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**THE INSTITUTE OF CHARTERED ACCOUNTANTS OF NEPAL**

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# Strategic Intent of the Strategic Plan


# Key Stakeholders of ICAN

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# Contents

# Editorial

## Upholding Public Trust and Transforming Economies

ICAN's tenth Council has developed the fourth Strategic Plan, which covers the period of five years from FY 2024/25 to 2028/29. The Plan has been developed in pursuant to Clause 16 of the Financial Administrative Byelaws, 2080. The strategic planning process was guided by the International Federation of Accountants (IFAC) document on Professional Accountancy Organization (PAO) Strategy Planning Toolkit. This marks the Institute's fourth strategic plan, whereby the first Strategic Plan was developed for the period of three years in FY 2014/15.

With due consideration of changed landscape of accounting profession, increasing complexity of the financial system and experience gained in implementing the three strategic plans, the Institute has revised its Vision and Mission statement that was articulated previously in the light of future challenges. Additionally, new organizational Core Values have also been formulated and incorporated in this Plan. One of the striking features of this Plan is to support the government in achieving the Sustainable Development Goals (SDG). We have integrated eight pertinent SDG in the Plan as a partner of nation's economic prosperity.

The motto of this Strategic Plan is **"Upholding Public Trust and Transforming Economies"** reflecting the paramount role of the Institute and its Members to serve as backbone of financial sector and uphold public interest providing quality of audit services. To achieve this, the plan outlines strategies to enhance members' capacity in delivering high quality services to stakeholders by maintaining the integrity of the profession and to develop an education system that meets international standards. Aligning with this motto, the strategic plan prioritizes the enhancement of recognition of the Institute and Members as a key factor for driving the nation towards sustainable economic development. Inclusion of SDG goals in the Strategic Plan signals our commitment to support government's initiatives strengthening economic growth of the country.

The Strategic Plan envisages four domains comprising of expanding rich and credibility of accounting profession, elevating national and global standing, engaging members and collaboration with stakeholders, and ensuring operational resilience and sustainability. To support these domains, there are twenty strategic intents and eighty strategic activities to be implemented within the plan period.

The Strategic Plan has set four objectives that include playing an effective role of a regulatory body to uphold the public image and develop educational curriculum of global standard; to enhance the recognition of profession by way of collaboration and coordination with different stakeholders; to escalate the recognition of the Institute nationally and globally and to drive innovation by adopting advanced technologies and fostering a culture of adaptability. These strategic objectives have been determined following a thorough analysis of the requirements of internal and external stakeholders, including SWOT and PESTLE assessment.

Despite the various constraints, the Institute to a large extent has been able to primarily achieve our aims set out in the previous three strategic plans. The success of these strategic plans bolstered us to move forward with the fourth Strategic Plan 2024/25-2028/29. The Institute recognizes that there are various risks and challenges in the implementation of the Plan as we have encountered in the past. Considering this fact, we have chosen the activities that are doable, measurable and achievable to accomplish our targeted goals. This document has been prepared in consultation with Past President and Stakeholders and their suggestions have also been incorporated in the Plan.

The effort of the Institute is not sufficient to achieve the goals as envisaged by the Strategic Plan for which collective efforts of all stakeholders are desirable for the successful implementation of this Plan. Undoubtedly, the task of nation building is a collective responsibility. Therefore, the Institute humbly appeals to our members, Government of Nepal, regulatory authorities, Development Partners and all stakeholders to support us to achieve the goals of the Plan.

# President's Message

**CA. Prabin Kumar Jha**
*President, ICAN*

I am delighted to welcome you to this December 2024 edition of *The Nepal Chartered Accountant*, a publication dedicated to presenting insights into contemporary issues and updating you on activities conducted by the Institute during the reporting quarter. There are very insightful articles in the journal which explain the ground realities that we face as the nation and have tried to provide solutions exploring roles that ICAN as an institution and our members as Professional Experts can play to achieve the desired result. This edition also highlights ICAN's principal events of the quarter and provides updates on the accounting profession at both national and international level.

I am pleased to inform you that the Institute has formulated its fourth Strategic Plan for the next five years (2024/25 – 2028/29). This is the first time that ICAN has formulated a plan that covers a period of five years. We believe that this marks a significant improvement over the previous system, where the plan spanned three years aligning with the tenure of the Council. The earlier approach often led to delays and disruptions in the continuity of programs. The decision to shift to a five-year framework was made after extensive deliberations and discussions in the previous Council, aiming to create a positive environment for aligning annual policies and priorities with the Strategic Plan, while ensuring the seamless execution of ICAN's programs.

This plan provides a framework to guide annual planning and resource allocation, enabling improved performance for the Institute. With the motto *"Upholding Public Trust and Transforming Economies"*, the Strategic Plan reflects our commitment to societal responsibility that includes enhancing our role as the advisors to the government and business entities, in addition to the assurance and other functions that our members have been providing over the years. We believe this shift will eventually enhance our roles in transforming economies at all levels of government. A distinctive feature of the plan is its integration of eight Sustainable Development Goals (SDGs) aligned with our profession and national economic growth. The plan outlines four strategic intents, 20 strategies, and 80 strategic activities to be implemented within the plan period.

Below, I highlight key initiatives and accomplishments of the quarter (October–December 2024), which demonstrate the Institute's ongoing commitment to enhancing the credibility of the profession and contributing to the country's economic governance.

## Regulation and Supervision

To meet the requirements of IFAC's SMO1, the Quality Assurance Board (QAB) has continued to conduct routine quality assurance reviews of Chartered Accountant firms specially the ones that are auditing listed companies. The numbers of reviews carried out during the previous quarters were on the lower side mainly due to frequent turnovers of technical staffs and vacancies not getting fulfilled promptly. However, with recent recruitments of new technical staffs in the Quality

Assurance Division, the Institute's capacity to execute QA reviews has enhanced and we expect to have the number of QA reviews conducted as per QAB plan for the current Fiscal Year. We believe that the QA function of the institute is one of the vital functions that will ensure maintenance and enhancement of audit quality executed by our firms, which will eventually enhance our credibility and public trust. Because of the efforts taken by the Institute and QAB in this regard, there is enhancement of awareness about audit quality in our practicing members, which is a positive indicator and drives us to improve our quality assurance activities further. Investigations of disciplinary cases lodged before the Institute are also underway.

## Professional Development

The Institute is working on an Information System (IS) Audit Manual for our members with a plan to roll it out during the next quarter. In this regard, the IT Committee of the Institute conducted an interaction program on Information System Audit with the IS auditors to review the draft IS manual prepared by the management with help from external consultants. The feedback received from the interaction has been incorporated and the IS manual is being finally reviewed to be submitted for approval.

The Institute has developed a technical manual that focuses on audit opinion formation on various misstatement scenarios that are faced by our members while pursuing their profession as an auditor. We believe the manual will help our members in drafting their opinion in situations when they have to modify their report. Three capacity development program in this regard has already been organized during the quarter, one each in our head office, in Biratnagar and in Birtamod. The capacity development program is designed in such a way that the participants are requested to suggest additional misstatement scenarios that they have faced in their practices. The institute plans to publish the manual after incorporating all the misstatement scenarios, collected from the capacity development programs, together with the list of audit opinions for each scenario which, we believe will be a ready reference documents for our members while forming their opinion.

To mark the International Accounting Day, a Fellowship Program and various activities, including interaction sessions and walkathon, were held at branch offices. Two Continuing Professional Education (CPE) sessions were organized at the head office.

Furthermore, a *New Member Welcome Program* was also held to honor newly qualified members who obtained membership between the period 26th June 2024 and 18th December 2024. A webinar titled *"Legislation and Practice of Transfer Pricing in SAARC Countries"*, was also organized jointly with the SAFA Committee chaired by one of our council members. The Webinar provided a platform to discuss transfer pricing legislation and practices in the region. The webinar was attended by more than 300 members from across our region.

## Education

In December 2024, a total of 6,329 students appeared for the Chartered Accountancy Examination and the CA Membership Examination for ACCA, the results for which shall be announced within next few weeks. The results of the September 2024 CA Membership Examination were declared, with 73 examinees qualifying for ICAN membership. A *New Students' Orientation Program* was organized for the June 2025 batch, and career counseling programs were held nationwide to promote awareness about the CA Education.

## International Relations: Global Positioning and Leadership

ICAN representatives, including myself, the Vice-President, CA. Nil Bahadur Saru Magar, and some of our fellow Council Members, participated in CAPA Annual General Meeting and the 21st CAPA International Conference in the Philippines. Additionally, we attended the 2024 IFAC Council Meeting and Thought Leadership Seminar in Paris during November 2024.

Vice-Prsident, CA. Nil Bahadur Saru Magar participated in the SAFA ITAG meeting and other Council Members attended the SAFA Best

Presented Annual Report Ceremony in Sri Lanka. Our representatives were also actively involved in SAFA, CAPA webinars and committee and board meetings on regular basis.

## Institutional Development and Sustainability

The Institute appointed nine new staff members, including seven officers and two non-officers, in December 2024. These recruitments, conducted through the Public Service Commission, bring the total staff strength to 89. An induction training program was conducted for both newly recruited and existing staff to enhance operational efficiency.

I would also like to use this opportunity to acknowledge the transition in the Institute's management leadership. CA. Sanjay Kumar Sinha, who as the Executive Director served the Institute with dedication for seven years, departed on 19th August 2024. We extend our gratitude for his invaluable contributions to the Institute. We are pleased to welcome CA. Surendra Bhushan Shrestha, who joined as the new Executive Director on 10$^{th}$ November 2024.

## Concluding Remarks

In conclusion, I extend my heartfelt appreciation to the coordinator of the Strategic Planning Task Force Vice President CA. Nil Bahadur Saru Magar and his team and to all those who contributed in the planning process including our fellow council members of 10$^{th}$ Council and ICAN Management. Considering the relevance, I would like to refer a famous quote which says, *"Without strategy, execution is aimless. Without execution, strategy is useless.", hence* I urge our members and stakeholders to support the implementation of the Strategic Plan. I am confident that, as always, your cooperation will empower the Institute to achieve its objectives.

Warm Regards

**CA. Prabin Kumar Jha**

President, ICAN

# Transforming the ICAN's Role in Strengthening Federalization through PFM Reforms in Nepal

**-CA. Thakur Prasad Adhikari**

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## Abstract

Federalization in Nepal is an endeavor to devolve governance and foster inclusive development. However, persistent challenges in Public Financial Management (PFM) threaten its effectiveness. Drawing on reports from the Office of the Auditor General, Third-Party Monitoring of the Provincial and Local Government Support Programme (2024), Public Expenditure and Financial Accountability Assessment (2024) and the Mid-Term Review (2022) of the Provincial and Local Governance Support Program, Fiscal Gap Analysis: Expenditure Needs and Revenue Capacity Assessment in Nepal (2021), and Financial Management Assessments of various provincial entities for different projects (2021-24), as well as the Final Report on Business Process Re-engineering (BPR) of the tax system of the Inland Revenue Department (2024), this paper presents an in-depth evaluation of Nepal's PFM landscape. It highlights systemic inefficiencies, fiscal irregularities, and capacity constraints while proposing a forward-looking vision aligned with international best practices, 21st-century governance ideals, and interventions that the Institute of Chartered Accountants of Nepal (ICAN) can initiate.

**Keywords:** Federalization; Public Financial Management; Inclusive Development, the Institute of Chartered Accountants of Nepal

## 1. Introduction

### 1.1. Federalization in Nepal: Brief Overview

Federalization in Nepal, institutionalized by the **Constitution of Nepal (2015)**, was a transformative step aimed at addressing historical grievances of exclusion, centralization, and unequal resource distribution. The constitution introduced a **three-tier governance structure**—federal, provincial, and local—allocating specific functional and fiscal responsibilities to each level to promote equitable service delivery and inclusive governance. Fiscal federalism became a cornerstone, with mechanisms such as **fiscal equalization, conditional, special and matching grants** and **revenue-sharing systems** designed to address the financial disparities among different tiers of government. The **National Natural Resources and Fiscal Commission (NNRFC)** is assigned a vital role by the constitution in overseeing fiscal transfers and ensuring equitable resource allocation. However, the transition has faced significant challenges, including **overlapping functional responsibilities**, **horizontal imbalances**, **capacity constraints**, and **ambiguities in linking assigned functions with financial resources**.

The transition to federalism has required substantial adjustment of the intergovernmental financial system, policy frameworks and service delivery mechanisms. Despite the constitutional intention, its implementation continues to face obstacles, particularly in coordination between government levels, capacity-building and operationalization of fiscal norms in different regions. Federalism gives powers to subnational governments, but it also creates complexity in governance and budgetary management. Effective public financial management (PFM) systems are essential to achieve national development objectives, ensure transparency, and improve service delivery. However, lack of institutional capacity, coordination and implementation remains a serious obstacle.

This paper presents the perspectives of various assessments; provides a comprehensive analysis of Nepal's PFM landscape; and proposes actionable reforms to build a more stable and equitable federal fiscal structure. This paper intends to analyze the status of PFM system in Nepal and provide strategic recommendations for enhancing its effectiveness, as the country is towards transitions to federalism.

## 1.2. Importance of Public Financial Management in Federal Systems

In federal systems, where governance is devolved among federal, provincial, and local levels, robust PFM systems are essential for achieving fiscal discipline, economic stability, and development goals through ensuring equitable allocation of resources, financial accountability, and efficient delivery of public services. The following are the key reasons why strong PFM frameworks are crucial in federal systems:

**a) Equitable Resource Distribution**

Under federal systems, differences in revenue-generating capacity and expenditure needs across subnational governments often result in budgetary imbalances. Prudent PFM systems serve to solve these discrepancies through various measures such as fiscal equalization grants, income sharing, and conditional grants, thereby guaranteeing equitable distribution of resources and supporting regional fairness.

**b) Accountability and Transparency**

Many times, devolved governments run with divided responsibilities. Strong PFM systems enable transparency and accountability at all levels of government by clearly defining acts and policies for audit procedures, budget formulation, and expenditure tracking, which help gain public confidence and preserve financial discipline.

**c) Coordination across Government Tiers**

Effective policy implementation depends on federal mechanisms for coordinating national and subnational governments. Well-designed PFM systems guarantee that financial policies are coherent and matched with national development objectives while respecting the autonomy of subnational governments by determining institutional and procedural frameworks for such coordination.

**d) Efficient Service Delivery**

Federal systems are renowned for their public service delivery at the local level, but it cannot happen without appropriate financial control. Sound PFM systems guarantee effective use of resources assigned for public services, including infrastructure, health, and education, thereby reducing wastage and producing better outcomes.

**e) Subnational Capacity Enhancement**

Subnational governments in federal systems lack the ability to handle budgets properly. Sound PFM systems help subnational entities to carry out their duties employing uniform methods for budget administration, revenue mobilization, and expenditure tracking, through supporting capacity building.

**f) Fiscal Sustainability**

Fiscal imbalances can compromise economic stability given three tiers of government. Well-made PFM systems impose budgetary restrictions and provide financial guidelines that reduce the possibility of unsustainable borrowing or ineffective use of public money at any level of government.

**g) Democratic Governance**

Fiscal federalism gives subnational governments more authority and helps them to generate resources and enhance decision-making capacity in their use. By means of participatory budgeting and local fiscal control, robust PFM systems guarantee that this empowerment is complemented by financial accountability, therefore enabling citizens to have a direct interest in governance.

Federalization has created a new set of challenges in implementing PFM practices in Nepal, such as defining fiscal responsibilities of federal, provincial, and local governments; addressing vertical and horizontal fiscal imbalances; and building institutional capacities. A robust PFM system is critical to managing fiscal transfers, ensuring that subnational governments have the resources they need to fulfil their constitutional mandates while maintaining fiscal discipline and transparency.

By strengthening its PFM framework, Nepal can optimize resource use, reduce inefficiencies, and promote equitable development, illustrating how indispensable PFM system is to effective federal governance.

### 1.3. Role of the Institute of Chartered Accountants of Nepal

Through guaranteeing conformity with international standards, and supporting transparency and accountability in fiscal systems, the Institute of Chartered Accountants of Nepal (ICAN) significantly helps to promote PFM reforms in Nepal. To improve the technical capability of its members, it aggressively encourages the application of International Public Sector Accounting Standards (IPSAS) and offers specialized training and certification courses like the Certification in Public Financial Management (Cert. PFM). These courses enhance confidence amongst the ICAN members that they are ready to handle financial management workloads across all levels of government, covering such important areas as budget planning, government accounting systems, revenue administration, public procurement, and internal controls (Report of Certification Course on Public Financial Management, 2024).

The ICAN works with worldwide accounting bodies, including the International Federation of Accountants (IFAC), the Confederation of Asian and Pacific Accountants (CAPA), and the South Asian Federation of Accountants (SAFA) as well as the Chartered Institute of Public Finance and Accountancy (CIPFA), which enhances knowledge sharing and alignment with international best practices. Besides, the ICAN also collaboratively supports national organizations, including the Office of the Auditor General (OAG) and the Financial Comptroller General Office (FCGO). Emphasizing ethical behavior and good governance, it guarantees that Nepal's PFM systems are transparent, responsible, and in line with Sustainable Development Goals (SDGs), thereby contributing greatly to the economic stability and growth of the nation.

## 2. Federalism in Nepal: Historical Perspective

Nepal has been a federal democratic republican country since 28 May 2008 (15 Jestha 2065 BS). The country's sociopolitical movements for inclusiveness, devolution, and fair resource allocation anchored federalism. Historically, Nepal was a unitary state with centralized government in which the capital, Kathmandu, consolidated the power for making all decisions. Often marginalizing the views of ethnic minorities, women, and communities in outlying areas, this approach created social inequalities and underdevelopment.

Nepal's push for federalism gained momentum during the civil conflict (1996–2006), led by the Maoist insurgency, which demanded structural reforms to address historical injustices and regional inequalities. The signing of the **Comprehensive Peace Agreement (CPA) in 2006** marked a turning point, paving the way for a new constitution and systemic changes in governance. The promulgation of the **Constitution of Nepal 2015** institutionalized federalism as the foundation of governance. The country is restructured into three tiers of government — federal, provincial, and local. This transition aimed to ensure equitable resource distribution, promote regional autonomy; and empower marginalized communities. The federal structure introduced 7 provincial and 753 local governments, along with the federal government at the center, with clearly defined responsibilities and fiscal autonomy for each, aligning governance with the principles of subsidiarity and inclusivity.

Nepal's journey towards fiscal federalism marks a crucial step in enhancing governance and promoting equitable development. Despite significant advancements in empowering subnational governments, the system has various obstacles, such as fiscal imbalances, capacity limitations, and inadequate accountability. Enhancing PFM systems via more explicit fiscal policies, capacity development, and improved transparency and accountability is essential for actualizing the promise of the nation's federal structure.

## 3. Evolution of Public Financial Management in Nepal

Along with political and institutional changes in Nepal, PFM system in the country evolved. Its PFM system was highly centralized before federalization, with most budgetary choices taken by the central government. While local government units had little influence on fiscal management, the Ministry of Finance oversaw income collection and expenditure distribution. Important turning points in the development of PFM systems in Nepal include:

**a) Pre-Federal Era**

- Under the unitary governance system, centralized planning shaped Nepal's PFM system.
- The federal government mostly regulated revenue collection, while local units were given set grants according to land size and population.
- Weak local capacity hampered good budget control and service delivery.

**b) Decentralisation Efforts**

- A historic attempt to decentralize government and empower local units with more responsibility for planning, budgeting, and service delivery was through the enactment of the Local Self-Governance Act 1999.
- Notwithstanding the increasing effort, local units' financial reliance on the central government persisted, and the autonomy promised under decentralization remained constrained.

**c) Federalization**

- While the 2015 constitution changed Nepal's governance structure and determined and distributed state power in three tiers, fiscal federalism became a major component of the country's PFM system.
- Revenue sharing, fiscal transfers, and distribution of fiscal equalization, conditional, special and matching grants found a framework under the Intergovernmental Fiscal Arrangement Act 2017.
- NNRFC, established under the constitution, was tasked with supervising fair distribution of resources and suggesting methods of financial transfer. The National Natural Resources and Fiscal Commission Act 2017 lists its powers, functions, and responsibilities.

## 4. Current Status of Public Financial Management in Federal Nepal

With a total value of NPR 95.60 billion in fiscal year 2022/23, the Sixty-first Annual Report of OAG has identified systemic discrepancies at federal, provincial, and local levels. Identifying anomalies resulting from poor internal controls, insufficient paperwork, and unresolved advances, it points out the problems of financial accountability, transparency and compliance. To match international criteria like that of International Organization of Supreme Audit Institutions (INTOSAI), the paper emphasizes the need for improved fiscal discipline and consistent monitoring.

### 4.1. Findings from the Office of the Auditor General

The OAG reports underline recurring issues in financial management across all levels of government in FY 2022/23:

**a) Audit Irregularities:**

- Audit irregularities of NPR 95.6 billion were recorded against total audited funds of NPR 7.88 trillion. Accumulated audit irregularities now exceed NPR 669.86 billion.

**b) Low Budget Utilization:**

- National-level budget execution remains suboptimal, with capital expenditure at 61.68%, reflecting delays in project implementation and procurement inefficiencies.

**c) Revenue Mobilization Challenges:**

- Only 72% of projected revenues were collected, with significant shortfalls in customs duties, value added taxes (VAT), and income taxes.

**d) Accountability Gaps:**

Weak enforcement of audit recommendations, delayed fund settlements, and systemic inefficiencies hinder effective fiscal governance, The major concerned raised by the OAG in respect to accountability include:

(a) procurement of public assets is not transparent, efficient and systematic.

(b) efficiency needs to be brought in mobilization of resources.

(c) integrated records of public assets are not available.

(d) proper uses and maintenance of assets is lacking.

(e) quality of public construction works is questionable.

(f) selecting projects outside the project banks overruns time and costs.

(g) reliance on consultants in implementation of projects is high.

(h) contracts are awarded without completing preparatory works.

(i) coordination among public entities in infrastructure project is lacking.

## 4.2. Provincial-Level Financial Management Insights

Provincial governments face unique challenges in implementing effective PFM systems:

**a) Budgetary and Programmatic Inefficiencies:**

- Budget execution remains inconsistent, with some provinces utilizing less than 20% of the allocated budgets for key sectors like agriculture and irrigation.
- High employee turnover disrupts continuity in financial management and program execution.

**b) Audit Observations and Weak Compliance:**

Audits reveal mismanagement in grant distribution, inadequate monitoring of subsidy programs, and lapses in public procurement practices across provinces.

**c) Systemic Issues in Financial Reporting:**

Delayed and incomplete submission of financial reports and asset records hinder effective oversight.

**d) Resource Constraints in Agriculture Knowledge Centers and Water Resource and irrigation Development Divisions:**

Limited staffing, part-time accountants, and a lack of training impact financial operations in key agricultural and irrigation entities like Agriculture Knowledge Centers and Water Resource and irrigation Development Divisions.

