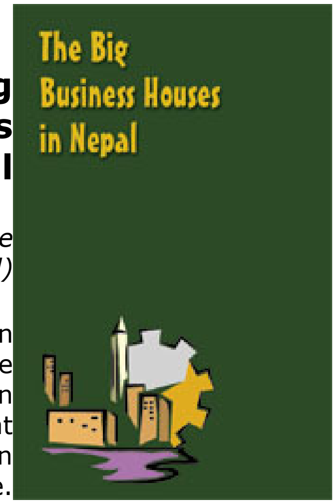
The Big
Business Houses
in Nepal



(Report of the Gefont Action Research entitle
Globalisation and Big Business Houses in Nepal)

This research has not been undertaken only for an academic exercise, it is an action research useful for the days to come. The work could not be based fully on primary information of quantitative nature, unlike what was expected during the design. Secondary information has thus played a crucial role.

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Preface

The Trade Union Movement in the contemporary world cannot confine to its members alone. The responsibility of social transformation and improvement in the quality of life also rests, although partially, on the Trade Union Movement, which forms a major part of the mainstream social movement. Working as a trade union center of the nation means a compulsion to shoulder a role of all round activities concerning different aspects of working masses, human life and the nation. No doubt research is one of the significant aspects in this regard.

This research has not been undertaken only for an academic exercise, it is an action research useful for the days to come. The work could not be based fully on primary information of quantitative nature, unlike what was expected during the design. Secondary information has thus played a crucial role.

We are thankful to all concerned who have invested their time and energy to collect primary information of qualitative nature. The period of the collection of information, analysis and final reporting became somewhat time-consuming however we are happy that the outcome is significant. This publication is a little late in the sense that the coverage of information mostly represents the period of 1997-99. However, this research is a new of its kind and may prove useful not only to trade unions or employers but also to policy makers of the country. We hope it will also serve as a solid ground for further researches in this regard.

We are thankful to ILO-ACTRAV, Geneva and Senior ILO Advisor's Office and officials in Kathmandu for their kind co-operation. Without their support this research might not have started and come to this shape & stage. We would like to extend our sincere thanks to Bro. M. Sebastian –Deputy Director, ILO ACTRAV, Bro. DPA Naidu-ILO-SAAT, and Mr. J. Lokollo and Mr. G. L. Rajbhandari of ILO-Kathmandu as well.

Mr. Umesh Upadhyaya has played the most significant role to conduct this research not only as the Co-ordinator but also as a labor economist, we extend sincere thanks for his contribution. We are thankful to the consultants Dr. Yub Raj Khatiwada and Dr. Narayan Manandhar for their valuable contribution in spite of their busy schedule. Their contribution is reflected partly in the theoretical part of globalisation, which is already published by GEFONT in its **Proceedings** (of High Level Panel Discussion, 15-17 July 1999, Kathmandu organised by GEFONT and FES), the summarised form of which has been included here. Dr. Khatiwada has also contributed in the analysis of the Nature of Investment and Credit of Big Houses. Similarly, Dr. Manandhar has contributed to analyse the Take over of Public Enterprises and Their Performance.

Our special thanks goes to Mr. Rajendra K. Khetan, Chairman of Employers' Council - FNCCI, Mr. Binod Chaudhary, Ex-President FNCCI, Mr. Chandi Raj Dhakal, Ex-Chairman of Employers' Council-FNCCI, Mr. Subodh Pyakurel, Mr. Kishore Pradhan and Madan Lamsal for their valuable suggestions and contributions.

We would also record our sincere thanks to all the friends and comrades for their valuable co-operation.

Bishnu Rimal
Secretary General

Introduction

Although the process of globalisation is not a new phenomenon, the present-day globalisation is, in its particular and technical sense, quite different. It has left quite visible impacts on the lives of the people and in the smooth functioning of the nations.

In general terms, globalisation is a natural process that is continuing from centuries. However, if it is viewed from the present day policies imposed by the advanced nations, under the aegis of IMF, WB, WTO and other TNCs, it violates the natural character and creates adversities. The carriers of this nature of globalisation can be grouped into following four categories.

a. The giant International Institutions:International Monetary Fund, World Bank and World Trade Organisation
b. Trans-national Corporations
c. NGOs and INGOs
d. Electronic Media and Mass Communication

Within national boundaries, the process of globalisation has influenced the government policies and the activities of big business groups. The basic features of this process are characterised by policy influence and intervention, and Joint Ventures and Foreign Direct Investments. Competition plays a key role in the process, with everything made marketable, in which human element becomes secondary and negligible. The process pushes even the rural layers of indigenous life to the consumerist market thereby aggravating all the indigenous socio-economic bases. As we have visualised and experienced, the worst sufferers in the process are the working masses and the most benefited are the privileged sections of corrupt bureaucrats, politicians, Big Houses and the decisive players of the NGO community.

In this background, it is necessary to analyse the effects, both positive and negative ones, of globalisation in order to safeguard national interest and minimise its adverse impacts on the working masses. However, all the aspects and facets cannot be covered in a general study of its kind, the present study is an attempt to look at the role and contribution of big houses in this era of intensifying globalisation so that a glimpse of the condition of working masses will also be visualised As a result, policies and programs of the government as well as non-government sector could be pressurised to become people-oriented and worker-oriented. .

Rationale of Study

The study aims to evaluate the effects of globalisation. The especial focus of the study is centred on formal sector and big business houses. (It is because of the fact that big houses are mainly associated with Multi National Capital in the form of Joint Ventures along with market liberalisation, trade liberalisation and financial liberalisation. In addition, they are heavily focused on private sector and privatisation.)

On the other hand, policy changes that occurred during the period 1985 to 1999, from early days of Structural Adjustment Program to the end of the 20th Century, have definitely affected the Big Houses, workers and the entire economic activities including the industrial scenario. However, quite negligible efforts have been made so far to assess real impacts and the situation that stands now. Even a chronological study is not available addressing labour, industry and services. Studies available are in a very general form, which try to cover the whole economy.

Limitation

- The study basically covers the two decades: 1980s and 1990s. Although we have not tried to dig out the historical aspect, information, figures and experiences witnessed in these two decades may have come in the report associated with the background of the facts referred to.
- For theoretical and general part of this study, we have limited ourselves to the available literature and observations.
- For the second part, we had assumed that we would completely rely on primary information and statistics collected through the questionnaire developed for this purpose. However, even in this part, we have been under compulsion to rely on secondary information to the large extent.
- The study covers the activities of TNCs only with reference to Big Houses.
- Although it was planned to conduct the study within a very limited time frame of six months, the non-co-operation from the target group has forced us to stretch to other six months.

Sources of Data and Time Coverage

The study is based both on primary as well as secondary data. Theoretical part and general observation on globalisation is totally based on secondary information. Books, periodicals and a number of articles have been the major sources of information. The activities of Big Business Houses, the practical aspect of the research work, had been designed to study in the light of primary information.

For the purpose, a questionnaire was developed and the method of interview was adopted. Among the groups taken into consideration were of middle size as well as big ones. The middle size groups were considered in light of their significant role in the business community. Unfortunately, the big house bosses and sub bosses were not that much cooperative as they became more selective and secretive to give information on the realities. The bitter experience of the researchers is that the business community tried to escape the interviews. As a result, collection of information and statistics became difficult and time-consuming. Thus, the time coverage had to be extended on the one hand and, on the other, secondary sources had to be relied upon even for the information that could have been easily gathered through interviews.

PART-I

Globalisation and Nepalese Economy

1. Perceptions on Globalisation

Globalisation is the most talked and debated issue in the contemporary world. However, it does not mean the same thing for all. For some, globalisation is a process of opening up economies so that trade between countries could take place freely. For them increasing globalisation has helped the expansion of opportunities for nations and benefited workers in rich and poor countries alike. Stopping the process would mean stalling economic and technological progress, which is tantamount to stopping the pace of time.

However, this is not readily acceptable for all. Many think globalisation as the concerted strategy of the industrial world, particularly of the Trans National Corporations, to safeguard their interest and spur a new form of colonisation. For them, globalisation means increasing poverty and deteriorating living standard of the workers, widening gap between the rich and the poor within the country and also among the countries, and internationalisation of capital to the detriment of labour market. Even for the moderates, globalisation is a process of restructuring the world economy to find ways for business to maximise profits. The process of restructuring is led by the Trans National Corporations, the governments of the industrial countries, and the international financial institutions for their own benefit.

Without falling into a definitional debate, by globalisation, we mean a process of increasing economic and non-economic linkages across the world. This process is taking place at a faster pace despite some hitches coming from the formulation of regional trading blocks and the financial crisis in the Asian and Latin American countries. In fact, deregulation, liberalisation, and privatisation, which connote globalisation, have become some of the catchwords in the development philosophy of the contemporary world.

2. Dimensions of Globalisation

Globalisation, in a wider perspective, covers, at least, four kinds of activities: (i) cultural globalisation; (ii) political globalisation; (iii) ecological globalisation; and (iv) economic globalisation. Although, they are not necessarily mutually exclusive, all the four elements are closely interwoven. All of these activities have challenged the effectiveness of domestic policy actions and called for co-ordinated efforts of the countries for solving the economic, political, cultural and environmental issues.

We find that cultural globalisation is taking place with the worldwide assimilation of cultural values through communication technologies, media, tourism, consumption patterns, and international exchange of ideas. There are, however, strong counter-movement trends to reinforce and preserve individual cultural identities.

Evolution of multiparty democracy, replacing both the rightist and leftist authoritarian rules, has been a feature of political globalisation. Establishment of the rule of law, good governance, protection of women's right to property, establishment of human right organisations, and promotion of decentralised approaches for empowering local government for better delivery of public goods are some of the attributes that globalisation has created.

We live in an ecologically risky society irrespective of whether we have actually contributed to any environmental degradation or not. Ecological globalisation is most obvious in the form of global warming and loss of bio-diversity. This is one area where global efforts are needed to promote specific laws, policies and programs for joint actions on environmental protection.

Economic globalisation implies increasing global inter-linkages of the markets in goods, services, capital and financing. Such a process has speeded up in the recent decade. The contributory factors for rapid economic globalisation are liberalisation, deregulation, privatisation, and declining costs of transport and communication. De-licensing, removal of quantitative restrictions, reduction in tariffs, and deregulation of foreign exchange are some of the measures, which have expedited the process of economic globalisation. In contrast, globalisation of the labour markets has so far been negligible, but adverse impacts on working masses have been visible.

3. Implication of Globalisation for Nepalese Economy

Nepal is one of the least developed countries of the world with per capita income of 220 US dollars, the lowest in South Asia. The economy is historically growing at a rate of 5 per cent or less, population of the country is growing at a rate of 2.39 percent and therefore per capita income has grown by little over 2 percent. Besides, the country is beset with 42 percent of the population in absolute poverty and half of the labour force either underemployed or unemployed. The distribution of income and wealth is uneven with 10 percent of the households enjoying 53 percent of the national income and 6 percent of the households occupying 33 per cent of the agricultural land.

The unemployment situation is equally alarming. The labour force is growing at a rate of nearly 2.4 percent; and current output growth can create job opportunities for not more than half of the additional labour force. If gainful employment situation is considered, the unemployment rate goes as high as 14 percent. The existing employment elasticity of output growth is very low, somewhere around 0.4 implies that each 5 percent growth of the economy can create job opportunity for only 2 percent of the labour force. In such a situation, if unemployment and underemployment rates are to be reduced, either a significantly higher economic growth rate is required, or a highly labour intensive output growth strategy has to be adopted.

It is obvious that the present growth rate of not more than 5 percent in an average, against the population growth rate of 2.39 percent, would take some 24 years for per capita income to double. Such a slow growth in per capita income is very unlikely to reduce the intensity of absolute poverty clutching nearly half of the population. Unless the economic growth rate is reasonably high, alleviation of poverty and reduction of unemployment problem are very difficult to achieve. .

While talking about globalisation, we must understand that the national economy has not even internally integrated. Market institutions and forces are yet to emerge in a competitive way. Nearly half of the population lives in absolute poverty and illiteracy. More than 80 per cent of the population earns livelihood from agriculture, which, however, constitutes only 40 per cent of the country's national income. For want of proper planning process, commitment, accountability, and integrity of the government, and in lack of people's participation in development activities, forty years of planned development efforts have been little successful in their objectives, hence to solve the problems facing Nepalese people. In an attempt to globalized national economy, the government, elected after the restoration of multiparty democracy in 1990, moved for an open, liberal and private sector led economy. Trade, investment, foreign exchange, financial and industrial sectors were subsequently deregulated, de-licensed, and privatised. Although the euphoria brought about by economic liberalisation resulted in a satisfactory performance of the economy for a few years, the so-called success was soon over. Hasty liberalisation and improper sequencing of globalisation measures subsequently resulted in the slow down in industrial activities, low economic growth rate, and worsening income distribution.

Opening up the Nepalese economy to the global order in early 1990s created much room for foreign borrowing along with widening market for domestic products. As exports of the country went up by five folds, so did the foreign debt. From less than 37 per cent of the national income in 1990, foreign debt swelled up to 56 per cent in 1998. Part of the surge in debt is due to devaluation of the Nepalese rupee, somewhat wrongly exercised as a tool of export promotion following the outward orientation of the economy.

The transition from controlled to market oriented development policies dismantled the existing institutions without creating the market based ones. The vacuum in development strategy led not only to severe stagnation but also to a great deal of policy confusion. Now, those who once advocated economic liberalisation, privatisation, and globalisation with great enthusiasm are backing out. Implementation of value added tax resulted in confusion. Many of the privatised public enterprises did not deliver expected result. Also the report of the Auditor General pointed out the impropriety in the valuation of assets of the privatised enterprises. The failure of privatised enterprises to deliver expected result must have been an eye opener to those who think privatisation as the end rather than a means to attain broader economic goals. It is in this context that we have been insisting on selective privatisation to strike a balance between private sector development and state responsibility in uplifting the status of the population engulfed in absolute poverty.

If the experiences of East Asia, South Asia, China, Russia, and some of the Latin American countries are taken into consideration, a big bang approach to liberalisation often fails just because it dismantles all the existing institutions and safety nets without necessarily creating market based ones. And thus leaves off the weak and vulnerable class to the mercy of the market. But it has also to be realised that liberalisation has been a reality of the global development paradigm, and liberal economic policies tend to be a part of the multiparty political system we are exercising.

Thus the best option would be a gradual process of liberalisation and globalisation for the benefit of the country in terms of efficiency, adoption of new technology, inflow of capital, and market expansion. But it should not necessarily displace domestic entrepreneurs, domestic industrial bases, domestic savings and existing social safety nets. The process should be pulled towards the alleviation of poverty and towards the improvement of living standard of the working people.

