

Welcome Speech by FNCCI President Mr. Pashupati Murarka
at the FNCCI 50th Annual General Meeting and Industry Commerce Day 2072

Unofficial Translation

First of all, I would like to congratulate you all on the occasion of the 50th anniversary of the umbrella organisation of the Nepalese private sector, the Federation of Nepalese Chambers of Commerce and Industry, and Industry Commerce Day 2072. I also would like to wish all the Nepalese entrepreneurs for their progress and success.

I would like to welcome all the special guests, my colleague business representatives present in this august gathering.

Similarly, I would like to express sincere thanks to the chief guest of the AGM and Industry Commerce Day 2072, Rt. Hon'ble Prime Minister KP Sharma Oli, on behalf of the entire private sector, for his love to the private sector and his time to the programme out of his very busy schedule.

I would like to welcome Hon'ble ministers, members of the parliament, special guests, excellencies, chiefs of the diplomatic missions, chiefs of the constitutional bodies, political leaders, chiefs of the development partners of the FNCCI, high level government officials, trade union leaders, senior businessmen and industrialists, economists, former presidents of the FNCCI, special members, executive members, former office bearers, special personalities, journalist friends, and all the guests and representatives in the programme.

I would like to welcome the chair persons, representative friends from district/municipality chambers, commodity associations, bilateral chambers and associate members on behalf of the entire executive committee.

The documentary prepared on the occasion of the 50 years of the private sector development in Nepal has clearly showed the national and international network of the FNCCI.

The FNCCI tried its best to be a strong partner of the government in the policy making process during its five-decade long nonstop journey. It directly supported the government in making different policies such as industrial, business, trade, transit and labour Acts and laws. The FNCCI played crucial role in signing the Trade and Transit Treaty of 1996 between Nepal and India, which has remained a cornerstone of the economic relations between the two countries.

The FNCCI has succeeded in forging consensus with the national trade unions to separate industrial enterprises from politics. It has received affiliation from International Labour Organisation adding a provision of Employment Council in its Constitution from 2042BS. The FNCCI, which had started its service from a rented room, is now providing service to its member from its own well-furnished building.

Today, we have come forward as good conductor of the change and the FNCCI has well managed it in its federal representative organizational structure.

We all are travelling together on a boat of change. The height that the FNCCI has achieved in the past 50 years was not possible without a strong foundation. Here, I would like to remember all the known and unknown senior leaders for their wisdom and hard work to grow the Federation at its present state. I, on behalf of my executive committee, would like to express my sincere commitment to lead the organisation more strongly as per their direction. Similarly, I would like to remember and respect the contribution of our seniors in providing the roadmap for the economic development of the country.

I would also like to remember the support and togetherness of the Government of Nepal, Right Hon'ble Prime Minister, Hon'ble Ministers, major political parties and their leaders and high level officials of the government.

I would like to express my sincere thanks to all for the positive response and support in all our works and programmes initiated by the organisation in the socio-economic development of the country. I would like to express heartily thanks to all for their assistance and support.

I would like to express my sincere gratitude to all media houses and journalist friends for their constant support by publishing/broadcasting our activities in their respective media. The FNCCI pays due respect for their support and well wishes.

FNCCI's this AGM is going to be held at a crucial time when the execution of new constitution of the federal republic Nepal, promulgated by the directly elected representatives of the people, is going to be the main agenda of the country. The country has lost many more in the movements before and after the promulgation of the new constitution. The political instability and uncertainty could not end even after the promulgation of the new constitution. The responsibility of the execution of the new constitution, incorporating the sentiments of the majority, is on the government and the major political parties. I would like to express our commitment that the private sector is always ready to support the government to form new economic structures in line with the new constitution.

The economic indicators are leaning downhill. The recent Asian Bank report has projected that the economic growth rate would shrink at 1.5 per cent this year. The export is decreasing compared to the imports. The trade deficit is increasing and the import export ratio has reached at 9:1. The economic situation of the country, hard hit by the devastating earthquake, longest-ever Terai agitation and economic blockade, is worse than the situation indicated by these economic indicators. The situation has remained really difficult, sensitive and painful for the business people and industrialists who have been sustaining the country's economy at this difficult time.

We would like to launch an 'open dialogue' on how can we create a conducive business environment in the country at this difficult time and re-open the sick industries, and also fulfill the dream of Rt. Hon'ble Prime Minister to transform the country into a prosperous one.

