024, to establish a forum to address labour-related issues. At the meeting, FNCCI President Chandra Prasad Dhakal emphasised the improving relationship between employers and workers and the need for continued cooperation. Union leaders highlighted the



necessity of reviewing existing agreements, identifying ways to mitigate future challenges, enhancing the Social Security Fund's activity, and increasing the involvement of both workers and employers. They also stressed the importance of protecting industries while systematising the labour market and moving forward with previously agreed programmes through a bilateral working committee. The meeting also underscored the need for bilateral discussions on issues before involving the government and on the ratification of international conventions.



## FNCCI Innovation Dialogue organised

In preparation for Nepal's graduation from a least developed country in 2026, FNCCI organised the 'FNCCI Innovation Dialogue' on November 19, 2024. The programme, under the patronage of secretaries from the Ministry of Industry, Commerce and Supplies, and the National Planning Commission, focused on 'Preparing Businesses for LDC Graduation Through Innovation'. Expert panel discussions were



held on innovation in SMEs, startups, and innovative financing. The consensus was that collaboration between the government, private sector, and relevant bodies is crucial to address potential post-graduation challenges and to formulate necessary strategies. FNCCI President Chandra Prasad Dhakal stressed the need for government and private sector cooperation to mitigate the impact on small enterprises, emphasising the importance of producing high-quality goods to meet international competition and the government's role in providing support services. Government officials outlined efforts to revise old laws to be more business-friendly and to implement policy reforms supporting innovation. The need for a change in mindset and the adoption of innovative approaches to maintain progress after graduation was also highlighted.

## Finance Dialogue for Development Programme organised

On August 19, 2024, the Government of Nepal, Ministry of Finance, the United Nations, and the Federation of Nepalese Chambers of Commerce and Industry jointly organised a Finance Dialogue for Development programme, the first of its kind initiated by FNCCI. The dialogue, attended by Deputy Prime Minister and Minister of Finance Bishnu Prasad Paudel, focused on the need for increased investment as Nepal prepares to graduate



from the least developed country status. Participants discussed the challenge of debt servicing hindering development investment and the necessity of collaboration among the government, private sector, and development partners to mobilise resources. The programme also aimed to contribute to Nepal's position for the upcoming UN Summit for the Future. FNCCI President Chandra Prasad Dhakal highlighted the declining foreign direct investment, revenue, and aid, emphasising the need for concerted efforts to mobilise investment. The UN Resident Coordinator stressed Nepal's significant annual development funding needs and the importance of resource mobilisation from all sources as the country transitions from LDC status. The programme included sessions on private investment, public finance, and sustainable investment, featuring presentations from government, private sector, and development partners.



## Startup Nation 2030 Conference organised

The Startup Nation 2030 Conference, organised by the Government of Nepal and co-organised by FNCCI and other institutions, was successfully held on August 21, 2024. The conference's main objectives were to promote 10,000 startups by 2030, create one lakh jobs, achieve self-reliance, substitute imports, and contribute to the national economy. Following the event, under the patronage of Prime Minister KP Sharma Oli, the government formulated laws to support startups, including policies, loan disbursement procedures, and establishment guidelines for enterprise promotion centres. In Fiscal Year 2023/24, the government disbursed low-interest loans to 183 startups, and a budget of NPR 1 billion was allocated for startup loans in the current fiscal year, to be implemented by the Industrial Business Development Institute. Prime Minister Oli encouraged youth to establish industries with small capital, highlighting the potential for job creation and income generation within the country. FNCCI President Chandra Prasad Dhakal announced the establishment of a 10-billion-rupee investment company, initiated by the FNCCI, which will also invest in startups and potentially in large development projects and closed government industries, fostering industrialisation and employment.



## Discussion on Budget and Monetary Policy

FNCCI consistently engages in discussions regarding the budget and monetary policy, organising forums both before and after their announcement. This year, FNCCI particularly emphasised the need to increase market demand and revitalise the economy. In light of high foreign exchange reserves and excessive liquidity in banks despite low loan disbursement, FNCCI stressed that government policy should address this issue.