4. Nepali Private Sector: Diverse Appearances

Private sector implies market economy and market economy refers to the interaction of demand and supplies determining prices, competition and free entry and exit from the market. Our economy is assumed to be a mixed one, but there is confusion regarding the public-private mixture. It is reflected by the fact that economic liberalisation in Nepal has been applied in a direction to minimise the role of the public sector rather than to develop the private sector. For example, privatisation is based much on frustration generated by the inefficiency of state-owned enterprises rather than a hope for private sector efficiency. The past dominating role of government was basically due to:

i. Reluctance of the private sector
ii. Inability of the private sector
iii. Non-desirability of the private sector

In general, the private sector in Nepal has a trade-oriented character rather than an industrial character and hence it is reluctant to bear high risks. It seeks to harvest larger profits from a short period investment, often through small amount of share capital and big volume of institutional loans. Secondly, the private sector is in the form of family groups that has recently taken a shape of 'Business Houses'. While analysing these family groups and Business Houses, it is necessary to understand the domination of caste and ethnicity. In addition, the private sector in Nepal has the following character:

- Lack of professional managers
- Protection-habituated and low competitiveness
- Limited diversification
- Lack of transparency
- Cartel and syndication

The private sector in Nepal has to be analysed and evaluated on the basis of trade, industry, foreign investment, government deregulation and activities and the role of Big Business Houses.

Major problems in this regard can be categorised into three points:

- A choice is to be made between the underdeveloped private sector and inefficient public sector and hence terms like demand, price and supply have become a matter of secondary importance where there is 'no market' condition.
- Co-ordination between market and government is required instead of market versus government. In our case, the government is behaving not in harmony with the market and the underdeveloped private sector is trying to behave as the government.
- Problem of co-adjustment among the complicated factors like open border with India, tariffs and customs duties and the protection of national industries.

Naturally, the outcome of the privatisation of public enterprises in Nepal is frustrating as reflected in the report of the Auditor General:

- During the process of privatisation, the public enterprises were undervalued by 29.28% which has resulted into a loss of Rs. 250 millions
- Government has not collected a total amount of Rs.162 millions from the buyers, of which 50% is interest and fines.
- Up to now the government has acquired Rs. 721 millions from the privatisation of the 16 PEs, but 51% of this amount has gone as the privatisation expenditure.

WHY ECONOMIC LIBERALISATION AND GLOBALISATION IS OPPOSED IN NEPAL?

- Poverty escalation rather than reduction
- Gap between rich and poor further widened (lowest 20 % consumes 8% and highest 20% consumes 45% of national income; moreover, in Kathmandu the highest 20% consumes 90%.)
- Inflationary pressure on prices
- Foreign dominance in decision-making
- Failure of the privatisation programme
- Urban-centred development
- Insufficient investment in the social sector
- Further marginalization of backward communities, women, children, elderly and disabled people

Besides, the two study reports of ILO and DFID on privatisation in Nepal also confirm the blindness of the privatisation process in Nepal.

5. Labour Issues: Past and present

For a considerably long period, labour issues had been neglected in Nepal. However, gradual improvements continued in course of time. With the reestablishment of multiparty democracy in 1990, labour matters became important agenda. Formulation of laws, ratification of ILO Conventions, restructuring and redesigning labour administration, participation of trade unions in policy matters, beginning of tripartite consultations and action against unfair labour practices have been seriously taken into attention. It is interesting to note that labour policy matters in Nepal have come in the forefront with intensifying economic liberalisation and globalisation. Thus, within the short period of eight years (1990-1998), various improvements have been observed. In this process, social actors, other than the three social partners, also came in the forefront with their contributory roles.

The relevancy of the four categories of minimum wages has become outdated. Both employers' organisation and trade union confederations are of the view that there should be a single standard National Minimum Wage. In addition, trade unions are in favour of Sectoral Minimum Wages on top of the National Minimum Wage. However, the present enforcement mechanism of minimum wages is not satisfactory.

Exploitative working hours, unhealthy workplaces, occupational diseases, negligence in safety measures, harassment in workplaces including sexual harassment, nominal paid leave facilities, lack of child care centres, lack of incentives, and a number of unfavourable factors are predominant in our enterprises. The situation is even worse in the informal sectors of employment. Lack of awareness and the fear of job losses put psychological restrictions on workers. Still we are in the preliminary phase of awareness building. Existing mechanisms for implementation and monitoring are weak.

With regard to unfair labour practices, fortunately, all the actors have been responding positively and multidimensional activities are being undertaken against unfair labour practices.

As the political environment became open and inspiring after 1990, Labour Act 1992 incorporated sound legal provisions for the national tripartite consultative mechanism such as the provision of Central Labour Advisory Committee (CLAC). It should function as an advisory body and should provide recommendations for strategic purposes including the preparation and formulation of policies and laws in the field of labour. The second is the Labour Management Committee, which works at enterprise level to create mutual understanding and co-operation between management and workers. The Committee extends technical supports.

Another policy level achievement is the first historical Labour Conference and the Declaration of Labour Policy.

The basic problems are however associated with the effective implementation of the provisions of labour laws. Problems are also at policy level. Feudal norms and traditional values existing in the business and entrepreneurial sector are other major obstacles in this respect. It sounds that laws are enacted not for genuine implementation but for the avoidance of genuine demands and voices that are coming up from the workers concerning their rights and privileges. This South Asian tendency is quite visible in the context of Nepal as well.

6. Impact of Globalisation: A Labour Perspective

Liberalisation, structural adjustment, and privatisation in the process of globalisation have had the following impacts on the field of labour:

1. With increasing liberalisation and globalisation, the employment opportunities for cheap labour became intensified in various countries. As a result, the export of labour became obligatory for the country like ours. Nepalese workers engaged in foreign employment abroad, in East Asia, South East Asia and Middle East are exemplary in this regard. This marks a distinct change in the area of employment, a shift from the long-practised military service to other sectors.
2. With the new Industrial Enterprise Act, protectionism in industry has been removed and foreign investment is permitted to act freely. Multi-National corporations have then entered in the investment independently as well as through Joint Ventures. On the surface, it seems that the employment opportunities are multiplied. In reality, it is not so, as the MNCS are capital intensive. It is evident if a comparative study is to make between MNCs and Nepalese industries; in the case of the former 1 employment per NRs. 500,000 has been created whereas other industries in Nepal create 1 employment per Rs. 90,000. Moreover, cottage and small-scale industries have created 1 employment per Rs. 10,000. Thus, from the employment point of view, MNCs are not much favourable, as they have indirectly

contributed to the collapse of small industries resulting in more unemployment.

MARKET ORIENTATION VS HUMAN ORIENTATION

The process of capital globalisation hits job security through casualization as it changes employment pattern and informalises the formal sector. The process has emphasised market orientation and always neglected human-orientation. Consumerism has expanded rapidly even to the remote rural areas. And hence, present consumption emphasis and present income-at-hand have been made more attractive. Thus globalisation is constantly hitting hard to the social security aspects of workers' lives leaving them without permanency of job with no old age benefits and no social security network. Looking from the other angle, thus, globalisation has created a high voltage demand for the urgent need of social security.

3. Competitiveness has, in the real sense, increased; skill and technological adjustment has become more essential to the workers. It has good impact on labour productivity. As exports have become extremely important with the introduction of economic liberalisation, the productivity issue has become a central point in recent economic activities.

4. With increased Indian investment, the use of Indian labour in manufacturing and service sectors has become more visible. One of the wrong perceptions within Nepali teritory that Nepalese labour is unskilled and less productive has resulted in the employment of Indian labour, to a large extent, keeping Nepali workers deprived of the potentials of employment. Indian labour has also snatched the opportunities of self-employment in urban and semi-urban areas.

5. As mentioned above, the privatisation policy, before and after the introduction of Privatisation Act 1993, has proved to be irrational. After privatisation, most of the privatised enterprises have not run efficiently, some have already been closed down. Although mass retrenchment is non-existent, slow group retrenchment has been observed. To look at the other side, in every enterprise in the public sector, industrial relation is under heavy stress – both at the pre-privatisation and post-privatisation stage. Other PEs, not in the list of immediate privatisation, have also faced conflicting industrial relation because of the fear of job losses and adverse psychology of employees.

6. In order to downsize the government, in spite of privatisation of PEs, a compulsory retirement to the government employees and the 'golden hand-shake' policy of voluntary retirement to the PE employees have been put forward. This has contributed to the loss of efficient and experienced employees. In addition, untimely retirement of experienced ones has resulted in the depressed psychology of the other working employees that now comes their turn to go. This fear of insecurity definitely results in unproductive and insincere engagement in the work. Ultimately, all this contributes to the mass of experienced-unemployed.

7. With the adoption of new policies of liberalisation and globalisation, informalisation of the formal sector has become intensified. Use of labour in contract, particularly the piece rate wages, has been popularised all over the world, also in Nepal in carpet industry. Subcontracting of work by exporting

enterprises to small factories (mainly home-based and family-based factories) and subcontracting of labour in large and medium level factories are widely increasing. The proportion of permanent workers has gone sharply down in carpet industry. In order to cut labour costs, the subcontracting of work and of labour is gradually expanding to other sectors, such as garment, construction and hotel-restaurant services, particularly in security services.

8. State has now tried to escape off from various previous functions and to adopt the role of a facilitator. Therefore, bipartism has been given more emphasis, even in the tripartite forums. The government thus is trying to have a passive role in the name of neutrality.

9. In Nepal, the social security system is almost non-existent as it has a very limited coverage. The government is further cutting down social and welfare expenditures, including expenditures in education and public health sectors. This has an adverse effect on the working population leading to the intensification of child labour, commercial sexual exploitation of the working females and other types of unfair labour practices.

10. Although there are no Free Trade Zones or Export Promotion Zones, where normal labour laws do not come into effect, efforts have been in place to chase out unions from the labour market. Harassment to the union members and union leaders is frequently reported in various enterprises. In the policy level, there is no problem. However, in enterprises, the management tries its best not to have the presence of unions. Even in formal forums, the employers have been advocating for the right to 'hire and fire' and 'factory-closure ' as their human rights.

11. Women workers have been the first sufferers of globalisation in Nepal. Mostly, whether in formal or informal sectors, women workers are treated as marginal workers. Consequently, they have lost their jobs as an immediate effect. On the one hand, homebased sub contracting of work has started and thus a new avenue of women labour exploitation has been opened up. On the other hand, commercial - sexual exploitation of women, both within and outside the country, has also become an increasing phenomenon.

12. Because of the high unemployment rate in the country as a result of the Indian labour inflow, the enforcement of minimum wages has become extremely difficult. The fear of 'job loss' forces the workers to accept whatever is given. In such a case what is obvious is the wages lower than the minimum standard and inhumane working conditions.

13. It has an indirect effect on agricultural workforce as well. Because of liberalisation and the shift in policies, land reform has no longer remained a national agenda for the government. Whatever is said about land reform, as it is still a slogan of the government, neither follows a distributive nor productive spirit. Therefore, it has not been possible for the weaker sections of the Nepalese society to have access to land and natural resources. On the contrary, landlessness has increased, and thus the quality of life has sharply gone down. As a result, urban areas have become crowded with jobless masses.

PART-II

Business Houses in Nepal

1. Origin as the extension of Family Business

If we try to have a surface observation on the development of Big Houses, it is a common finding that all big business houses have developed from small family businesses. Excluding the outsider big bosses, if we look at the South Asian big business houses, a common conclusion can be derived that most of them developed through their small family trading. In many cases, families from especial castes have developed as the big houses. This South Asian trend is seen in India as well as Nepal. As is evident in the Indian industrial- commercial scenario, most of the major big business houses like Tata, Birla, Singhania, Goyanka, Mafat Lal, Bajaj and others are from family undertakings. None of them have developed from the real corporate structure. It is almost the same in Nepalese industrial-commercial sector. One of the basic characteristics in Nepalese context is the dominance of especial caste families, namely, the Marwaris, Newars and Thakalis/Sherpas.

The Newars are from one of the oldest and largest communities in Nepal to engage in business activities. After the unification of Nepal, the Newars established themselves as the leading mercantile community in the kingdom because of the lack of competi-tion from other communities, and the reliance of the successive ruling elites upon the Newars for their business skills. Over the last four decades, however, the Newars have been facing competition from other communities, which have outpaced them in the private sector. The Thakalis and Sherpas may be considered as the country's most successful indigenous business community. From agro-pastoralism and small trading activities, they have diversified themselves towards modern sectors including carpet manufacturing, hotel and different wings of tourism industry. The Marwaris, of course, represent the most dedicated business community with their domination in large-scale and medium-scale trading and industrial activities. It is to be accepted that capitalism has entered Nepal with the Marwaris. But their identity of Indian origin has set the Marwaris apart from the mainstream of the Nepalese society. However, their influence in the state power is ever increasing compared to that of the other business communities. Besides these castes, others have developed from landlord and ruling classes like the Ranas and Shahs.

The Jyoti Group is one of the oldest business families in the country from its five generations. The Group had started business from copper utensils and clothes mainly focused on Nepal-Tibet trade. The Khetan family entered Nepal with 31 Marwari families for business during the Rana regime, 125 years ago. It started to diversify its business from trading and later from commission agent business. The Chaudhary Group emerged basically from 1935 from the trading base. Similar is the case with the Golchha organisation, which originated from the small jute business of the Golchha family started back in 1931. Kedia family started from 1920. Whether it is the MC Group or Saraf, ICTC or the Soaltee Group or Amatya Organisation, or Panchakanya Group or Vaidya Organisation, almost all have the same type of origin and the history of their development does not go much back from the present days. Big Houses actually are the emerging ones in our business scenario and still they are not stable in their activities and coverage.

Business and Castes in Nepal

The Newars may be regarded as the representatives of the original business community of Nepal. During the Malla period, they were on the steering of Nepal-Tibet and Nepal-India trade. The Muslims and Marwaris came later. The Marwaris first entered through the 'Panjapatra' by Rana Rulers in 1875, and gradually started to migrate towards Nepal. After 1979, the flow of other Indian businessmen has sharply increased. The Sherpas came into business only after the recognition of tourism as industry from 1960s. It is also to be noted that a considerable proportion of the Sherpas in the business community is of the former Khampas, the Tibetan Refugees. The Nepalese Feudal class also entered business in recent years as the feudal agrarian system has started to collapse. To sum up, looking from the angle of caste or community, the Big Houses developed from the following:

Newars	Sherpas	Feudal Class	Muslims
Panjapatra Marwaris	Migrant Marwaris	Indian Business Groups	

Viewing technically, it is commonly observed that most of the big houses are run as a family business with no distinction between capital and management or between promoters and managers. The promoters are also in the management of the company with family members sharing the position of the chairperson, managing director, manager and accountant. In the large size enterprises, trusted relatives are appointed in the key positions in order to maintain business secrets.

2. Major Business Houses at a glance

As mentioned above in Part I, Nepalese economy is characterised by a few business houses in trade, industry and other services. It is observed that more than 140 companies or firms are run by 8 business houses with an average of 20 companies per group. Those who own industrial units have also trading firms for export and import, and are also involved in various services including banking and finance.

Business Houses have evolved, but there is a question how to categorise them and their diverse characteristics. Some of the features of Big Business Houses are: heavy turnover, proper risk management through diversification of investment, well established in the market, Joint Ventures, representation of big foreign companies, increasing indirect influence in state machinery, linkages with social services and the like. However grading them is a difficult task, if not impossible. And the analysis definitely takes a subjective character.