## 4.3. Key Aspects of Public Financial Management in Nepal

The introduction of federalism brought significant changes to PFM systems in Nepal, creating opportunities for enhanced fiscal management at all levels of government. However, the transition has also exposed numerous challenges and gaps in implementation. Key aspects of the current status of PFM in Nepal include:

**a) Fiscal federalism and Autonomy**

- Provincial and local governments now have constitutional authority over certain revenue sources, such as property tax, business tax, and local fees. However, their capacity to mobilize these revenues remains limited.
- Fiscal transfers from the federal government, including fiscal equalization grants, conditional grants, and revenue-sharing mechanisms, constitute the primary source of funding for subnational governments.

**b) Intergovernmental Fiscal Transfers**

- The role of NNRFC is critical in determining the allocation of fiscal equalization grants based on the revenue capacity and expenditure needs of provinces and local governments.

- While revenue-sharing mechanisms are in place, disparities in revenue capacity among provinces and local governments persist, highlighting the need for more robust fiscal equalization systems.

**c) Budgeting and Expenditure Management**

- Subnational governments are tasked with preparing their budgets and managing expenditures for functions under their jurisdiction. However, many of them lack the technical capacity and institutional frameworks to do so effectively.
- There needs to be more alignment between subnational budgets and national development priorities, resulting in inefficiencies in resource allocation.

**d) Transparency and Accountability**

- Efforts to improve financial accountability, such as implementing Subnational Treasury Regulatory Application (SUTRA) for tracking financial transactions, are underway.
- However, weak internal controls, limited audit irregularity settlement mechanisms, and inadequate financial reporting systems pose challenges to ensuring transparency and accountability.

**e) Capacity Constraints**

- Provincial and local governments face capacity gaps in areas such as revenue mobilization, financial planning, and procurement.
- Dependence on federal transfers has undermined their ability to exercise fiscal autonomy effectively.

**f) Coordination Challenges**

- Coordination between federal, provincial, and local governments remains a challenge, particularly in sectors with concurrent responsibilities, such as health, education, and agriculture.
- Overlapping roles and unclear mandates often lead to inefficiencies and delays in service delivery.

## 5. Problems in Implementing Public Financial Management in Federal Nepal

Under its federal governance structure, Nepal finds great difficulty implementing PFM successfully. Reports including Fiscal Gap Analysis: Expenditure Needs and Revenue Capacity Assessment in Nepal (2021), Public Expenditure and Financial Accountability Assessment (PEFA) (2024) Financial Management Assessments (FMA) of various provincial entities for different projects (2021-24), and Third-Party Monitoring (TPM) (2024) and Mid-Term Review (2022) of Provincial and Local Government Support Programme highlight ongoing issues, including fiscal irregularities, coordination challenges, capacity gaps, and digital integration difficulties. These challenges impede the effective utilization and distribution of financial resources and thus undermine public confidence and government structures.

PEFA (2024) (as of 2022) provides a detailed evaluation of Nepal's PFM system, highlighting both strengths and areas for improvement. A key concern is the significant gap between fiscal projections and actual outcomes, with expenditures falling short by over 15% and revenue collection lagging by nearly 8%, which are attributed to optimistic forecasts, inefficient procurement, and weak project evaluation.

Persistent challenges include weak fiscal risk management and fragmented public investment reporting, limiting the government's ability to anticipate vulnerabilities and optimize the impacts of expenditures. Policy-based budgeting remains inadequate due to poor macroeconomic forecasting and inconsistent resource allocation. Incremental budgeting practices and the absence of robust fiscal forecasting frameworks hinder strategic planning and long-term fiscal sustainability.

Nepal's PFM reforms since the 1990s, such as e-Government Procurement (e-GP), a Treasury Single Account (TSA), and Integrated Financial Management Information Systems (IFMIS), have enhanced fiscal discipline and transparency. The second phase of the PFM Reform Strategy (2016/17–2025/26) focuses on fiscal federalism, debt management, and integrating gender- and climate-responsive elements, though interoperability challenges across government levels persist.

Legislative oversight and audits have improved accountability, but delays in reviewing audit findings and inefficiencies in procurement systems hinder public service delivery. Addressing these issues requires strengthening fiscal risk management, streamlining procurement processes, and enhancing public investment planning. PEFA (2024) offers a valuable roadmap for refining Nepal's PFM reform strategy to address these challenges comprehensively.

One of the main difficulties is ongoing financial anomalies and inadequate audit follow-up on suggested changes. Incorrect spending patterns and financial mismanagement lowers public trust in government systems. Furthermore, especially at the provincial and local levels, inadequate control systems help to explain regular financial mismanagement problems.

Poor coordination across federal, provincial, and local governments also throws off budget forecasts and resource allocation. Confusions, delays, and inefficiencies in public service delivery result from misalignment in policy execution and overlapping roles. To address these gaps, clearly defined functional roles and encouraging interagency communication are vital.

The key difficulties still are low capacity, low technical knowledge and high regular worker turnover, damaging financial management systems. Lack of sufficiently qualified individuals in budgeting, financial reporting, and income collection by subnational governments influences their capacity to properly manage resources. Important are long-term postings of qualified professionals and capacity-building programs.

While fiscal transfers to subnational governments follow rule-based norms, the lack of transparency in methodology and data used for calculating these transfers poses challenges for cooperative federalism. Similarly, gaps in monitoring and managing extra-budgetary units (EBUs) undermine financial accountability. On the positive side, Nepal has improved budget comparability and accuracy by aligning with international standards, complemented by transparent fiscal transfers and comprehensive budget documentation.

At the subnational level, institutional capacity must be greatly enhanced, and governments must be reoriented to run within the federal framework This entails increasing internal controls; enhancing technical training programs; and improving financial planning by using means of information and communications technology (ICT) instruments. Moreover, local governments are unable to effectively exploit their tax and non-tax income sources, therefore underutilizing revenue mobilization.

Aligning financial policies among several government levels depends on bettering intergovernmental coordination. Important actions are establishing regular communication channels, separating overlapping duties, and using one financial reporting system. Stronger platforms like NNRFC should help to promote communication and settle financial conflicts effectively.

Likewise, Nepal suffers from low financial resources and funding restrictions that influence budgetary sustainability. Funding discrepancies can be lessened by refining revenue-sharing systems, performing data-driven fiscal gap studies, and tying funds for fiscal equalization to performance criteria. Conditional funds should concentrate on service delivery and infrastructure development under well-defined monitoring systems.

Nepal needs a thorough PFM plan emphasizing capacity building, better coordination, and fiscal autonomy at the subnational level if it is to tackle these obstacles. Transparency, accountability, and effective resource allocation at all levels of government depend on improving institutional capacity, establishing financial discipline, and using digital tools.

## 6. Case Studies

As Nepal navigates through the complexities of federalization, lessons from global PFM reforms offer valuable insights into how to address challenges related to revenue sharing and expenditure management functions of government. This section highlights applicable lessons and potential challenges in the context of the country's federalisation efforts based on case studies from countries like South Africa, India, Brazil, and Nigeria. By adopting formula-based revenue-sharing mechanisms, incentivizing performance, and enhancing expenditure accountability, Nepal can address existing challenges and align fiscal policies with its federal goals. Tailored implementation strategies that consider the country's unique socio-economic and institutional contexts will ensure equitable development and efficient governance at all levels.

### 6.1. Revenue Sharing and Expenditure Management: Successful Examples and Their Relevance to Nepal

**a) Revenue Sharing: South Africa's Equitable Transfers**

- **Overview**: South Africa's intergovernmental fiscal framework emphasizes equitable resource distribution to address historical inequalities. The **Division of Revenue Act** ensures transparent allocation of funds to sub-national governments using a formula based on population, poverty levels, and infrastructure needs.
- **Relevance to Nepal**: Nepal can adopt a formula-based system similar to South Africa, aligning fiscal transfers with socio-economic indicators, such as poverty, road density, and school enrolment rates, as proposed in the country's revenue-sharing studies.

**b) Revenue Sharing: India's Dynamic Fiscal Transfers**

- **Overview**: India's Finance Commissions regularly revise revenue-sharing criteria to reflect changing priorities. The **15th Finance Commission** incorporated population, income distance, forest cover, and ecological conditions, ensuring that resource allocation aligns with national and regional needs.
- **Relevance to Nepal**: Nepal can emulate India's flexible approach by periodically revising revenue-sharing formulae to include emerging priorities such as environmental sustainability and digital infrastructure development.

**c) Expenditure Management: Brazil's Decentralised Functions**

- **Overview**: Brazil's 1988 constitution empowers municipalities with significant expenditure responsibilities. Transfers are categorized into direct (e.g., taxes retained locally) and indirect (e.g., performance-based grants). The system encourages local accountability while addressing regional disparities.
- **Relevance to Nepal**: Nepal can replicate Brazil's decentralized approach by linking conditional grants to performance metrics, enabling provincial and local governments to prioritize key sectors such as health, education, and infrastructure.

**d) Expenditure Management: Nigeria's Participatory Budgeting**

- **Overview**: Nigeria improved subnational expenditure accountability through participatory budgeting and transparent monitoring systems. This approach increased citizen involvement and reduced corruption.
- **Relevance to Nepal**: Nepal can enhance transparency and local ownership by introducing participatory budgeting, particularly for large development projects at the municipal level.

### 6.2. Lessons Learnt and Applicable Strategies for Nepal

**a) Revenue Sharing**

- **Adopting Formula-Based Mechanisms**: Countries like South Africa and India demonstrate that formula-based revenue-sharing systems ensure equitable distribution while incentivising subnational governments to meet specific targets.
- **Incorporating Socio-Economic Indicators**: Factors such as population, land area, and development indices (e.g.,

road density, access to water, and literacy rates) can be weighted in Nepal's revenue-sharing formulae, as suggested in earlier proposals.

- **Incentivising Local Revenue Efforts**: Countries like Mexico and India incorporate revenue efforts as a criterion to encourage local governments to enhance their tax collection while maintaining equity.

**b) Expenditure Management**

- **Strengthening Accountability Mechanisms**: Nigeria's participatory budgeting model highlights the importance of involving citizens in expenditure planning to enhance accountability.
- **Aligning with National Goals**: South Africa's targeted conditional grants for priority sectors, such as infrastructure and education, offer a model for aligning local expenditures with Nepal's SDG commitments.
- **Leveraging ICT for Monitoring**: Brazil's ICT-based financial management systems can inspire Nepal to expand tools like SUTRA for real-time expenditure tracking.

**c) Integration of Revenue and Expenditure Planning**

- Integrating revenue-sharing mechanisms with expenditure responsibilities ensures that sub-national governments are adequately funded to meet their service delivery mandates. Nepal can adopt Brazil's dual transfer model to address specific needs effectively.

### 6.3. Potential Challenges in Implementing Public Financial Management Reforms in Nepal

**a) Data and Capacity Constraints**

- Nepal lacks comprehensive local-level data on socio-economic indicators, such as income, health access, and education, making it hard to design precise revenue-sharing formulae.
- Institutional and technical capacity gaps of the provincial and local governments limit their ability to perform both revenue and expenditure functions effectively.

**b) Regional and Political Dynamics**

- Political disagreements and regional disparities can delay the adoption of uniform revenue-sharing and expenditure management systems. Transparent dialogue and stakeholder engagement are essential to gaining buy-in.

**c) Technological Barriers**

- Implementing ICT-based monitoring systems requires substantial investment, which may be difficult for Nepal's resource-constrained subnational governments.
- In rural areas, limited internet connectivity and infrastructure could hinder the effectiveness of technology-driven reforms.

**d) Resistance to Change**

- Subnational governments may resist performance-linked grants or tax-effort criteria, viewing them as restrictive. Addressing these concerns through capacity-building and participatory processes will be critical.

## 7. Transforming the ICAN's Role in Public Financial Management Targets in Nepal

As Nepal aspires to modernize its PFM system, the ICAN must shift from a reactive to a proactive role to fulfill its mandate and align with the country's evolving governance needs. The institute's potential to influence PFM reforms in the country remains underutilized, and its strategic repositioning is essential to tackle challenges such as fiscal inefficiencies, and a lack of awareness and confidence in the implementation of IPSAS.

With no notable awareness campaigns or training events carried out so far, ICAN's present engagement in accrual-based IPSAS is meagre. Accrual-based IPSAS helps public sector liabilities, assets, and fiscal commitments to be better understood, therefore promoting improved responsibility and decision-making. Leading in this field, the institute must plan national seminars, certification courses, and technical training to increase the capacity of public accountants and government officials to move forward to accrual-based IPSAS.

Using its experience, ICAN can bring risk-based auditing techniques, current audit technologies, and simplified procedures to help to lower delays and guarantee timely audit completion. Such an effort would improve the ICAN's relevance in Nepal's financial governance in addition to strengthening financial discipline.

The ICAN can also suggest changing Nepal's fiscal calendar, which now starts in Shrawan (mid-July). Adjusting the calendar to start the fiscal year in Baishakh (mid-April) can help to improve resource allocation by synchronizing budget cycles with agricultural and development planning seasons and thus to minimize implementation delays. Promoting this change will help the government to match financial policies with global norms and developmental goals.

Though it is a member of international organizations such as the IFAC, the CAPA, and the SAFA, the ICAN's contributions to Nepal's PFM reform are not commensurate with its worldwide affiliations. The institute should make use of these venues to introduce global best practices to Nepal, promote cooperation, and improve its technical and strategic capacities. Leveraging its position in these organizations, ICAN may propose creative ideas such as performance-based grants, climate-responsive budgets, and blockchain in public finance.

As stated in its Preamble, the legislative mandate of the ICAN highlights its need to increase public knowledge of the need of accounting in social and economic growth of Nepal. This mission exactly fits its possible contributions to the PFM reforms of the nation. To offer technical advice on fiscal frameworks, intergovernmental transfers, and expenditure management, the institute must aggressively interact with stakeholders including subnational governments and the Ministry of Finance. Such initiatives would guarantee that it is a main ally in improving public finance management for the government.

The ICAN should also lead in encouraging projects for capacity-building at the local and provincial levels. For example, customized training courses emphasizing revenue generation, expenditure control, and ICT tool integration—including SUTRA—can further strengthen local governments. To guarantee overall growth, these initiatives should also include courses on moral behavior, financial restraint, and good government.

The ICAN shall additionally support Environmental, Social, and Governance (ESG) issues in fiscal policies in line with its objective of preserving public interest. Through encouraging ESG-oriented financial management, the institute can guarantee fiscal sustainability and assist the government in reaching its SDGs: Important instruments in this respect include climate-responsive budgeting and expenditure tracking; so, efforts to include these into Nepal's PFM system will help to integrate them.

The ICAN may convert its contributions from simple compliance to strategic influence by redefining itself as a proactive leader in the PFM scene of Nepal. Its programs in IPSAS promotion, fiscal calendar alignment, and capacity training will not only improve Nepal's governance structure but also confirm the institute's relevance and goal as stated in its founding values. By means of these initiatives, ICAN can really match its purpose with the national aim of attaining equitable and sustainable PFM for the future.

## 8. Conclusion

Nepal's transition to federal governance has marked significant progress in advancing PFM reforms. Two public financial management reform strategies were implemented. Various development partners supported PFM. Digital tools like Treasury Single Account, Integrated Financial Management Information System, Computerized Government Accounting System, Line Ministry Budgetary Information System, SUTRA and Public Asset Management System (PAMS) have established a foundation for fiscal accountability, transparency, and decentralized governance. However, persistent challenges — including capacity gaps, coordination barriers, digital integration issues, and revenue mobilization constraints — continue to impede the full realization of federal fiscal goals. Addressing these challenges requires sustained investments in capacity building, institutional strengthening, and technological innovation.

The ICAN is uniquely positioned to play a transformative role in shaping Nepal's PFM landscape. Moving beyond its traditional compliance-focused role, the ICAN must emerge as a strategic leader in fiscal governance. This involves promoting accrual-based IPSAS through nationwide workshops and certification programs, advocating for policy alignment with national fiscal cycles, and initiating AI-driven fiscal forecasting and blockchain-based expenditure tracking systems.

The ICAN should actively collaborate with OAG to streamline risk-based auditing practices and ensure timely fiscal reporting. It must also support subnational governments by offering tailored capacity-building programs on budgeting, revenue mobilization, and the use of digital tools like SUTRA and IFMIS. Additionally, the ICAN can act as a knowledge bridge, leveraging its membership in international organizations, such as IFAC, CAPA, and SAFA, to introduce global best practices into Nepal's fiscal systems.

Furthermore, the ICAN must advocate for ESG principles in fiscal planning, emphasizing climate-responsive budgeting and green financing mechanisms. Aligning fiscal policies with SDGs will not only address environmental concerns but also enhance Nepal's attractiveness for international investments and aid.

To instigate these changes, the ICAN must transition into a thought leader and strategic advisor, influencing policy development, capacity enhancement, and technological integration across all tiers of government. By taking a proactive approach, the institute can ensure that fiscal governance frameworks are transparent, efficient, and aligned with international standards.

Therefore, strengthening PFM in Nepal's federal structure requires collaborative action, with the ICAN at the forefront of driving reforms. Through capacity building, policy advocacy, and technological innovation, the institute can significantly contribute to creating a transparent, accountable, and future-ready fiscal governance system. By doing so, the ICAN will not only fulfill its institutional mandate but also position itself as a key enabler of achieving economic resilience and national development goals in Nepal.

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# Mobilization of Public Debt in Nepal and Its Impact on Economy

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## Abstract

Internal and external debts have been mobilized in Nepal without proper analysis of risks, return and sustainability of debts. More internal debts are raised by the GON to bridge the gaps between revenues and expenditure. In the recent years, yearly debt service budget of the GON has increased rapidly due to growth in public debt. It has created adverse impact on the GON's budgetary system, development works and social welfare programs. Various risks and challenges are: - sustainability of debts, servicing in debt liabilities, foreign exchange losses in external debts are likely to emerge in the country in near future. The GON should take measures to mitigate the emerging risks such as: meet yearly debt service expenses, formulate a clear public debt policy and legal frameworks, utilize the debt monies only in productive sector in effective and prudent manner, establish a good internal controls system to mobilize public debts.

## Background

Developing and underdeveloped countries are mobilizing huge economic resources for implementing socio-economic development activities. They are heavily depending on internal and external loans or debts as an instrument for deficit financing, which has created them future liabilities. Public debt refers the total debt liabilities of a government which it has obligations to make repayments. It can be internal - borrowed within the country or external - borrowed from foreign governments or international institutions. There has been substantial growth in the outstanding debts liabilities of the countries due to continuous use of borrowings in deficit financing. The debt burden of some countries has gone beyond the sustainability. At Present, the countries, like - Lebanon, Sri Lanka, and Venezuela have failed to settle their debt liabilities on time and some of countries like, Argentina, Egypt, Ghana, Kenya, Pakistan, are at the verge of debt defaulting.

The Government of Nepal (GON) has also been relying heavily both on domestic and external grants and loans due to limited revenue resources. The GON has been receiving short and medium-term internal loans, like - treasury bills, debt bonds, development bonds etc. and concessional foreign long-term bilateral loans particularly from - Japan, India, China and multi-lateral loans from financial institutions, like - the World Bank, ADB, IMF, IFAD, etc. The debt burden of Nepal has now increased substantially due to the continuous use of loans/borrowings since a long period, which has squeezed the countries' capacity of investments in social welfare and development activities. As per the Annual Report of Public Debt Management Office, FY2023/24, total public debt liabilities of GON have reached Rs. 2 trillion 434.10 billion, which is 42.67 percent of GDP, out of which the shares of internal and external debts are 20.70 percent and 21.97 percent respectively. The debt service for FY 2023/24 has reached 5.35 percent of GDP, raising growing concerns about the sustainability of public debt. This article is designed to shed light on the mobilization of public debts and its impact on Nepalese economy along with analysis of present situation, weaknesses, risks and challenges involved in mobilization and management of the public debts in Nepal.

## Legal and Policy Frameworks

In Nepal, various legal and policy frameworks govern the mobilization, regulation and management of public debts. Major legal and policy frameworks are mentioned below:

a) **The Constitution of Nepal, 2072 (2015)** provisions that no loan shall be raised, and guarantee shall be given by the GON except as provided in the federal law. All revenues received by the GON, all loans raised on the security of revenues, and all amounts received in repayment of any loan shall be credited to a Federal Consolidated Fund and all charges relating to the GON's debts shall be charged on the Federal Consolidated Fund.

b) **Public Debt Management Act, 2079** provisions the arrangements related to loan and guarantees of the governments including the management of government debt bonds and power and duties of Public Debt Management Office (PDMO). This Act provides that the GON can, for the implementation of federal, provincial and local plans/programs, raise foreign loans from foreign countries/ institutions in the foreign currency up to one-third of total GDP (current price) of previous fiscal year. The GON or Provincial /Local Governments upon the approval of GON can raise internal loans through issuing government bonds.

c) **Nepal Rastra Bank Act, 2058 (2002)** provides the arrangements related to offering and management of internal loans of the GON. It specifies that the bank have to act as fiscal agent of GON by marketing, purchase and sale of debt bonds issued by GON and payment of the principal, interest and other fees of the debt bonds and the bank may be consulted while taking loans from external sector. The Bank may extend credit to GON with a condition to repay within one hundred eighty days and extend overdraft up to five percent of the revenue income of GON in the proceeding fiscal year.

d) **Public Debt Management Regulation, 2080** provides arrangements related to record keeping of governments debts, operations, management and payment of governments internal loans and bonds including treasury bills, debt bonds and development bonds etc., terms and standards relating to granting guarantees in public enterprises, loans investment of the GON in corporate bodies etc.

e) **International Development Cooperation Policy, 2019** - Major policies include -according priority to the development cooperation modalities of budget support, sector-wide approach and program based approach; utilizing concessional loans in sectors such as - physical infrastructure, agriculture and tourism infrastructure contributing to high economic growth, areas contributing to skills development and job creation, and earning of foreign currency through enhancing export capacity; and mobilizing commercial loans for mega projects of national priority having commercial viability.

## Role of Entities in Public Debt Management

In Nepal, various government entities such as Ministry of Finance, Financial Comptroller General Office, Nepal Rastra Bank, National Planning Commission, and Public Debt Management Office (PDMO) are mainly involved in policy formulation and management of public debts. The Ministry of Finance (MOF), as the frontline office, is responsible for policy formulation and decisions of the country's overall debt management. The Ministry plays key role on issuance of policy guidelines for raising internal and external loans, National Planning Commission issues the policy guidelines and fixes ceilings for mobilizing foreign assistances including debts in annual budgets in accordance with the policies adopted in periodic plans. The Financial Comptroller General Office (FCGO) is responsible for the operations of treasury functions, internal controls and interest and principal payment of public debt. The Office is also responsible for preparing consolidated financial statements of outstanding internal and external debts and debt servicing of each fiscal year. It also maintains the records of government investments made in public enterprises financed under foreign loans. Nepal Rastra Bank (NRB) has only advisory role with regards to foreign debt management. Previously the issuing and registering government securities and bond was carried out by NRB. Now, the NRB is responsible for the supporting functions to manage internal borrowing for the government as per the government's requests.