## Nepal-India Joint Business Forum Meeting



The second meeting of the Nepal-India Joint Business Forum (JBF) convened on January 11, 2025, bringing together representatives from both nations to strengthen economic and commercial ties. FNCCI President Chandra Prasad Dhakal highlighted the significant economic potential between Nepal and India, urging policy reforms and practical solutions to address bilateral issues. Key areas of discussion included the removal of non-tariff barriers, resolving issues related

to the Bureau of Indian Standards (BIS) certification for Nepali exports, enhancing air connectivity to Indian cities from Bhairahawa and Pokhara, and ensuring a smooth supply of explosives for Nepal's



hydropower and construction projects. The JBF, part of the Nepal-India Commerce Secretary-level meeting, facilitated discussions on trade, investment, energy, tourism, agriculture, IT, and infrastructure development. Both countries agreed to enhance cooperation in hydropower and renewable energy, strengthen tourism and connectivity, boost trade and cross-border investment, collaborate in agriculture and medicinal plants, support digital technology and startups, and resolve trade-related issues. The outcomes of the meeting were presented to the Commerce Secretaries of Nepal and India, with both sides pledging to implement the agreements. The Indian Ambassador to Nepal emphasised the meeting's importance and pledged support, with the next forum meeting scheduled in New Delhi.

## Workshop on GSP+ and International Labour Standards

On May 23, 2024, FNCCI, in collaboration with the European Union, the Government of Nepal, the International Trade Centre, and the International Labour Organisation, organised a workshop on the Special Preferential System Plus (GSP+) and International Labour Standards. The programme addressed the impact of Nepal's LDC graduation on exports and employment, as well as the standards required to benefit from GSP+.



Stakeholders discussed the implications of ratifying conventions necessary for GSP+ benefits on the private sector. The EU Ambassador to Nepal stressed the need for Nepal to ensure the ratification and implementation of ILO conventions related to labour freedom and inspection for EU GSP+ inclusion. The ILO Country Director for Nepal highlighted the uneven impact on women's employment and the necessity of ensuring decent work.

## Discussion on 'Startup Policy 2080'

A dialogue organised by FNCCI on May 30, 2024, focused on the effective implementation of the National Startup Enterprise Policy-2080, approved on May 3, 2024. Speakers noted that after a decade of addressing startups in the budget, the policy's formulation is a significant step, and emphasis should now be on its effective implementation. The Fifteenth Periodic Plan emphasised providing technology, knowledge, skills, and financial access to



young entrepreneurs in startups, and Nepal Rastra Bank has been offering concessional loans to them since 2019/20. FNCCI President Chandra Prasad Dhakal hailed the policy's approval as a major achievement for the private sector, stressing the importance of its effective implementation. The budget includes provisions for employment training, fellowships for youth, and a startup fund to meet the financial needs of startup entrepreneurs.



## FNCCI's Support for 'Shramadan Rozgar Mela'

FNCCI collaborated with the Ministry of Labour, Employment and Social Security and other organisations to support the provincial-level Shramadan Rozgar Mela, aiming to address the employment needs of Nepali citizens through a unified system. The first fair, inaugurated by the then Prime Minister Pushpa Kamal Dahal, was held in Koshi Province on June 1, 2024, and subsequent fairs took place across all seven provinces until June 14, 2024. These events provided a platform for job providers and seekers, offering information on employment opportunities, training, and foreign employment, while also facilitating connections between job seekers and employers and aiding in skill acquisition.



## Interaction Programme on Creating a Business-Friendly Environment

On June 5, 2024, FNCCI organised a discussion with the Directors General of the Inland Revenue Department, the Revenue Investigation Department, the Department of Money Laundering Investigation, and the Department of Customs to address creating a business-friendly environment and



operational challenges. FNCCI President Chandra Prasad Dhakal raised concerns about policy changes discouraging investment, the government's revenue shortfall due to tax rate changes, and issues related to advance income tax on agricultural imports and excise duty on iron rods, urging government sensitivity. The Director General of the Department of Money Laundering Investigation noted the international prevalence of the issue and the need for investment-friendly reforms. The Director Generals of the Revenue Investigation Department and the Department of Customs expressed their willingness to collaborate with the private sector to facilitate procedures. The Director General of the Inland Revenue Department stated the government's commitment to a private sector-friendly tax administration and promised improvements if issues arose during budget implementation. FNCCI Vice President Hemraj Dhakal called for the implementation of suggestions from sectoral associations, with participation from various categories of FNCCI members.