The position of individual enterprises may be a starting point. The analysis of 1998 activities in industrial and business sectors clearly indicates the position of individual industries as follows:

Top Individual Enterprises: Position in 1998

Enterprise		**Turnover**	**Loans** (In million Rs.)	**Employees**
1.	Surya Tobacco Co.	2500.00	230.00	425
2.	Hulas Steel	1500.00	NA	700
3.	Nepal Lever Ltd.	1100.00	67.00	200
4.	Momento Apparels	1050.00	117.20	2350
5.	Dabur Nepal	850.00	NA	300

6.	Gorkha Brewery	810.00	155.00	185
7,	Arihant Multi-fibre	700.00	NA	5500
8.	Reliance Spinning	650.00	NA	750
9.	Jyoti Spinning	650.00	700.00	850
10.	Mt. Everest Brewery	650.00	600.00	225
11.	Necon Air	640.00	240.00	425
12.	Soaltee Hotel	550.00	130.00	767
13.	Shri Ram Sugar	500.00	NA	800
14.	Bhrikuti Paper & Pulp	500.00	NA	1000
15.	Nepal Thai Food	500.00	NA	250
16.	Hotel Yak & Yeti	480.00	295.00	500

The fast development of big companies even within a depressed situation is significant. It is observed that the turnover of most of the above-mentioned enterprises has gone high in 1999.

Individual Enterprises: Total Turn over in 1999

Enterprises	**Amount (Rs. in Millions)**
Surya Tobacco Co.	2730.00
Hulas Steel	1600.00
Nepal Lever	1500.00
Colgate-Palmolive	1500.00
Dairy Development Corporation	1390.00
Dabur Nepal	1300.00
Reliance spinning	1200.00
Momento Apparels	1050.00
Janakpur Cigarette Factory	1050.00
Annupurna Vegetable Ghee	1050.00
Triveni Synthetic	1000.00
Gorkha Brewery	950.00

But if we add the Nepal Electricity Authority (NEA), though it does not produce any tangible commodity and cannot be termed as a manufacturer, it stands to be the largest in turnover exceeding Rs. 57,00.00 Millions.

Among the 'major twelve' of 1999 mentioned here, DDC and JCF are the famous Public Enterprises (probably 'on a sale status' within a couple of years), whereas Surya Tobacco, Hulas Steel, Reliance Spinning and Gorkha Brewery belong to the Soltee Group, Golchha Organisation, Golyan Group and Khetan Group respectively. Likewise, Annapurna Vegetables and Triveni Synthetic Yarns are under the ownership of the Triveni Group. But Nepal Lever, Colgate-Palmolive and Dabur Nepal are purely Multi National Enterprises.

Although individual enterprises present a kind of picture, it does not give a real account of the big houses. On the basis of annual turnover in manufacturing, trade and services, including agency services, Big Houses may be mentioned as follows according to the FNCCI sources:

1. Golchha organisation
2. Chaudhary Group
3. Soaltee Group
4. Khetan Group
5. K.L. Dugar Group
6. Triveni Group
7. Amatya Enterprises
8. Jyoti Group
9. Vishal Group
12. Mali Ram Shiv Kumar (Pashupati Group)
13. Sharada Group
14. T. R. Dugar Group
15. Panchakanya Group
16. Kedia Organisation
17. Kabra Group
18. Golyan Group
19. Murarka organisation

10. M .C. Group
11. Saraf & ICTC Group
20. Tandon Group
21. Vaidya Organisation
22. Mercantile Organisation

Although MNCs like Nepal Lever, Colgate Palmolive Nepal and Dabur Nepal can be ranked very high, they are not shown as the original big houses of Nepal.

Other groups, which have a significant role in different sectors of industrial and commercial activities, can also be mentioned as follows:

1. Sunrise Group
2. Himalayan Group
3. Everest Group
4. H.C. Dugar Group
5. Baid Group
6. Dhanawat Group
7. Jatia Group
8. Mittal Group
9. Sakha Group
10. NB Group
11. N.E. Group
12. Rathi Group
13. Indra Bhakta Family
14. Chachan Group
15. Namaste Group
16. Thapaliya Group
17. Rugnta Brothers
18. JD Group
19. Gadia Group
20. Judha Bahaur Shrestha Family
21. UB Group
22. Shakya Group
23. Khanal Group
24. Vasuling Sugar & Chand Group

On the other hand, a survey conducted by 'Business Manager'- a business world monthly – has ranked top ten business houses on the basis of Sales in 1997 (published in BM Vol. 1, No. 3, Sept. 1998) in the following manner:

Industrial Houses and Sales in 1997

Industrial House	**Sales in NRs.** (millions)
1. Golchha Organisation	5000.00
2. Chaudhary Group	2000.00
3. Jyoti Group	1800.00
4. Soaltee Group	1750.00
5. K.L. Dugar Group	1700.00
6. Mali Ram Shiv Kumar	1400.00
7. Amatya Organisation	1370.00
8. Sharada Group	1350.00
9. Nepal Lever	1250.00
10. Dabur Nepal	1100.00

It is to be noted that groups are also working in collaboration and some sorts of cartel practices have been observed in existence. Groups are assimilated into one another in opening and operation of some enterprises. The NIC Bank, Swadeshi Cable, Nepal United Limited Company and some Banking institutions are good examples in this regard. This newly emerging tendency has made it difficult and complicated to observe an individual and separate position of Business Houses. However, viewing on the basis of loans, the position of some Houses has been found as follows:

Business Houses and Loans

Business House	**Total Loans*** (in millions)	**Total Loans**** (in millions)
1. Golchha Organisation	2500.00	3250.00
2. Sarraf & ICTC Group	1900.00	1900.00

3. Amatya Organisation	1600.00	1800.00
4. Maliram Shiv Kumar (Pashupati Group)	600.00	1400.00
5. Himalayan Group	800.00	800.00
6. Chaudhary Group	650.00	650.00
7. K L Dugar Group	650.00	-
8. Jyoti Group	600.00	600.00
9. Soaltee Group	400.00	400.00
10. Vasuling Sugar & Chand group	400.00	400.00
11. N. B. Group	350.00	350.00
12. Khetan Group	-	100.00

* *Based on Aajako Samacharpatra, Feb. 22, 1999*
** *Based on FNCCI sources and interviews, December 1999*

The Big Business Groups, which are expanding very fast with high investment projects, are in a high debt position. Only the Chaudhary Group seems in a lower debt position even in a position of fastest expansion and diversification in comparison to others. The Amatya Organisation is facing difficulty due mainly to its Fulbari Resort project. The group is shouldering a debt burden of an estimated Rs. 1 billion in this project only. As a result, Amatya Organisation is under the interest burden of Rs. 11.5 millions per month approximately. Heavy expansion has thus been a problem for the Big Business Houses.

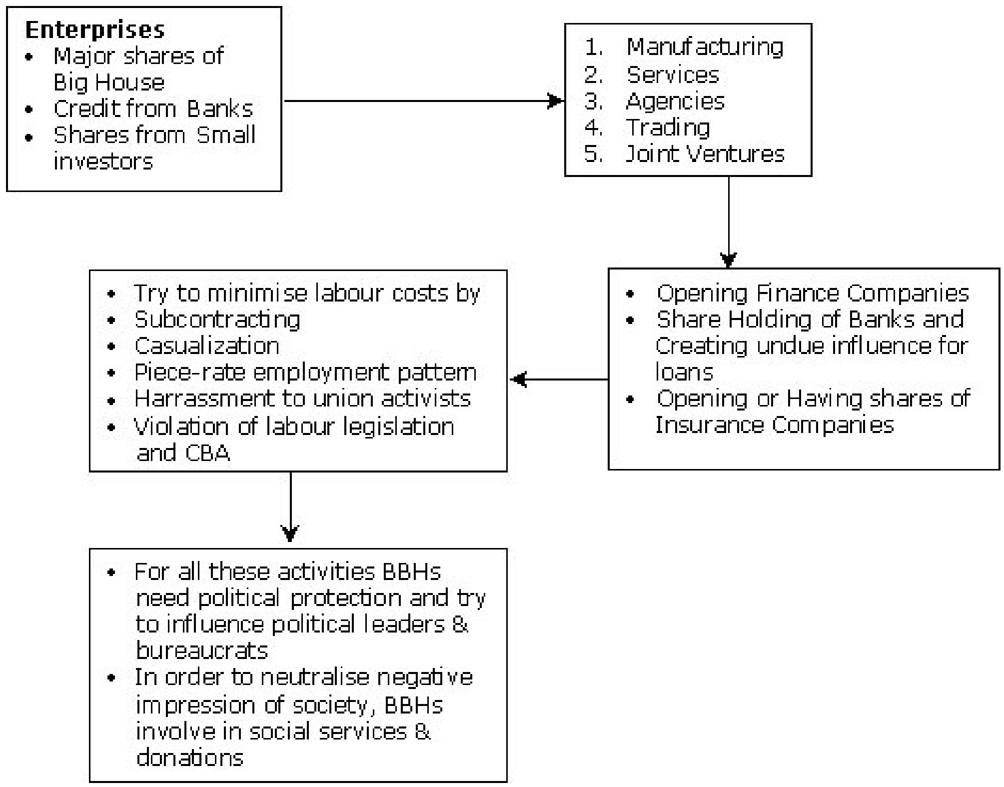
3. Nature of Investment and Credit of Big Houses

The big business houses are involved in multifarious industrial and business activities ranging from common food processing industry to heavy ones like iron and steel, sugar, textiles, and paper industries. The food processing industries include rice, oil, flourmills, vegetable ghee, noodles, biscuits and confectioneries, and fast food. In the services sector, their involvement is quite diverse ranging from banking and insurance to airlines and hotels. Some have even gone for commercial educational institutions and nursing homes; a few have established charity hospitals. Some business houses are found involved in as many as 20 different activities.

These business houses can be characterised by two types of financings. The first involves self-finance as the major capital for business and industrial activities. This group, which mainly comprises of the local ethnic community, prefers to resort to self-financing of enterprises with no exposure to banks and stock market. This group wants the business to go without much publicity. This group, sometimes, resorts to bank financing for fixed and working capital need, but exposure to debt market (borrowings) is limited and within a tolerable range. The other group is over leveraged in terms of exposure to debt market. Dominated by the migrated community, this group broadly intends to put less equity and resort to more debt financing of industrial business activities. The consequence has been the vulnerability of the investment of the financial institutions, which have heavily lent to such business group.

Except for financing norms, these two groups of business houses are almost the same in terms of other attributes like legal status, tax compliance, transparency, and corporate governance. Most of such business houses opt for registering their enterprises as private limited companies. In fact, as most of such enterprises are private limited, they do not qualify for being listed in the stock market for the public issue of shares. The reasons for preferring to operate as private entities to public companies are many.

Big Business Chain



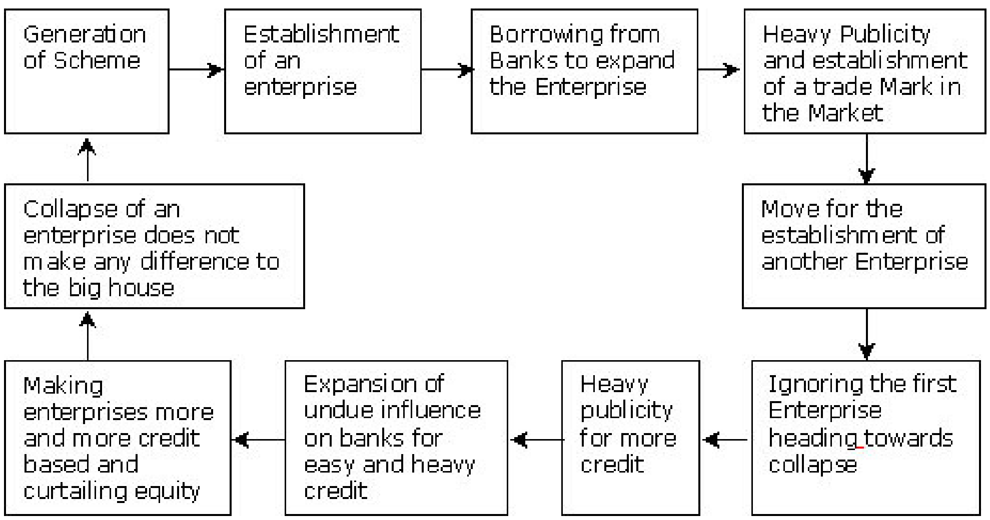
First, public companies have to disclose or publish their balance sheets and profit and loss accounts, which can reveal much of business information to the public inviting competition and future threats.

Second, public companies have to be more accountable in terms of tax compliance. As such companies have to get their financial transactions duly audited and published, it is difficult to evade tax liabilities as the private companies can do. Public companies however do not have any additional incentives in tax payments. The corporate tax rate is the same for public and private companies. The exemptions and rebates given to specific industries are also not differentiated by the legal status of the enterprises, both the public and private enterprises get the same tax concessions if they are applicable to any specific industries.

Third, there is no financing problem of the enterprises so far as banks and other financial institutions go on making loans available to these enterprises breaching the usual debt-equity norm. In fact, debt financing to some enterprises is as high as 90 percent of the equity. And if 80-90 per cent of the capital need can be met from borrowing, the business houses do not feel the urgency of putting more equity capital and go for the public limited company for mobilising share capital

A unique character of Nepalese big business houses is that they have involved themselves in most of the services they need for running enterprises. First, they open an industry with heavily borrowed capital and go for registering trading firms in order to import raw materials for production or to export finished products. Next, they feel the need for insurance of their trading and production activities, see much profit in it and then promote insurance companies on their own, of course in collusion with few other business houses. Then, they see growing profit in airlines with the promotion of business activities, and open airline services. As these activities need more bank financing, the same groups open commercial banks. As the spill over of banking business has to be tapped through the finance companies, they also go for opening finance companies. This is how big business houses are involved in manufacturing industries, trading firms, insurance companies, airlines, commercial banking, and finance companies.

Many of the Big Houses have been playing foul with regard to the use of credit and in the operation of individual enterprises. The intention behind such a foul indicates towards the manipulation of credit for easy money by using the funds in an unfair manner. The chart given below is an attempt to clarify the process of the foul play:



Such a conglomerate of business activities is likely to invite crisis in the economy at any moment. Except for the public limited companies in which the exposure of the business houses is limited to their equity capital, the private limited companies may create a chain of shocks if any of them fails. The over-leveraged exposure to the debt market would then create loan default. And in the absence of adequate collateral, which happens to be the case for many houses, which have been able to make overvaluation of their property or pledge the same property to many institutions, financial institutions would definitely be in greater trouble.

A look at the exposure of big business houses to financial institutions reveals a terrible story. Some houses have borrowed from all financial institutions including commercial banks, Nepal Industrial Development Corporation, and Employees Provident Fund, and the total borrowing stands as much as Rs 4 billion. A sizeable portion of such a loan has also remained overdue posing a lot of questions on the credibility of the big business houses and a set back to the banks exclusively relying to these houses for banking activities. Mostly the Joint Venture banks, which have been going for wholesale banking business and lending activities confining to big houses only, seem to be in an awkward situation with their trusted clients being loan defaulters.

In practice, giant and big investors with their hold in management gradually lead the enterprise towards collapse, and swallow the investment of small and mini shareholders and Bank loans. Indreni Soybean is perhaps a good example of the case.