The GON established Public Debt Management Office (PDMO) as a separate office on June 20, 2018, to make the public debt management function more effective and systematic, which started to perform the preliminary functions on December 26, 2018, only. Public Debt Management Act, 2022 provides the legal basis to the PDMO for the operation of debt management functions. With regards to public debt management, the Act has entrusted to the Office with the management responsibilities of - making projection of public debts for each fiscal year; formulating short-term, medium term and long term policies and submitting them to the MOF; providing suggestions by identifying the areas for mobilizing public debts; collecting necessary information and data from the concerned entities; preparing estimate of necessary budget for the repayment of debts; conducting studies, researches and monitoring of budget; to receive funds by issuing government bonds for internal debt management, and to deposit the funds received into the internal debt accounts of the Government of Nepal, provincial governments, and local governments doing management internal debts securities transactions and records of government guarantees; making payment and keeping records and accounts of external debts etc.

## Growth in Public Debt

In Nepal, the Government raised first domestic borrowing by issuing Treasury bills in 1962 and first foreign borrowing in FY 1963/64. Afterwards, the government started raising foreign and domestic borrowings as a tool of deficit financing and total amount of government debt started to rise gradually and the Public Debt/GDP ratio reached 60 percent in FY 2000/01. However, the Debt/GDP ratio started declining gradually due to growth in economic activities - which decreased to 44 percent in 2006/07 and 33 percent in 2010/11. The total amount of public debt liability stood Rs. 545.31 billion as of FY 2012/2013 with Debt/GDP ratio 32 percent, out of which the shares of internal loan and external loan was 39 percent and 61 percent respectively. Nepal's public debt liability increased rapidly after the occurrence of earthquake in 2015 and outbreak of Covid-19 pandemic. Table 1 given below shows the status of growth in total public debt liabilities of previous 7 years:

**Table 1: Details of Outstanding Public Debt**

*(Rs. In Billions)*

| Details | 2017/18 (2074/75) | 2018/19 (2075/76) | 2019/20 (2076/77) | 2020/21 (2077/78) | 2021/22 (2078/79) | 2022/23 (2079/80) | 2023/24 (2080/81) |
|---|---|---|---|---|---|---|---|
| External Debt | 526.15 | 594.93 | 819.67 | 934.69 | 1025.85 | 1172.48 | 1253.20 |
| Internal Debt | 391.16 | 453.23 | 613.74 | 802.94 | 987.45 | 1129.10 | 1180.90 |
| Total Debt | 917.31 | 1048.16 | 1433.40 | 1737.64 | 2013.30 | 2309.59 | 2434.10 |
| Debt/ GDP Ratio (%) | 30.26 | 30.26 | 38.05 | 40.73 | 41.50 | 42.77 | 42.67 |
| Internal Debt | 12.91 | 13.08 | 16.29 | 18.82 | 20.35 | 20.98 | 20.70 |
| External Debt | 17.36 | 17.17 | 21.76 | 21.91 | 21.14 | 21.79 | 21.97 |

***Source:*** *Economic Survey 2080/81, Ministry of Finance and Annual Report of the GON ' Public Debt FY 2080/81, Public Debt Management Office.*

As shown above, the total outstanding public debt of the government reached Rs. 917.31 billion as of FY 2017/2018, out of which the ratios of internal and external debt stood 42.64 percent and 57.36 percent respectively. The Debt/GDP ratio stood at 30.26 percent. By the end of FY 2023/2024, the total public debt liability has reached Rs. 2 trillion 434.10 billion, out of which the ratios of internal and external debt are 48.51 percent and 51.49 percent respectively. The Debt/GDP ratio stood at 42.67 percent. The above data show increasing trend of both the internal and external debts and the growth rates of internal debt are more rapid than the growth rate of external debt.

## Growth in Debt Service

The debt servicing has become a major burden on the national budget. Such expenditure of the GON has been increasing every year with the rise in the outstanding government debts. In comparison to total government budget expenditure of the FY 2012/13, the debt service expenditure of internal and external loan stood 13.63 percent and 19.75 percent respectively. The debt service expenditure of both internal and external debts increased more rapidly particularly after FY 2020/21. Table 2 given below exhibits the status of growth in debt service expenditure of previous 7 years:

**Table 2: Details of Debt Service Expenditure (Principal and Interest Payment)**

*(Rs. In Billions)*

| | 2017/18 (2074/75) | 2018/19 (2075/76) | 2019/20 (2076/77) | 2020/21 (2077/78) | 2021/22 (2078/79) | 2022/23 (2079/80) | 2023/24 (2080/81) |
|---|---|---|---|---|---|---|---|
| Total Debt Service | 71.92 | 75.07 | 83.60 | 95.01 | 121.98 | 222.61 | 305.38 |
| Principal Refund | 55.67 | 54.35 | 57.54 | 60.17 | 76.75 | 149.71 | 223.35 |
| External | 18.59 | 20.04 | 23.56 | 23.27 | 29.42 | 34.62 | 40.72 |
| Internal | 37.08 | 34.31 | 33.98 | 36.90 | 47.34 | 115.09 | 182.62 |
| Interest Payment | 16.25 | 20.71 | 26.06 | 34.84 | 45.22 | 72.89 | 82.03 |
| External | 3.86 | 4.50 | 5.24 | 6.27 | 7.54 | 8.40 | 9.26 |
| Internal | 12.39 | 16.21 | 20.82 | 28.57 | 37.68 | 64.49 | 72.77 |
| Debt Service/ Total Government Expenditure (%) | 6.6 | 6.76 | 7.6 | 7.9 | 9.3 | 15.7 | ???? |
| Debt Service/ GDP (%) | 2.3 | 2.1 | 2.22 | 2.23 | 2.51 | 4.14 | 5.35 |

***Source:*** *Economic Survey 2080/81, Ministry of Finance and Annual Report of the GON ' Public Debt FY 2080/81, Public Debt Management Office.*

As shown above, total debt service expenditure figured 71.92 billion in FY 2017/18, which stood 2.3 percent against GDP and 6.6 percent against the total government expenditure. With the sharp rise in the expenditure especially after 2020/21, total debt service expenditure has reached to Rs. 305.38 billion (5.35 percent against GDP) in FY 2023/24, out of which 73.13 percent is spent in principal repayment and 26.87 percent in interest payment. Total debt service expenditure of the FY 2023/24 has increased by more than 4 times as compared to FY 2017/18. Though there is no significant difference between the outstanding internal and external debt amounts of FY 2023/24, but the interest paid amounts of internal debt has appeared 8 times higher than the amount paid for external debt due to higher interest rates of internal debts.

## Weaknesses in Debt Mobilization

Some of the major weaknesses witnessed in the mobilization of public debts in Nepal are provided below:

a) **Unclear Policy-** Though the GON has outlined general policy for mobilizing foreign assistance and loans in its International Development Cooperation Policy, 2019, which defines broader prospective for utilizing external assistance. However, it has not provided a clear strategic direction to acquire internal and external debts. The GON has been obtaining internal debts as a measure to bridge the deficit financing and external debts for financing projects/programs without proper analysis of donor's conditions. It is because of lack of clear policy, obtaining bilateral assistances from friendly country's global support programs, the like MCC of USA, BRI of China, has been becoming debatable in Nepal.

b) **Weak Legislative and Regulatory Framework** - Legislative controls on public debt is weak in Nepal. Parliamentary discussions take place rarely with regards to the status, usages and liabilities of public debts. Nepal also lacks a coherent institutional body for supervising and regulating the relevant debt policy, loan agreements, utilization of debt monies and the performance of implementing agencies.

c) **Unproductive Investment** - The GON has not been able to use the debt monies in economically and socially beneficial and viable projects/ areas. Investments in projects/programs are being made on the basis of political influence without making fair analysis of returns. Even if the cost benefit analysis has been conducted, the assumptions are taken to select project anyway. For instance, the newly constructed two international airports built under loan assistances have not still become economically and technically viable. Internal loans have been mobilized for financing the regular expenses of the GON and repayments of old government bonds, treasury bills etc. It is because of such investments; Nepal has not been able to attain proper returns despite of huge investments in past some years.

d) **Imprudent Use of Debt Money** - The GON has not been able to use the debt monies effective and prudent manner. It has been mentioned in several Annual Reports of Auditor General that the costs of government projects financed under external loans have increased resulting from incur of unrelated expenses, irregularities, misuse and leakages of mobilized fund etc. Various equipment, vehicles, logistic supports, fuel etc. have been procured in the name of projects/programs and are also being misused by controlling and regulatory entities due to lack of fiscal discipline in implementing agencies. Huge amount of debt money is used for the purpose of consultancy services, which can be performed through the departmental manpower.

e) **Lack of coordination –** Various regulatory and implementing agencies are involved in Nepal in mobilization and management of public debts monies. But, no proper coordination exists between such regulatory and implementing entities, which is affecting in overall performance of projects/programs financed under public debts.

f) **Lack of Proper Analysis** - Internal and external debts are administered in Nepal in isolation without analysing the relative benefits. The terms of donor countries, maturity period of loans and foreign exchange loss risk are not properly analysed prior to obtaining the external debts. As per Annual Report 2023/24 of PDMO, Nepal has incurred an exchange loss of Rs. 59 billion in FY 2022/23, which has also contributed to increase the outstanding public debt.

g) **Weak Debt Management** - Debts monies have not been utilized as per budget estimate and donor's loan commitments. Reimbursements of loans have not been received from donors within prescribed time. Internal loans have been raised without assessing the government treasury balances. The records and accounts of debt received by the GON and loan investments made by the GON in public enterprises are not kept intact. The government institutional body has no capacity to produce analytical reports.

## Impact on Economy

The rapid growth in public debt liabilities has created multi-fold effects in Nepalese economy. Major impacts created by the mobilization of public debts in Nepal are mentioned below:

a) **Pressure on Government budgetary System** - The Government is required to allocate huge budget amounts for the debt servicing as per terms of credit/loan agreements after the elapse of grace period. The obligatory amount required for debt servicing has been increasing rapidly in recent year as described above. As a result, the nature of government budget allocation and expenditure has been changing gradually. The amount of internal debt service is increasing rapidly as compared to external debt service. The debt service expenditure of FY 2023/24 has increased to 5.35 percent of GDP.

b) **Additional Costs Involved -** Taking loans - either external or internal - involves certain costs in the form of interest, fees, charges etc. The interest of internal borrowings/debts such as treasury bills, debt bond, development bond etc. has been paid by fixing the rates as per prevailing market interest rates and such rates are normally much higher than the rates of external debts. In FY 2023/24 alone, the GON has spent total Rs. 82.03 billion (1.44 percent of GDP) as interests of outstanding debts, out of which 88.71 percent is spent for internal debts and 11.29 percent is spent for external debts.

c) **Low Budget Expenditure in Development works and Citizens' welfare -** In recent years, the GON's development budget/expenditure has been affected due to growth in annual debt service and sluggish revenue collection of the GON. The GON is compelled to downsize the volume of government's investments to be mobilized in development works and social welfare programs - education, health, social security etc. directly related with of the people.

## Risk and Challenges

Major risks/ challenges that may appear in the mobilization of debts in Nepal are given below:

a) **Sustainability of Debts -** The sustainability of public debt is popularly measured comparing its ratios with a country's GDP. Some economists believe that sovereign debt becomes a real issue when the ratio exceeds fifty percent of the GDP. At present, the public debt liability of Nepal has reached above 42 percent of GDP. However, Nepal has been related as a low risk of public debt distress. Stakeholders' concerns on the debt sustainability are growing due to high debt service costs and low-income generation of the GON. As per the PDMO's Medium Term Debt Management Strategy, it is estimated that the Debt/GDP ratio will rise to 49.1 percent of GDP by the end of FY 2025/26. It is likely that challenges will arise in near future for keeping public debts to a sustainable level.

b) **Meeting Debt Service Liabilities-** It is most likely that the debt service liability of the government will rise substantially in coming years due to growth in public debt liabilities and upcoming maturity period. It is because of low revenue generation, the GON is raising new internal loans to redeem the matured internal debts. If the government is not able to increase revenues in future by promoting economic activities, it appears that the government will have to face difficulties in arranging necessary resources to settle the debt service liabilities in upcoming years.

c) **Payment in Foreign Currency -**The payments of external debts borrowed from development partners are to be settled in foreign currencies. For this, the GON needs to incur expenses in foreign currencies for the payment of principal, interest, fees etc. At this point of time, the government is in a comfortable situation owing to adequacy of foreign currency reserves. However, making payment of interest and principals of debts in foreign currencies becomes difficult if the country's foreign currency reserves decline to the minimum.

d) **Risks of Foreign Exchange Loss -**Though external loans are taken at concessional rates (normally less than 2 percent) as per agreements entered with donors, but such loans do have the risk of foreign exchange fluctuations. Debt liabilities value in terms of Nepalese Currency increases/decreases with the changes in foreign currency exchange rates. In most of fiscal years, the exchange rate of Nepalese Rupees is devaluated with foreign currencies. Such exchange fluctuations burdens are to be borne by the government. Talking about the exchange loss the GON suffered an exchange loss of Rs 59.15 billion in debt liabilities as of FY 2022/23. If such amount is also included as cost the concessional interest rate may be costlier to the GON.

e) **Graduation from Least Developed Countries-** Nepal has currently receiving a significant amount of concessional loan from international financial institutions. However, there is a risk that external debt will become even more expensive due to the tighter credit conditions as the country upgrades from least developed country to developing country in 2026 AD.

## The Way Forward

Some of the measures as stated below are to be taken to address the problems/challenges appeared in the mobilization and management of public debts in Nepal:

- The GON should develop a clear policy direction and strategy for mobilizing foreign grants and loans by assessing the existing debt situation and relative benefits of taking internal and external grants/loans. Political consensus needs to be reached about the obtaining development assistances and public debts and its sustainability in Nepal.
- Necessary laws should be framed to mobilize, manage and regulate the internal and external debts as per the needs of the country. A maximum limit of acquiring internal and external loans needs to be fixed in laws to keep internal and external debts within the limit of sustainability of economy and country's economic growth in accordance with good international practices.
- External debts should be utilized only in productive sector and economically beneficial/ viable areas having fair future returns in accordance with budget estimate and donor's commitments. Donor's conditions, mode of payment, maturity period of loans etc. need to be considered and analysed prior to entering development credit agreement with friendly countries and international institutions.
- The unfavourable conditionalities need to be discussed with development partner for the benefit of the country.
- Various risk involved in obtaining internal and external loans including the sustainability of debts, affordability of debt service (interest and principal payment), risks of foreign exchange loss etc. should be considered prior to mobilizing the public debts. To minimise the risk of foreign exchange loss in future, the GON may create a separate fund/account in USD for the redemption of foreign loans by contributing certain amounts every year.
- In order to allocate necessary debt service budget in each FY, the government should make projection of future debt service liabilities by assessing the yearly payable interest and principal liabilities and maturity period of existing internal and external loans etc.
- Appropriate controls mechanism should be established to use the debt monies effective and prudent manner. The government should take measures to check the irregularities, misuse of funds, vehicles, equipment etc. procured in the name of projects /programs. The Office of the Auditor General Nepal should be mandatorily involved in auditing while mobilizing any internal and external debts.
- A coherent institutional body needs to be designated for regulating and evaluating aid mobilization policy, loan agreements, utilization of debt monies, and assessing debt sustainability and performance of implementing agencies etc. The roles of the PDMO and Public Debt Management Committee should be made effective.
- Excessive reliance on internal loans/borrowings needs to be lessened by giving focus on internal revenue generation and alternative modes of financing to government expenditure.
- The institutional capacities of the existing regulatory and implementing government agencies need to be strengthened by providing necessary training and exposures to the persons involved in the mobilization, utilization and management of public debts.
- The country is required to frame the policy of alternative financing to meet the resources gap or save the country from taking loan on higher interest rate after upgrading Nepal from least developed country.
- Appropriate IT software system should be adopted to maintain proper records and accounts and produce timely analytical reports of the internal and external loans and outstanding debt liabilities of the government and loan investments.

## Concluding Remarks

Though the internal and external debts are essential for a country to meet the financial resources for its overall socio-economic development, but it would also be noted that the misuse and imprudent use of debt monies can adversely affect country's economy. In Nepal, the GON is obtaining and utilizing internal and external debts without proper analysis of proper use of debt monies, financial risks involved and sustainability of debt service liabilities. The government has not established an effective system for the proper debt management and control of misuse and improper use of debt monies. Hence, the concerns of the political parties, economists, stakeholders etc. are growing in Nepal about proper mobilization, management and sustainability of internal and external debts. So, it is high time for the GON and all stakeholders to work for formulating necessary policies and strategies for the proper mobilization and management of public debts in order to obtain essential public debts at the minimum possible cost as per needs of the country keeping the country's debt liabilities at sustainable level. Attention should also be given for establishing an efficient debt management system for ensuring proper and prudent use debt monies and explore the possibility of alternative financing to mitigate the resource gap after upgrading from the least developed country for the overall development.

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The Institute congratulates new President and Vice-President of SAFA who have assumed their responsibility from 1st January 2025. The Institute wishes a very successful tenure of the President and Vice-President.

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*Vice-President SAFA*

# The Role of Professional Accountants in Public Financial Management

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## Background

The nature and complexity of the public financial management system is increasing day by day. The professional standards, compliance with different reporting and accountability requirements necessitates the involvement of qualified and skilled professionals. Professional Accountants (PAs) & sectoral experts play a crucial role in public financial management (PFM) at various levels of government. Especially CAs (Chartered Accountants), ACCA (Association of Chartered Certified Accountants), CPAs (Certified Public Accountants), CIAs (Certified Internal Auditors), CISAs (Certified Information Systems Auditors) have the vigorous role to ensure transparency, accountability and efficient management of public funds. Similarly, other professional experts such as the Actuarial valuator, Insurance surveyor, Property valuator and other Multi discipline professional play the thematic role for the development of financial activities in the country. Especially in the public sector with a significant number of accountants and other administrative experts being engaged in PFM activities.

The PFM processes cover budgeting, executing, monitoring, accounting, reporting and external scrutiny. It focuses on the resources mobilization across the three tiers of the government. Most countries are focusing on improving the PFM system, which is directly linked to the delivery of public services. In addition to PFM competence, multidimensional experts are required to improve service delivery. These professionals have methodical knowledge, efficient skills, behavioral competence and leadership styles that can improve the functioning of such public dimension. However, the situation in Nepal's public management system is entirely different, with an unfavorable recruitment process, restrictive educational qualification requirements, and an absence of career development opportunities.

Addressing these gaps is crucial to successfully integrating such skilled specialists into the public sector. The policymakers and legislators should consider integrating the necessary provision in the current Civil Service Act. There are various possible alternatives to include accounting and diverse professions for strengthening the PFM system of government.

## Professional Accountants

Diverse professional certification courses are globally recognized to keep the financial sector robust. A Chartered Accountant (CA) is a highly qualified professional specializing in accounting, auditing, taxation, financial management, and business advisory services. They play a crucial role in ensuring accurate financial reporting, compliance with regulations, and effective financial decision-making. CAs are recognized globally and work across various sectors, including public practice, corporations, and government organizations.

ACCA is a globally recognized qualification awarded by the UK-based body for expertise in financial management, accounting, auditing, taxation, and business strategy. ACCA members can work in both public and private sectors, including multinational companies, offering broad-based financial knowledge suitable for diverse industries.

CPAs, primarily based in the U.S., are licensed accountants specializing in public accounting, including auditing, tax preparation, financial reporting, and consulting. Their credential, recognized domestically and increasingly internationally, is particularly valuable in roles requiring U.S. accounting standards (GAAP).

CIAs, certified by the Institute of Internal Auditors (IIA), specialize in internal auditing, risk management, governance, and controls. They assess and improve organizational processes, ensuring compliance and effective internal controls. The CIA designation is internationally valued for its specialized auditing focus.

CISA, a globally respected qualification, focuses on IT and business systems auditing, cybersecurity, and emerging technologies like AI and blockchain. It equips professionals to manage cyber risks, implement preventative measures, and stay updated on technological advancements.

However, ICAN has not recognized all of these professional qualification. Some are needed to appear separate examination. Based on the knowledge and expertize these professionals can contribute in the PFM sector.

## Country Situation

The role and relevance of professional accountants in public entities is growing day by day, but the initiation is lacking. Professional Accountants play a crucial role in the public sector due to increased complexity, accountability, and efficient service delivery. Government departments and public organizations are increasingly understanding the need for a sound financial management system. The use of new technology, such as cloud-based financial management software, data analytics, and automation tools, has altered the way public sector accounting. Professional Accountants in the public sector provide assurance to stakeholders and assist public institutions in maintaining their financial integrity.

Looking at the present situation of accountants in the country, the accountants of the federal and provincial government are maintained by the Financial Comptroller General Office at federal level and at province Treasury Controller Office level respectively. This task is done by an accounts group of civil service under Administrative Service of the government. The Financial Procedure and Accountability Act mandates the Financial Comptroller General Office to maintain accounts of federal government offices and conduct internal audits of those entities.

In the case of accounts keeping international institutions, such IFAC and IPSASB, support the implementation of global accounting standards. Many governments have adopted International Public Sector Accounting Standards (IPSAS), increasing the demand for experts familiar with these standards. Accountants help to maintain the records of financial transactions relating to government programs and activities. They analyze expenses, compare them to budgets and evaluate performance. This job is critical for assessing the effectiveness and efficiency of public spending, which helps to improve the design and implementation of public programs. Nepal has implemented Nepal Public Sector Accounting Standard (NPSAS) which is based on IPSAS cash basis. In this context, the professional organization Accounting Standards Board, Nepal has contributed to develop NPSAS.

Many countries have upgraded their public financial management (PFM) systems by transitioning from cash accounting to accrual-based accounting and comprehensive financial reporting. In the context of adopting accrual-based accounting in the government sector, the role of professional accountants is crucial. The demand for transparency in planning, spending, and financial reporting has led to a greater reliance on skilled accountants to ensure compliance and accuracy. As some state-own enterprises adopt International Financial Reporting Standards (IFRS) and other modern accounting frameworks, professional accountants must continue to keep up with new accounting principles and legal developments.

It is well known fact that the efficiency and effectiveness of any organization depends on the caliber of the workforce. The Government never felt the need to recruit CA in civil service. Whenever CAs service are required, government fulfilled the requirement by obtaining consultancy services of CA firms. The government has neither the policy to recruit CAs nor has made any policy announcement in this regard. The accounting professional not only contributes to PFM sector but also helps in developing and implementing the government's financial policies and strategies. There are several areas where the government can use CAs by giving entry to them in civil service. The most reliable records of the civil servants are undertaken by Department of Civil Personnel Records report that there are 135671 civil servants as of March 2021 in all three tiers of government working in 9575 different offices, out of which 19 percent are involved in PFM activities. As looking to the number of professional accountants, there are no professional accountants in the government entities except in some state own enterprises.