## Programme on Nepal-America Trade and Investment

On September 8, 2024, FNCCI and other organisations collaborated to host a programme addressing Nepal-America trade and investment prospects and challenges. A key concern was the impending expiration in December 2025 of the duty-free access granted by the US to 77 Nepali goods following the 2016 earthquake. Participants discussed the



importance of prioritising the continuation of this facility and the currently suspended GSP facility during the upcoming Trade and Investment Framework Agreement (TIFA) Council meeting. Stakeholders expressed worry that the potential loss of these trade benefits could negatively impact Nepal's exports to America, especially given the lack of progress in establishing further bilateral investment and trade agreements since the initial TIFA agreement in 2011.

## Interaction Programme with Newly Appointed Ambassadors



On November 13, 2024, FNCCI organised an interaction programme with newly appointed Nepali ambassadors to 17 countries and three consuls general. FNCCI President Chandra Prasad Dhakal pledged the Federation's ongoing support to Nepali missions in promoting investment, tourism, and exports, highlighting the establishment of a Foreign Investment Assistance Desk to connect investors with the government. He urged the ambassadors to prioritise economic diplomacy as a performance benchmark, given the need to attract investment despite an improving domestic environment. Dhakal also noted that Nepal's upcoming graduation from the Least Developed Country category would impact the private sector due to reduced international facilities, emphasizing the ambassadors' crucial role in mitigating these effects. The newly appointed ambassadors expressed their belief that collaboration with FNCCI could enhance their work in their respective posts. Several ambassadors, including those designated to the UK, India, China, South Africa, Pakistan, Saudi Arabia, Spain, Portugal, and Malaysia, expressed their commitment to working with the private sector. FNCCI Senior Vice President Anjan Shrestha emphasised the importance of economic diplomacy for the new envoys. The programme was attended by FNCCI office bearers and other stakeholders.



## 7) Participation in International Forums

To make FNCCI's participation and presence in international forums effective and fruitful, FNCCI's delegation actively participated in various bilateral and multilateral forums.

### BIMSTEC Business Summit



FNCCI actively participated in the BIMSTEC Business Summit 2024 in New Delhi, where FNCCI President Chandra Prasad Dhakal addressed trade facilitation, emphasising the need for a BIMSTEC Infrastructure Development Fund to enhance cross-border connectivity and trade infrastructure among member states. He stressed that collective development would amplify BIMSTEC's voice in international forums, advocating for connecting Nepal's East-West Highway to neighbouring countries and developing dry ports for landlocked nations. Dhakal also called for improved regional air connectivity and simplified trade processes within BIMSTEC to boost global competitiveness, urging dialogue to resolve existing issues.

### Formation of BIMSTEC Chamber of Commerce

During the BIMSTEC Business Summit 2024, the BIMSTEC Chamber of Commerce was established with FNCCI as a founding member. This initiative, proposed by FNCCI the previous year, aims to accelerate the BIMSTEC Free Trade Agreement. The chamber's secretariat will be in New Delhi, with chairmanship rotating alphabetically. FNCCI President Chandra Prasad Dhakal



urged the immediate formulation and implementation of the chamber's statute. Other FNCCI representatives highlighted the importance of women's economic empowerment, BIMSTEC's role in tourism, education, health, and IT, and the need for sustainable practices in utilising the region's natural resources. The establishment of a BIMSTEC SME Development Centre was also proposed.



## Agreement with National Chamber of Commerce and Industry, Malaysia

On April 28, 2024, during Nepal's Investment Summit, the Federation of Nepalese Chambers of Commerce and the National Chamber of Commerce and Industry, Malaysia, reached an agreement to promote trade, investment, and economic expansion between the two countries.



## Participation in the International Labour Conference



FNCCI President Chandra Prasad Dhakal represented employers at the 112th International Labour Conference in Geneva, Switzerland. Addressing the conference, he highlighted improving labour relations in Nepal and the country's increased investment potential due to economic reforms and its strategic location. He encouraged investment in Nepal, particularly in the hydropower sector, citing a power purchase agreement with India and ongoing

discussions with Bangladesh. Dhakal also pointed to opportunities in tourism infrastructure, IT, agro-based industries, and manufacturing. He informed attendees about the government's efforts to facilitate investment through bilateral trade agreements, improved laws, and policies to avoid double taxation. During the conference, President Dhakal met with high-ranking officials from the ILO and the International Organisation of Employers.