Informal sources indicate that Golchha, Amatya, Jyoti, Chaudhary, Kabra, Sharada, MC, Dugar, and Kedia groups are the major borrowers from the financial institutions with their borrowing ranging from Rs 500 million to 4000 million. About 25 business houses are reported as having outstanding bank loans and other liabilities of more than Rs 14 billion, which is one fifth of the total credit outstanding of the commercial banks. The concentration of bank resources to these few business houses reveals the fragility of the banking system and limited coverage of banking services despite such a proliferation of financial institutions after liberalisation.

An irony with some of the business houses is that they have invested some of their bank borrowings in real estate of which the prices have crashed down. With losses in real estate business, they have been unable to repay the bank loan in time. This has made the banking community more conservative in lending activities following the growing portfolio of bad loans. But this has left banks with excess liquidity and subsequent downward revision of deposit rates. The whole banking system is thus now in trouble for want of good clients and fast recovery of overdue loans. The Nepal Bank Limited is an outstanding example in this regard. Of the total loans of Rs. 8.5 billion, 3.1 billion is covered by collateral and 5.4 billion is uncovered. Out of this, 33% is concentrated in the top five big business groups. Golchha organisation alone covers 39% of the total loans of these five groups, almost equivalent to Rs.1 billion. It is to be noted that 6.6 billion is the bad debt under this 8.5 billion loans. It is clear that the major portion of the bad debt is associated to big houses. It is interesting to see that, in spite of being the largest shareholder after the government in NBL, the Golchha Organisation is under a heavy debt position in the same bank. However, there are some very genuine cases whereby business houses have not been able to repay bank loans due to business and industrial slow down after the Asian crisis. This has handicapped the healthy growth of financial system in the country.

4. Take-over of Public Enterprises and Performances

Privatisation program, initiated in early 1990s, provided another opportunity for Big Business Houses to expand their activities. If used properly, privatisation could be an effective tool for private sector development, by inviting private ownership and management in already established government run business units. Privatization could boost private sector activities in the country. Instead of taking a long and arduous route of journey for a new company, Privatisation eases the prospective investors to invest in a readymade business enterprise.

Different modalities have been adopted in the process of privatisation of 16 public enterprises. Three units were privatised under the 'sale of assets and business method', nine under 'sale of shares method', one under 'management contract' and one under 'lease out method', while two units have been liquidated. However, liquidation is an indirect process of promoting private sector activities. In both of the methods of the sale of assets and business and sale of shares, the government has transferred a large proportion of shares, entailing controlling interest in the company, to a nucleus of businessmen or a group. In addition, management contract and lease out method have also been used to attract the private sector.

The response of the private sector to the government call for privatisation has, however, been mixe. A number of factors account for this.

First, to reduce budget deficits, the government is primarily interested in selling loss-making units. But the private sector is not interested in taking the sick units unless there is substantial scope for company turn around in future. Therefore, profit-making units were also put in the sale-basket.

Second, as controversy mounted over privatisation process and modalities, the private sector also found it less attractive to invest in PEs. Clauses like 'no redundancy', 'no reduction in salaries and facilities enjoyed' also created detraction as PEs in Nepal are notoriously renowned for overstaffing, obsolete and outdated technology and protected market.

Third, the widespread public accusations over the lack of transparency and corruption in privatisation deals have also dampened, if not discouraged, the private sector investment.

Fourth, Due to the lack of consensus at policy-making level, the privatisation decisions are enormously delayed. The delay has further tarnished the image of privatisation program of government during recent years. So, the private sector is accusing government of using privatisation as a 'load shedding' device rather than a true mechanism for 'private sector development' in the country.

At the initial stage, interests of the private sector were drawn towards privatisation programs. This is evidenced by the formation of consortiums and groups to take over the company under sale. The total number of bidders participating in the take-over bids also reflects the interest of the private sector. For example, as many as 11 bidders participated in the privatisation process of Bhrikuti Pulp and Paper Factory in the first phase of privatisation. Even in the smaller company like Nepal Lube Oil, 14 bidders participated. Within next couple of years, the response of the private sector became different. In case of Raghupati Jute Mills, the company was sold to the lone bidder even after repetitive bids were made to sell the company. The huge financial investment required to take over Public Enterprises also prohibited the domestic investors. The only alternative remained was to look for foreign investors.

Due to the lack of the post privatisation monitoring system, it is very difficult to assess the actual situation of the enterprises sold off to the private sector. The progress report published by the Privatisation Cell of Finance Ministry records positive performances of the privatised units. Other various studies have noted negative results, however. General reluctance on the part of the management of privatised units to disclose company information has also made evaluation efforts an uphill task. The available information shows that some gains have been recorded particularly in the sphere of increased investment, output, changes in product-market situation and widening of capital markets - the positive signs. However, these gains have been achieved at the cost of reduction in the overall employment figure and increase in output prices. The majority of privatised units are still under financial crisis either due to heavy debt burden or due to lack of market and inefficient operation. Bhrikuti Pulp and Paper Factory, although often taken as a successful case of privatisation, is facing deep financial and operational problems.

In almost all privatised units, the bargaining power of workers has weakened due mainly to the lack of job security and toughness of the private sector management.

As generally expected, the private sector management has not been able to contribute much to the enterprise performance. This is also exemplified even by the failure of both management contract and lease out methods. Aside from selling a few units to the private sector, privatisation has not been able to contribute to the development of private sectors. Involvement of big houses and their performance in the process of privatisation is, thus, not of much significance. The Houses seem to be interested in running their own units rather than active engagement in the take over of government companies, a short-term phenomenon though it may be.

5. Foreign Direct Investment, Joint Ventures and Big Business Houses

After the end of cold war, changes in the nature and quantity of international official aid flow has been a noticeable feature. There has been an increasing conviction in the international aid community towards 'trade, not aid'. Drive for trade has created investment flows by multinational companies in developing countries to tap cheap labour, natural resources, and weak environmental laws. Moreover, an accelerating global trend in favour of liberalisation and globalisation of economic policies and opening up of capital market have created conducive environment for the rapid flow of foreign capital, particularly after the mid 80's.

Along with direct capital investment, foreign companies have their existence in merger and acquisitions, financial collaboration, technical collaboration, management contract and patent / trade mark agreements. As most of the countries - developed, developing, least developed, centrally planned or market economy countries - are nowadays more receptive to FDI, some of them are more selective with respect to allowing foreign investments in prioritised or desirable sectors of the economy. Similarly, some of them have reserved few indigenous and sensitive sectors for domestic investments on grounds of infant industry, public health or national security.

Nepalese economy had been opened up for private foreign capital since early 1980's in the financial sector when foreign direct investment came in commercial banking with the participation of big business houses in equity capital or share issues. Foreign investment was fully permitted in almost all sectors of the economy since early 1990's with the enactment of new acts, formulation of new industrial policies and amendments in existing regulations. The process was further consolidated in 1992 and in 1996 with necessary amendments in the relevant acts and regulations, ameliorating remaining obstacles for the easy flow of foreign funds into the real economy. The tax and foreign exchange regimes have also been streamlined further in the process.

The policy of opening up the economy to foreign capital investment had been pursued with the objectives of benefiting the economy with advanced technology, managerial and entrepreneurial skills along with capital, the dearth of which has constrained the economy for a high economic growth. Expanding exports with export quality products through advanced technology, and creating exportable surplus with increased production capacity were also the objectives implicit in the policy.

As a move to invite foreign capital, the elected government after the restoration of multiparty democracy in 1990 moved for an open, liberal and private sector led economy. Trade, investment, foreign exchange, financial and industrial sectors were subsequently deregulated, de-licensed, and privatised. Opening up the Nepalese economy to the global order created much room for foreign investment. Nepal encouraged foreign investment as joint venture operations with Nepalese investors or as 100 per cent foreign owned enterprises with broad areas opened for foreign investment including manufacturing, energy based, tourism, mineral resource based, agro-based and service industries. However, cottage industries, personal service business (such as hair cutting, beauty parlour, tailoring, driving training etc), arms/ammunition and defence industries, industries related to radio active materials, real estate business, security, printing, currencies and coinage business, retail business, travel agency, trekking agency, tobacco, alcohol (excluding those exporting more than 90 per cent), and consultancy services such as management, accounting, engineering and legal services are preserved for Nepalese nationals only.

The involvement of big business houses in these foreign investment projects is rather limited. The main reason is that these joint ventures are mostly the public companies, which need transparency in their operation, fully comply with tax laws and also labour laws. But the response of the Nepalese business houses towards these issues is ambiguous. They are often found violating tax and labour laws. Besides, as big business houses in Nepal are inclined to trading rather than industrial activities, it is obvious that they have low participation in foreign direct investment. The inclination to trading activities has emanated from the restrictive trade regime before 1990s, which used to give higher and quicker profit in trading rather than in industrial activities.

The impact of foreign direct investment in collaboration with existing business houses could be judged on two grounds. The first is whether or not such investment has been instrumental to generate broad-based high economic growth. And the second is whether or not this has created gainful employment opportunities and wider revenue base for the government to support social sector development programmes. Gainful and dignified job is the most effective means of social security.

In this context, relating foreign investment to social and economic development needs examination of the issues like employment intensity of investment, safety at work, job security, level and growth of wages, and other incentives like medical, maternity, and old age pensions. In fact, creation of gainful job opportunities should have been the major reason behind inviting foreign investment. But what we should also realise that one of the major reasons behind FDI flows to Nepal is the unorganised labour market with excess supply of labour force, and this force willing to work at a wage which is not enough even to meet the poverty threshold level of consumption.

Nepalese labour market is characterised by higher growth of labour supply in relation to demand, thus causing more unemployment and underemployment. Among the employed workforce, most of the workers are in the unorganised sector and in self-employment. Thus, the impact of foreign investment in collaboration with big business houses in the labour market has been limited.

Nevertheless, the process of inviting foreign investment has had the following effects in the Nepalese labour market:

First, this has encouraged the entry of multinational companies as a sole proprietorship or joint venture in industrial activities. But the employment intensity of foreign capital is observed very low-- one employment per Rs 500,000, as compared with Rs 90,000 in organised domestic industries. The capital-intensive nature of foreign capital has created limited employment opportunities. Some ventures with foreign capital have been able to generate one employment for as much as Rs 3.1 million of fixed capital investment whereas a cottage industry can generate one employment for not more than Rs 10,000.

Second, the process of foreign capital coming in has suddenly dismantled high level of protection provided for a long time to the domestic industries and eroded their competitiveness in the domestic market. As a result, many import substituting industries, particularly the cottage and small industries have become redundant and many people involved in these areas have lost their job. The so-called technological shift has also encouraged the use of foreign labour.

Third, as a means to enhance foreign investment, privatisation has been opted for as a major policy instrument. But the practice of privatisation has not proved to be beneficial, both from the production point of view as well as the employment point of view. Also there has been a number of labour unrest in PEs and privatised PEs.

Fourth, the MNCs are also found to be exploiting labour by hiring labour on contract and sub-contract, on daily wage basis or on temporary basis, by employing foreign labour and by subcontracting production itself. Foreign migrant workers are also encouraged because they are hired on contract; thus are easy to fire. There is no risk of unionisation and labour unrest with them.

Nepal's labour law and labour policy have evolved in line with the norm of the constitution, which allows workers to unionise. There are also protective provisions against a random dismissal from the job. But the investors have been advocating for a hire and fire policy. Growingly, concerns are also expressed against the labour right for unionisation. The investors view that labour law and policies are biased against them and go strongly in favour of labour. They cite this as one of the reasons for low foreign capital inflow in the country. The financial institutions have been blaming trade unions for the poor performance of the institutions. Thus, pressure is mounting for more liberal labour laws ensuring the right of the employer to lay off labour at its discretion. This is likely to undermine the creative role that trade unions can play for the growth of the enterprises along with protecting their own interests.

Big Business Houses and Investment

Big Business Houses are imitating the path of the government, to look from an odd corner. The government budget does not rely on its internal resources as it highly depends on loans, grants and deficit budgeting. It is the compulsion of the government, but BBHs are intentionally curtailing and minimising their equity by increasing their bank loans and using joint venture vapital in their favour. BBHs are pushing banks and financial institutions towards hardships and failures on the one hand, and evading taxes on the other. Thus, their investment in average is not nation-friendly and people-friendly.

Foreign direct investment has a significant bearing on labour market, industrial relation, trade union activities, and the process of unionisation as well. The multinationals seek a right to hire and fire, ban unionisation in the pretext of either export promotion or supply of essential services, encourage contract and subcontracting of labour, pose a threat to close down the industrial plant, and use foreign labour. The beginning of such a practice has taken place from the financial institutions where joint venture financial institutions have been able to suppress union activities. This has been followed by some manufacturing industries by hiring foreign labour and using Nepalese workers as casual labour.

As regards to the achievement on wooing foreign capital in the real sector, an observation in the issuance of licenses for the investment reveals the number of projects containing foreign capital investment tremendously increased in the '90s. The number of projects approved for foreign capital investment, which was only 57 up to 1989, increased to 527 till August 1999, registering a 10-fold increase in 10 years. Of the total project cost, of Rs. 62 billion, foreign capital stood at Rs 14 billion accounting for more than a quarter of the project cost. But only 224 of the approved 527 industrial projects were in operation with foreign investment of Rs 3.8 billion. The projects generated employment for around 38 thousand persons.

By type of industries, if we go through the decade, manufacturing remained the most attractive sector for foreign investment with 51 percent ventures followed by tourism (25 percent) and other services (19 percent). Others included mineral based and agricultural enterprises. Similarly, by country of origin (source) of the investment, India has been the single biggest investor in Nepal with 169 (34.6 percent) of industrial joint ventures having foreign capital investment of Rs.4.5 billion (35.0 percent of total foreign investment). In terms of the amount of foreign investment, USA comes second (18.0 percent), followed by British Virginia Island (7.7 percent), Norway (6.7 percent) and Japan (5.7 percent). By the type of collaboration, of the total industrial ventures, 60 percent are financial followed by technical (25 percent) and others (15 per cent) including management, patent, and trademark and joint agreement

However, the business activities have been highly diversified during the eighties and nineties compared to the previous decades. It is clearly observed that the activities are highly tilted towards services in comparison to manufacturing in recent years. After 1995, it is reflected also in the operation of Joint Ventures. While viewing the activities of JVs particularly in 1997 and 1998, heavy emphasis of big houses is observed in the tourism sector especially in hotel, motel, resort and restaurant. Second grade emphasis is found on the construction sector and the third on commercial banking. The JV in commercial banking is heavily based on South Asian partners with high investment by investors from India, Bangladesh, Sri Lanka and Pakistan in comparison to other Asia-Pacific and European countries.

Basically, the types of collaboration are found to be of four types – financial, technical, marketting and management. The study of the nature of the JV collaboration shows the following micro-categories.

Financial	Technical /Marketing	Management/Trademark
Financial & Technical	Technical & Trade mark	Technical & Marketing
Financial & Management	Technical & Management	

An analysis of the 214 JV enterprises operating in 1998 shows that financial collaboration covers 148 (69%), whereas Technical, Technical & Marketing and Financial & Technical cover only 17 (8%), 15 (7%) and 13 (6%) enterprises respectively.

