



# FNCCI Annual Review

## A chronicle of one year of leadership of the new FNCCI Executive Committee



It has been a year since the new leadership took charge at the Federation of Nepalese Chambers of Commerce and Industry. When the new executive committee of the federation assumed office the country's economy had just entered a turbulent phase. As a result of the government's policies, the economy which had been growing at an annualised rate of 6% after the Covid pandemic started declining. The government focused on controlling demand without any proper study of its effect on the economy due to which the market started losing confidence and there were fears among the general public that the country's economy was heading towards a situation that Sri Lanka was witnessing.

The impact of the demand control mechanism that was introduced was realised by the government and

Nepal Rastra Bank. During the corresponding period of the previous year there were a lot of rumours doing rounds that businesses and entrepreneurs were responsible for the deteriorating state of the economy. Also, around that time the National Assembly endorsed a Bill that would grant authority to the Commission for the Investigation of Abuse of Authority (CIAA) to look into the affairs of the private sector.

It was a time when the country's private sector was being attacked from all sides. The new rule granting CIAA the authority to look into the private sector



was halted at the House of Representatives and discussions were held about the Bill. In fact, on the



initiative of FNCCI, the Nepali Congress organised a meeting regarding the Bill at the office of its parliamentary party. The FNCCI president along



with the Executive Committee held meetings with the top leadership of all the political parties. The Bill has not been endorsed by the House of Representatives for the moment but we still need to continue advocating against it. If there is cooperation among all the concerned stakeholders then the Bill will not be endorsed by the Parliament.



There are plans to include a similar type of provision in the laws of the National Vigilance Centre and we must take the initiative to amend it.

After the consistent efforts made by FNCCI along with other private sector representatives the perception towards the private sector has witnessed some improvements. The government and the central bank which were quite rigid in their fiscal policy and monetary policy have now become a bit flexible. The meeting of the FNCCI Executive Committee held in Dhorpatan decided to host a comprehensive economic debate on October 12, 2023.

After the economic debate was held by FNCCI, the Honourable Prime Minister convened an all-party meeting along with the participation of the concerned stakeholders. The meeting was organised on the initiative of FNCCI and the Prime Minister had sought the meeting. During the meeting, he pledged to activate the Industry Commerce Promotion Dialogue Council. He also instructed the National Trade Facilitation Centre which comprises of the private sector to draft guidelines. The government has started taking the suggestions and feedback of

FNCCI in a sensitive manner to some extent.



There is also a sense now that the central bank has started taking the issues raised by FNCCI into consideration. The central bank reduced the policy rate during the first quarter review of the monetary policy. This move by the central bank has helped in



the reduction of the fixed deposit interest rates. However, the market at present has been witnessing weak demand due to which businesses have not been able to function in a smooth manner. As a result, our focus has been and will be in trying to increase market demand and also on ensuring an environment whereby enterprises will be able to function in a dignified manner.

The issue related to dedicated and trunk lines resurfaced again in the meantime. In a meeting held with the Honourable Prime Minister on September



11, 2023, there had been an agreement that power being provided to industries would not be cut off. However, the power was cut off without any information and we strongly opposed that move.

The FNCCI leadership continued to draw the attention of the President, Prime Minister and other high-level authorities on the issue. The FNCCI urged the government to resolve the issue through the



Electricity Regulatory Commission or a judicial commission of a similar nature. As per the request of FNCCI, the government formed a high-level commission and power was restored to the industries. This issue needs to be continuously advocated. Meanwhile, various programmes and lobbying activities were organised within and outside the country under the leadership of FNCCI.

Within a period of six months a few investment and business conferences were organised at the

170 people took part in the event.

The country receives foreign investment worth 2% of the gross domestic product. Last year, Nepal received only Rs 6.5 billion worth of foreign investment. Nepal is still not recognised by the global investors as an investment destination. Moreover, for Dubai we are a country that basically sends semi-skilled and skilled migrant workers. We were able to showcase that where there is industry and business there is a potential to invest also during the Nepal Dubai Business Forum. The event in which officials of Dubai Chambers and the Finance Secretary participated was successful in disseminating a positive message to the participants.



international level. Major investment conferences were held in India and China. Indian Minister of Commerce and Trade, Piyush Goyal participated in the conference held in India. Likewise, Li Fei, Minister of State for Commerce in China took part in the



This year, Nepal had the honour to host the conference of the Confederation of Asia-Pacific Chambers of Commerce and Industry (CACCI). The CACCI conference was hosted by Nepal after Cambodia expressed its inability to do so. Around



conference held in China. Around 200 business people and entrepreneurs each participated in both the conferences.