## Participation in the Programme of the Non-Resident Nepali Association, Australia

FNCCI President Chandra Prasad Dhakal attended a programme organised by the Non-Resident Nepali Association in Melbourne, Australia, on June 16, 2024. He encouraged NRIs to invest in Nepal, highlighting the improving investment climate and urging them to bring their knowledge, skills, and capital to the country. Dhakal emphasised Nepal's significant investment potential in hydropower, tourism, IT, and agriculture, and informed attendees about recent legal amendments aimed at

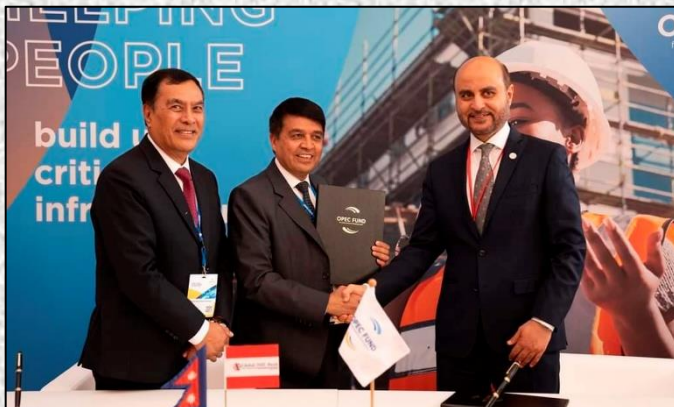




enhancing both foreign and domestic investment, particularly in light of the Third Investment Summit 2024. He also mentioned the government's inclusion of FNCCI's proposed 10 billion capital investment company in Fiscal Year 2023/24 budget, which will invest in various promising projects in Nepal.

## Meeting with Officials of the OPEC Fund

On June 27, 2024, FNCCI President Chandra Prasad Dhakal met with the Chairman of the OPEC Fund, Abdul Hamid Alkhalifa, and Vice President Tareq Alnassar in Vienna, Austria. He urged the OPEC Fund to increase investment in Nepal, citing significant potential in tourism, energy infrastructure, agriculture, and IT. Dhakal also noted the preparation and government approval of a



Bilateral Investment Agreement (BIA) framework, initiated by FNCCI, which aims to secure foreign investment and foster a favourable investment environment.

## Agreement between FNCCI and Korea Importers Association

The Federation of Nepalese Chambers of Commerce and the Korea Importers Association (KOIMA) signed a memorandum of understanding on November 19, 2024, in Seoul, South Korea, to promote Nepali products and expand investment. FNCCI President Chandra Prasad Dhakal and KOIMA Chairman Wou-Hyung Kwon signed the agreement. KOIMA,



established to import essential industrial raw materials into South Korea, is expected to help reduce the trade deficit between Nepal and South Korea. FNCCI anticipates that this collaboration will facilitate market access for Nepali industrial raw materials and other goods, beyond traditional exports like felt, carpets, and yarn. At a programme commemorating 50 years of Nepal-Korea diplomatic relations, President Dhakal highlighted the immense potential for strengthening economic ties, emphasising Nepal's energetic workforce, natural resources, and proximity to large markets as attractive factors for Korean investors. He briefed on improvements in Nepal's investment environment and invited the Korean business community to explore opportunities, assuring them of support through FNCCI's FDI Help Desk.



## Participation in the US Chamber of Commerce Programme

On September 23, 2024, FNCCI President Chandra Prasad Dhakal promoted investment in Nepal at a US Chamber of Commerce event in Washington, D.C. He highlighted Nepal's potential for production catering to both local and global markets. Dhakal also emphasised the significant opportunities in hydropower, citing power purchase agreements with India and recent understandings with Bangladesh. Additionally, he invited investment in Nepal's tourism infrastructure, emphasising the country's unique blend of nature and culture.