## Increased Role of Professional Accountants

Public Financial Management (PFM) refers to a team or individual with expertise across various disciplines, working together to strengthen the management, allocation, and oversight of public resources in a country. PFM is a crucial component of good governance, aiming to ensure that public funds are used. In the changed governance landscape, civil service requires a skilled, competent, and adaptive workforce that can address increasingly complex policy challenges, navigate regulatory and legal environment. A qualified workforce can accomplish assigned tasks and deliver public services effectively that eventually improves transparency and accountability in the public sector.

The number of chartered accountants and other professional accountants in the financial sector is growing, and they are crucial in fostering good governance, advancing financial stability, and advancing the nation's economic growth. However, the Government never felt the need to recruit professional accountants in the civil service. Whenever professional accountant's services are required, the government fulfills the requirement by obtaining consultancy services of CA firms. With some exceptions there are no professional accountants in the government entities. The government has neither the policy to recruit professional accountants nor has made any indication to announce policy in this regard. The accounting professional not only contributes in PFM sector but also helps in developing and implementing the government's financial policies and strategies. There are several areas where the government can use professional accountants by giving entry to them in civil service.

Professionals Accountants who have earned their degrees from an accredited organization are known as Chartered Accountants (ICAI in India, ICAEW in the UK, and CAANZ in New Zealand). Their areas of expertise include corporate advising, taxation, auditing and financial accounting. CAs provide services such auditing, financial reporting, tax consulting, and corporate business advisory. CAs operate in a variety of fields, including public practice, business, government, non-profit organizations. In nations including the UK, India, Australia, Canada and South Africa, a CA designation is widely accepted. Because of their professionalism and expertise, they are extremely valuable in the accounting and financial industry. Some of the key areas where professional accountants can play a crucial role in reinforcing the PFM system has been discussed below:

a) **Financial Planning and Budgeting:** Professional Accountants help with the ample ideas on creation and evaluation of the national development and budget priority. They assist in assessing projections for revenue and spending that funds are distributed efficiently in accordance with governmental priorities. They ensure that the budget reflects fiscal policies and strategic objectives by offering insights into cost-benefit estimations.

b) **Internal and External Audits:** In most developed nations, government ministries and public corporations employ internal auditors to ensure that public resources are spent in compliance with authorized budgets and regulations. In the context of Nepal, the Office of the Auditor General (OAG) assigns Chartered Accountants to review the financial records of autonomous organizations and state-owned enterprises. These audits help to improve public financial management by validating financial integrity and conformity to relevant laws and regulations. They can contribute more if they are employed in the internal and external audit sector.

c) **Financial Reporting and Accountability:** Professional Accountants ensure that the financial statements of public institutions and their agencies adhere to national accounting standards and international norms. They are tasked with preparing accurate financial reports, which are essential for promoting transparency and maintaining public trust in government financial management. In Nepal, Professional Accountants are involved as consultants to improve the public sector accounting system. They can also contribute in implementing accrual-based accounting, which offers a more accurate representation of government financial positions and operations than cash-based accounting. They can also contribute to ensure that the state own enterprises adhere to the Nepal Financial Reporting Standards (NFRS).

d) **Training and Capacity Building:** Professional Accountants can be involved in training government officials in financial management best practices. They help strengthen the skills of civil servants in areas such as budgeting, accounting, auditing, and financial reporting, which ultimately enhances the efficiency of the government's financial management system. Chartered Accountants can be used at the local government level in Nepal, where they assist municipalities and local authorities in managing budgets, financial records, and audits. This helps improve local governance and accountability in public financial management.

e) **Support on Regulatory Functions:** Chartered Accountants can play a vital role in supporting governments by detecting and preventing fraud, conducting forensic accounting, property evaluation, and advising on internal controls and risk management. They assist in money laundering investigations through financial analysis, auditing, and compliance reviews. Additionally, they can help government agencies comply with laws, regulations, and accounting standards, offering guidance on tax compliance, financial reporting, and regulatory functions.

f) **Tax and Revenue Management:** Professional Accountants can help manage government revenue collection systems. They ensure that tax laws are complied with, provide expertise on revenue forecasting, and assist in designing and implementing strategies for increasing government revenue. They can also assist in auditing and monitoring public revenue collection to ensure compliance and reduce the possibility of fraud or tax evasion.

Thus, Professional Accountants in Nepal can play a multidisciplinary role in public financial management. Some of the areas that includes budgeting, auditing, and financial reporting to ensuring compliance and supporting reform efforts, they contribute significantly to the effective management and utilization of public funds, helping the government maintain financial discipline and accountability.

## Practice of using Professional Accountants in India - India's Approach

In India, Chartered Accountants (CAs) and professional expert play a significant role in Public Financial Management (PFM) by ensuring efficient, transparent and accountable management of public funds. The evolving governance and regulatory landscape have increased the demand for professional expertise in managing public finances, fiscal management and financial accountability of government entities. It involves various institutional frameworks, policies, and models are incorporates professionals with expertise in accounting, economics, law, governance, information technology, and other relevant disciplines to ensure transparency, accountability, and efficient management of public resources.

The Ministry of Finance (MoF) is the central authority overseeing PFM in India. Within the Ministry, there are multiple departments focused on finance, including the Department of Economic Affairs (DEA), Department of Expenditure (DoE), Controller General of Accounts (CGA), and Public Debt Management Cell (PDMC).The Comptroller and Auditor General of India (CAG) is an independent constitutional authority responsible for auditing the public finances of the central and state governments, as well as public sector organizations. Auditors, financial experts, and legal professionals work here to ensure that government spending is efficient, accountable, and compliant with applicable laws. Finance Commissions is a constitutional body that recommends the distribution of resources between the central and state governments. It involves experts in public finance, economics, and law to ensure equitable and fair financial distribution.

In India, Professionals with expertise in accounting, auditing, economics, and financial management are involved in policy formulation, budget management, fiscal policy, and debt management. However, they do not have a separate cadre for professional accountants. India has favorable recruitment policy to the candidate of any educational qualification including professional accountant. Many professionals can select government service as a career, which has helped to use professionals in PFM.

## Induction of Professional Accountants in Civil Service in Nepal

Although, Professional Accountants can contribute in PFM, there have been many challenges in the induction of professional accountant in PFM. The recruitment of professional accountants in Nepal's civil service faces significant legal and systemic challenges. Key issues include the lack of clarity in the recruitment process, as civil service entry courses emphasize public administration and governance which is unfavorable to such professional. Likewise, restrictive educational requirements, which often exclude professional qualifications, further hinder their eligibility. Additionally, limited positions and a lack of career development opportunities discourage professional accountant from joining public service roles, as they are often confined to routine financial tasks with little room for growth. This, combined with lower remuneration in the public sector compared to private opportunities, reduces the appeal of civil service careers for professional accountants. Another challenge lies in the limited recognition of professional bodies like the Institute of Chartered Accountants of Nepal (ICAN) in public service recruitment processes. The professional curriculum also lacks a focus on public financial management, which affects their performance in government roles.

The Government of Nepal needs to undertake measures to professionalize the accounts cadre by recruiting the professional accountants for public sectors entities by making appropriate provision in the related legislation.

Section 26 of The Civil Service rules 1993 mentioned in case of any nature of required special qualification and experience, the government of Nepal determine any post of any levels specified post by publishing notice in Nepal Gazette. While publishing such notice the qualification of the post should be determined. Such officials are transferred to respective responsibility only and can be promoted after evaluating the performance of such officials. While promoting, the post is converted to the higher post and the lower- level post is vacant only when the promoted higher-level post has become vacant. Using the provision Government of Nepal can determine required post of such professional in government agency. Based on the legal provision, Government of Nepal needs to initiation to carry the origination and Management survey to stablish a separative position that can serve as an entry route especially design for professional experts. Likewise, the chartered accountant group has been created in Nepal Miscellaneous Service. The Government can create the required number of professional accountant under this group, which seems the easiest way to induct professional accountant in PFM.

The Institute of Chartered Accountants of Nepal has reviewed the alternatives to the involvement of professional accountants in public financial management by using sectoral experts and submitted a report to the Ministry of Federal Affairs and General Administration, but the report has yet to be formalized.

The government agencies have given insufficient attention to the effective implementation of the aforementioned legal provisions. At a time when there is no clear legal provision governing the involvement of professional experts in public financial management, it is critical that the government and stakeholders pay attention to this and follow best practices by involving professional experts in economic and public financial activities. To address the issues with public financial management, the government should make an appropriate decision by holding a timely debate on the question of involving specialists in this area.

In view of the challenges, it is prudent for the government to recruit professionals in public sectors to improve the PFM system. There are a number of ways to increase the involvement of personal. These include creating awareness about the benefit of professional in public sectors, Nepal's Public Financial Management (PFM) system is multifaceted, and it requires a competent and skilled workforce to address the issues it has felt. These challenges include the increased volume of budget, the necessary of applying modern accounting and auditing techniques, compliance with reporting and accountability requirements, Low revenue generation capacity, problems in the intergovernmental fiscal transfer system and grant management and increasing tax related anomalies.

In this context, the Government needs to determine the policy and legal requirement for their involvement. Creating positions for professionals in the group of Nepal Miscellaneous Service and initiating a recruitment process for the theme The second option of creating a separate subgroup of professionals in the administrative, account and revenue group. This option offers career opportunities. Decision making authority, Ministry of Finance and Ministry of Federal and general administration should have a clear-cut understanding for this.

The recruitment process in Nepal's public sector is often bureaucratic, marked by administrative hurdles, lengthy procedures, and a lack of flexibility. Standardized exams for government positions may fail to evaluate the specialized skills required for roles demanding professional certifications. Additional challenges include budgetary constraints, resistance to change, and limited professional development opportunities. To address these issues, the government and professional bodies should collaborate to modernize recruitment methods, enhance public financial management practices, and foster an environment that attracts and retains skilled professionals. Overcoming these barriers will improve the efficiency and transparency of public financial management and strengthen governance and development outcomes.

## Conclusion

Despite an increased budget and a variety of new programs being implemented, financial management is becoming more complex, and the existing government reporting and accounting system is not capable of providing adequate information for decision- making.

With the increasing complexities of public sector operations, as well as the growing demand for openness, accountability and efficient financial management, highlight the importance of professional accountants in the public sector. Their experience not only helps with financial management and compliance, but it also builds public trust and promotes good governance. As governments continue to modernize and adopt new technology, the demand for trained and skilled accountants in the public sector will grow.

Although there is a legal provision mentioned above, the government is yet to make policy arrangements for its effective implementation. The Ministry of Federal Affairs and General Administration in consultation with the Public Service Commission can move forward by determining the posts in Ministry of Finance, Financial Comptroller General Office, Inland Revenue Department, Public Financial Management Training Center, Commission on Investigation of Abuse of Authority, Revenue Investigation Department, Department of Money Laundering Investigation, Public Debt Management Office, Office of the Company Registrar with professional qualification and recruitment process and curriculum development. At present, when the Civil Service Act is under discussion for amendment, it is an appropriate time to address it through the legal system. For this, it is necessary to increase dialogue with the stakeholders and find a policy and legal solution through discussion. Once the policy is addressed, the public financial management of the country will be strengthened by integrating the knowledge and experience of professionals in the short-term and long-term in the country's administration.

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# Foreign Direct Investment in Nepal

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## Abstract

Foreign Direct Investment is a critical driver for Nepal's economic growth as it can play a key role in bridging the resource gap, which is needed for attaining the Sustainable Development Goals (SDGs) and the national vision of "Prosperous Nepal, Happy Nepali". However, despite abundant opportunities and legal and institutional arrangements, FDI made up only 0.2% of GDP in 2023. In November 2023, Fitch Ratings assigned Nepal BB- in non-investment grade, which means that the country needs to focus on improving political stability, governance, and regulatory frameworks to foster a business-friendly environment.

## Introduction

Foreign Direct Investment (FDI) is the major driver for economic growth and industrial development in general and can bridge the resource gap for the realization of SDGs and the national vision: Prosperous Nepal, Happy Nepali by 2030. Nepal remains largely untapped in terms of investment given the potential. Nepal allows foreign investors opportunities available in hydropower, tourism, agriculture, and infrastructure development. The country's strategic location between two economic giants, India and China, and the continuously liberalizing investment policies and regulations make Nepal an attractive destination for investment. But there also are a host of challenges that have impeded investment and these include bureaucratic inefficiencies, inadequate infrastructure, and political instability. As result, FDI still hovered around 0.2% of GDP in 2023.This calls for an adept approach to attract only sustainable and impactful FDI.

The Foreign Investment and Technology Transfer Act, 2019 defines FDI as the investment made by a foreign investor in an industry or company in form of share investment, reinvestment of dividend received from such investments, lease investment, investment made in a capital investment fund, technology transfer, investment made in securities listed through the secondary market of securities, investment made through the banking system by issuing securities in a foreign capital market, and investment made by establishing and expanding an industry in Nepal. Similarly, the term "foreign investor" means any foreign individual, firm, company, non-resident Nepali or foreign government or international agency or other corporate body of similar nature that makes foreign investment, and also includes, in the case of a foreign investor that is an institutional foreign investor, the ultimate beneficiary of such an institution.

## Why FDI is required in Nepal?

Nepal needs capital for speeding up development, particularly as it prepares to graduate from its Least

Development Status in 2026. The following are some reasons why FDI is important:

- It injects capital into the economy and can stimulate growth and development to help the attainment of achieve SDGs.
- It helps to bridge the budget deficit and can provide capital for infrastructure building.
- It creates jobs and contributes to lowering unemployment.
- It brings new technology and expertise and can help to increase productivity and innovation.
- It increases foreign currency inflow and helps to strengthen the foreign exchange reserves.

In addition, foreign firms can create more competition, which can encourage innovation and efficiency among domestic players. This can help in enhancing domestic production, which can over the long run assist towards integrating in the global market and value chains and in increasing exports and trade. FDI can also direct investment towards new sectors and industries, thereby decreasing dependence on traditional sectors of the economy like agriculture. Finally, countries with high FDI also have human resources with higher level skills owing to capacity building and technology transfers. All of this can assist towards long-term economic planning and in reducing dependence on aid and remittances.

## Nepal an Emerging Destination for FDI

Nepal has emerged as a promising destination for FDI, leveraging its strategic location, favorable policies, and abundant resources. Some of the factors that can serve to attract FDI are:

**Strategic Location**

- Nepal lies between India and China (two giant economies) and can therefore provide market access to these countries.
- Duty free trade and open border with India
- Duty free trade and quota free access to the European Union.

**Labor Availability**

- Demographic advantage, with 71.5% working age (15+ yrs) population.
- Low labor cost and social security provisions.
- Allows foreign workers, with visas and permits.

**Policy Framework**

- Reduced FDI threshold, now NPR 20 million, no threshold for ICT industries.
- Up to 100% foreign ownership in most sectors (except 10 industries or businesses where FDI is not allowed).
- Competitive corporate tax rates (General: 25%, priority sectors: 20%).
- Incentives: tax holidays, export cash incentives, and land ownership.

**Trade Agreements**

- Member of international organizations like the South Asian Association for Regional Cooperation (SAARC), Bay of Bengal Initiative for Multi-Sectoral Technical and Economic Cooperation (BIMSTEC), World Trade Organization (WTO), and Belt and Road Initiative (BRI).
- Bilateral Investment Protection and Double Taxation Avoidance Agreements with various countries.
- Trade and transit treaties with India and China.

**Rankings**

- Favorable ranking in terms of business climate, competitiveness, and logistics performance within South Asia.

**Miscellaneous Advantages**

- Rich in renewable energy resources and industrial minerals.
- No upper limit on investment.
- Operation of One Stop Service Center to

facilitate investment.

- Online application and automatic route for FDI approval.
- Graduating from LDC category in 2026.

## Legal Framework and Organizational Arrangements

The legal framework and organizational arrangements for facilitating FDI includes a number of laws, rules and regulations, and specific institutional arrangements. Some of these are discussed below:

## Legal Framework

- **Foreign Exchange (Regulation) Act, 2019**

  This Act is a legislative framework designed to regulate and manage foreign currency transactions within the country. It empowers the Nepal Rastra Bank (NRB) to oversee and control the flow of foreign currency, to ensure the stability of the national currency and the balance of payments. The Act sets out guidelines for currency exchange, foreign investments, remittances, and the use of foreign currency for international trade. It also includes provisions to prevent illegal foreign exchange activities and to ensure compliance with international financial standards, contributing to the overall economic stability and growth.

- **Foreign Investment and Technology Transfer Act, 2019 (FITTA)**

  FITTA, 2019 is the legal framework to regulate and promote foreign investment and technology transfer. The simplification of procedures, legal protection, and incentives under the Act provide a basis for attracting foreign investors. FITTA encourages investments in a wide range of sectors, with emphasis on transfer of technology to enhance productivity and innovation.

- **Public-Private Partnership and Investment Act, 2019 (PPPIA)**

  The PPPIA establishes a broad legal framework for fostering collaboration between the public and private sectors to develop infrastructure and enhance service delivery. It aims to attract private investment in public projects, streamline procedures, and ensure transparency and efficiency in project implementation. The law provides guidelines on the identification, implementation, and management of public-private partnership projects that contribute to sustainable economic growth and improved public services. It also encourages innovation, risk-sharing, and efficient resource utilization.

- **Industrial Enterprises Act, 2020**

  The Industrial Enterprises Act, 2020 provides an inclusive framework for the promotion and regulation of industrial enterprises. It aims to support industrial growth, attract investment, and enhance competitiveness. The Act also facilitates the establishment and easy operation of industries, provides incentives including tax concession and exemption of duties. It is also intended to support the development of small and medium enterprises, ensure environmental compliances, and improve the general business environment.

- **Nepal Rastra Bank Foreign Investment and Foreign Loan Management Bylaw, 2021 (Third Amendment)**

  The NRB Foreign Investment and Foreign Loan Management Bylaw, 2021 (Third Amendment), provides the regulatory framework for foreign investment and foreign loans. This bylaw aims to facilitate foreign investment approvals, repatriation of profits, and foreign loan management. It has provisions to enhance transparency, ensure compliance with international best practices, and to simplify administrative processes for foreign investors and lenders. The bylaw is also targeted at strengthening oversight and management of foreign financial inflows.

- Some other laws related to FDI and business in Nepal are Industrial Enterprises Development Institute Act, 2053 (1996), the Companies Act, 2063 (2006), Special Economic Zone Act, 2073, the Environment Protection Act, 2019 (2076), Private Firm Registration Act, 2014 (1958), Bonus Act, 2030 (1974), Partnership Act, 2020 (1964), the Patent, Design and Trademark Act, 2022 (1965), and Nepal Standards (Certification Mark) Act, 2037 (1980).

## Organizational Arrangements

Nepal has made the following organizational arrangements to facilitate and encourage FDI.

- **Ministry of Industry, Commerce and Supplies (MOICS)**

  The ministry's mandate is creating an enabling environment to facilitate industrial growth and attract investments by promoting and regulating domestic, bilateral, and regional trade, protecting and developing industrial infrastructure and intellectual property rights, among others. MOICS actively participates in policy and program formulation in close coordination with other ministries, the private sector and international donor organizations.

- **Investment Board Nepal (IBN)**

  The IBN is the key public institution led by the Prime Minister for promoting FDI and PPP projects. It is an institution created to fast-track project approvals and to build an enabling environment for both Nepali and foreign investments.

- **The One Stop Service Centre (OSSC)**

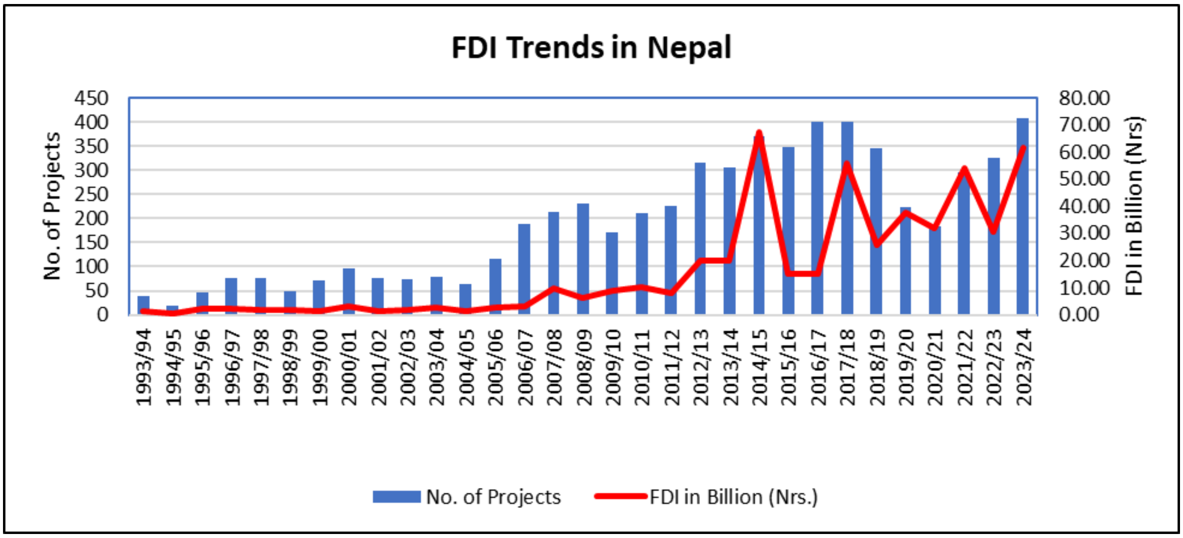
  One Stop Service Center (OSSC) at Department of Industry works to facilitate the foreign and domestic investments. The OSSC provides the services related to the approval of foreign investment, recommendation of visa to the foreign investors, their authorized representatives and foreign experts; Initial Environmental Examination (IEE), Environment Impact Assessment (EIA), foreign currency exchange facilities and other related services. The OSSC has units from 14 different government agencies and 9 facilitation units under one roof.

## FDI Trends in Nepal

**Number of Projects**: There has been an increase in the number of projects over the years, starting from 38 in the FY 1993/94 to 407 in FY 2023/24. Nepal approved 319 FDI projects in FY 2024/25 (till Nov-Dec 2024).

**Employment Generated**: FDI has so far created about 22,000 jobs.

**FDI volume**: There has been growth in the FDI commitment, an increase from NPR1.3 billion in FY 1993/94 to NPR 61.9 billion in FY 2023/24. The highest commitment received was in FY 2014/15 (NPR 67.4 billion). In FY 2024/25 (till Nov-Dec 2024), Nepal had approved NPR 20.77 billion in terms of FDI commitment. However, although the commitment has increased, the actual FDI inflow has remained low. The actual FDI Inflow of FY 2023/24 was at NPR. 8.4 billion against the committed NPR. 61.9 billion.



**FDI Stock:** As of mid-July 2023, paid-up capital made up the major component in FDI stock as it accounted for 52.8 percent of the total FDI stock, whereas the reserves and loans in the total FDI stock accounted for 33.7 percent and 13.5 percent, respectively.