It is not necessary to mention that the private sector is the backbone of the economic development. The assumption that the private sector is the engine of development has already established worldwide. In the context of Nepal too, we expect a drastic change in the perception towards private sector, which has more than 70 per cent contribution in the national economy. The private sector, which is generating employment from their large investment in the country and providing a huge chunk of revenue, is really hurt due to unnecessary hurdles and trivial issues.

In open market, the price of good differs. A cup of tea cost Rs. 20 at a tea-shop nearby the 5-star hotel, where the price may be more than Rs. 500. A bottle of water costs Rs. 20 somewhere while it may cost Rs. 150 at other place. We should not forget that the price determines service and quality of the goods too. In open market economy, price is determined by the demand and supply of goods and services. This is theory of economics. Price may differ in line with place and season. The price fixed in competitive market is the lowest and sustainable. That price protects the rights of the producer and consumer. If the price is not competitive, it will not last long and the goods vanish from the market. Various activities to torture and punish the businessmen and industrialists are going on in the name of quality control and market monitoring. This kind of activities of the government has raised question whether the government is trying to control the market.

Interferences and meddling from the state in some business houses has defamed the private sector. The government has sealed the go down of the business people, without any legal warrant or documents. What kind of system is this?

How long shall we have to bear this kind of torture? Right Hon'ble Prime Minister, what kind of mistake did the industrialists, who have been running their industry and business bearing pain and obstructions, committed?

It does not mean that state should protect the people who go against the law. The private sector is always together with the government to bring those who are involved in amassing wealth violating the rule and neglecting the public health. However, there should be independent and fair probing. But the state's manner to take the business people into custody and file cases on charge of black-marketing just because someone filed the complaint, without proper investigations or providing a chance to put their voice, has troubled the private sector badly. This type of government action should be stopped.

Following few examples of the state intimidation, I, now, take the opportunity to mention few of the actions that the government should take immediately.

Right Hon'ble Prime Minister,

The state has been punishing the businessmen and industrialist on the basis of 6-decade old Black-marketing Act. The business and industrialist sector have not been able to complete with the international market due to this old Act. The Act has hindered the business people and industrialist to store the goods and fix price as per their production costs. There is problem in its definition too. The business entrepreneurs are worried of the Act as it can blame anyone and put into custody anytime. I would like to request the government to amend the Act to make it in line with the change in the world market.

We, the private sector, demand with the government to provide proper chance to say their voice before taking them into custody in the name of violating law. There should be a provision of anticipatory bail until the charge against anyone proves.

The trend of filing cases against the business entrepreneurs on various charges has not come to an end. Thousands of cases of the entrepreneurs are pending at the court. Business entrepreneurs are not been able to go to the court due to the provision of 50 per cent bail amount. Justice delayed is justice denied. Therefore, the cases of the entrepreneurs should be finalised at the lower court, establishing a separate commercial court, if they do not need to go to the Supreme Court.

There is no presence of the government at the local level. Political mechanism or crowd is ruling there. It should be ended shortly and the state should make its presence at the local level.

Good governance is the most crucial aspect in socio-economic transformation of the country. Security of lives and property, transparent policy and acts, rule of law, adequate and timely government service, and timely allocation of leaves, transparent and accessible justice, and fair trade are the basis of prosperity. The private sector asks the government for maintaining good governance. We demand that there should be social transformation for corruption control, transparent governance system, rule of law and responsibility as per the post. Right Hon'ble Prime Minister, we would like to see the implementation of the zero-tolerance against corruption.

The private sector has been together and supporting the government for the development of the country. The FNCCI had provided service to the people through its massive network across the country even during the decade-long insurgency, when there was almost zero-presence of the state in the rural areas. Whether there is natural disaster or earthquake, the FNCCI comes to the front to lend its helping hands. Private sector also means to support the government to form its national treasure, create employment and a partner that provides benefits to the nation without any investment. The perception towards the private sector as a strong partner is everywhere in the world. But the perception of our government towards the Nepalese private sector is in need of a drastic change. We demand that the government should change the perception towards the private sector, which is a major share of the national economy.

We welcome the 10-year work plan of the government to end the energy crisis in the country. However, we demand its proper implementation. Now, the PPA rate of power generated from solar is Rs. 9.61 per unit while the cost of per unit energy imported from India costs Rs. 7.80. However, the Nepalese power producers are getting only Rs. 5.40 per unit at present. If the government provided any financial incentives/packages, the ongoing projects could have been completed earlier/on time.