200 business people and entrepreneurs, including 60 foreign delegates participated in the conference. The event, which was inaugurated by the President of Nepal, Honourable Ram Chandra Poudel, was able to familiarize investors with the fact that Nepal



Then after, the Nepal Dubai Business Forum was organised in Dubai. The event was held in a successful manner in collaboration with Dubai Chambers, which is globally a very influential entity. FNCCI forged a new partnership with Dubai Chambers to organise the event. Approximately,





too is a potential investment destination.

A presentation of the investment opportunities available in Nepal that was prepared by the Nepali Embassy in the United Kingdom was also made during the programme. A seminar related to sustainable development targeting West Asian nations was also held at the FNCCI secretariat. This was the first time that such a seminar was held.

A proposal to hold investment seminars in all seven provinces of the country has moved ahead accordingly. An agreement to host an investment



conference has already been reached with the Sudurpashchim Province and work has progressed accordingly. Meanwhile, talks are being held for such conferences with other provinces.

As per the decision of the FNCCI Executive Committee, a concept paper to establish an investment company with the participation of business people and entrepreneurs has been prepared. Work is being carried out to give final shape to the investment company. What has to be noted is that the ownership of the investment company will not lie with FNCCI. The Federation will only take the initial initiatives to set up and promote the investment company. It will later to be operated on a commercial basis. This initiative has been undertaken by FNCCI to bring together all the business people and entrepreneurs from across the country. Non-resident Nepalis and other private sector organisations can also invest in the company.



Work has already progressed to further strengthen the FDI Help Desk at the FNCCI secretariat to follow up on the international conferences that have been organised and also to initiate other works related to investments. The USAID will be supporting these activities. The FDI Help Desk is being strengthened so

that we are not just occupied with organising conferences but also following up on them so that we get some concrete results that we are expecting.

On the request of the Federation of Nepalese Chambers of Commerce & Industry, the government has prepared the blueprint of a bilateral investment agreement, which is in the process of being endorsed by the Council of Ministers. There have been amendments made to 12 existing laws and regulations with the Nepal Investment Summit 2024 to be held on April 28-29 in target. The projects that have been prepared by the private sector have already been forwarded to the government.

Besides, the FNCCI secretariat has also transformed its working procedures so as to be more technology-friendly. Payments and the process to obtain Certificate of Origin are now available online.

Similarly, some of the agreements that have been made within this period will also help strengthen the Federation. For example, the agreement with the Securities Board of Nepal will enable to organise training programmes in various places. Likewise, the agreement with Nepal Rastra Bank has opened the doors for cooperation in policy cooperation, study and research. It has also paved the way for collaboration in the formulation of policies including the monetary policy in the future. The agreement with the Joint Trade Union Coordination Centre (JTUCC) will prove to be a milestone to improve the labour relations.



Even during a time now the economy is in a problem after the Covid, we have begun organising international trade fairs. The Green Growth Advisory Service has also been started by FNCCI.





The government has also formed a High-level Recommendation Committee on Tax System Reforms. The FNCCI too has submitted its recommendations to the committee. We have prepared the suggestions for the 16th periodic plan and the budget in a more systematic and participatory manner.

In the present context when the dignity and ethics of the private sector is being questioned, FNCCI is planning to launch a campaign to restore the respect of the private sector. Through this campaign, FNCCI wants to highlight the contributions of the private sector, the value that is accorded to the private sector in other countries, and the contributions made towards social responsibility initiatives. The campaign will also include the code of ethics while conducting business so as to address the declining respect of the private sector.

The dignity, safety and respect of the private sector are the main priorities of the FNCCI. The Federation has also strongly raised its voice to include the private sector in the order of precedence. Discussions are ongoing regarding this issue and we hope to receive a positive outcome.

It was necessary to showcase the contributions made by the private sector so as to gain respect from all quarters. Till date, there had been no study or research conducted on the contributions that have been made by the private sector. In a first, the Federation of Nepalese Chambers of Commerce and Industry in collaboration with the International

Finance Corporation has prepared and released a report on the contributions made by the private sector to the country's economy. The report has revealed that the private sector has a contribution of 81% to the gross domestic product, 87% to employment generation and directly and indirectly 85% to the government revenue.

We are about to organise our annual general meeting. There have been various demands and complaints from our members. We also face shortage of resources. We are formulating a strategy at the moment so as to make the services being provided by FNCCI more efficient and effective for our members. We are also looking into ways on how we can expand our services. We will be organising a programme a day before the annual general meeting where we will have comprehensive discussions with representatives of district and municipal chapters on how we can make our services more effective.

We have invited the top leadership of all the political parties for the inaugural ceremony of the Annual General Meeting and Industry Commerce Day being held on April 10, where we have urged all the political parties to come up with a common economic agenda. Sanjiv Puri, President Designate of Confederation of Indian Industry from India will be the keynote speaker at the event. We will also be hosting an interaction programme with the Honourable Minister of Finance and Honourable Minister of Industry, Commerce and Supplies.



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