## Participation in the Asian Trade Promotion Forum

FNCCI President Chandra Prasad Dhakal participated in the 37th Asian Trade Promotion Forum in Bangkok on September 21, 2024. He presented Nepal as a prime tourist destination, advocating for increased investment in tourism infrastructure, including hotels, theme parks, and adventure tourism. Dhakal also pointed to investment opportunities in Nepal's growing information and communication technology and film industries, as well as the significant growth in handicrafts, music, film, and digital art, which contribute to both economic development and cultural preservation. Highlighting Nepal's hydropower potential, he mentioned India's commitment to purchase 10,000 megawatts of electricity and emerging opportunities in Bangladesh.



## FNCCI and Thai Board of Trade Forge Economic Partnership

The Federation of Nepalese Chambers of Commerce and Industry (FNCCI) and the Thai Chamber of Commerce and Board of Trade have signed a Memorandum of Understanding (MoU) aimed at strengthening trade relations and promoting economic cooperation between Nepal and Thailand. The agreement was formalised in Bangkok on April 2, 2025, witnessed by Nepali Prime Minister KP Sharma Oli and Thai Prime Minister Paetongtarn Shinawatra, who were both in Thailand for the sixth BIMSTEC Summit. FNCCI President Chandra Prasad Dhakal and his Thai counterpart, Sanan Angubolkul,





inked the MoU, outlining commitments to support trade promotion, facilitate joint ventures, exchange business information, and foster industrial cooperation. In a related development, FNCCI and the Thai Board of Trade have agreed to establish a Joint Business Council (JBC) to serve as a dedicated platform for continuous dialogue and the exploration of business opportunities. The formation of the JBC is expected to streamline investment processes and further enhance economic ties between the two nations.

## High-Level Meetings and Discussions



FNCCI President Chandra Prasad Dhakal, along with other office bearers, met with newly appointed Prime Minister KP Sharma Oli and Deputy Prime Minister and Minister of Finance Bishnu Prasad Paudel on July 17, 2024. Dhakal stressed the need to boost the morale of the private sector to improve Nepal's economy, urging special government initiatives. He emphasised the private sector's significant role in the economy and employment, calling for improved services for the public and private sectors, a dignified business environment, and increased investment through policy reforms. Dhakal also suggested an economic reform commission led by the Prime Minister, including private sector participation, to enhance economic coordination. Prime Minister Oli pledged the government's full support to entrepreneurs, acknowledging the private sector's importance in economic improvement.

On July 18, 2024, an FNCCI delegation including President Dhakal met with Deputy Prime Minister and Minister of Finance Bishnu Prasad Paudel. Dhakal reiterated the economic challenges and the necessity of boosting private sector morale for recovery, emphasising government-private sector cooperation. He also pointed to the lack of coordination among economic bodies, proposing an economic reform commission with private sector involvement, and urged a swift resolution to the dedicated feeders and trunk lines issue.



Deputy Prime Minister Paudel acknowledged the need to address economic problems, prioritising building the confidence of the private sector and encouraging industrialists to operate with assurance.



## Corporate Social Responsibility

FNCCI provided relief funds of one lakh rupees each to districts severely affected by incessant rains since September 26, 2024, through its member District Chambers. This initiative aligns with FNCCI's commitment to assisting during national disasters. Additionally, on September 5, 2024, FNCCI honoured Paralympics bronze medalist Palisha Gobardhan and her coach and manager with cash prizes, recognising her achievement as a moment of national pride.



FNCCI also contributed approximately 2 million rupees to earthquake relief efforts in Jajarkot and Rukum West, and provided assistance for earthquake relief in Turkey. The Federation of Nepalese Chambers of Commerce and Industry has additionally provided relief supplies to the victims of the earthquake that occurred in Myanmar on March 28.

## Other Activities

On May 19, 2024, FNCCI organised an interaction programme on the furniture and furnishing business, attended by the Secretary of the Ministry of Industry, Commerce and Supplies, Krishna Bahadur Raut. Secretary Raut suggested that Nepali furniture products could better compete with imports by obtaining the NS mark. FNCCI Senior Vice President Anjan Shrestha urged furniture entrepreneurs to pursue the NS mark and emphasised the need to increase domestic resource-based enterprises, highlighting Nepal's potential to meet domestic demand and export with appropriate government policies.











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