**Sector wise FDI:** As of mid-July 2023, Electricity, gas, steam, and air conditioning sectors had the highest with 30 percent of total FDI stock, followed by the manufacturing sector with 29.4 percent. About 40.2 percent of total FDI stock was in the service sector of which, the financial and insurance services sector constituted 26 percent, information and communication sector 6.7 percent, and the accommodation and food services sectors 6.3 percent. In FY 2024/25 (till Nov-Dec 2024), the main sectors with FDI commitments were tourism followed by information and communication technology (ICT).

**Country wise FDI:** Nepal had received FDI from 58 different countries as of mid-July 2023. In terms of total FDI stock, India ranked in the top position followed by China, Ireland, Australia, and Singapore.

## Issues and Impact of low FDI in Nepal

Nepal faces numerous challenges in attracting and effectively utilizing Foreign Direct Investment (FDI). The notable discrepancy between authorized FDI commitments and actual net inflows is among the most important problems, underscoring the difficulties in converting possible investment into actualized economic gains. The investment climate has been made more difficult by geopolitical tensions and worries about "greenwashing," the practice of businesses deceiving themselves as environmentally conscious. The lengthy and often non-transparent approval processes, coupled with frequent changes in government and government's policies, create an unstable environment that discourages investors. Additionally, the nation lacks adequate energy, communication, and transportation infrastructure, which reduces operational effectiveness and raises costs for investors.

The enforcement of contracts and effective dispute resolution remain weak, further undermining investor confidence. Issues related to foreign exchange regulations and delays in profit repatriation remain, while corruption in the form of bribes and facilitation fees adds to operational burdens. Land acquisition difficulties and local protests often stall projects, contributing to significant delays. Frequent policy changes related to FDI create an unpredictable regulatory environment, deterring long-term investments. Additionally, governance and regulatory risks, coupled with Nepal's low ranking in ease of doing business, pose significant barriers to entry and operation. Similarly, the small domestic market limits the scale of potential investments, and project implementation delays further erode investor confidence. Finally, the inadequate availability of skilled labor across key sectors poses challenges for both operational efficiency and the potential for high-value investments.

Issues in attracting FDI have resulted in low FDI inflows which have various adverse effects on the economy. These include restricted overall growth due to lack of capital, limited employment opportunities from new ventures, and reduced access to advanced technologies and skills. Similarly, vital sectors like energy and transportation witness slower development, while lower foreign currency inflows lead to diminished foreign exchange reserves. Additionally, lack of innovation and competitiveness in domestic industries weakens market competitiveness, resulting in less integration with global supply chains. Thus, the economy becomes more dependent on aid and remittances, with limited industry diversification and stagnant export growth due to fewer opportunities for expansion.

## Possible Solutions for Low FDI in Nepal

While recent efforts to attract FDI like amendments in laws and regulations and recent Nepal Investment Summit 2024 has been done, more efforts on political stability and governance needs to be done to create an investment friendly business environment. First, simplifying administrative processes and minimizing bureaucratic hurdles are essential to improving the ease of doing business and making Nepal more attractive to investors. Stable and consistent governance is crucial for creating a secure and predictable investment climate. Additionally, significant investments in transportation, energy, and communication infrastructure are necessary to enhance the overall investment environment.

Strategic solutions such as combating corruption, strengthening contract enforcement, intellectual property rights protection, and dispute resolution mechanisms will safeguard investor interests and build trust. Similarly, offering financial incentives such as tax holidays and subsidies for investments in priority sectors can stimulate foreign investments. Also, simplifying and ensuring the repatriation of profits will reassure foreign investors about the financial benefits of their investments, making Nepal a more appealing destination for foreign investors.

Also, focusing on sectors with high growth potential, such as hydropower, tourism, and agriculture, while offering targeted investment opportunities can drive sector-specific development. Finally, investing in education and vocational training to develop a skilled workforce that meets the needs of foreign businesses will support the long-term sustainability and success of FDI in Nepal.

## Role of Chartered Accountants in FDI

Chartered accountants can play an important role in creating a favorable business environment to assist in bringing in more FDI through advisory services, tax compliance and planning, audit services, valuation services, etc. Some roles are listed as below:

- CA's can provide advisory services to investors in complicated processes related to the business registration and assist in obtaining necessary permits for repatriation of profits and dividends.
- They can provide certification services for the amount to be repatriated as per the Technology Transfer Agreement and the requirement of Foreign Investment and Foreign Loan Management Bylaw, 2021 (Third Amendment).
- CA's perform financial due diligence for valuation of shares for purchase and sale as per the requirement of the Foreign Investment and Foreign Loan Management Bylaw, 2021 (Third Amendment)
- They also ensure that foreign investors are under the coverage and in compliance with Nepal's tax laws and receive any applicable tax incentives and exemptions, such as tax holidays.
- CAs help in structuring investments to minimize tax liability while conforming to legal standards. It is worth mentioning that this service is crucial to make FDI more attractive.
- CAs audits the financial statements in conformity with accounting standards of Nepal. Auditing enhances the confidence of investors and decreases the chances fund misuse.
- Finally, CAs can assist in complying with laws and regulations relating to FDI.

## Conclusion

On 21 November 2024, Fitch Ratings assigned Nepal a long-term foreign-currency Issuer Default Rating (IDR) of "BB"-with a stable outlook. However, Nepal rating is in non-investment grade, which means the country is not investment friendly and has not had improvement in the business climate. Fitch Ratings said that burdensome procedures on profit repatriation and other regulations on external transactions have historically significantly constrained FDI inflows. Therefore, political stability, stable economic growth potentially supported by improved governance, standards, and regulations that are conducive to private and foreign investment, could help Nepal increase the FDI inflow.

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- Monthly Report of Foreign Direct Investment Approval of Mangsir, 2081, Foreign Investment & Technology Transfer Section (One Stop Service Centre) available at https://doind.gov.np/detail/270
- https://data.worldbank.org/country/nepal
- https://kathmandupost.com/money/2024/11/27/fdi-pledges-drop-amid-unstable-polity-economic-slowdown
- https://ibn.gov.np/

# Quality of Bookkeeping and the Economic Health of a Country

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## Introduction

The term "Bookkeeping" has a meaning dating centuries back, and it meant that the financial transactions and economic activities were recorded in the physical books manually (Daniel, 2015). Even though technology has propelled us into the present time of 21$^{st}$ century ushering into the era of Artificial Intelligence, bookkeeping has the same meaning; however, most of the physical books are replaced by electronic medium using computers. Bookkeeping refers to the recording of financial transactions of an entity (whether business or non-profit or governmental) and is a part of accounting. Even though accounting and bookkeeping are often interchangeably used, they differ vastly. Bookkeeping is a part of accounting, and accounting goes beyond bookkeeping towards financial reporting, analysis, and compliance as well.

Bookkeeping has been in practice since centuries and the way of bookkeeping today we practice i.e., double entry bookkeeping system was developed in the Italy by Luca Pacioli in 1494 when he wrote a huge volume of book where he included instructions on double-entry bookkeeping system (Kestenbaum, 2012). However, researchers argue that the double-entry bookkeeping system was in practice even before the time of Luca Pacioli, and a continuous research and debate is ongoing among the academicians and researchers related to this (Sangster, 2024). Despite the debate on the invention of the double-entry bookkeeping system, it is being practiced globally at the present time, and it refers to the recording of financial transactions of an entity. It serves as the data necessary to perform the next steps in the accounting, financial analysis, and other complex analytical tasks necessary to make an informed decision including audit, credit assessment, tax assessment, etc. (Dwamena, 2022).

## Benefits of Bookkeeping to the Businesses

There are numerous benefits of proper bookkeeping to the business, and various research have been carried out with reference to the importance and benefits of bookkeeping. Now, let's discuss some of the benefits of bookkeeping to the businesses or entities:

a) **Monitoring the progress of the business:**

The Inland Revenue Service of the USA discussed that bookkeeping is essential to track and monitor the progress of the business (Inland Revenue Service, 2024). No business can flourish without monitoring the transactions, and other information related to the business. It will be difficult to make a sense of progress and strategize the next moves of a business without a clear picture before us related to its financial transactions. Manei & Omagwa (2019) observed that sound and healthy bookkeeping practices had a direct impact on the financial performance of public schools, and budgeting adds value to it by balancing the inflow and outflow of the cash.

b) **Accountability and transparency**

When business units start recording their transactions and maintaining their books of accounts, an immediate benefit would be increased accountability and transparency in the financial transactions of the business. Different cost centers will start becoming more accountable while discussing financial matters due to the availability of the up-to-date records of the business transactions. It will enhance the overall performance of the business as well as help in strengthening the governance structure (even if the business is small) (Lyezia & Kapaya, 2024).

**c) Support in data-driven decision making**

Bookkeeping is at the data capture level of accounting, and effective bookkeeping will help further accounting processes. An informed decision making in a business unit is possible only through leveraging the available data of the business and bookkeeping captures most of the historical financial data. Mabonga & Daniel (2015) identified that small businesses must consider bookkeeping, and any other accounting information while making informed decisions to make the business successful in the long run. It is imperative to develop an accounting information system within the business, irrespective of the size and nature, to take data driven decisions, and increase the probability of decision being effective.

**d) Compliance**

Bookkeeping is not only for the benefit of the owners and the management, but there are also laws like Companies Act of 2063, Income Tax Act of 2058, Value Added Tax Act of 2052 etc. in Nepal which mandate businesses to maintain the books of accounts of their financial transactions in a specific manner. Further, the auditors in Nepal are responsible for auditing the books of accounts and providing their opinion thereon. The nature of opinion depends; however, the quality of bookkeeping will surely help the auditors to form an unqualified opinion. Hence, effective bookkeeping also helps in complying with the relevant legal requirements of the country.

**e) Helps in cash flow management**

When an accountant prepares a cash flow statement or a cash forecasting statement for a certain period, the required information is extracted from the books of accounts. Recording the income and expenditure will help forecast the cash requirements in the future. Most of the businesses focus on profit, which is a healthy indicator of business performance, however, cash flow is like the bloodline for any business. Most of the small-scale businesses fail not because of profit margin but because of unhealthy or unsteady cash flow (Small, Smidt, & Joseph, 2015). There is no extensive research to support the claim; however, one of the major reasons for the higher level of delinquency in the Nepalese banking industry is the poor cashflow management to repay the bank loan on time. The reason ultimately roots back to the bookkeeping practices and employment of better accounting practices in the businesses.

**f) Access to finance**

The primary financial information that a bank or financial institution asks from the borrower is the financial statement including cash flow statements. Now, we need to imagine here, bank finance is required for most of the businesses to grow, thrive, and leverage the position. And, if a business can't produce accurate financial information in the form of financial statements, it would be nearly impossible to get affordable finance for the business. Almost all loans extended by the Nepalese banking and financial industry is collateral based and not cash flow or potential profit based. One of the major reasons for such strict financing requirements is due to the lack of transparent and efficient bookkeeping practices in Nepal. Banks are not able to rely completely on the financial statements submitted, and hence require collateral for obtaining the loan (United Nations Economic and Social Commission for Asia and the Pacific, 2020). A transparent and effective bookkeeping system will help the businesses to leverage the external borrowing and access affordable financing.

**g) Facilitation in business growth**

The bookkeeping practices have a direct and positive impact on the performance of a business, and the accounting skills of the owner adds further value to this (Adela, et al., 2023). Another study in Ghana also found that sound bookkeeping practice helps in effective cost management and improvement in profitability of the business; however, the owners mostly in SME sector lack the sound accounting knowledge and posed this as a challenge (Thywill, Adade, & Daniel, 2017).

## Benefits of Bookkeeping to the Government

In the preceding section, we observed that bookkeeping helps immensely the business and its growth. Now, let's discuss some of the direct and indirect benefits of bookkeeping to the government and its agencies:

**a) Facilitates tax collection**

When government authorities collect tax, they do so based on accounting information produced by the taxpayers. Where the accounting information is inaccurate and incomplete, there is a high risk that the government might lose the tax revenue. Accounting records have a direct and significant influence over the taxation system and tax collection (Charo, 2020). The better the bookkeeping system, the better and cost effective would be the tax administration process of a nation and helps both the taxpayers and government to correctly assess the tax amount (IRS, 2024).

**b) Supports the right economic policy making**

The government relies on various data like GDP, GNP, Tax Revenue, Public Expenditure, etc. to formulate appropriate economic policies for the nation. The data used to arrive at these indicators are collected from various sources, and the sources is always at the consumption level or the bottom level i.e., people and business which maintain their financial record. When the bookkeeping practice of a nation is not transparent and healthy, there is a high risk of inaccuracies while arriving such macroeconomic indicators based on which various economic policies of a country are devised. Hence, bookkeeping practices in a country must be sound for the government to be able to set appropriate economic and fiscal policies.

**c) Helps in combatting fraud**

There are numerous cases of fraud in the world that emerged in the past such as Satyam Computer, Enron etc. The causes of such fraud lie somewhere in accounting malpractices having gone unnoticed for a period. Such large-scale frauds have caused losses to various stakeholders and caused havoc in the lives of the people affected. An accountable and transparent bookkeeping system and accounting practices could have prevented such frauds causing losses to the relevant stakeholders (Bugh, 2024).

**d) Strengthens international trade and relations**

Transparent and healthy bookkeeping and accounting practices in a country better project the image in the international arena. Countries prefer to trade with a country where the accounting practices are standardized and sound, since it creates a better image and less suspicion among the regulators and government agencies in their home country as well. To promote international trade, and help boosting the economy of a country, the accounting or good accounting practices have an immense role (Shaukat, 2021).

**e) Helps in combatting AML/CFT**

The Financial Action Task Force (FATF) promotes a healthy bookkeeping practice ensuring transparency of financial transactions as one of the ways to combat ML/FT related activities. In 2019, FATF issued a Guidance for a Risk-based Approach targeting the accounting profession. The Guidance was meant for professional accountants; however, when they apply the guidance in their practice, it indirectly becomes important for other stakeholders as well. Accounting malpractices such as under invoicing/over invoicing, trade-based money laundering, falsifying financial records, etc. are common among the money launderers. Hence, sound book-keeping and accounting practices help in combatting money laundering and financing of terrorism across the world.

**f) Increases accounting opportunities**

Every year lots of different accounting talents are produced from the academic institutions of Nepal as well as outside of Nepal including Chartered Accountants, ACCA, CMA, regular commerce graduates, etc. Government is often criticized for not being able to address the unemployment and brain drain, and when the accounting and bookkeeping practices gets stronger and healthier, it will create more opportunities for accounting talents, helping reduce unemployment and create more opportunities.

## Present Status of Nepal

Nowhere in the world is there a single law that governs bookkeeping and accounting for the entities. However, different laws like Company law, Income Tax law, etc. mandate entities to maintain books of accounts and adequate records for the reporting, tax filing, and other purposes. The Companies Act of 2006 in Nepal mandates that every company must maintain its books of accounts in double entry bookkeeping system of accounting and in consonance with the prevailing accounting standards. Similarly, The Income Tax Act of 2058 requires taxpayers to maintain books on whether cash or accrual basis of accounting for the purpose of taxation. Further, regulator like Nepal Rastra Bank, Nepal Insurance Authority, Department of Cooperatives, etc. have mandated certain accounting practices for the regulated entities in relation to bookkeeping and accounting practices. Similarly, auditors are expected to comply with the Standard on Auditing and Accounting Standards prevailing in Nepal, and it means that auditor will not issue unqualified report unless the financial statements and books of accounts are not maintained as per the prescribed standards.

Considering these different legal provisions derived from different statues and regulators, it seems like these provisions must have been adequate and Nepalese bookkeeping practices is healthy across the horizontal and vertical economic segments. However, this is not the case, and there has not been any research conducted in this domain to understand the reasons, and present status. Perhaps based on the practitioner's experience and from informal sources, we can observe that the status and practice of bookkeeping and accounting is still at a rudimentary level and needs a revamp to increase the transparency, yield all the benefits described above, and compete at the global level. This might be another reason why modern accounting software and ERPs with artificial intelligence and automation capabilities are still not popular in most Nepalese businesses (except for large organizations). The world is shifting towards AI for bookkeeping, and we are still turning the pages of actual physical books, and somewhat using software like Tally. To sum up, the present practice of bookkeeping is not very healthy, mature, and efficient when we compare it with practices from around the world.

## An Effective Solution

We have discussed a lot of things so far, and now the time has come to discuss possible solutions. Let’s try to jot a few things that might be helpful in improving the status of bookkeeping and accounting practices in Nepal:

- Language: it seems irrelevant; however, my personal experience has been such that not making English a working language in Nepal is one of the biggest challenges to leapfrog technology wise. Most of the latest technological advancement are developed in English language and the languages that are compatible with English language; and when Nepal don’t recognize English as a working language, it makes difficult in the policy level to change things that affect the masses. In research conducted in 2004, it was evident that English language has been a major divider between the widespread adoption of technology and internet around the world (Wolk, 2004). The scenario and technological pace have much changed since 2004; however, the dominance of English language is still persistent, and Nepal is missing the joy of riding with global force together.
- The change must be started from the top level i.e., policy level and bureaucratic level. Even in the present day, tax authorities allow purchase and sales books maintained in Nepalese language in a physical register. The question is why authorities can’t enforce digitalization of the record-keeping in the first place? When authorities start asking for digital records, then the adoption of technology will take place at a rapid pace. There are businesses with turnover exceeding Rs. 200 million that still don’t use any accounting software and maintain whatever

record they have in a physical register, and such businesses don't even follow a double entry bookkeeping system. The government must take appropriate action to enforce at least a double entry bookkeeping system, and a threshold must be set for using accounting software.

- The skill and capacity of the government officials must be increased. The bureaucracy is intelligent; however, the skill set is way behind the market changes; hence, it is necessary for the public-servants to increase their technical skills. Why does a taxpayer need to visit the tax office to obtain a tax clearance certificate carrying a physical file, when all the documents are already uploaded on the portal of tax authority? The government must think about reducing the interaction between taxpayers and public servants by deploying the latest technology.
- The auditors auditing the books of account of the businesses and expressing their opinion must also start educating and spreading awareness among the clients to leverage the power of technology. There are some audit reports, in my personal experience, that says the books of accounts are maintained in a double entry bookkeeping system, however, the records are not maintained adequately. Hence, the auditor and the body regulating the auditor must start taking appropriate action to raise awareness about the benefits of technology and proper accounting processes.
- Nepal Rastra Bank has been playing a very important role in increasing the health of the financial reporting system in Nepal (we are aware about dual financial statements in Nepal not so long ago). Hence, NRB may also play an important role in enforcing robust bookkeeping practices by incentivizing borrowers to maintain proper books of accounts and penalizing borrowers not maintaining books of accounts properly through any means (lower service charge, collateral free loan, lower interest rate, additional facilities, etc.).

Good accounting practices in a country needs political stability, economic growth, and transparent system (Mondal, 2021). Hence, the most critical aspect for Nepal is to improve on these aspects.

## Conclusion

No matter how much higher-level discussion goes on, a nation's accounting practices talks about the health of the economy of any country. The trust of the foreign investors will increase only when there is a transparent system in place for record keeping and bookkeeping of a business. It is the source from which a business makes an informed decision, and it is a source of information for the government to make large scale decisions related to taxation, economic development, fund allocation, etc. Despite having a few provisions in different laws, the health of bookkeeping in Nepal is not at par with the international level, and it hinders the transfer of technology and advancement in accounting field. Nepalese accounting professionals are deprived of opportunities such as practicing advanced ERPs with AI/ML capabilities (such as QBO, Xero, Zoho, etc.), increasing knowledge process outsourcing businesses, etc. Further, when the high-level accountants are dealing with such trivial issues, they can't free up their load to focus on much more complex issues which hinder the professional capacity development of the nation. It hinders our talents from becoming globally competitive and get global exposure.

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# Classification of Members' Shares in the Financial Statements of Co-operatives

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## Abstract

It is imperative to adequately classify the financial instruments issued by an entity as a financial liability or as an equity to fairly present the Financial Statements in accordance with Nepal Financial Reporting Standards. The shares issued by co-operatives carry unique features including redemption option, proceeds receivable by member at the time of liquidation, one member one voting rights. The classification of these shares based on the aforementioned features, organization's governing charter and individual contractual terms determine their presentation in the Financial Statements. NAS 01 contains a number of requirements for owners' interests to be shown separately as well as a general requirement (in paragraph 30A) not to reduce understandability of the Financial Statements by aggregating material items that have different natures or functions. Consequently, members' shares that are classified as equity should be presented as a separate item in the equity section of the Statement of Financial Position, and those classified as liabilities should be presented separately in liabilities. Hence, the classification of members' shares has a significant effect on the content of the Financial Statement of co-operatives.

**Key Words:** Nepal Financial Reporting Standards (NFRS), NAS (Nepal Accounting Standard), NAS 32: Financial Instrument: Presentation, IAS (International Accounting Standard), IAS 32, IFRIC 2: Members' Share in Co-operative Institution and Similar Instruments, Co-operative Institution, Equity, Financial Instrument, Financial Liability, Puttable Financial Instrument, Co-operative Laws: Co-operative Act, 2074, Co-operative Regulation, 2075.

## Introduction

Co-operative organizations are self-regulated autonomous associations of persons united voluntarily to meet their common economic, social, and cultural needs and aspirations through a jointly owned and democratically controlled enterprise. In Nepal, they are governed by the Co-operative Act, 2074 and Co-operative Regulation, 2075, Provincial and Local Level Co-operative laws and directives, working procedures and bylaws issued by Department of Co-operatives.

NFRS has classified financial instrument issued by an entity into two main categories- financial liability and equity. Currently, it is essential to properly classify the financial instrument issued by an entity into one of these two categories to fairly present the Financial Statements in accordance with NFRS. The classification of members' shares in co-operative institutions into one of these two categories ensures that information provided is relevant and useful to the users of the Financial Statements.

## Features of members' shares in co-operative institutions in prevailing co-operative laws

Co-operative Act and Rules have provided legal provision regarding the features of shares issued by co-operatives. It is essential to look at these provisions to determine the nature or classification of the shares issued by the co-operative institutions.

**a) Puttable feature of members' shares**

The members' shares in co-operative institutions is puttable back to the institution pursuant to rule 24 of Co-operative Rules, 2075. On redemption of shares, following amount shall be refunded to the member:

i) Face value of share

ii) Amount of dividend remaining to be received by such member

iii) Amount of conserved capital redemption fund to be received by such member.

Where the institution is at a loss, the accumulated loss shall be deducted proportionately from the capital and the remaining amount shall only be refunded.

**b) Proceed to be received by members at the time of liquidation**

As per rule 62 of Co-operative Rules, 2075, at the time of liquidation, shareholders are entitled to following amount from the remaining amount after payment of its other liabilities:

i) Repayment of share capital

ii) Payment of dividend for the period during which no dividend was paid.

After payment of liabilities as per rule 62 of Co-operative Rules, 2075, the registrar shall transfer the remaining asset in the following priority:

i) To co-operative institution of similar nature which is near the dissolved co-operative institution, and which can provide service located in the working area of such co-operative institution.

ii) To the association of upper level, of which such dissolved co-operative institution is the member of.