Energy sector is such sector where the projects are handed to the government in certain time. But due to over politicalisation, both at central and local level, the projects cannot be completed on time. The delay in the construction of Arun III and Upper Karnali have incurred huge loss to the country.

The political parties should support the government to move the national flag-ship projects such as Pancheshwor and help the government to resolve the local issues.

Acute power outage has been a major stumbling block in our development. Every sector, be it house, hospital, school, corporate office, are suffering badly from the load-shedding. The pain of over dependency on fuel in the absence of regular and reliable power supply have just been experienced, and it cannot be denied that the situation may recur.

Even today, imports of petroleum top the list of import items. We spend more amount than the total amount generated from the export of goods. The import of petroleum could be reduced if there was regular power supply. But to our utter dismay, we neither could be self-reliant in electricity nor could supply petroleum products easily. Both Nepal Electricity Authority (NEA) and Nepal Oil Corporation (NOC) have failed to do their duties. The state should end their monopoly immediately.

We are of the opinion that the state should take any step thinking properly its pros and cons. For example, the state decided to allow the private sector to import petroleum at a time when the country was reeling under severe fuel crisis. However, it cancelled the license immediately after the fuel crisis eased slightly. The decision should have been made thinking of its consequences for the long term. Already scared entrepreneurs have frightened more with the withdrawal of the decision.

The private sector had incurred a big loss in the massive earthquake at the beginning of this year. Specially, the small entrepreneurs based on export-oriented enterprises had to suffer a lot. The production of pashmina, carpet and handicraft has suffered badly. Almost 99 per cent of their business is in loss. The government should provide immediate relief package for the earthquake hit business enterprises.

Right Hon'ble Prime Minister

The private sector is really excited by the commitment expressed by Rt. Hon'ble Prime Minister for the economic prosperity of the country and the interest in the interaction programme. The private sector is really encouraged by the consultations made by the Prime Minister during his recent visits to neighboring countries, China and India, and expects similar treatment from the state organs too.

I would like to remind that the private sector umbrella organisation, the FNCCI, has been providing suggestions for political parties for their common economic agenda.

We have concluded that the low economic growth and lack of employment opportunity, burgeoning trade deficit, and acute power crisis, unequal distribution of the development, weak infrastructures, degrading social security and weak governance system are the major challenges of today's economic development. I would like to request Rt.Hon'ble Prime Minister for few time to put our suggestion to herald the country into the road of economic development along with industrial development addressing the challenges mentions above.

- Let's make common economic agenda so that there will be no obstruction in the development programme with the change in the government and bureaucracy.
- Let's commit to complete the major infrastructure projects such as Kathmandu-Terai Fast Track, Regional/International Airports, large hydropower projects, national flag-ship projects and pride projects through public-private partnership model.
- Let's endorse new Labour Act and other important acts demanded by the private sector within a couple of months.
- Let's maintain policy stability so that there will no change in the policy for at least 10/15 years with the change in the government.
- Let's agree that we have energy shortage in Nepal. Let's sign agreements with neighboring countries for the development of energy and do not discriminate the investment based on the nationality of the investors.
- Let's express our political commitment to end all forms of bandh for the continuous progress of our economy.

The issues of IEE, EIA, land acquisition and environment protection, among others, have created impractical problems while establishing an industry in the country. People form various pressure groups raise these issues. The situation goes unmanageable when the pressure groups come with a long list of illogical demands, which cannot be fulfilled by the investors. This has discouraged the investors. The government should take initiatives to expedite the projects establishing one-window policy and providing adequate sense of security in the project/programme area.

We should now reform our economy with the view to provide benefits to the nation and people. This is only possible from private sector if there will a conducive environment. The private sector has grown significantly during the past 20-25 years. The leap-frog development of private sector in civil aviation, banking, tourism, education, health, housing, transportation and manufacturing proves this.

Unemployment is our major problem. We believe that we should increase the investment to create employment. We should promote investment in production sector and also take policy to encourage saving. We are of the opinion that we should open almost all the sectors, except few restricted areas, for foreign investment. At this august gathering, I would like to request all the stakeholders to move ahead putting economic agenda at the centre. The democracy also would not grow and succeed in the absence of strong, healthy and prosperous economy.