Viewed from the standpoint of authorised capital of currently operating ones, the JV figures of 1998 clearly indicate that the collaboration with Indian companies covers 41.38 percent of the total joint venture capital, whereas it is 8.12 with USA, 4.95 with China, 4.8 with Japan and 4 percent with Philippines based companies. In case of the JVs under construction in 1998, 33.11 percent of the total authorised capital is covered by the ventures with USA and 32.17 percent with Norway based multinationals. The share of ventures with Indian companies is found to be 21.98 percent and 6.43 percent with Singaporean companies.

Of the aggregate authorised capital in JVs just licensed in 1998, the share of ventures with Indian companies covers 25.19 percent. With British companies it is 22.2 percent. In case of Chinese and Japanese companies, however, it is only 7.18 and 4.47 percent respectively. The shares of ventures with companies associated with Norway, Singapore, Italy, the Netherlands and S. Korea have been found to be 6.7, 6.53, 6.52, 6.02 and 4.9 percent respectively.

Investment in co-operation with Indian companies seems very high and highly considerable in the JVs just approved in the year 1998. It covers 75.14 percent of the proposed total authorised capital. The JVs with companies of Thailand, UK and Japan, on the other hand, cover merely 4.78, 4.36 and 4.25 percent respectively.

Country-wise position in total authorised capital of JVs between 1 Jan 1998 – 1 Jan 1999:

Companies from	currently operating	under construction	Licensed	Approved
India	41.38	21.98	25.19	75.14
USA	8.12	33.11		
China	4.95		7.18	
Japan	4.80		4.47	4.25
Philippines	4.00			
UK			22.20	4.36
Norway		32.17	6.70	
Singapore		6.43	6.53	
Italy			6.52	
Netherlands			6.02	
South Korea			4.90	
Thailand				4.78

(Figures are in percentage and figures less than 4 percent are not mentioned here)

Indian dominance in joint ventures is thus a clear phenomenon. It is also indicative of the fact that big business houses in Nepal are in close connection with Indian business houses. Unfortunately, the close connection of Nepalese big houses with their Indian counterparts has not been successful to serve the interest of Nepal.

Indian JVs operating on January 1, 1998 were 66 in number. Those under construction, approved and licensed were 13, 17 and 36 respectively. On the same date next year (1 January 1999), the number of operating, under construction, approved and licensed rose to 73, 17, 14 and 39 respectively. It clearly indicates that the influence of Indian JVs has been increasing in every status (except the approved ones) year after year.

As it is seen, investment through Indian JVs has increased despite various adversities. However, a large portion of such investment is concentrated on trading and services, quite less in manufacturing. This justifies the general Nepali hypotheses that Indian capitalists are basically interested in capturing the market of Nepal. In the name of Nepal, or through Nepal, they are exploiting the export potentials in the third country market, as is in the garment industry.

Number of Indian Joint Ventures and Authorised capital

Status	Year	Number	Authorised Capital(Rs.in Million)
Operating	1998	66	10935.32
	1999	73	12371.71
Under Construction	1998	13	3240.65
	1999	17	3524.02
Approved	1998	17	1040.43
	1999	14	1088.79
Licensed	1998	36	5287.88
	1999	39	4203.87

Although a major connection of Nepalese big houses is with Indian joint ventures, it looks natural to be so in view of the Indo-Nepal trade relations, Nepalese big houses have started to diversify their investment and expanded their business status in co-operation with third country investment other than India. However, it is difficult to acquire information on their total investments, their holdings and positions in different JV companies. The major business houses involved in foreign Joint Ventures are the Golchha and Chaudhary groups. The former is in collaboration with foreigners in paper, jute, sugar, steel, and vegetable ghee industries. The Chaudhary group is involved in foreign collaboration in fast food, oil, and beverage industries and recently in real estate, too. Similarly, Amatya, Khetan, and ICTC groups are also involved in joint venture business and industries such as hotels and beverages. Excepting the Golchha Group, other big business houses are found not much involved in heavy industries. They are more inclined to services like hotel, nursing home and financial institutions, and beverage industries like beer and liquor.

7. Geographical Coverage of Big House Activities

Naturally, the geographical coverage of big house enterprises is mostly centred in urban areas. From the early days of industrial activities, Biratnagar, Kathmandu and Birgunj have been the focus areas. Later on, Kathmandu became the most important centre for commercial as well as industrial activities for many years. But when the business families started to modernise their business through their new generation and to expand themselves in the form of Big Houses, their activities moved towards rapid diversification. Hence they started to scatter their enterprises even towards semi rural-semi urban areas. Therefore, the whole of Terai Region, Kathmandu and Pokhara valley have been covered by them. Today, Balaju and Hetaunda industrial estates have been proved to be major ones in comparison to other industrial estates.

The Big House coverage can be observed as follows:

Golchha Organisation:	East and Central Development Region, particularly Biratnagar and Kathmandu
Chaudhary Group:	Central and Western Development Region, particularly Kathmandu, Chitwan and Nawalparasi.

Jyoti Group:	Central Development Region, mostly in Kathmandu and to some extent in Biratnagar.
Amatya enterprises:	Kathmandu and Pokhara
Soaltee Group:	Eastern and Central Development Region especially in Kathmandu, Biratnagar and in Narayani Zone.
Khetan Group:	Central Development Region, particularly in Kathmandu.
Dugar Brothers:	Eastern Development Region, mostly in Biratnagar, but expanding to Kathmandu also.
MC Group:	Eastern and Central Development Region located in Biratnagar and Kathmandu
NB Group:	Central Development Region, particularly in Kathmandu.
Triveni Group:	Central Development Region, particularly in Kathmandu and also expanding to Eastern Development Region
Sarraf & ICTC Group:	Eastern and Central Development Region, particularly Biratnagar, Kathmandu, Chitwan and Birgunj.
Vaidya Organisation:	Central Development Region, particularly Kathmandu
Vishal Group:	Eastern Development Region
Sharada Group:	Eastern Development Region, basically in Sunsari
Panchakanya Group:	Eastern and Western development Region mostly located in Jhapa, Ilam and Bhairahawa
Tandon Group:	Mid Western Development region concentrated in Nepalgunj
Kedia Organisation:	Central Development Region particularly in Birgunj

8. Mode of Production and Production Relation

Technology and Human Resource: Through the observation and informal discussions, it is found that the big houses are fastly adopting new technologies. After 1990, the process of technology transfer has increased largely. With the establishment of Joint Ventures, labour intensity of products and services has started to decline. However, because of the nature of some industries, labour intensive character is dominant in some enterprises as in jute, carpet, garment and tea.

However, orientation towards human resource development is weak. In the absence of a concrete national training policy and HRD policy of government, big house investment is limited to a small extent. Critical skill needed for the industrial growth is lacking. As a result, foreign manpower has become necessary in some cases to adopt new technologies. Indian manpower is used mostly in the managerial wings of big houses. Also in the labour wings, migrant workers from India are involved. However, it is extremely difficult to estimate the exact extent of the involvement of Indian labour.

The big house enterprises place much emphasis on imported raw materials, instead of the use of local raw materials. Big Houses in Nepal are basically trade oriented – mainly import oriented. A few have shown their export orientation, but it is also limited to a very few items from the real industrial production. And most of the items have been primarily agro-based and forest-based. But it is to be noted that the total value of export is heavily dominated by industrial production, basically woollen carpet and readymade garments. It is a positive factor. The other side, however, is bleaker. As the internal market has been a major point of concern for most of the big houses, their dominant trade oriented character does not show keen concern for technology transfer and human resource development. Another ugly feature is that the big houses have an inherent anti-union feeling with no respected place for labour–management co-operation. All this has promoted the use of Indian labour and has created a hurdle in the investment for HRD.

Dilemma of liberalisation and Protection: With the process of liberalising the Nepalese economy and integrating it into the global economy, Nepalese Business class seems to have fallen into the regime of a heavy confusion. It is being reflected frequently on what they say outside and how they work within institutions; often contradictorily. The big houses in JVs are in a convenient position and they do not have to look for protection. But when it comes to the businesses and enterprises of their own, competitiveness is quite weak. As a result, a double standard comes in practice in the business community.

Most of the big houses are not transparent and most of them do have two types of accounts - real and fake ones. In a recent interview, the chairperson of the Employers Council publicly accepted the fact that the business community is also responsible for heavy corruption. As the business class lacks transparency in financial and other matters, they promote corruption in bureaucracy and political institutions as well as they resort to unfair methods of dealings, such as bribing officials, to clear out hurdles in term of tax and other liabilities.

The business community asks for protection against easy imports of those goods which they produce themselves within the country. At the same time, they argue for 'no tariffs' to the import of those goods, which they trade, but do not produce within the country. Formally, the business community has endorsed market economy. They have resolved in the FNCCI-organized Socio-Economic Summit of February 1999 –'We cannot afford to go back to the old days of control and command and stagnate by remaining in isolation from world community.... It is in our interest that we continue with the liberalisation process and integrate Nepalese economy into the global one'. It is also reiterated with firm determination that 'FNCCI fully endorses market economy and believes that decisions arising out of non market mechanism cannot be optimal'.

In practice, most of the big houses jump towards easy and quick profits. **Easy Trading, Agency Services, Service Sector Orientation and Convenient Joint Ventures** are their priorities. Industrial investment and activities with a long term and strategic perspective is missing, if their activities are to be watched closely. Therefore, neither full liberalisation nor control and protection has served the motive of the business community. **Confusion, Contradictory Expression** and highly **Opportunist Business Behaviour** is thus a common characteristic of the big houses in Nepal. This dilemma has also affected the mode of production, the use of technology and human resource development in the real sense and thus the production relation between the actors.

Feudalism and Industrial Relation: Socio-economic and cultural backwardness of our society is reflected in almost all classes and segments in our country. Whatever may be the living standard of the family and the level of adoption of the ultra modern consumption pattern, the mentality is basically under feudal domination. Equality and humane feelings are always hurt by the higher stratas.

Every upper layer tries to have undue domination on every lower layer in the society. Industrial relation, too, is not an exception to this tendency.

As mentioned earlier, family businesses from a small scale trading position have developed themselves into big houses in most of the cases. The land base is also an important character of business groups and many of them have come in the business sector by accumulating investible funds through the sale of the land under their ownership. The feudal character of the families is reflected in their business behaviour as well. Thus, industrial relation and industrial democracy as expected in modern business has been a far cry in our context. However, with the growing new generation in business community the possibility of gradual decay of feudal mentality is inevitable which is a positive point for sound labour-management relation. But still it is a fact that the new generation with the speedy globalization urges more vigorously for hire & fire and informalization and casualization of labour thus creating complications in industrial relation. Looking from another angle, naturally the family based business groups do not use highly skilled management professionals and run the business by the family members. In the cases of the use of management professionals, it is mostly seen that they restrict the decision making power of the persons. Thus it is clear that BBHs in Nepal may not change rapidly with regard to industrial relation in near future.

Although the Trade Union Act and other related laws have made sound provisions to achieve sound industrial relations in industrial-commercial scenario of Nepal, feudal mentality predominant in the entire business community has been a hurdle in this regard. Negative feeling of workers against employers is another obstacle. It is to be noted that efforts from the part of ILO have been significant to motivate government to develop tripartite mechanism and ratification of various important ILO Conventions, which have highly contributed to the development of good industrial relations in Nepal. The provision of minimum wages, from as early as 1965, and the provision of 'works committee' at the enterprise level and the Central Labour Advisory Committee at the national level have contributed much in this regard. But the absence of an effective collective bargaining mechanism in the industry level, and a complete emphasis on collective bargaining at the enterprise level have not been favourable to fostering good relations. In the policy level, tripartite consultations between government, employer's organisation and trade union confederations have played an outstanding role. But the need of the day is quite different, new ways and methods are necessary in this age of globalisation. Separate bargaining with big business houses for their entire enterprises and MNC enterprises, even at sub regional, regional or international level may prove fruitful in the new situation.

9. Role and Contribution of Big Business Houses

Production, services and international trade: As mentioned above in the analysis of the nature of investment and credit position of the big houses, all big houses have their engagement in both types of industrial and commercial undertakings. Big houses are also involved in philanthropic activities. Their major concentration is as follows:

Golchha organisation: Pulp & paper, steel & wire, food grain processing and oils, sugar, biscuit & confectioneries, plastics & teen packaging, particle boards, jute, aluminium, TV & electronic assembling, furniture, knitwear, vehicles, agricultural tools & equipment etc.

Representation of outside companies covers ION Exchange Limited, Bajaj Electrical Limited, Daewoo Motors, Daihatsu Motors, Ahuja, Usha Shriram, Bharat Bijlee, and Grasim Cement etc.

Focus of the Golchha organisation is on industrial and trading services, not on other types of modern services.

Jyoti Group: Industrial and medical oxygen, steel products & foundry, wires, yarns, decorative terracotta tiles, wool, tours, travels & air ticketing, hire purchase loans & business finance, transportation, management consultancy, agency services for custom clearing, forwarding & transportation to make export-import easy (especially at the Calcutta port) etc.

Representation of outside companies covers Massey Ferguson, Phillips, Ashok Leyland, Usha, Dunlop, Lucas TVS, AM Repco, CAV Lucas etc.

Chaudhary Group: Food processing, beer, electronic assembling, instant noodles, sugar, medical equipment, pharmaceuticals & health care, cigarettes, automobiles, lubricants, garment, biscuit & confectionery, paper & wrappers, wool & woollen knitwear, stainless steel utensils, power development, education & publishing, hotel, land & housing, finance & insurance etc.

Representation of outside companies covers Matsushita Electric Company & Suzuki Motors, Maruti Udyog Ltd., Ashok Leyland, Elder Pharmaceuticals, LG Electronics etc.

Khetan Group: Food & beverage, vegetable oil, refilling LP gas, metal work, orient magnesite, banking, finance, insurance, investment & management service, tourism (particularly travel & aviation).

It has the representation of the Carlsberg International.

Soaltee Group: Cigarette & tobacco products, shipping, power, tea plantation & packaging, hotel, tours & travels, trading etc.

KL Dugar Group: Food & beverage, vegetable & mustard oil, plastic & steel container, tea packaging etc.

Triveni Group: Edible oil, pulses, sugar, cooking gas, yarn, fabrics, furniture, cement, photography, plastic, tea plantation etc.

Mali Ram-Shiv Kumar: Sugar, acrylic & p/v yarn, corrugated sheet, iron rods, textiles, plastics, Steel, rolling mills etc.

Amatya Organisation: Beer, iron rods, Steel, trading & agency services, ice cream etc.

Sharada Group: Sugar, food processing, soap, vegetable oil & ghee, GI wires, cables, iron rods, rubber & plastics, carpet, electrical, footwear etc.

Saraf & ICTC Group: Beverages, banking, insurance, tourism, hotel, marketing services, construction & real estate etc.

Dugar Brothers: Food grains processing, oils, iron & steel, pharmaceuticals, mineral water etc.

MC Group: Food grain trading, beer, Pepsi, marble mining, spinning, plastic, pulses etc.

Kedia Organisation: Oil, milk, Vegetable Ghee, Food processing, Nails & Wires, Zinc Oxide, stainless steel & iron, steel furniture, synthetic carpet, wool products, Pashmina, candles, mineral water, Alcohol & Liquor etc.

Kabra Group: Soap, Packing, biscuits, pharmaceuticals, sugar etc.

Murarka Organisation: Edible oils, iron & steel, wires, paints, food processing, tea etc.