**Provision in Nepal Financial Reporting Standards regarding classification of financial liability**

"Financial Instrument" **refers to** any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity. Looking at Para 11 of NAS 32 defines the following terms as follows:

**Financial Liability is defined as follows:**

**a) A contractual obligation to :**

i) deliver cash or another financial asset to another entity

ii) to exchange financial asset or financial liability with another entity under condition that is potentially **unfavorable** to the entity; or

**b) A contract that will or may be settled in the entity's own equity instrument and is:**

i) a non-derivative for which the entity is or may be obliged to **deliver a variable number** of the entity's own equity instruments;

ii) a derivative that will or may be settled **other than by** the exchange of a fixed amount of cash or another financial asset for a fixed number of the entity's own equity instruments.

For these purposes the entity's own equity instruments **do not include puttable financial instruments** that are classified as equity instruments in accordance with **paragraphs 16A & 16B or paragraph 16C & 16D**.

## Puttable financial instrument

A *puttable instrument* is a financial instrument that gives the holder the **right to put** the instrument **back to the issuer** for cash or another financial asset **or is automatically put back to the issuer** on the occurrence of an uncertain future event or the death or retirement of the instrument holder.

## Equity Instrument

An *equity instrument* is any contract that **evidences a residual interest** in the assets of an entity after deducting all of its liabilities (i.e. net asset). The features of equity are:

a) Discretion over cash payments (i.e. no obligation)

b) Fixed amount of cash for a fixed amount of shares – the fixed-for-fixed criteria

## Not dependent on:

i) Ability to make distributions

ii) Intention to make distributions

iii) Negative impact on ordinary shares

iv) Amount of issuer's reserves

v) Expectation of profits for the period

**Definition in Conceptual Framework for Financial Reporting**

Conceptual framework for financial reporting has further clarified equity claims as claims on the **residual interest** in the assets of the entity after deducting all its liabilities. In other words, they are claims against the entity that do not meet the definition of liability. The Final Chart of Accounts issued by the Department of Co-operatives defines equity as the interest of members that comes after subtracting all liabilities. This is classified in the statement of financial position as Members' Equity, Statutory Fund, Donation and Grant and Revaluation of Surplus.

**Equity**

**Classification of puttable financial instrument as equity**

Puttable instrument creates a contractual obligation to deliver cash for the entity and, therefore, meets the definition of financial liability. However, as an exception, puttable instrument that meets the definition of a financial liability is classified as an equity instrument if it has all the features and meets the conditions in paragraphs 16A and 16B or paragraphs 16C and 16D of NAS 32 Financial Instrument: Presentation.

*These definitions and exceptions provide creditors and lenders intending to deal with a co-operative institution with the necessary confidence that the equity reported in the statement of financial position should be there for the long term and capable of absorbing losses. That protection is not provided by shares redeemable at the unconditional option of the holder, which cannot be classified as equity if the exception in NAS 32 does not apply.*

**Whether the shares in co-operative are equity or financial liability?**

As we can see, the members' shares in co-operatives are puttable back to the institutions but they do not meet the requirement in para 16A and 16B or para 16C and 16D of NAS 32 because of following reasons and hence they cannot be classified as equity pursuant to NAS 32:

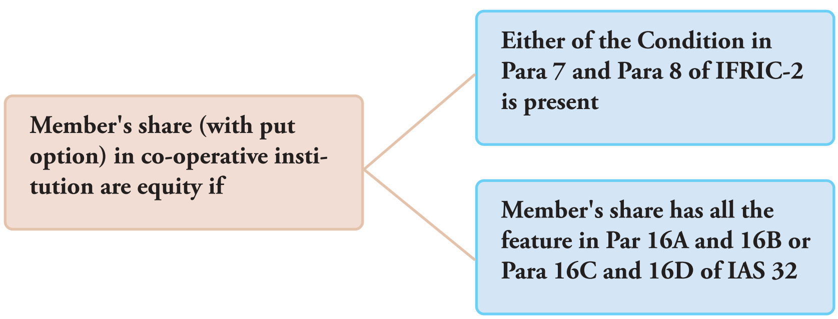
a) It does not completely entitle the holder to a pro-rata share of the entity's net assets in the event of the entity's liquidation because only the capital and dividend for the period during which no dividend was paid are distributed at the time of liquidation and any remaining funds or amount are distributed to parties other than the members.

b) Para 16C and 16D are irrelevant to the share of co-operative institution because liquidation of co-operative is uncertain to occur and is somewhat within the control of the entity (as the co-operative institution is a corporate body with perpetual succession).

Based on above mentioned provisions the shares in a co-operative are financial liability as there is contractual obligation to pay cash if the shareholder puts the instrument back to the institution. However, we must first look into IFRIC 2 to decide the classification of these instruments.

**IFRIC 2- Member's Share in Co-operative Institutions and Similar Instruments**

Paragraph 6 of the IFRIC 2 provides that members' shares that would be classified as equity if the members **did not have** a **right to request redemption** are **equity if** either of the conditions described in **paragraphs 7 and 8 is present** or the members' shares **have all the features** and meet the conditions in paragraphs **16A and 16B or paragraphs 16C and 16D of IAS 32**.



Para 7 of IFRIC-2 provides that members' shares are equity if the entity has an **unconditional right to refuse redemption** of the members' shares.

Para 8 provides that if the local law, regulation or the entity's governing charter can impose unconditional prohibition on redemption of members' shares then those shares are classified as equity. If those prohibitions are conditional, say based on liquidity, then those are not equity.

As concluded in above paragraphs, members' shares are puttable instrument, but they cannot be classified as equity based on conditions mentioned in para 16A and 16B of IAS 32 or equity instrument to be classified as per 16C and 16D of IAS 32. The co-operative institutions do not have a legal unconditional right to refuse redemption of members' shares, and the local law or regulation does not impose unconditional prohibition on redemption. Further, co-operative institutions cannot make their governing charter to be inconsistent with the prevailing laws (Co-operative Act and Rules) and hence, cannot impose those unconditional prohibitions on redemption. Hence, those shares do not meet the conditions mentioned in IFRIC 2 to be classified as equity.

**Determining Members' Equity and International Practice**

An instrument issued by any entity is classified based on its underlying features, legal and/or contractual, and the provisions in financial reporting standards. Hence, the evaluation of legal framework for these instruments and those terms contained in individual contract are both equally important for its classification. Each country or state may have unique provisions regarding the terms regulating these instruments. IFRIC-2 was necessary because the application of principles in IAS 32 to members' shares in co-operative entities and similar instruments is difficult.

In some countries, legislation grants members of co-operative institutions the right to withdraw their share capital by providing prior notice, with the notice period determined either by regulatory requirements or specific provisions in the relevant laws. This framework ensures that members can exit the co-operative while adhering to legally established processes. However, the right to withdraw individual shares may not be absolute. The laws governing co-operatives may empower the board of directors or general meeting with the authority to unconditionally refuse redemption requests. This provision serves to protect the financial stability and operational integrity of the co-operative, ensuring that the institution can manage its capital and liquidity effectively without being overly exposed to the risks of large or sudden redemptions.

Extract from Notes to Financial Statement of one the co-operatives in UK:

*"Members' share capital is made up of corporate and individual shares. The rights attached to shares are set out in the Society's rules. Shares held by Independent Society Members (corporate shares) are not withdrawable and are transferable only between Independent Society Members with the consent of the Society's Board. Shares held by individual members (individual shares) are withdrawable on such period of notice as the Society's Board may from time to time specify. IFRIC 2 (Members' Shares in Co-operative Entities and Similar Instruments) determines the features that allow shares to be classified as equity capital. As the Board has an unconditional right to refuse redemption of both classes of shares, both corporate and individual shares are treated as equity shares."*

Such legal and regulatory frameworks strike a balance between granting withdrawal rights to members and safeguarding the co-operative's broader financial health and strategic goals. This approach also underscores the importance of clear governance mechanisms within co-operatives to manage member relationships and capital effectively.

The provisions in the law governing the co-operative institutions and the features of these instruments may differ from country to country. However, wherever the principle-based standards i.e., IFRS/NFRS are applied, the classification of these instruments issued by an entity is based on the principles contained in these standards. If the law or governing charter of entity allows an entity to unconditionally refuse redemption requests and the entity intends to hold the capital for foreseeable future then such shares are classified as equity otherwise, they are classified as financial liability.

## Conclusion

Out of five conditions in para 16A of IAS 32, four of the conditions are met by the members' shares in co-operative institutions.

| Condition | |
|---|---|
| Pro-rata shares in net asset at liquidation | × |
| Subordinate to all other class of instrument | √ |
| Subordinate to all other class of instrument | √ |
| Does not include any contractual obligation to deliver cash or other financial asset other than contractual obligation to repurchase or redeem the instrument | √ |
| total expected cash flows attributable to the instrument over the life of the instrument are based substantially on the profit or loss, the change in the recognized net assets or the change in the fair value of the recognized and unrecognized net assets of the entity over the life of the instrument | √ |

Considering the above facts, the members' shares in co-operative are not equity instruments. Due to the impact of not having at least one part classified as equity in balance sheet and the balance sheet only having liability with no equity element, following may be concluded:

a) Classifying Share capital as current liability as the shares shall be redeemed on demand (i.e. within 3 months of shareholder's request). A statement of change in members' liability shall be prepared to reflect changes in shares of members.

b) Classifying other reserves (including statutory reserves) that are discretionary for distribution, in the hand of general meeting/entity, as equity.

**One of the possible ways for presentation of member interests in the Notes to Financial Statements:**

| **Statement of change in Member Interests for the year ended 16 July 20XX** | **Amount** |
|---|---|
| Member shares classified as liabilities: | |
| Opening balance | XXX |
| Member share issued | XXX |
| Member share redeemed | XXX |
| Closing Balance | XXX |
| Component of equity:** | |
| Opening balance | XXX |
| Change in net assets attributable to members | XXX |
| Closing balance- retained earnings, revaluation surplus | XXX |
| Total member interests | XXX |

*** The component of equity could be expanded to include the disclosures required in the statements of changes in equity as set out in NAS 01 (para 106), such as reconciliation of opening and closing balance for each component of equity.*

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# The Economic Impact of Dashain Festival in Nepal: Insights into Some Key Economic Activities

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## Abstract

Dashain is one of those festivals in Nepal that portrays the cultural, traditional, and historical importance of the country. On the other side, the festival also holds strategic importance concerning the economy: either by directly affecting the gross economic activities around the country reflected in its GDP or influencing the same. Agricultural, retail trades, transport, banking, construction, and tourism are some major sectors which are more proactive during Dashain. Consumption, particularly in foodstuffs, clothes, electronics, and automobiles increases manifold thereby enhancing retail sales. Agriculture and livestock business also improves because of the demand for meat. Travel within and outside the country increases during Dashain season as many Nepalese head back to their native villages to enjoy holidays together with families. Added to this is the flow of remittance inflow. The financial sector sees increased money circulation through ATM withdrawals and digital transactions. Hence, Dashain promotes economic development due to the increase in consumption, trade, and investment while strengthening social and cultural ties.

**Key Words:** Dashain Festival, Economic Impact, Consumption Patterns, Retail Trade, Nepal GDP

## A. Introduction

Dashain is the widely celebrated and one of the largest festivals in Nepal. It is considered as one of the most significant festival not only in Nepal but in most of the Asian countries. Dashain being celebrated each year holds its own cultural, traditional, and historical value. It is a festival of joy, prosperity, and victory of good over bad. As we must have heard much about the cultural and historical importance of Dashain, in this article we try to trace some of the considerable economic relationship that Dashain holds for the economy of Nepal through various economic activities. The influence of Dashain festival ranges across various economic sectors hence providing both direct and indirect contributions to the Gross Domestic Product of Nepal.

## B. Connecting Dashain Festival with Gross Domestic Product (GDP)

*As per Organization for Economic Co-operation and Development (OECD), Gross domestic product (GDP) is defined as the standard measure of the value added created through the production of goods and services in a country during a certain period.* GDP measures the total value of goods and services produced in a country and Dashain festival affects it in multiple ways. For understanding this relation, we need to note that there are four major components which comprise Gross Domestic Product. They are Consumption, Government Spending, Investment and Net Exports. Consumption means expenditure made by consumer on normal household goods and services like expenditure on foods, clothes etc. Government Spending on the other hand refers to normal expenditure or investments made by government like government employees' salary, public infrastructure development etc. Likewise, Investment includes investment made by private sectors in economy. In the end, Net Exports means difference between export and import value of a country. Out of these four components, Consumption is normally the largest component of GDP. Consumption consists of private or household expenditures in the economy under categories like durable goods, nondurable goods, and services. Thus in this article, the relationship of Dashain festival with economy and components of GDP is mostly established through impact on consumption pattern during Dashain. Also, reference to other components of GDP like government income and expenditure, export and import and investments has been highlighted wherever found relevance in this article. To take note, Nepal's Gross Domestic Product including consumption for the fiscal year 2023/24 is approximately Rs.5.8 trillion. If we talk about household consumption in context of Nepal then, it is estimated that during festivals like Dashain and Tihar consumption accounts for about 20% of total national consumption.

## C. Major Economic Activities During Dashain Festival

Though it is difficult to accurately quantify the economic impact of Dashain festival in Nepalese economy, based on available information through various sources like Nepal Rastra Bank's reports, data's available from various governmental and non-governmental entities, news, articles and other sources whose references are mentioned at the end of article, I have tried to uncover the economic impact of Dashain Festival with facts and data's. Let's look into some of the areas on which Dashain Festival triggers economic activities and have great economic connections:

1. **Dashain Festival Increases Consumption which raises Retail Trade**

   We discussed earlier that, consumption is one of the core components of GDP. Consumption means the expenditure made by households on goods and services. Dashain is the main time where there is a massive consumption of goods and services. This is because, Dashain is considered the best time to celebrate and have a get-together time with families. As gathering and celebration increases, demands for foods and consumer products especially food, alcohol, clothing, footwear, jewelry, electronics, and household items increase significantly. Besides, most of the companies provide offers and discounts in order to attract customers and boost up their sales. People tend to purchase food items in bulk quantity during Dashain, which in turn tends to raise the consumption demand. Also, there is a tendency that most of the people wait for Dashain to purchase new clothes and household items, leading to an increase in sales for the retailers. In this period, the consumption of food items like meat, sweets, and beverages also goes up. Sales for retailers, particularly those located in the urban centers; usually increase during the Dashain season. Businesses witness increase in sales during the festival period. According to the Nepal Retailers Association, sales in clothes, electronics, and jewelry spike dramatically during Dashain and Tihar. Small and medium businesses see their busiest times, with rural markets also thriving. Moreover, people tend to buy expensive items like automobiles during Dashain by expecting the best discounts and deals. National Automobile Dealers Association (NADA) auto show held in September 2024 targeting vehicle purchase during Dashain festival witnessedenormous vehicle bookings of around Rs.20 billion. This shows massive consumer level demand for vehicles in Nepal. This increases consumption as well as imports which widens Balance of Payments and Trade Deficits impacting the GDP on a significant manner.

2. **Increased Livestock, Agriculture and Animal Trade and Consumption**

   Agricultural, Livestock trade including its import and consumption happens a lot during Dashain festival impacting GDP. In Dashain, the demand for livestock becomes high because the people tend to sacrifice animals as well as use them for consumption. Because of this, agricultural activities for animal breeding its transportation and selling accelerate before or during Dashain, which would keep farmers, traders, and butcher shops on simultaneous benefits. During the festival, the higher demand for meat bumps up the local agricultural economy. People from remote areas bring their livestock's like *Chyangra,* Goats etc. to major cities like Pokhara, Kathmandu, Dharan and other prominent cities to sell them. According to the Department of Livestock Services (DoLS), Nepalese are expected to consume over 390,000 tons of meat, valued at more than Rs 3 billion, during the festival. This includes a variety of meats such as goat, sheep, buffalo, mountain goat (*Chyangra*), and fish. More than half of this meat is imported from India and China which reflects Nepal's dependency on neighboring countries.Such imports impact the GDP. According to the DoLS, 54% of the total meat consumed during Dashain is goat meat, followed by buffalo (21%), chicken (17%), pork (7%), and others (1%). Besides this, due to large family gathering and higher consumption, the demand for agriculture products like rice, wheat, and vegetables also sees a raise in demand. The Dashain festival also gives rise to the consumption of dairy products as the consumptions of sweets increase which forms part of gifts and celebrations.

### 3. Rise in Transportation and Travel

Dashain is the time when many Nepalese workers and families living abroad return to their homeland, while people from urban areas go back to their hometown to celebrate with their family. This massive migration, at times termed as Dashain migration, stimulates the transport sector. Airline Companies, Bus companies, and Vehicle Rentals see a surge in their bookings, hence giving good kick-starts to the economy. It promotes intercity and international travel. Travel during Dashain is at its peak when people return to their home villages for the holidays or embark on pilgrimage trips. In addition, there has been a tendency for most Nepalese, citing the holidays, to travel abroad and locally for vacation and recreation activities. Federation of Nepalese National Transport Entrepreneurs (FNNTE) estimated that around 1.8 million people left Kathmandu Valley to celebrate Dashain this year that provided sufficient business for the transport sector. But due to flood in most parts of the country, this year the roads were blocked and people had to postpone their travel plans or relied on air transport for commutation from location to other forcing raise in air fare due to high demand.Due to increased travel and transportation, as per the data released by Nepal Oil Corporation, the consumption of petroleum products has increased by 29% during the Dashain festival. In Ashoj, 62,730 kiloliters of petrol were consumed while in Bhadra, 57,803 kiloliters of petrol were consumed and in Shrawan, 58,211 kiloliters of petrol were consumed. Increase in fuel consumption increases import levels, impacting GDP. Likewise, travel promotes better tourism business which increases the taxes collection to government and promotes economic circulation amongst households contributing to GDP.

### 4. Construction and Home Renovation

Dashain festival is considered as a lucky time for constructing or renovating homes. Besides, the Dashain vacation can be considered one of the longest calendar holidays for employed and working personnel of Nepal. A lot of Nepalese utilize the holiday period to renovate or construct their houses. People predominantly purchase construction materials, including cement, bricks, and paint, lightning products, besides furniture and electric appliances. In rural areas, home improvements like new additional structures, renovating houses, and even new agricultural tools become common further empowering the local economy. Businesses roll out various discounts and offer to attract customers which also trigger higher construction and renovation activities during Dashain. With raise in construction and home renovation works, import also raises which widens the Balance of Payment deficit during duration of Dashain impacting GDP.

### 5. Banking and Financial Sector

Dashain heavily influences the financial sector as well. People exchange money, deposit money, exchange d*akshina*/gifts, and even take out loans for festive expenditures, increasing the money circulation and income activities across the country. Before commencement of Dashain, many businesses take out loans to re-stock their business commodities while Dashain Bonus distribution by employer increases money distribution amongst mass. In addition, many Nepalese residing abroad send money back home facilitating them to celebrate Dashain and purchase new merchandise. Most migrants' workers working abroad save money for sending to families during Dashain. This increases remittance flow and remittance transactions. As per the data released by Nepal Rastra Bank remittances increased by 11.5% during Dashain season i.e. till Ashoj end 2081. During Dashain the withdrawal of money from Banks and its ATMs surged significantly, mainly for the purpose of buying various gifts and groceries and making different payments. During Dashain Holidays when most of the branches of banks remain closed and people have to depend on ATMs for physical cash and Digital Wallets and Applications for digital transactions like fund transfers. As per data released by NRB through Monthly Payment Systems Indicators for Kartik, 2081, 12,889,052 debit card transactions took place in Ashoj 2081 with transaction volume of Rs. 108.33 Billion. Also, number of transactions on Ashoj 2081 for mobile banking reached to 44,048,146 with transaction amount of Rs.401.24 Billion. Point of Service (POS) transaction count stood at 11,44,819 with amount of Rs.6.42 Billion. QR transaction number stood at 20,497,044 with Rs.70.42 Billion. These figures show that money circulates heavily during Dashain facilitating consumption and spending at mass level. In addition, Nepal Rastra Bank discontinued its long practice of distributing physical new notes to general public citing currency hygiene, avoiding the cost of printing, and most importantly, to promote digital transactions. This move reduced the costs associated with printing new currency ranging between Rs.1.40 and Rs 4.68 per note. This also saved significant sum of government spending which could alternatively be utilized in other investments or other purposeful areas.

### 6. Increased Earning and Savings

There is a regulatory provision of Labor Act that amount equivalent to the one-month remuneration shall be provided with festival allowance by employer to employee once a year. The employee not completing one year is also entitled to such amount on the proportional basis.Dashain is the time when such payment is done. Dashain bonus is in addition to their normal salaries and increases their in-hand income. Government employees including civil servant, police, army and other category employees receive good sum of festival bonus during Dashain festival. On one side this increases the government spending and on other side increases the disposable income of salaried person and facilitates for their better spending and increased saving which ultimately supports higher purchasing capacity.Government spending and household consumption both gets impacted by Dashain and hence will impact the GDP. Government also collects taxes on such Dashain Bonus income which will increase the governmental income also.

### 7. Hospitality and Tourism

Dashain is primarily a family-oriented festival which brings ample of holidays with it. This would also help local or domestic tourism as most Nepalese visit religious, temples, and family houses in the countryside areas. This would bring better demand for hotels, guesthouses, and other local businesses around cultural or religious importance. The number of visitors to places of tourism, cultural and religious importance, like Lumbini, Chitwan, Pashupatinath, and Muktinath increase accordingly. For example, Chitwan National Park has earned Rs 18.5 million from tourist entry fees during the Dashain festival of 2023. During Dashain, many individuals embark on religious pilgrimages to various temples and monuments, which helps to boost the local tourism and economies. Also, most of the Nepalese waiting for long holiday, plan to travel abroad during Dashain with families and friends. This increases the demand for foreign currency. International Tourists from various countries also land to Nepal to experience the Dashain festival celebrations boosting the tourism, hotels, transportation and restaurant business. More than 237,000 people travelled by air through the Tribhuvan International Airport during the five days of the Dashain festival this year. Increase in hospitality and tourism business increases business income of hotels and other industries, consumption by tourists and increases the governmental income in a form of taxes or tariffs like access to national parks etc. This overall contributes to GDP.

**8. Local and Informal Economy**

Since Dashain is celebrated across the country, the informal economy comprising small businesses, street vendors, and local markets also benefits from the increased demand for goods and services. Street vendors selling toys, clothes, and food products witness higher sales volumes. Small sellers from cities move to remote parts of the country to sell clothes, toys, etc., and this increase business activities in remote locations as well. Besides, traditional markets like *Haat Bazar, Mela etc*. at remote locations increases exchange of commodities and entertainment spending of people at large. Dashain festival provide perfect platform to remote farmers to exchange their agriculture products with other commodities like clothes, and other essentials. More importantly, giving and receiving money as a gift during Dashain Tika, also known as *Dakshina*, stimulates small-scale economic exchanges. *Dakshina* increases spending and purchasing capacity amongst children too, which though may be negligible but does supports small informal business selling toffies, toys etc and consumption pattern.