For the creation of conducive investment environment, the government should bring in Electricity Act, Special Economic Zone (SEZ) Act, Integrated Intellectual Property, Industrial Business, Foreign Investment and foreign trade related Acts. The government should work together with the private sector for bringing in new Acts or amending the existing one shortly. We are of the opinion that the government should bring the urgent Acts through Ordinance if needed.

More than 350,000-400,000 people enter into the labour market every year. Majority of the youths are employed abroad. They spend their vigorous youth working for others. The data of returning corpses of these youths also makes us depressing. No countries can be rich and proud by selling their labour force. We can be rich and proud only through industrial and enterprises development in the country. For this, we should create employment in the country. We should orient people towards business and enterprises and attract foreign investment in the country. We should create environment for developing entrepreneurial skills to our youths based on the potentials and reality, and provide access to financial resource and other supports.

Nepal is a country of young population. The energetic and innovative youths are the medium of change. This is the time of demographic dividend for Nepal. We would not face the shortage of youth power if we took right decision at right time. We should take this opportunity.

Respected delegates,

The FNCCI has started One District One Product, One Village One Product programme in support of the government of Nepal to commercialize agriculture sector. For this, we established a juice factory for the promotion of Junar (sweet oranges) in Sindhuli and Ramechhap districts, cold store in Dhading for the promotion of green and fresh vegetables, herbal processing centre for the promotion of herbal products and potentials of Karnali zone, ginger and large cardamom processing centres in the eastern Nepal, packaging programmes in Rolpa, Rukum and Pyuthan districts for the promotion of vegetable seeds.

Similarly, we are organising Nepal International Trade Fair for promotion of the country as an attractive investment destination in the world. We would revise and specialise it in the days to come thinking of its importance. The FNCCI has started forest based enterprise development programme together with the government of Nepal and other stakeholders. We hope that these small efforts would help in the development of the country and its economy. And, we will increase such programmes in the upcoming days.

We are in between two emerging economic power of Asia- China and India. Nepal should take adequate benefit from these two countries. We should maintain balanced relations with these two neighboring countries. They both have expressed similar commitment for the development of Nepal. We should utilize the relations based on the commitments and agreement reached during the official visit of Rt. Hon'ble Prime Minister for the development of Nepal. One neighbor cannot replace another. The relations with these two neighboring countries have their own importance. We would like to stress on establishing economic relations based on mutual relations, necessity, and simplicity and business stability.

The FNCCI has been working for decades with various national and international partners for supporting Nepal's economy. It has been working with development partners such as UNDP, ILO, World Bank, IFC, UNHABITAT, UN WFP, JICA, ADB, IFAD, USAID, DFID, GIZ, SNV, DANIDA, KOTRA, along with the government of Nepal, and embassies of various countries including India, China, USA, Japan, Germany, among other countries. On this occasion, I would like to thank all the partner agencies and also request them to make their support wider and stronger in the days ahead.

We are going to felicitate our member organisations evaluating their working system. We had announced to award journalist writing in economic sector from this year. However, we could not manage that due to some reason. We are going to award Society for Economic Journalists Nepal (SEJON) this year. We will award economic journalists from coming years. I would like to congratulate all the felicitated organisations and wish for their success in the coming days.

Ladies and Gentlemen,

The FNCCI would organise various programmes coinciding with its 50th anniversary round the year in 2073BS. We express our commitment to sacrifice the golden jubilee year for the progress of the country. We expect commitment from the part of Nepal government and major political parties for the creation of a conducive business environment in the country, political and policy stability.

We would like to express our sincere commitment on the occasion of Industry Commerce Day 2072 that we are ready to work with the government for the prosperity of the country in the days ahead. We also expect strong commitment from the government to take private sector as a strong partner for the economic development of the country. I, once again, would like to wish you all present here on the occasion of Industry Commerce Day 2072.

Let's be ready for changing our own working style and perspective for the economic progress liberating the country from long-term problem, let's begin it from today. I would like to welcome our chief guest, special guests, seniors and all the representatives at the programme and express sincere thanks to all for your presence here.

The New Year 2073 has arrived at our door-steps. On the occasion of New Year 2073, I would like to wish you all that the New Year 2073 will bring happiness on the face of all Nepalese.

Thank you!

April 10, 2016, Sunday, Kathmandu