Vaidya Organisation: Supply of agro products including vegetables & fruits, orthodox tea, hotels & mountain resorts, construction etc. It has representation of Toyota.

NE Group: Soap, detergent powder, toothpaste, steel, textiles, export of garments carpet, agency of Brook Bond tea etc.

Representation of Hyundai Automobiles.

Rathi Group: Electrical, wire, paper, food processing, footwear etc.

Vishal Group: Battery, iron & steel, rolling mills, plastics, mat, spinning etc.

Mittal Group: Garment, textile, plastic, pharmaceutical, food processing etc.

Roongta (Chaosati Group): Spinning, food processing, general trading

Golyan Group: Handicrafts, textiles, iron & steel, plastic product, pasmina etc.

Chachan Group: Food grain processing, oil, pulses, leather etc.

Gadia Group: Textile, food processing, general trading etc.

Mercantile Organisation: Information technology services, tourism, real estate, finance and agro-forestry.

Big house concentration is being focused gradually in sectors of banking and tourism. One of the recent examples is the NIC Bank, where the share position of Vishal Group, Golchha Organisation, Triveni Group and Golyan Group is 42.03, 16.82, 15.38 and 15.38 per cent respectively. Investment in manufacturing is, however, going towards a stagnant position, if viewed from the angle of big houses.

The picture of the international trade is not inspiring. The export and import position of Nepal shows chronic trade deficits to see the trade with India or other countries. However, the deficit has started to decline slightly from the year 1996/97 in case of India and the trade shows same trend with countries other than India. Nepal's foreign trade position shows considerable dominance of trade with India

Nepal's foreign trade, 1999/2000

Particular	To India	To Others
Export	44 %	56 %
Import	38 %	62 %
Total Volume	33 %	67 %

Looking at the total volume of trade, major export items of Nepal as observed in 1998/99 statistics are as follows:

Woollen Carpet	27.00 percent
Readymade garment	26.80 percent
Vegetable Ghee	8.00 percent
Tooth Paste	3.60 percent
Pulses	3.30 percent
Jute & Jute goods	2.40 percent
Toilet Soap	2.00 percent
Hides & Skin	1.10 percent
Handicrafts & Jewellery	1.10 percent
Polyester Yarn	1.00 percent
Miscellaneous	23.80 percent

Total export value was equivalent to NRs. 36236.30 millions.

On the other hand, major import items of Nepal as observed in the statistics of 1998/99 are as follows:

Gold	9.60 percent
Petroleum Products	9.40 percent
Machinery & Parts	5.80 percent
Transport Vehicles & Parts	5.10 percent
Medicine	3.90 percent
Textiles	3.70 percent
Electrical	3.20 percent
Chemical Fertiliser	2.30 percent
Raw Wool	2.00 percent
Miscellaneous	54.90 percent

Total import value was found to be NRs. 87345.70 millions. The miscellaneous items cover the largest portion in import and considerable portion in exports.

But the coverage of big houses in totality in the total volume of international trade cannot be estimated through secondary sources. It needs a separate survey for this. However, it is evident that big houses and the JVs with their involvement are the major shareholders in the export as well as import trade. Though export orientation is increasing in the business community, it is to be accepted that the big house interests are dominant in the import trade.

Sickness of Industries: As a natural outcome of the unequal competition created by present day globalisation and liberalisation, sickness of industries has become a common phenomenon. JVs with outside companies or MNCs are on an easy go, but enterprises facing competition with JVs and facing market adversities because of trade liberalisation are getting sick. It is also important to note that their capacity and intensity towards human resource development is limited, which is reflected in low productivity, weak efficiency and very poor incentives in the part of not only workers but also of the managerial wing. On the other hand, misutilization of credit facilities acquired in the name of the particular enterprises is frequent.

Similarly, most of the privatised PEs taken over by the private entrepreneurs have been found under sickness conditions. The researches conducted by Development Associates Nepal (DEAN) in co-operation with Industrial Relation Forum and by International Labour organisation and DFID have separately indicated that the process of privatisation in Nepal have been haphazard and that the PEs in private hands have become more and more sick. Even the successful Bhrikuti Pulp & Paper has now entered the regime of adversities. The story of Bansbari Shoes & Leatherage and Agricultural Input Corporation is well known to all.

On the other hand, the whole textile industry is under heavy sickness and does not seem to revive. The jute industry is also one of the sick industries, but the Golchha Organisation has somehow managed to lead ahead. Jyoti Spinning of the Jyoti Group is also on the verge of collapse as revealed by the facts. According to the estimates, it is under an accumulated loss of Rs. 240.00 millions. It is important to note that the paid up capital is equivalent to Rs. 130.40 millions, whereas its outstanding loans are equivalent to Rs. 737.40 millions.

Similar is the case of Nepal United Company limited, where medium size groups have shares under the lead of Golchha organisation. The share of the Organisation is 28.76 percent, whereas the shares of Bachha Raj, Jhumar Mal and Tiberewala groups are 16.78, 10.20, 7.53 percent respectively, and the rest is covered by other private entrepreneurs and public shares. Its current assets and properties are equivalent to Rs. 14, 924, 257.81 whereas the total liabilities have reached Rs. 13, 256, 108.43 including the tax liability of Rs. 5, 259, 009. This trading company is going towards liquidation in order to escape the tax liabilities and other promoters are pressing the Golchha Organisation to support liquidation.

Even the Nepal Bank Limited is under crisis because of its considerably high volume of bad debts mainly because of the credits of big houses and big house shareholders.

While summing up the observed situation on sickness of the industry as a whole or individual enterprises, the effect has been multifold. The immediate effect is unemployment to the workers followed by deducted supply of the concerned products and services creating an environment of more import of those.

Sickness has also given fruits to the Big Business houses where sickness is brought intentionally on the one hand. On the other hand imitating the liberalism as prescribed by the international financial institutions in a manner of an obedient child by the government has pushed industries in the ultimate sickness

Employment and Labour Welfare: While looking at the nature of big house activities, one of the clear conclusions is that they are labour intensive. Even multinational joint ventures are operating on labour intensive tilt as they are working on comparative advantage potential based on cheap labour. But it is a real fact that capital intensity is gradually increasing in a natural manner and labour intensity of output declining every year. Statistics reveal that with the increase in number of establishments, the number of employees per enterprise has sharply declined during the recent years. This also implies that the interest to spend on labour welfare programs & schemes is sharply going down.

Comparing the situation of wage employment, the share of big houses still seems to be very low and in a declining trend because of capital intensity and fast changing technology with high emphasis on automation. As mentioned above, small and cottage industries generate one job through an investment of Rs. 10,000, whereas big and medium level enterprises and TNCs create one job with an investment of Rs. 90,000 and Rs. 500,000 respectively. Big houses are in a trend to move fast towards capital intensity and towards JVs. Hence their contribution to employment generation is declining. But it is also to be noted that their diversification may develop more new enterprises creating thereby more jobs within their fold. However it is to be noted that such type of expansion of jobs may take an informal shape mostly concentrating on informal sectors of work.

With the increasing informalisation and casualisation of labour, social security responsibilities and labour welfare expenditures of the enterprises are diminishing. But even then, in order to ensure more competitiveness through curtailed labour cost as compensation to the inefficiencies of the management, subcontracting of work is being intensified. Home based and family based subcontracting is being exercised particularly in carpet manufacturing and garment industries. It naturally reduces the formal sector employment. At the moment, we cannot estimate the extent, but can feel the trend. However, industries like jute, carpet, garment and tea plantation are labour intensive by nature and big houses in these sectors cannot curtail employment to the desired extent.

Although the process of informalisation of the formal sector employment is being intensified, informal sector employment is expanding rapidly. The extent of wage employment is sharply increasing. Whether the share of wages in the total national income increases or not is a question. This cannot be answered at once in the economies like ours. But it is evident that the proportion of wage dependants in the total labour force is likely to increase. With the commercialisation of agriculture and gradual expansion of the construction sector, both rural and urban informal sectors will have an increased role with regard to employment. So, it is visible that big houses may have contribution to expand gainful and quality employment, but quantitatively less significant.

In recent years, the trade union movement has grown fast, particularly from 1990, in Nepal, because of the long period ban and heavy restrictions imposed by the former dictatorial political system. During those years of banned unionism, employers did not have to spend on social security or labour welfare. Their nexus with the then rulers had put them in a highly privileged position. But after 1990, with the open trade union activities in collective bargaining and negotiations, they have been compelled to spend more. However, this has not cut their profit margin. They have rather expanded because of the liberalisation policies of the government and the easy global trend. But their attitude is not positive towards more gainful employment and more labour welfare.

Tax Contribution to the Nation: The tax administration of Nepal is generally criticised as inefficient and corrupt. The widespread corruption has always affected almost all aspects of our national life. Violation of rules and regulations has been observed everywhere in the present day life of Nepal. In this situation, there are obviously two or three types of accounts in enterprises in order to exercise effective tax evasion. The businessmen too accept it, although informally.

Surprisingly, 'No VAT' has been a major slogan of industrialists as well as traders. They also launched movement against the implementation of VAT through FNCCI and Nepal Chamber of Commerce. Because of the lack of transparency, it has become a problem. NCC also admits the fact about transparency that 'The situation at present is such that neither the businessmen nor the government can convince each other of being fully transparent and accounts-based. Both sides have yet to take many other steps. Complete transparency is still a far cry.' Anyway the government and the business community reached to negotiation for gradual and easy implementation, which did not take care of the citizen-consumers.

On the one hand, a low morale of the business community like other sections of the society has created a feeling that they have **the right to evade taxes**. On the other hand, they prescribe high-sounding recommendations for comprehensive tax reforms. The FNCCI is in favour of widening the tax net, increasing tax revenues and curtailing subjectivity in determining the tax amount. It is of the opinion that dependency on import-based taxes hinders industrialisation. It prescribes a priority to the collection of indirect taxes for the next 10 years with lower weightage on import revenues and better collection from domestic production and consumption through a fair and efficient tax collection system. It has also prescribed a flat rate of income tax/corporate tax at the rate of 10 percent. It is also important to note here that a paper presented by FNCCI in socio-economic summit of February 1999 has expressed that FNCCI and other professional groups should lead a social movement against corruption. The FNCCI and the business community need to promote ethical business practices among the members. However, the practice is quite different, and the tax evasion and lack of transparency have dominated the scene.

10. Politics and Big Business Houses in Nepal

The present day scenario is quite different from the previous days, also in the sense that every section of the society needs a policy influence at national level more than ever before. Policy intervention, in one way or another, is a significant part of the activities of every organised segment or class of the society. So it is equally important for peasants, farmers, landlords, workers, intellectuals, traders, industrialists, women and youths.

The former landlords are gradually losing their strength and dominance in the state power. The space created by their decline is naturally being compensated and filled up by the emerging business class. Feudalism as the system of the national way of life, both for the rural and urban structure of our society, has now become very week, although it does not seem so at a glance. Still the mentality is highly dominated by feudal norms, but the economic aspect of our national life is gradually being out of the feudal circumferences. Under this objective reality, it is evident that the landlord class is also compelled to transform it into the business class. As a result, the top ranking ruling classes from the feudal tradition, primarily the Ranas, Shahs, former principality kings, former top Chhetriya officials and palace-associated Brahmins, have started to change them into a new business profiteering class. But most of them have remained in lower strata of the business class and very few have come to the level of big houses.

The business class, basically the big house bosses, has high influence on the state power now. This kind of influence, although it was limited before 1990, suddenly highly expanded after the restoration of multiparty democracy. With a high-volt emphasis on privatisation after 1991, lobbying activities of big houses have increased manifold.

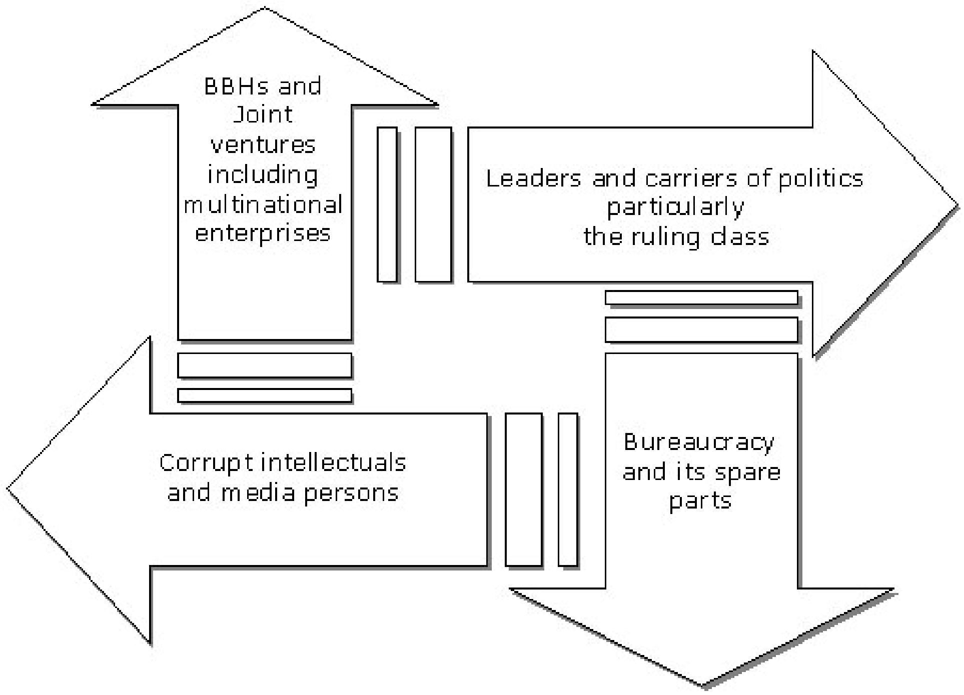
With the adoption and ratification of the ILO Convention concerning tripartite consultations, formal process of consultations between the government and employers had started. But the relation of the business community with the politics and government is not new. Looking at the long list of the royal awards, Gorkha Dakshin Bahus and the likes, the extent of the business class coverage seems considerable.

The big houses have close links with all national political parties. Political parties, without any hesitation, frequently get financial assistance by the big houses. Even political leaders get financial assistance on their individual basis, mainly during general elections. The linkages of business class with bureaucrats and politicians have become further stronger nowadays. Chanda, commission and regular dinner parties have highly significant and far-reaching roles in safeguarding the interests of big houses through the mobilisation of bureaucracy and power politics. It was highly evident during the frequent exercises of 'No Confidence Motion' tabled in the parliament in 1997 and 1998. In those exercises, involvement of MPs in corrupt activities and horse-trading had been quite controversial. Some big houses were involved very much in the supply of currency in order to reshuffle power equations. The huge expenses by big houses in such practice are also indicative of their involvement in under-cover illegal businesses. The misuse of foreign currencies by Big Houses has become nude in various L/c cases. On the contrary, ironical is the fact that some of them, the Big Bosses, have also been working as the honorary consulate for various countries.

Thus, the role of big business houses does not seem much favourable to foster National interests. It also indicates the failure of our bureaucracy and political leadership to mobilise the contribution and activities of BBHs in favour of the nation and the people. In fact the business community itself can never have a patriotic role and it has to be dragged to that end through various measures by political leaders and bureaucrats. Unfortunately, it is one of the mentionable lacunas in Nepal.