**9. Gold and Silver Business**

Gold and Silver occupies significant amount of precious metal consumption in Nepal. On occasions of festivals like Dashain, gold and silver are bought promoting the economy. Buying these precious metals, usually follow their ancestral practice of adding precious metals like gold or silver and its jewelry during Dashain as part of their tradition or as an investment. During festivals, many families buy jewelry for gifting purposes, cultural significance, or as a part of investment, thus creating a demand curve for gold and silver during the Dashain festival. The Federation of Nepali Gold and Silver Entrepreneurs said that 20-30 kg of gold is consumed during the Dashain festival. Normal consumption of Gold and Silver is around 10kg a day in normal days.Demand for Gold and Silver not only is limited till Dashain festival but continues till Tihar Festival. Nepal Rastra Bank though does not sell Gold coins during Dashain but sells the gold coins (Asarfi) and silver medallion coins during Tihar festival.The Mint Division of Nepal Rastra Bank sells 10-gram and 25-gram silver coins and 2.5, 5 and 10-gram gold coins. So, Nepal Rastra Bank itself supports people by allowing them for purchase of Gold and Silver during Festival seasons. This demand increases the import of these precious metals and increases the outgoing of money from Nepal.

## D. Conclusion

In conclusion, the economic impact of Dashain festival on the Nepalese economy is multilayered particularly in the fields of retail, agriculture, transportation, banking, gold/silver business, tourism, construction etc. As a festival, Dashain gives a push to many industries in terms of the business along with symbolizing a feeling of unity, togetherness and continuity in culture. It is quite difficult to precisely measure the total contribution of Dashain to Nepal's economy, but undeniably, Dashain is contributing positively and significantly for holistic growth of Nepalese economy with raise in demand, consumption, spending and local and international trades.

Besides direct economic contributions, Dashain plays an important role in strengthening social bonds and family relationships, thus indirectly contributing to overall productivity and economic growth. People celebrate the festival with joy, happiness, togetherness and family bonding fostering long term relationships, cultural exchange and mutual happiness. Dashain not only is a festival of joy to Nepalese but is a great time to rejuvenate which symbolize togetherness and strengthen bonding. The festival provides a great time to promote social stability and consistency facilitating for highly favorable long-term economic development.

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# Policy Implementation Practices in Institutional Performance of Public Enterprises: A Special Reference to Gorkhapatra Corporation


## ABSTRACT

This research study assessed the major constraints and the possible reform measures regarding effectiveness of policy implementation for institutional performance of Public enterprises. It has tried to fill the gap between policy instruments and their measures of implementing policy paving a way to rediscover public enterprises. A causal co-relational research design with simple random sampling technique was adopted in this study. The structured five-point scale questionnaires were used to collect the data and analyzed through SPSS 26 version. The practical implication of the study is to suggestthe best dimensions of policy implementation practices for enhancing the institutional performance of public enterprises. In addition, it can be instrumental for other similar enterprises or governmental bodies to build entrepreneurship and institutional accretion. The criteria of autonomy, entrepreneurship and their ease to innovate constructive policy for strengthening the feeble stature of various public enterprises can be the benefit of this study.


**Key Words:** Autonomy, Institutional Performance, Policy Implementation, Public Enterprises

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## Introduction

Public enterprise is a hybrid, sharing characteristics with both private enterprises and public governmental entities. Goals for public enterprises are challenging to define because of the issues with having various aims (Jones, 1991). Prior to the 2008–2010 economic crises, when additional nationalizations occurred, privatization of public corporations had been the predominant tendency since 1980. Privatization failed to address the problem of control over many corporations. To keep these corporations in the public sector and ensure that they serve goals other than commercial ones, better corporate governance came as a solution (Bernier, 2011).

Government control, managers of public enterprises, strategic behavior, and goal concentration has only minimal correlations in reality. The ability of the government to appoint the board members of a public corporation remains a vital control since the vast control structure is sometimes perceived as being too bureaucratic and cumbersome. Boards have been haphazardly put together with participation from the ministry, industry professionals, consumers, interest organizations, etc. Their capacity to be entrepreneurial was constrained by excessive control and ambiguity around these corporations' roles (Bernier, 2011). On the other side, institutional strength also affects how well a policy is implemented. The implementer of the government's production programs are public corporations (Del Bo & Florio, 2012). The government makes all or the majority of the investment. Although making a profit is not entirely excluded, the core goal of a public corporation is to offer goods and services to the general public at a reasonable price (Bernier, 2014). If governments have policy objectives for them and there are governance systems in place to ensure that these objectives are communicated to or discussed with the managers, public corporations can be intriguing policy instruments. Public enterprises may offer a fresh alternative if insufficient private sector regulation is one of the main causes of the economic crisis. Governments, that have previously privatized a number of public corporations during the past decades, have discovered them again as tools for policy-making. In public sector enterprises with entrepreneurial teams, innovations frequently occur. Some policy scientists, the managerial teams should have entrepreneurial spirit rather than control, governance, or ownership i.e. the best policy instruments what makes motives of public enterprises into effective policy tools (Bernier, 2014). Through a planned growth process, public enterprises (PEs) were created and promoted after World War II for a welfare state. Governments and academicians have rediscovered public enterprises as an important policy instrument since the 2008 economic crisis. PEs has existed in Nepal since the 1930s (K.C, 2019).

However, the success of the enterprises depends on having enough resources, a clear structure of roles, and hierarchical control to monitor the implemented actions. This develops through several stages that transform policy into action, as is the case with many other models of policy implementation (Ladner, 2016). Implementing policies involves a series of iterative steps where ideas stated as policy are converted into behaviors expressed as social action. The social action derived from the policy is often intended to improve society and frequently takes the form of programs, processes, laws, or customs (DeGroff and Cargo, 2009). Implementation is the method by which the appropriate agencies implement the policies that the government has passed. The way that a policy is implemented depends on how the implementer and the policy targets behave. In order to ensure that policies achieve the impact that their designers intend, it is important to learn from the implementation challenges that were faced. Studies on implementation have focused on offering guidance to decision-makers on how to set up programs to maximize the possibility of successful implementation. Therefore, the policy implementation practices discusses top-down or bottom-up and hybrid implementation designs (Birkland, 2013). The top-down method of policy implementation emphasizes central actors who concentrate on a central implementation strategy, such as the national government and bureaucracy. Target groups and service providers are emphasized as crucial players who must be included in the policy-making process as per the bottom-up approach of policy implementation (Pradhan et al., 2017). The gap between the model of top-down and bottom-up approach if can be coordinated by hybrid approach to the policy implementation practices, it could be an overwhelming milestone in reinventing public enterprises (Hottenstein, 2017; Shahi, 2023).

Evaluation of the institutional performance of the public enterprises is necessary to determine how well they are implementing their policies. Institutional performance and implementation outcomes may be problematic if the policy design, the sociocultural context, and the institutional structures are not in alignment. Institutional performance and implementation capacity are also restricted by insufficient institutional capacity. Better understanding is needed for the intricate interactions between organizational systems and the surroundings in which they attempt to maximize the delivery of policy in response to questions of effectiveness (Batterbury, 2002).

Public enterprises as new policy instruments useful for fulfilling the role of economic policy and social welfare but there is an implementation gap between different policies under Gorkhapatra Corporation Act, 2019 (1963), Corporation Act, 2021 (1964), Gorkhapatra Corporation by laws, 2077 (2020) and Communication Corporation Act, 2028 (1971) and their implementation. It can also be called as policy failure. There is an emergence of literaturegap between the concept and new idea regarding new policy innovations and the institutional capacity so that implementation of new policies becomes critical. A gap is also found in rediscovering of public enterprises as new policy instruments useful for fulfilling the role of economic policy and social welfare. Most of the existing researches were found to be outdated that justify the time gap. Therefore, this study attempted to focus on role played by dimensions of the policy implementation practices in institutional performance of public enterprises. It examines both the relationships between practices of policy implementation in institutional performance and impact between them. Therefore, Gorkhapatra Corporation is taken as a unit of analysis to evaluate the effectiveness of policy implementation and its practices.

## Material and Methods

Under the Philosophical foundation, the methodological aspects of the study must align with ontological and epistemological perspectives. This foundation consists of a case study in which quantitative method is used. It is a deductive approach in nature. The causal correlational research design in quantitative data analysis is used. To evaluate the policy implementation practices, a case study of Gorkhapatra Corporation was considered. The total population under study area was 180 staffs including two political appointee in the corporation. Out of the total population, 66 samples were selected for random sampling up to the level of senior manager. Whole sample was selected from population in case of director level and above. It comprises of each executive chief and general manager, seven director, nine senior manager, three manager, eight senior officer, thirteen officer and twenty-four junior officers. They provided an understanding of the policy implementation practices in the corporation and the involvement of the employee in the decision making for policy implementation. Primary data were collected through semi-structured questionnaire. All the respondents were asked to fill up the questionnaires either manually or through Google form containing with demographic background information and study variables such as enterprise autonomy and control, public and corporate entrepreneurship, policy innovation and institutional capacity, overall policy implementation and institutional performance. A five-point scale was used as the survey instrument for perception related measurement, ranging from strongly disagree (1) to strongly agree (5). The SPSS version 26 was used as statistical tools for analyzing the quantitative data. The data showed the normal behavior as predicated from histogram, Q-Q plot and other relevant tests of normality. These tests validate that the variables were eligible to undergo further tests under quantitative data analysis. Before the study could begin, the consent of individual respondent has been taken as well permission was obtained from the Gorkhapatra Corporation administration in the form of an ethical clearance.

## Result and Discussion

### Result:

Under the part of result, descriptive analysis like mean and standard deviation, and inferential analysis like correlation and regression are presented.

**Analyzing Enterprise Autonomy and Control Practices (EAC), Public and Corporate Entrepreneurship Practices (PCE), and Policy Innovation and Institutional Capacity Practices (PII) in Institutional Performance :**

This section of the article contains the descriptive analysis of the policy implementation of enterprise autonomy and control (EAC), public and corporate entrepreneurship (PCE), and policy innovation and institutional capacity practices (PII) in institutional performance.

## Table 1

*Dimension of Policy Implementing on Institutional Performance*

| Factors | N | Mean | St. Dev |
|---|---|---|---|
| EAC | 66 | 3.67 | 0.433 |
| PCE | 66 | 4.10 | 0.334 |
| PIIC | 66 | 4.28 | 0 .533 |
| IP | 66 | 4.09 | 0.453 |

Source: Field Survey, 2022

The descriptive statistical analysis of EAC, PCE, and PIIC of mean and standard deviation *(M=3.67, SD= 0.433), (M=4.10, SD= 0.334) and (M=4.28, SD= 0.533) respectively* revealed that the EAC shows moderate range of implementation of enterprise autonomy and control and rest of factors are strong range for institutional performance. The mean and standard deviation of institutional performance is *(M=4.09 SD = 0.453)* that depicts the strong range of institutional performance through implementation of EAC, PCE, and PIIC.

## Impact of EAC, PCE and PIIC Practices in Institutional Performance

This section of the article contains the descriptive analysis of the impact of overall policy implementation for institutional performance of Gorkhapatra Corporation.

## Table 2

*Relationship of Policy Implementation Practices on Institutional Performance*

| | Mean | Std. Dev. | IP | EAC | PCE | PIIC |
|---|---|---|---|---|---|---|
| IP | 4.0909 | .23054 | 1.000 | | | |
| EAC | 3.6780 | .43360 | -.216* | 1.000 | | |
| PCE | 4.1061 | .33415 | .306** | .067 | 1.000 | |
| PIIC | 4.2879 | .53393 | -.028 | .323** | .516** | 1.000 |

***. Correlation is significant at the 0.01 level (2-tailed).*

**. Correlation is significant at the 0.05 level (2 tailed).*

Correlation shows the strength (by mean value), nature (positive or negative) and significance of the relationship between dependent variable and predictors (Independent variables). Table shows that the value of Institutional Performance (IP) is positively correlated and statistically strong significance with Public and Corporate Entrepreneurship (PCE); *r (66) = 0.306, p<.000),* and the value of Institutional Performance (IP) is negatively correlated and statistically significant with Enterprise Autonomy and Control (EAC); *r (66) = -0.216, p<.000).* Similarly, the relationship between EAC and PIIC is positively correlated and statistically strongly significant; *r (66) = 0.323, p<.000)* and that between PCE and PIIC is also positively correlated and statistically strongly significant; *r (66) = 0.516, p<.000).* However, there is negative correlation and statistically insignificant relationship between other different variables as illustrated in the above table.

## Table 3

*Impact of EAC, PCE and PIIC Practices on Institutional Performance*

| Variable | Beta | T | P-value | Multicollinearity | |
|---|---|---|---|---|---|
| | | | | Tolerance | VIF |
| (Constant) | 3.622 | 9.343 | .000 | | |
| EAC | -.098 | -1.499 | .139 | .882 | 1.134 |
| PCE | .284 | 3.023** | .004 | .722 | 1.384 |
| PIIC | -.078 | -1.261 | .212 | .650 | 1.539 |

| | |
|---|---|
| $R^2$ | = 0.171 |
| Adjusted $R^2$ | =.131 |
| F(3,62) | = 4.253 ** |
| P value | = 000 |
| Durbin-Watson value | = 1.731 |

****signifies the coefficients are significant at 0.01 Or 1% level of significance.*

*Dependent Variable: Institutional Performance (IP)*

*Predictors: (Constant), EAC, PCE, PIIC*

The multiple linear regressions were calculated and analyzed to predict the institutional performance based on impact of factors of policy implementation practices such as enterprise autonomy and control, public and corporate entrepreneurship and policy innovation and institutional capacity. The results of regression model and *ANOVA* explain two major outcomes. The first predicted outcome is 17.1% of the variance *($R^2$ = 0.171)* and the second predicted outcome is analysis of variance*F (3, 62) = 4.253, p<0.01).* It indicates that overall model is fit to predict the impact of policy implementation practices in institutional performance. This model explains that the enterprise autonomy and control as well as policy innovation and institutional capacity did not significantly predict the impact on institutional performance. The values of respective variables as depicted from analysis: *(β=-0.098, t (66) = -1.499, p>0.05) and (β=-0.078, t (66) =-1.261, p>0.05)* reveals such prediction. However, public and corporate entrepreneurship is a significant predictor for institutional performance. The values as depicted from analysis: *(β=0.284, t (66) =0.094, p<0.01)* reveals such prediction.

## Discussion

The study had used three dimensions, that the policy implementation dimension practices which are similar to the study done by (Shi, 2007; Kearney et al., 2008; Amanati, 2017; K.C, 2019). Effective enterprise autonomy and control requires performance appraisal, accretion and skill, effective coordination, political clarity, non-intervention and public accountability for better institutional performance. Therefore, control should be made more flexible and transparent but not to autonomous entity for better institutional performance of public enterprises. It can be done through coordinating enterprises autonomy and control, and maintaining public accountability and transparency. The study finding is similar to the study done by K.C (2019). A study done by Amanati (2017) addresses the importance of autonomy in an entrepreneurial perspective. Managers who encourage autonomy show their confidence in their staff's talents by pressuring them to operate effectively outside the boundaries of the company.

Public and corporate entrepreneurship is important to effective evaluation for institutional success. Government has tried to implement public and corporate entrepreneurship in Gorkhapatra

Corporation by appointing skillful manpower on the basis of meritocracy, investigation of current market situation, ending politicalintervention and clientelism as well as providing training and policy education for effective policy implementation. A study done by Kearney et. al. (2008) had developed a conceptual model of public sector corporate entrepreneurship. The model aims to illustrate the primary drivers of corporate entrepreneurship in the public sector, its effects on organizational performance (growth, development, and productivity), and the elements that affect the ongoing performance of these sectors. A study done by Amanati (2017) explained that the corporation behaves more entrepreneurial following privatization. This study suggests that in order to improve institutional performance, corporate entrepreneurship is essential. In order to develop new competencies, reinvigorate operations, achieve rejuvenation, and create values for stakeholders, the study done by Kearney and Meynhardt (2016) has used corporate entrepreneurship.

Policy Innovation and Institutional Capacity shows that risk and uncertainty in policy innovation and its transfer can be prevented by developing agreement between concerned stakeholders. Policy entrepreneurs, potentiality, effectiveness and efficiency are required to build innovative new policies, to enhance institutional capacity because of their continuous engagement in policy innovation is must. The study was similar that was done by Shi (2007) regarding policy innovation and institutional capacity building for market-based policy instruments. The study's tools contributed to the development of institutional performance capacity. It is argued by Kearney et. al. (2008) that innovation is the single most common theme underlying all forms of corporate entrepreneurship. It is best suited to the public corporation that employs innovation as a tool to boost productivity. Hence, policy innovation and institutional capacity building requires high quality and excellent human resource management, innovative managerial leadership, balance and effective implementation of policy, reform of policy for increment and development of institutional capacity in public corporation. A study done by Amanati (2017) explained about the innovation and opined that privatization increases the innovation and finally corporate entrepreneurship leads to institutional performance. A study done by Wicaksono (2019) explained that capability building is essential for enhancing public enterprise management. Evaluation of Institutional Performance is measured with respect to the degree of policy implementation practices. This study is similar to the study done by K.C (2019) and contextually different study was done by Marshal and Spiegelhalter (1999) about institutional performance of health service in New York.

There is a positive correlation between the institutional performance and public and corporate entrepreneurship but negative correlation with enterprise autonomy and control and policy innovation and institutional capacity that dimension of policy implementation directly influences the institutional performance of Gorkhapatra Corporation. A study done by Kearney et. al. (2008) has developed a model that shows the relationship between the corporate entrepreneurship and institutional performance. A different contextual study has been done by Amanati (2017) That has shown correlation with the different dimensions under study by corporate entrepreneurship as privatization and its relations with the autonomy and innovation. The correlation has been slightly decreased after privatization. A study done by Kearney and Meynhardt, (2016) showed that corporate entrepreneurship can be measured through higher levels of financial performance, the development of new businesses or creative project teams within well-established corporations, the expansion of new businesses, product innovation, higher levels of innovation, public welfare and social legitimacy, or even just personal satisfaction in the private than more difficult in public sectors.

The responsibility of corporation is to implement the policy. Actually, policy implementer should be the one who formulates the policy but that may be improper and non-result-oriented policy implementation. Inadequacy in efficient and transformative leadership, inadequate human resources to convert policy into operational framework leads to poor policy implementation and its operationalization since the establishment of Gorkhapatra Corporation. A study of Aharoni (1981) on institutional performance explained changes in an enterprise's structure, function, and authority, as well as involvement and interaction in the decision-making process, can be used to modify behavior and performance. A different study done by Acharya (2013) that the media policies were formulated and implemented in Nepal during transition period of democracy, highlighting the problems and challenges that exist in the policy-making despite the positive policy outputs, that emphasizing the need for structural and procedural reforms with better participation of stakeholder. A study by Ajulor (2018) examined the difficulties in implementing policy in Africa and the Sustainable Development Goals (SDGs), with a special focus on Nigeria. The study found that policy execution issues such as unattainable goals, political favoritism, disregard for target beneficiaries, and a failure to take the policy context into account led to economic recessions in Nigeria and the majority of African nations. A study by Bertucci (2007) explored that reforms in governance and management are required if public corporation are to pursue efficiency while keeping welfare in mind. Reforms to management are the only way to address many of the flaws in public organizations. The majority of internal challenges are administrative and human resource-related.

A study of Aharoni (1981) has done research on performance evaluation of state own public enterprises and their salient problems. The research stated the multiple goals of enterprises as well as lacking of theoretical understanding of performance evaluation techniques. Particularly, enterprise autonomy and control, public and corporate entrepreneurship and policy innovation and institutional capacity have not been properly used therefore, overall reform is necessary for effective and efficient institutional performance in Gorkhapatra Corporation. A study by Wicaksono (2019) was similar to initiate academic administrative entrepreneurs, who are university professors hired into public office because of their expertise in particular policy areas and their access to various forms of knowledge, social capital, and political capital, to advance the reform agendas of Indonesia's administrative office.

## Conclusion

The findings of research shows that partial control is also necessary with complete autonomy. Since, complete autonomy discards political clientele, political intervention, diminished policy accretion as well as ambiguity in policy and constraints in policy innovation. Partial control discards arbitrariness in the managerial leadership of public enterprise. Public accountability and transparency can lead to effective policy implementation. Since, public service delivery should be the major focus of government owned entity. The skillful manpower based on meritocracy, policy innovation on current market situation that can end political intervention and clientele is necessary to enhance public and corporate entrepreneurship. The negotiating skills between concerned stakeholders, innovative policy building ability with the policy entrepreneurs, qualitative and excellent human resource management and timely reformatory measures in policy is essential. Since the policy innovation and institutional capacity can lessen the constraints of policy implementation, it can mitigate the contemporary threats and catch up the development trends. The public and corporate entrepreneurship shows significant impact on institutional performance. This study can broadens other researcher's insight into the different issues underlying the phenomena of policy implementation practices in institutional performance of public enterprises. For the better institutional performance, effective policy implementation is necessary. The research findings show the relationships of policy implementation practices related dimensions and institutional performance as well as their impact on institutional performance. Therefore, this study might be fruitful in the domain of public policy on the basis of theoretical perspective, methodological perspective and managerial perspective and can act as a limelight for future research perspective. Furthermore, the policy formulator and implementer could have some insightful knowledge of the variables or dimensions regarding policy implementation practices that have significant influence on the institutional performance of public enterprises of Nepal.