In recent years, Opinions of big house businessmen have frequently come in public that persons from business community should get representation in Parliament to solve the problems faced by the economic sectors in the country.

THE SUFFERING NATION



More serious issue is that multinational companies have come into political scene by favouring one political party or the other, helping them by financial and other means to win the election and come to power. In poor countries where people's franchise can be manoeuvred by money, such companies turn to be the deciding factor to make any party win the election. This has turned detrimental to the process of democratisation, self- governance, and people's empowerment. When political parties are not democratic within themselves, have no transparency in financial transactions, and have no popular support, they manage to come to power with the funding of multinational companies and yield to them for policy decision while running the government. Nepal is no exception to such tendencies. The government is frequently alleged of making decision in favour of foreign companies at the cost of local capital and enterprises. Recent episode with the privatisation of Nepal Tea Development Corporation, Butwal Power Company, production license given to Snowy Mountains, survey license given to Enron for Karnali Hydro Power, and operational license given to American Life Insurance Company are cited as the examples of this kind of adversities. If this remains the case, and if our government decisions are influenced by extraneous factors, our right to self-governance and self-determination will be definitely jeopardised.

11. Social Contribution by Big Houses

Social contribution and philanthropy is a common thing in every society, concerning with the business class as well. Contribution in religious sectors has been visible clearly in most of the cases.

The Khetan Group has established Hari Khetan Campus in Birgunj, contributed to construct a wing at the Kathmandu University, contributed to People's Campus and currently provided a number of scholarships to the students in Tribhuvan University and other institutes. Similarly on the health side, a hospital at Birgunj and Sanepa Health Post are constructed with the contribution of the Khetan Group. Even in the religious side, the Khetan Group is highly involved in Pashupati Gaushala, Agrawal Sewa Kendra and Marwari Sewa Samitee. The Khetan Group is also associated with motivational contributions through the provision of a number of awards and rewards, and also with mountaineering, journalism, sports, music and cultural fields.

The Golchha Organisation has contributed mainly to the health sector. Ram Lal Golchha Eye Hospital in Biratnagar is a free-service hospital. Paropkar Shree Hansha Raj Golchha Chikitsalaya in Lalbandi is another example. Besides, the Organisation has been continuously extending its financial assistance to many areas of social services, particularly to the religious institutions.

Chaudhary Group has shown high interest in social services. On school education, Chandbagh School is under operation. In public health sector, mentionable are the names Shree Lunkaran Das Ganga Devi Chaudhary Charity Hospital and Norvic Health Care Centre. For various social services, the Group has established Chaudhary Foundation, and for religious purposes Shankara Trust is functioning. The Group has also established Shree Lunkaran Das Ganga Devi Chaudhary Academy of Arts and Literature.

Kedia Organisation has established Sushil-Kedia Sewa Foundation and a school in Kathmandu. The Organisation has established Mahabir Prasad Brij Lal Kedia Sewa Trust, Kedia Eye Hospital and secondary girls school in Birgunj and Sushil Kedia Sewa Mandir in Sarlahi.

Vaidya Organisation of Industries and Trading Houses (VOITH) has a conservationist approach. The Organisation has contributed to environment protection with heavy emphasis on tree plantation. Their interest seems concentrated on environment-tilted social works. Karna Shakya of the Shakya and Shakya Group of Hotels is also a conservationist. His philanthropic contributions are important.

Banwari Lal Mittal of the mittal group is very much interested in social works from the very beginning of his business life. He is also one of the founder members of Nepal Eye Hospital.

The financial contribution in different aspect of social life is a recent phenomenon. Previously, there were Dharma Khatas or Daan Khatas (donation accounts) of the traders and businessmen but were particularly limited to religious works and chanda-donations.

Looking through a rough caste grouping, the scenario is that the Marwari family has dominated big houses. They have been supporting mainly the religious activities. But with increasing number of educated new generation in business groups, the possibility of lessening support for religious activities and diversification of social supports may be observed. However, the various types of social support, whatever they are, seem to have emerged from the religious corner of their social behaviour. The social contribution of the Marwari families, be it a small scale or the big house contribution, is aimed at the establishment of the recognition of the Marwaris in the Nepali society. However, they have not yet been able to make them fully mixed up in the society. Their feeling of insecurity in Nepal is evident in their bonds of relationships with Indians. For example, the Marwaris have a marriage relationship with the Indian Community, in almost all cases. On the other hand, the business houses dominated by the Sherpas are not found interested in social services except to those related to their own caste and culture. Others, the Newars and Brahmin-Chhetris in particular, have small contributions, mostly invisible, which are diversified to the various aspects of the social life. Therefore, it can be said that the concept of corporate citizenship has to wait for a long time to be practised in Nepal in a broader sense.

But with regard to the contribution by business class in social sector, a new tendency is developing very fast. It is observed that social service from the private sector is being transformed in a form which is like a social business which gives direct profit in addition to the indirect profits and white cover for unfair profit earning activities. Considering the new tendency flourishing among the new generation of big house families, the service motive and corporate citizenship may not be the focal point of the social activities of the big houses, but just a tactical mask for the profit-sucker Shylok face.

PART-III

Concluding Paragraphs

The development of big houses is a new phenomenon. But the present day business scenario has paved easy ways for the development of big business groups. At the same time, globalisation has provided them better opportunities to go into joint ventures and enjoy the fruits of advanced technology through the collaboration with multinationals. Similarly, they have been enjoying easy credit facilities from banking and non-banking sources. As a result, their volume of investment indicates a position of less equity and more credits. They have, however, lost the previous advantages of protectionism in recent times, and are facing tough competition not only in the international market but also within internal markets. Therefore, they are also in fluctuation and in dilemma between liberalisation and protection. A dualistic character is thus highly visible in the big houses. On the one hand, they plead for protection, directly as well as indirectly, in case of their enterprises where foreign investment is not associated. On the other hand, they argue for liberalisation in case of JVs where they are making easy money through the investment of business godfathers from abroad. Globalisation on the other hand has a higher percentage of adverse effects in comparison to the low proportion of favourable effects on the working community. So resisting globalisation and minimising its adverse effects on the working masses is the need of the day. Big houses cannot join, by the very nature of their behaviour, the process of resistance. Therefore, a major conflict of the working class is inevitable with the big houses, MNCs and JVs.

On the backdrop of conflict possibilities, agencies like ILO have a very important role to play from the viewpoint of technical ideologies. Through continuous interaction and tripartite consultations, the conventions, recommendations, influence on national laws and enforcement mechanisms, ILO can work as an influential actor to minimise the adversities of globalisation, if it is ready even to fight against IMF, WB or WTO.

After all, whether to resist globalisation or to bargain effectively with big houses and MNCs, strong national trade union movement, and regional as well as international co-operation are the primary needs. The strong trade union movement and ILO efforts if combined together with other pro people social actors, can drag big houses and MNCs towards a high contribution in social security and social welfare aspects by motivating and persuading them to adopt humane norms of corporate citizenship in their activities and practices.

Measures need to be taken to increase their tax contribution and minimise possibilities of tax evasion. For this, the government bureaucracy and tax administration machinery has to be fully repaired effectively.

It is to be noted that the policies of liberalisation have contributed to the deductions in social expenditures. Even state expenditures in education and public health are being curtailed; at the same time the burden of the foreign debt has constantly increased. Hence, the hardships and difficulties of the working population have increased tremendously. The major consequences have been observed in the deteriorating living standard. Since the market deregulation has removed restrictions on prices, cost of living has increased. On the contrary, real wages, hence the real incomes have declined. Thus, a one-way emphasis on productivity is practically insufficient to solve our problems. Therefore redistribution through a sound labour legislation and a comprehensive social security system is an urgent requirement of the day.

With the pace of time, the policy intervention and influence of trade union movement on national policies, government programmes and activities as well as the activities of other social actors has been increasing. Simultaneously, the influence and intervention of big houses and multinationals, directly and through backdoors, is being more and more consolidated and integrated. In this process, the class of national capitalists or patriotic entrepreneurs is gradually being vanished from the scene. All they are endeavouring is to minimise the labour costs through both fair and unfair ways. In between the fight and coexistence between labour and capital, there is no class of the socalled nationalist and patriotic capitalists in the present era of globalisation as such. And hence there is a small group of scattered small entrepreneurs with nationalist sentiment, which cannot act & proceed on its own independent policy. Therefore, the analysis of the character of capitalists during the cold war period has now become outdated. In Nepal, now, the big business houses are trying to share the state power by mobilising money and manipulating bureaucracy and political stalwarts. Also through social activities, they are coming to the scene. A shift of power from state to big business houses is evident with expanding globalisation. As the state responsibility on social affairs is on the decline, societies like ours come under the undue domination of money and its inhuman influences. Social norms and values come under threat. Therefore restricting their increasing undue power and heavy influence in the state calls for responsible politics from political parties & leadership and for a strong unified trade union movement. Urging them alone to be socially responsible will not work.

To sum up, in order to face the challenges of globalisation in favour of the working population, in addition to the above-mentioned factors, it is essential to pay emphasis on the following.

- Measures for employment generation to increase labour intensity of output.
- Minimisation of unfair labour practices and protection of women, children and young persons
- Fixation of working hours and national as well as sectoral minimum wages.
- Wage indexation to withstand the ever-increasing cost of living.
- Prevention from forced labour and efforts to ensure non-discrimination.
- Removal of direct & indirect restrictions on Freedom of Association and Collective Bargaining.
- Strong campaign for developing a sound social security system
- Provisions on occupational safety, health, and maternity.
- Mechanisms providing for a fair collective bargaining with big houses by confederations of trade unions, and with MNCs through sub regional alliances or through ITSs or TUIs.

Annex:1

LIST OF ENTERPRISES OF SELECTED BUSINESS HOUSES

Golchha Organization

1. Agrani Aluminium (P) Ltd.
2. Arihant Multi-Fibres Ltd.
3. Arun Vanaspati Udyog Ltd.
4. Bhudeo Khadya Udyog
5. Bhudeo Maida Mills
6. Bhudeo Trading
7. Con Tech (P) Ltd.
8. Dhiraj Chamal Udyog
9. Eastern Sugar Mills Ltd.
10. Hans Pulses (P) Ltd.
11. Hansraj Hulas Chand & Co.
12. Hanuman Polypack Industries
13. Him Electronics
14. Himali Pipe Co. Ltd.
15. Himanshu Khadya Udyog
16. Hitesh Dal Udyog
17. Hitesh Zipper
18. Hulas Biscuit & Confectionery
19. Hulas Engineering Works
20. Hulas Metal Crafts (P) Ltd.
21. Hulas Motors (P) Ltd.
22. Hulas Steel Industries (P) Ltd.
23. Hulas Wire Industries (P) Ltd.
24. Koshi Metal Crafts Co. (P) Ltd.
25. Nepal Boards Ltd.
26. Novaknit Nepal (P) Ltd.
27. Sri Bhrikuti Pulp & Paper Nepal Ltd.
28. Sri Hanuman Industries (P) Ltd.
29. Sri Raghupati Jute Mills Ltd.
30. Sri Ram Sugar Mills Ltd.
31. Surya Pulses Industries (P) Ltd.

Chaudhary Group

1. ABB Investments Pvt. Ltd.
2. AIT Pvt. Ltd.
3. Apollo Intercontinental
4. Apollo Steels Industries Pvt. Ltd.
5. Apollo Tubes Industries Pvt. Ltd.
6. Arun Intercontinental Traders
7. Chaudhary Investments
8. Chaudhary Udyog Gram (Private Industrial Park)
9. Fast Foods (Nepal) Pvt. Ltd.
10. Flexible Packaging Pvt. Ltd.
11. Gold Beverages (Nepal) Pvt. Ltd.
12. Himalayan Enterprises Pvt. Ltd.
13. Himalayan Intercontinental Pvt. Ltd.
14. Himalayan International Marketing Associates Pvt. Ltd.
15. Hotel Chitwan Keyman
16. Impact International
25. Norvic Health Care & Research Centre Ltd.
26. Perfect Blends (Nepal) Pvt. Ltd.
27. Pioneer Entrepreneurs Pvt. Ltd.
28. Polyfibre Nepal Pvt. Ltd.
29. Power Development (Nepal) Pvt. Ltd.
30. Rahul Exim Trading Pvt. Ltd.
31. Shangrila Exports
32. Shree Mahalaxmi Maida Mills Pvt. Ltd.
33. Shree Mahalaxmi Nutrition Foods Pvt. Ltd.
34. Shree Pashupati Biscuits Industries Pvt. Ltd.
35. Singha Brewery (Nepal) Pvt. Ltd.
36. United Finance Pvt. Ltd.
37. Varun Foods Pvt. td.
38. Ansal Chaudhary Developers (P) Ltd.
39. Appliances Industries (P) Ltd.
40. Goldstar Nepal Pvt. Ltd.
41. Nepal Lube Oil Ltd.

17. Instant Meals Pvt. Ltd.
18. Kakani Mountain Resort
19. Karan Exims Pvt. Ltd.
20. Kwik Foods Pvt. Ltd.
21. Megha Woolen Mills Pvt. Ltd.
22. Naudanda Heights Resort Hotel Pvt. Ltd.
23. Nirvana Can Manufacturers Pvt. Ltd.
24. Nirvana Vanaspati Udyog Pvt. Ltd.
42. Nepal Thai Foods Pvt. Ltd.
43. Chaudhary Elder Laboratories (P) Ltd.
44. Sound Equipment and Electrical
45. United Insurance Pvt. Ltd.
46. Chaudhary Escorts Heart Institute & Research Center
47. Lunkaran Das Ganga devi Chaudhary Charity Hospital
48. Lunkaran das Ganga Devi Chaudhary Academy for Arts & Literature

Soaltee Group

1. Amravati International Pvt. Ltd.
2. Himal International Power Com P. Ltd. (Under Constructor)
3. Himalaya Goodricke Pvt. Ltd.
4. Shipping Nepal Pvt. Ltd.
5. Sipradi Trading Co. Pvt. Ltd.
6. Soaltee Group Pvt. Ltd.
7. Soaltee Hotel Limited
8. Gorkha Lawrie (P) Ltd.
9. ORG-MARG Nepal (P) Ltd.
10. Surya Tobacco Co. (P) Ltd

Khetan Group

1. Everest Air Ltd.
2. Everest Insurance Co.
3. Himalayan Bank Ltd.
4. Himalayan Exim P. Ltd.
5. Himalayan Hygienic Snax & Noodles P. Ltd.
6. Himalayan Petrochemicals
7. Himalayan Securities & Finance
8. Mutual Trading Co.
9. National Boring Co.
10. Nepal Metal Co.
11. Nepal Orind Magnesite
12. Shiva Shakti Ghee
13. Gorkha Brewery (P) Limited

KL Dugar Group

1. Arjun Dhan, Rice & Oil Flour (P) Ltd.
2. Bikas Flour Mills (P) Ltd.
3. Bikas Rice Mill
4. Dugar Brothers Concerns
5. Eastern Nepal Industries
6. Gyan Containers (P) Ltd.
7. Gyan Enterprises
8. Gyan Food Products
9. Gyan Udyan
10. Kishan Food Products
11. Nepal Strawboard Co (P) Ltd.
12. Neptea Nepal (P) ltd.
13. Pratibha Rice Mill
14. Saurabh Oil Mills (P) Ltd.
15. Swastik Contianers (P) Ltd.
16. Swastik Oil Industries (P) Ltd.

Triveni Group

1. Annapurna Vegetable Products (P) Ltd.
2. Biswakarma Cements (P) Ltd.
3. Eastern Sugar Mills Ltd.
4. Gaurishankar Gas Udyog (P) Ltd.
5. Gopal Rai-Purushottamlal
6. Nepal Tea Development Corporation
7. Rainbow Photo
8. Shree Pashupati Cements (P) Ltd.
9. Triveni Dal and Oil Industries (P) Ltd.
10. Triveni Plasto Polymers
11. Triveni Spinning Mills (P) Ltd.
12. Triveni Sympax (P) Ltd.
13. Triveni Synthetic yarn Industries (P) Ltd.
14. Triveni Textile Industries (P) ltd.
15. Triveni Vyapar Company (P) Ltd.

Amatya Organization

1. Amatya Enterprises
2. Bakratunda Trading House
3. Everest Ice Creams
4. Fulbari Resorts & Spa
5. Mt. Everest Brewery
6. Nepal Jewels
7. Nepal Power Engineering
8. Nepal Steel
9. Quality Ice Cream

Jyoti Group

1. Bhajuratna Engineering & Sales (P) Ltd.
2. Bhajuratna Finance and Saving Company Ltd.
3. Bhajuratna Pharma
11. Jyoti Ceramics (P) Ltd.
12. Jyoti Farms (P) Ltd.
13. Jyoti Nursery

4. Bhajutatna Bikri Kendra
5. Bhajutatna Agency (P) Ltd.
6. Bagmati Carpets (P) Ltd.
7. Himal Agencies
8. Himal Iron & Steel (P) Ltd.
9. Himal Oxygen (P) Ltd.
10. Himal Wires Ltd.
14. Jyoti Spinning Mills Ltd.
15. Jyoti Yarn Processing Co. (P) Ltd.
16. Management Services (P) Ltd.
17. Suruchi Travel & Tours (P) Ltd.
18. Syakar Company Ltd.
19. Syamukapu International
20. The Roof of the World Wool Manufacture Co. Ltd.

Vishal Group

1. Best Plastic Industries
2. Global Trading Concern
3. Global Trading House
4. Golden Battery
5. Gorsons (Nepal)
6. Kamala Iron Industries
7. Kamala Rolling Mills
8. Krishna Poshak Udyog
9. Mainawati Steel
10. NIC Bank Ltd.
11. Puja International
12. Reliance Spinning Mills
13. RG Products (P) Ltd.
14. Shiva Trade International
15. Vashima Mat
16. Vishal Enterprises
17. Vishal Group Ltd.
18. Nepal Life Insurance Co.
19. United Telecom Ltd.

MC Group

1. Arunodaya Udyog
2. Dhaulagiri Stones (P) Ltd.
3. Ganesh Ferozinc (P) Ltd.
4. Ganesh Modern Dal
5. Geetanjali Impex
6. Global Writing System (P) Ltd.
7. Godavari Marble Ind. (P) Ltd.
8. Hanuman Metals (P) Ltd.
9. Inter Knit Industries
10. Nepal Marketing Co.
11. Paras Trade Concern
12. Raj Kamal Associates
13. Raj Kamal Spinning Mills
14. Reliable Plastic Industries Pvt. Ltd.
15. Silpa International
16. Super Lamicoats Pvt. Ltd.
17. Supreme Oil Industries
18. Tusar International
19. Unique Packaging Industry

ICTC Group

1. Highland Distillery
2. ICTC (P) Ltd.
3. Prime International
4. Taragaon Regency Hotel
5. Highland BeveragesPvt. Ltd.
6. Premier Insurance Company
7. ICTC Construction Company

Maliram Shivakumar

1. Bgwati Rolling Mills
2. Bhagawati Carbide Industries
3. Bhagawati Steel Industries
4. Koshi Plastic Udyog
5. Pashupati Spinning Mills
6. Pashupati Textile Mills (P) Ltd.
7. Everest Sugar & Chemical Ind Ltd.
8. Reliance Spinning Mills
9. Shiva Arcade (P) Ltd
10. Mankaman Chitralaya (P) Ltd.

Sharada Group

1. AC Footwear (P) Ltd.
2. Asian Thai Foods (P) Ltd.
3. Atlas Pet Plas Industries
4. Eastern Sugar Mills Ltd.
5. Hetaunda Iron & Steel
6. Jyoti Metal Udyog
7. Jyoti Rubber Udyog
8. Lion Rubber Industry
9. Pashupati Rice, Oil & Flour Mills
10. Pashupati Solvent Ltd.
11. Pashupati Tube Mills
12. Pasupati Khadya Tel Udhyog (P) Ltd.
13. Pioneer Carpet (P) Ltd.
14. Pioneer Electricals (P) Ltd.
15. Pioneer Pashmina
16. Pioneer Trading
17. Premier Wires (P) Ltd.
18. Premier Cables (P) Ltd.
19. Premier Tube Mills (P) Ltd.
20. Samiksha Enterprises
21. Sangrila handicrafts
22. Shankar Rice & Flour Mills
23. Shree Sandeep Enterprises
24. Swadeshi Sabun Udyog (P) Ltd.
25. Vinayak Oxygen Gas (P) Ltd.

Tolaram Motilal Dugar

1. Amrit Pulses Industries (P) Ltd.
2. Bikas Intercontinental
3. Chandan Bala International
4. Dugar Brothers & Sons
5. Dugar Food & Beverage
6. Gurans Engineers (P) Ltd.
7. Himalayan Aqua Mineral Ind
8. Kamala Impex
9. Kohinoor Cold Storages
10. Navkar International
11. Nepal Sal Seed Industries (P) Ltd.
12. Nidhi Oil Industries
13. Puja Dal Mills
14. Puja Rice Mills
15. Sraddha Food Products

Panchakanya Group

1. Mechi Eastern Carpet Industries (P) Ltd.
2. Nepal Bitumen and Barrel Udyog Ltd.
3. Paka Overseas (P) Ltd.
4. Panchakanya Carding Industries (P) Ltd.
5. Panchakanya Cold Retreads (P) Ltd.
6. Panchakanya Dying Industries (P) Ltd.
7. Panchakanya Housing and Land Development (P) Ltd.
8. Panchakanya Iron Industries (P) Ltd.
9. Panchakanya Nail and Ailied Products
10. Panchakanya Product Sales (P) Ltd.
11. Panchakanya Rice Mill (P) Ltd.
12. Panchakanya Rotomould (P) Ltd.
13. Panchakanya Steel (P) Ltd.
14. Panchakanya Wires (P) Ltd.
15. Panchakayna Plastic Industries (P) Ltd.
16. Pexim International
17. Tej Construction (P) Ltd.

Kedia Organisation

1. Amarawoti Madhyasala
2. Annmol Oils
3. Asia Trade Concern
4. Asian Metals
5. Birgunj Khadya Udyog
6. Birj Lal Chamal Udyog
7. Dimond Electronics
8. Indu Shankar Chini Udyog
9. Kanak New Traders
10. Mahabir Adhunik Dal Udyog
11. Narayani Metal Udyog
12. Nepal Bhanda Udyog
13. Nepal Sagarmatha Traders
14. Rohit International
15. Reliance Pashmina Industries
16. Sitaram Gokul Mills
17. Sumit Impex
18. Sundar Candles
19. Sundar Electricals
20. Sundar Galvanised
21. Sunder Steel (P) Ltd.
22. Sunder Wires & nails
23. Sushil Everest Water Pvy. Ltd.
24. Sushil Vanaspati
25. Yeti Fabrics

Kabra Group

1. Apex pharmaceuticals
2. Arrotech (P) Ltd.
3. Nep and Flexi Pack Industry
4. Omni (p) Ltd.
5. Phara Chem
6. Quality Biscuit Industry
7. Quality Soap & Chemical industry
8. Saurav Enterprises
9. Shilmo Grevier Trade
10. Bhrikuti Palp & Paper
11. Shriram Sugar Mills

Golyan Group

1. Ashok Traders
2. Atlanta Trading Co. Ltd.
3. Ever Green Textile
4. Himal Pasmina Udhyog
5. Manakamana Pasmina Udhyog
6. Reliable Yarn Industries Ltd.
7. Reliance Spinning Mills Ltd.
8. Saino Nepal
9. Shah Fashion Pvt. Ltd.
10. Shah Handi crafts
11. Shah Iron & Steel
12. Shah Udhyog Pvt. Ltd.
13. Shivam Plastic Industries (P) Ltd.

Murarka Organization

1. Bageswori Iron & Steel (P) Ltd.
2. Ilam Tea Producers
3. Murarka Store
4. Orbit International

8. Pashupati Paints
9. Pashupati Ribbed Bar
10. Pashupati Rice, Oil & Flour Mills
11. Pashupati Trade Link

5. P.K. Traders
6. Pashupati Containers
7. Pashupati Iron & Steel P. Ltd.
12. Pashupati Wire Products
13. Shree Ram Refined Oil Product (P) Ltd.

VOITH (Vaidya Organization)

1. Agri Breeders (P) Ltd.
2. Agriflora (P) Ltd.
3. Befa-Nepal (P) Ltd.
4. Gurans Tea Estate
5. NE-KO Alliance Industries (P) Ltd.
6. Nepal Singha Construction (P) Ltd.
7. Subirasa Incorporated (P) Ltd.
8. Suzuki Auto Workshop
9. Suzuki Incorporated (P) Ltd.
10. Tawache Brick & Tile Industry (P) Ltd.
11. United Traders Syndicate
12. Vaicol Industries & Product (P) Ltd.

HC (Hukum Chanda) Dugar

1. Rishab Med (P) Ltd.
2. Aqua Minerals Nepal
3. Ashis Industries
4. Gyan Industries (P) Ltd.
5. HC Modern Industries
6. Hukum Chand & Sons
7. Hukum Foods Nepal
8. Hukum Pharmaceuticals
9. Nepal Food Products
10. Vijay Industries

Baid Group

1. Hemanta Industries
2. Pradip & Co.
3. RDS & Co.
4. Reliance wire Industries
5. Vijay Metal Industries

Mittal Group

1. Ankita Khadya Udyog
2. Ankita Plastic Industries
3. Ankita Textile Industries
4. Curex Pharmaceuticals
5. Kriti Textile
6. Rolly Garments
7. Sambridi Impex
8. Sambridi Textile
9. Shree Garments
10. Siddhi Plastic
11. Siddhi Textile

Rathi Group

1. Annapurna Binding Wire
2. Annapurna Electricals
3. Annapurna Fixtures
4. Baba Paper Mills
5. Jay Kisan Jugal Kishore
6. JK Polypropylene
7. Jugal Rice & Oil Mills
8. Kaveri Enterprises
9. Rathi Adhesive Industries
10. Rathi Electricals
11. Rathi Overseas
12. Rathi Trading Co.
13. Style Footwear

Chachan Group

1. Adasha Oil Industry
2. Adhunik Chamal Tel Udyog
3. Agro Processing Industries
4. Chachan Impex
5. Narayan Leather Manufacturing
6. Narayani Leather Goods Indusrtries
7. Narayani modern Pulses
8. Narayani Oil Refinery Udyog
9. Narayani Skin Tanning
10. Satish International

Roongta Brothers (Chaosati Group)

1. Chaosati Khadya Udyog
2. Chaosati Overseas
3. Ganesh Adhunik Dal Udyog
4. Jagadamba Trading Co.
5. Roongta Processing
6. Roongta Traders
7. Tinthan Uni-Dhago Katai Udyog

Gadia Group

1. Arnika Pprocessing
2. Gunjan Traders
3. Himgiri Textile
4. Jayshree Trading
5. Olympia Textile Industries
6. Sandeep Traders
7. Shiva Sakti Ghee Industries

House of Saakha

1. Ganesh Fashion Garent Industries
2. Nepal Paint Industries (P) Ltd.
8. Nepal Trade Temple Public Ltd.
9. Saakha & Co. (P) Ltd.
5. Saakha Polymer Industries
5. Saakha Metal Industries (P) Ltd.
6. Saakha Steel Industries (P) Ltd.
8. Unisa Polychem Industries (P) Ltd.
9. Multi Food Industries

Shakya & Shakya Group

1. Ambassodar hotel
2. Club Himalayas Resort Hotel
3. Gorkha Ayurvedic Company
4. Kathmnadu Guest House
5. Marco Polo Business Hotel
6. Nepal Lithograph Company
7. Park Royal Village

NB Group

1. Chemi Trade (P) Ltd.
2. Harisidhi Brick & Tiles Factory Ltd.
3. National Hydro Power Co Ltd.
4. NB International (P) Ltd.
5. Nepal Bangladesh Bank Ltd.
6. Nepal Bangladesh Finance & Leasing Co. Ltd.
7. Nepal Bank of Cylon Ltd
8. Nepal Sri Lanka Merchan Bank Limited

Sunrise Group

1. Himalayan Petro Chemicals
2. HISEF Ltd.
3. Kathmandu Insurance
4. Laxmi Bank
5. Pacifi Office Automation
6. SB Trading
7. Shiva Bhagawan Industries
8. Tulsi Spices

Annex –2

LIST OF SOME JOINT VENTURES

1. Asian paints (Nepal) Pvt. Ltd.
2. Colgate Palmolive (Nepal) Pvt. Ltd.
3. Dabur Nepal P. Ltd. (dabur india limited)
4. Nepal Lever limited (Hindustan Lever Limited)
5. Highland Distillery Pvt. Ltd. (Shaw Wallace & Company Ltd. India)
6. Jenson & Nicolson (Nepal) Pvt. Ltd. (Jenson & Nicholson India Ltd.)
7. Larsen & Toubro Limited (Larsen & Toubro India Limited)
8. Nebico Pvt. Ltd. (Britannia Industries Limited india)
9. Nepal Battery Company Limited (Eveready Industries india Limited)
10. Nepal Orind Magnesite (P) Limited (Orissa group of Industries, Imdia)
11. Surya Tobacco Co. Pvt. Limited (ITC Limited of India)
12. Everest bank Limited (Punjab National Bank Limited, India)
13. Nepal SBI bank Limited (State bank of india limited)
14. National Insurance Company Limited (General Insurance Corporation of India)
15. Oriental Insurance company Limited (Oriental Insurance Corporation of India)
16. Hotel De la Annapurna (Taj group of Hotels, India)
17. SitaWorld Travel(Nepal) Pvt. Ltd. (Sta World Travel India Limited)
18. Hoechst Marion Roussel (P) Limited (Hoechst Marion Roussel Limited India)
19. Gorkha Lawrie Pvt. Ltd. (JV with British Company)
20. Pepsi Cola (Nepal) Pvt. Limited
21. Agni Incorporated Pvt. Ltd. (Mahindra & Mahindra)
22. Jeetu Concern (Servo Lubricants)
23. Luna trading Company (P) Ltd. (Dabur India Limited)
24. Morang Auto Works (Escorts Yamaha india)
25. Sipradi Trading Co. Pvt. Limited (TELCO India)
26. Nepal Grindlays bank Limited
27. Soaltee Hotel Limited
28. Kodak Nepal

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