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# अनुशासन सम्बन्धी उजुरी उपर सजाय गरिएको बारे ।

सुनसरी जिल्लामा अवस्थित एक विद्यालयको आ.व. २०७७/७८ को लेखापरीक्षण सम्बन्धमा यस संस्थाका “घ” वर्गका एक सदस्यले आफ्नो लेखापरीक्षण सीमाभन्दा बढी रकमको लेखापरीक्षण गरेको व्यहोरा उल्लेख गरी संस्थाका कार्यकारी निर्देशकको ईमेल ठेगानामा जानकारी प्राप्त भई नेपाल चार्टर्ड एकाउन्टेन्ट्स ऐन, २०५३ को दफा ३५(२) अनुसार संस्थाका कार्यकारी निर्देशकको प्रस्तावमा संस्थामा दर्ता भएको उजुरीको सम्बन्धमा अनुशासन समितिले पेश गरेको अनुशासन छानविन प्रतिवेदन उपर परिषदमा छलफल गर्दा आरोपित सदस्यले आफूलाई प्राप्त लेखापरीक्षण सीमा रु ६ करोड भन्दा अधिक हुने गरी उक्त विद्यालयको आ.व. २०७७/७८ को कुल सम्पत्ति तथा दायित्व रकम र रू. १५ करोड ९६ लाख २२ हजार २ सय १९ र ५५ पैसा को वित्तीय विवरणको लेखापरीक्षण गरेको, उक्त लेखापरीक्षणको UDIN लिने क्रममा वासलतमा देखिएको कुल रकम रू. १५ करोड ९६ लाख २२ हजार २ सय १९ र ५५ पैसा लाई फरक पारी UDIN Portal मा रू. १ करोड ५९ लाख ६२ हजार २ सय २२ र ५५ पैसा प्रविष्टी गरेको र यसरी रकम फरक पारी प्रविष्टी गरिएकोमा संस्थाको UDIN Portal ले समेत सीमा भन्दा बढी रकमको लेखापरीक्षणलाई रोक लगाउन सक्ने अवस्था नभएको हुँदा निजले संस्थालाई झुक्यानमा पारी आफ्नो लेखापरीक्षण सीमा भन्दा बढी रकम रहेको वित्तीय विवरण उपर लेखापरीक्षण सम्पन्न गरेको देखिएको हुँदा निज लेखापरीक्षकले नेपाल चार्टर्ड एकाउन्टेन्ट्स ऐन, २०५३ को दफा ३०(क), ३४(१), ३४(९), ३४(१३) तथा नेपाल चार्टर्ड एकाउन्टेन्ट्स नियमावली, २०६१ को नियम ५३ मा भएको व्यवस्थाको उल्लंघन गर्ने कार्य गरेको पाइएकोले निज आरोपित लेखापरीक्षकलाई नेपाल चार्टर्ड एकाउन्टेन्ट्स ऐन, २०५३ को दफा १४(५)(क) बमोजिम **नसिहत सजाय** दिने निर्णय परिषदको मिति २०८१ असोज ०६ गते बसेको ३३५ औं बैठकबाट भएको व्यहोरा सार्वजनिक जानकारीको लागि नेपाल चार्टर्ड एकाउन्टेन्ट्स नियमावली, २०६१ को नियम ८४(२)(ग) बमोजिम प्रकाशन गरिएको छ ।

**नोटः**

*यो सूचनामा उजुरी तथा उजुरी उपर भएको निर्णयको संक्षिप्त व्यहोरा मात्र उल्लेख गरी सार्वजनिक जानकारीको लागि प्रकाशन गरिएको हुँदा यसलाई अनुशासन छानविनको पूर्ण प्रतिवेदनको रुपमा लिन उपयुक्त नहुने ।*

# JUDICIAL UPDATE

## Case I: Companies Act, 2063 and Other Prevailing Laws

Writ Petition Date: 2075/10/28

Supreme Court Decision Date: 2081/03/13

Supreme Court Writ No.: 076-WO-0755

Parties: Shyam Kumar Shrestha, Kathmandu (Petitioner) v. Pathao Nepal Pvt Ltd, Kathmandu *et al.* (Respondents)

**Cancellation of registration falls under the authority of the OCR, not the Court**

**CA. Pramod Lingden**

*The author is a fellow member of ICAN. He can be reached at : ca.pramodlingden@gmail.com*

## Abstract:

The proceedings, such as the cancellation of a company's registration, are governed by the relevant provisions of the Companies Act, 2063, and are regulated by the Office of the Company Registrar. Hence, the Court holds that the deregistration of the respondent company is not within the jurisdiction of this writ, as such matters fall under the authority of the Office of the Company Registrar (OCR).

Given the absence of specific legal provisions regulating ride-sharing services, it would be unjust to prohibit such operations entirely. Moreover, considering the government's recognition of ride-sharing as an industry under the Industrial Enterprises Act 2076, it is essential to establish a clear legal framework for its regulation, ensuring the safety of passengers, including women and disabled persons, and maintaining necessary standards for the operation of such services.

## Background:

Pathao Inc., established under U.S. laws in the state of Delaware, USA, submitted its project proposal for foreign investment approval before the Department of Industry, Kathmandu, on 10 Baisakh, 2075. The proposal was presented with the purpose of providing "computer-related (application operation support) service" in Nepal. On 20 Ashadh 2075, the foreign investment approval was granted under the Foreign Investment & Technology Transfer Act, 2049 (This Act has already been repealed by FITTA, 2075, with effect from 2075/12/13). Then, a new company titled 'Pathao Nepal Pvt Ltd' was duly registered with 100% ownership of Pathao Inc, USA, at the Office of the Company Registrar, Tripureshwor, under the Companies Act, 2063, on 22 Ashadh 2075. On 6 Shrawan 2075, the company was formally registered as an industry with the Department of Industry, Kathmandu, under the prescribed foreign investment conditions and the Industrial Enterprises Act, 2073 (This Act has already been repealed by IEA, 2076 with effect from 2076/10/28).

## Dispute:

Writ petitioner's alleged that the respondent, Pathao Nepal Pvt. Ltd., established in Nepal under the Information Technology sector, has been acting beyond its approved project proposal presented to the Department of Industry. Contrary to its stated objective of providing computer-related (application operation support) services, the company, in collusion with other parties, has unlawfully engaged in the business of ride-sharing by using motorcycles to carry passengers, which is illegal under prevailing laws of Nepal. The regulatory bodies responsible for overseeing this matter have shown negligence, failing to take appropriate actions. Therefore, the petitioner demanded an order of ***certiorari*** from this court to annul the company's registration certificate and an order of ***mandamus*** in the name of respondent regulatory bodies to stop the respondent's illegal activities.

One of the respondents, Pathao Nepal Pvt. Ltd., defended with statements that it is a legal entity duly incorporated under Nepalese law. It is a well-established principle of law that once a legal entity is formed in compliance with applicable regulations, it can only be dissolved or deregistered in accordance with the provisions of the law. The company, in its operations, has adhered to its intended purpose of providing software-mediated services, acting as an intermediary between service providers and consumers. The company has not entered into any contracts with drivers nor has it purchased or leased motorcycles. The company has contributed positively to Nepalese society by introducing foreign investment and has not engaged in any unlawful activities. Therefore, the petitioner's claims lack legal foundation, and the writ petition is without merit and should be dismissed.

Other respondents (regulatory bodies) of the case also defended the allegations of the petitioner from their ends.

## Supreme Court's Judgement:

1. **Cancellation of registration:**

   The proceedings, such as the cancellation of a company's registration, are governed by the relevant provisions of the law (Companies Act, 2063) and are regulated by the Office of the Company Registrar. Additionally, since Pathao Nepal Pvt. Ltd. was approved for foreign investment with the specific purpose of providing computer-related services, any violation of these terms would necessitate actions by the Department of Industry, such as the cancellation of the company's approval, license, or permit.

   In light of the aforementioned considerations, the Court holds that the deregistration of the respondent, Pathao Nepal Pvt. Ltd., is not within the jurisdiction of this writ, as such matters fall under the authority of the Office of the Company Registrar and the Department of Industry. Hence, the petitioner's demand to annul the registration of the company is therefore dismissed.

2. **Establish a clear legal framework for its regulation:**

   As per the provisions of the Transport Management Act, 2049, private vehicles are not permitted to be used for public transportation. As per Section 8(2) of the Act, "private vehicles shall not be used for public transport purposes," and in Section 12(1) of the Act, it is stated, "a vehicle registered for one purpose shall not be used for any other purpose." Additionally, Section 93(1) of the Act stipulates that "a vehicle owner or operator shall not engage his vehicle in operating public transport service without registering his transport service name with the department." The operation of ride-sharing services, despite not being expressly permitted, exists in practice and raises concerns regarding its legality.

   The Government of Nepal, by exercising the power conferred by Section 65 of the Industrial Enterprises Act, 2076, and publishing a notice in the Nepal Gazette on 18 Magh 2080, has classified "ride-sharing" as a service-based industry by adding Serial No. 66 in Schedule-8 of the Act. However, a clear legal framework for regulating such services, including registration, permits, and monitoring, still lacks in Nepal.

   Given the absence of specific legal provisions regulating ride-sharing services, it would be unjust to prohibit such operations entirely. Moreover, considering the government's recognition of ride-sharing as an industry under the Industrial Enterprises Act 2076, it is essential to establish a clear legal framework for its regulation, ensuring the safety of passengers, including women and disabled persons, and maintaining necessary standards for the operation of such services.

Hence, the Court issues a directive order in the name of the respondent Government of Nepal, Ministry of Industry, Commerce, and Supplies; Department of Industry, and Department of Transport Management, to take necessary initiative for the adequate legal arrangement as soon as possible and ensure continuous monitoring & compliance with the legal provisions applicable to Pathao Nepal Pvt. Ltd. and similar mobile application-based ride-sharing services.

## Case II: Excise Duty Act, 2058

Appeal Registration Date: 2071/05/29.

Supreme Court Decision Date: 2081/05/26

Parties: Inland Revenue Office, Kathmandu Area No. 3 (Appellant) v. Shree Distillery Pvt Ltd, Nawalparasi (Respondent)

Supreme Court Case No.: 071-RB-0020

**Reasonable to generalize the results of the sample testing to the entire batch**


## Abstract:

- Stickers affixed in sample cartons were inconsistent with the official stickers issued by the department. In addition, stickers on the seized cartons were applied before their official issuance date, which further supported the claim that the alcohol cartons did not bear the legally required excise duty stickers.
- Entire cartons of alcohol were stored in a single batch and the products came from the same distillery. As such, it was reasonable to generalize the results of the sample testing to the entire batch.


## Background:

Prop. K P Ghimire of Capital Marketing, a distributor-level enterprise, had leased two shutters in Tin Thana VDC-8, Kathmandu, and stored alcoholic beverages manufactured by Shree Distillery Pvt Ltd, Nawalparasi. On 1 Ashwin 2061, a joint team consisting of officials from the Department of Internal Revenue, Department of Revenue Investigation, and Inland Revenue Office, Kathmandu Area No. 3, conducted a raid and seized the 2,606 cartons of alcohol stored in the shutters on the ground they were stored without legal authorization.

## Dispute:

On 4 Ashwin 2061, the proprietor of Capital Marketing made a statement that he holds an excise duty license and a distributor-level authorization. His main office is located in ward no. 13 of Kathmandu Metropolitan City. As the office location was difficult to bring vehicles to, he had leased the two shutters in Tin Thana VDC-8, Kathmandu, to store alcohol produced by Shree Distillery Pvt Ltd.

On the basis of sample testing of 19 cartons and a confirmation letter received from the Printing Department (Desp. No. 295, dated 16 Kartik, 2061), the Inland Revenue Office concluded that the excise duty stickers affixed to 3 of the seized cartons were found to be counterfeit, and other 16 stickers had been applied to the cartons before the official date of issuance. Consequently, the excise duty stickers on such a total of 2,606 cartons of seized alcohol were not legally affixed by Shree Distillery Pvt Ltd, and the entire alcohol cartons were considered to be in violation of Section 16(1)(c) of the Excise Duty Act, 2058. Therefore, the total of 2,606 cartons of alcohol were confiscated, and a fine of NPR 66,19,279.13 was imposed on Shree Distillery Pvt. Ltd for such counterfeit stickers and NPR 15,000 on Capital Marketing for unauthorized storage of alcohol as per the decision made by the Inland Revenue Office Kathmandu Area No. 3 on 30 Jesth, 2063.

Shree Distillery Pvt Ltd, being dissatisfied with the decision of the IRO, made an appeal to the Revenue Tribunal, Kathmandu.

On 22 Ashwin 2066, the Revenue Tribunal made a decision stating that the testing was conducted on a sample of 19 cartons only, not on the entire 2,606 cartons. Out of 19 cartons tested, 3 cartons were revealed to have counterfeit stickers, and the remaining 16 cartons were revealed to have the use of outdated stickers. Hence, in the absence of clear evidence that all 2,606 cartons had counterfeit stickers, the defendant should be granted the benefit of the doubt. There was no evidence to support that the seized alcohol itself was counterfeit. Consequently, the defendant distillery company could not be held liable for the counterfeit stickers found on remaining non-tested cartons. Therefore, to the extent of such non-tested cartons, the decision of the Inland Revenue Office Kathmandu made on 30 Jesth, 2063, shall be reversed, and only to the extent of tested 19 cartons, the decision of IRO Kathmandu shall be upheld.

IRO Kathmandu, being dissatisfied with such a decision of the Revenue Tribunal, made an appeal to the Supreme Court, Kathmandu, on 29 Bhadra, 2071.

## Supreme Court's Judgment:

- Regarding the excise duty stickers found on the seized cartons, the Printing Department's report (Desp. No. 295, dated 16 Kartik, 2061) indicated that the sample tested stickers were inconsistent with the official stickers issued by the department. Thus, the stickers on the seized alcohol could not be considered legally authorized. In addition, other 16 stickers on the seized cartons were applied before their official issuance date, which further supported the claim that the alcohol cartons did not bear the legally required excise duty stickers.
- A total of 2,606 cartons of alcohol were stored in a single batch by Capital Marketing, and the products came from the same distillery. As such, it was reasonable to generalize the results of the sample testing to the entire batch. Consequently, the decision of the Revenue Tribunal made on the ground that not all 2,606 cartons had been tested for the authenticity of their excise duty stickers shall be partially reversed, and the entire 2,606 cartons of alcohol shall be confiscated, and accordingly its fine amount as assessed shall be charged on the respondent.

# STRATEGIC REVIEW

## Professional Development

### Interaction Program on Information System Audit (ISA) Manual

The Institute with the objective to obtain stakeholder's consultation on the draft ISA manual developed by the Institute organized a half day interaction program on ISA Manual on 24th October 2024 at ICAN premises. The program started with opening remarks of CA. Hari Kumar Silwal, Chairman, Information Technology (IT) Committee & ICAN Council Member whereby, CA. Prabin Kumar Jha, President, ICAN made special remarks on organizing the purpose of the ISA manual and interaction program.

In the program CA. Ghanshyam Oli and Mr. Prabhat Pokharel made a presentation incorporating the coverage of draft ISA manual and the program entered open forum discussions. The participants in the program were mostly the information system auditors listed by the Institute along with ICAN Council Members and IT Committee Members. CA. Nil Bahadur Saru Magar, Vice President summarized the program and delivered a closing remark. Altogether, the program was attended by 50 participants. Suggestion and issues raised during the program shall be considered for finalization of draft and issuance of ISA manual.


*Left: CA. Prabin Kumar Jha, President ICAN delivering opening remarks in the Interaction Program along with Council Members- CA. Hari Kumar Silwal, Chair, IT Committee; CA. Ananda Raj Sharma Wagle and RA. Hari Bahadur Karki*

### Capacity Development Program on Consideration of Misstatement Scenarios in Forming an Audit Opinion

The Institute with the objective to enhance the quality of audit reports by bringing uniformity and consistency in the reports issued by the members in line with prevailing laws and auditing standards, organized one day capacity development program on "Consideration of Misstatement in Forming an Audit Opinion" on 28th November 2024 at ICAN premises. The program commenced with welcome speech of RA. Jhalak Mani Lamsal, Council Member and Chairman, RA Member Capacity Development Committee, ICAN. Whereby, CA. Prabin Kumar Jha, President; CA. Nil Bahadur Saru Magar, Vice-President; CA. Arun Raut, President, ACAN and RA. Badri Prasad Bhattarai, Senior Vice-President, AUDAN also addressed the opening session of the program.

*Glimpse of Group photo of participants with ICAN President, Vice-President, Council Member, ACAN President, AuDAN Senior Vice President and ICAN Officials, in ICAN Premises, Satdobato*

The technical session of the program was facilitated by CA. Sanjeev Dhakal. Altogether, 59 members of ICAN participated in the program. The program concluded with the closing remarks by CA. Surendra Bhusan Shrestha, Executive Director, ICAN.

Similarly, a one day capacity development program on "Consideration of Misstatement in Forming an Audit Opinion" was also organized on 22nd and 23rd December 2024 in Biratnagar and Birtamod respectively. Altogether, 98 members attended the program.

## International Accounting Day 2024 Marked

The Institute marked the "International Accounting Day" on 10th November 2024 by organizing various programs at head office and branch offices of the Institute. The International Accounting Day is held every year on 10th November and is celebrated on global scale as this observance commemorates the date in 1494 when Luca Bartolomeo de Pacioli, the "Father of Accounting" published a work "Summa de Arithmetica, Geometria, Proportioni et Proportionalità" that included description of double-entry bookkeeping practices.

**Head Office, Satdobato, Lalitpur:** A Fellowship Program was organized at the premises of the Institute. The program was addressed by CA. Prabin Kumar Jha, President, ICAN whereby, he stressed on the changing role of professional accountants and their role for navigating emerging area of sustainability reporting. Similarly, CA. Sujan Kumar Kafle, Immediate President, ICAN; CA. Arun Raut, President, ACAN and RA. Badri Prasad Bhattarai, Senior Vice-President, AUDAN also addressed the program highlighting the significance of celebration of International Accounting Day.


*President, CA. Prabin Kumar Jha, addressing the fellowship program during celebration of International Accounting Day in ICAN Premises, Satdobato*

**Dhangadhi Branch Office:** A Walkathon event was organized which began from Shahid Gate and completed at Parkmode, Dhangadhi. The program was participated by representatives from ACAN and AUDAN. The program concluded with the closing remarks from CA. Chiranjeevi Pathak, Coordinator, Dhangadhi Branch Coordination Committee (BCC). Around 53 members participated in the walkathon program.

**Nepalgunj Branch Office:** An interaction program was conducted in the presence of representatives from Nepalgunj BCC, ACAN, AUDAN, Chamber of Commerce, Inland Revenue Office- Nepalgunj, Assistant Chief District Officer, Banke District. The program concluded with the closing remarks from CA. Tej Prakash Dixit, Coordinator, Nepalgunj. Altogether, 38 participants participated in the program.

**Butwal Branch Office:** An interaction program on "Accounting and its perspectives" was organized in Chairmanship of CA. Sheo Hari Sharma, Coordinator, Butwal BCC. Whereby, Mr. Bigyan Raj Subedi, Director, Nepal Rastra Bank was the Chief Guest in the program. The program was addressed by the members of Butwal BCC. In the program CA. Shagun Khanal presented a paper on the theme. The program followed by an open forum discussion. Altogether, 66 persons participated in the program.

**Birgunj Branch Office:** An interaction program was conducted in the presence of representatives from ACAN, AUDAN along with Members of Birgunj BCC and Member of ICAN. Altogether, 28 members participated in the program.

**Biratnagar Branch Office:** A Walkathon program was organized which started from the Premises of Biratnagar branch office in Basundhara Complex, went around Mahendra Chowk, Traffic Chowk and concluded at the premises of Biratnagar branch office. The program was addressed by the members of Biratnagar BCC whereby, 75 persons including members, students and stakeholders participated in the program.

**Pokhara Branch Office:** A Walkathon was organized which began from the Premises of Pokhara branch office in Naya Bazar passing through Mahendrapol and Chipledhunga. Concurrently, a stress management session was also conducted at the end point of the program at Deepsagar Hotel. The Program concluded with closing remarks from CA. Lakshman Adhikari, Coordinator, Pokhara BCC.

### Continuing Professional Education (CPE) Training

The Institute with the objective to enhance the capacity of Members of the Institute in various contemporary issues was organized a three days Continuing Professional Education (CPE) training as below:

| Date/ Venue | Topic of CPE | Name of Resource Person | Number of Participants |
|---|---|---|---|
| 22nd to 24th November 2024/ ICAN Premises, Lalitpur | NFRS For SMEs, NAS For MEs, NAS For NPOs, procurement process, audit report and audit risk and Section 57 of the Income Tax Act | CA. Prabin Baral, CA. Prabin Raj Kafle, CA. Bisesh Bibu Acharya, CA. Shesh Mani Dahal, Mr. Ramu Prasad Dotel and CA. Sanjeev Dhakal | 51 |
| 25th to 27th October 2024 / ICAN Premises, Lalitpur | cyber security and cyber-crime, major changes in tax by Finance bill, NAS, major provision of Companies Act, audit documentation and major provision of NSA for Least Complex Entities | CA. Roshan Sapkota, CA. Sachet Lal Shrestha, CA. Sanjeev Dhakal, CA. Bikesh Madhikarmi, Mr. Pashupati Ray and Mr. Bhola Dhungana | 55 |

## New Members Welcome Program

The Institute organized a half day New Members Welcome Program on 27th December 2024 at ICAN Premises, located at Satdobato, Lalitpur with the objective of welcoming the new Chartered Accountant Members of the Institute within the fraternity of the profession. The program commenced with the welcome speech of CA. Prabin Kumar Jha, President, ICAN and Chairman of the Program and CA. Surendra Bhusan Shrestha, Executive Director, ICAN also addressed the opening session of the program.

*Glimpse of Group photo of Newly Qualified Members with ICAN President, Vice-President, Council Member and ICAN Management Team in ICAN Premises, Satdobato*

In the program CA. Hem Kumar Kafle, Council Member, ICAN and Chairman of the Ethics Committee of ICAN delivered a technical session on "Code of Ethics, Ethical Behavior and Professional Career" highlighting the significance of adherence of Code of Ethics and Professional Conduct by the professionals. CA. Nil Bahadur Saru Magar, Vice-President, ICAN along with Council Members, CA. Hem Kumar Kafle and CA. Ananda Raj Sharma Wagle distributed "Congratulations Certificate" to the participating members. The program concluded with the closing remarks of CA. Nil Bahadur Saru Magar, Vice-President, ICAN. The program was also attended by Council Members and Management Team of the ICAN. The program was organized for members who have obtained membership within the period from 26th June to 18th December 2024 wherein, 69 members out of 110 eligible members attended the program.

## Webinar on Legislation and Practice of Transfer Pricing in SAARC Countries

The Institute hosted a webinar on "Legislation and Practice of Transfer Pricing in SAARC Countries" on 17th December 2024. The webinar commenced with the welcome speech from CA. Sunil Devkota, Chairman of SAFA Committee to study fiscal regimes and other statutory requirements of business in SAARC countries and Council Member of ICAN. Similarly, Mr. Heshana Kuruppu, President, SAFA; Mr. Ashfaq Yousuf Tola, Vice-President, SAFA; CA. Prabin Kumar Jha, President ICAN and CA. Nil Bahadur Saru Magar, Vice-President ICAN also gave their opening remarks in the webinar.

After the opening session there was a technical session on "Transfer Pricing Legislation & Practice in South Asia" followed by a paper presentation and Question Answer Session. Dr. Sanjay Kumar facilitated the technical session as key expert in transfer pricing whereby, the experts from SAFA member bodies shared their experiences.

CA. Shailendra Uprety represented ICAN in the technical session. The webinar offered a comprehensive platform to explore and discuss the key legislation and practices of transfer pricing across SAARC nations. The webinar concluded with the closing remarks of CA. Surendra Bhusan Shrestha, Executive Director. Altogether, 391 individuals participated in the webinar.

# Education

## Notice Regarding Issuance of New CA Syllabus

The Institute has published notice regarding the ongoing process of development of learning materials under the approved new Chartered Accountancy Syllabus. The new CA syllabus has been devised in accordance with the International Education Standards issued by the IFAC and prepared in technical support from the Institute of Chartered Accountants in England and Wales (ICEAW). The notice of the same can be viewed from the link below:

https://en.ican.org.np/_uploads/_downloads/_files/3/d60b3127cfc57edd1c0ecdc3fb60c5f1.pdf

The ICAN Syllabus and Technical Knowledge Grids can be viewed from the link below:

https://en.ican.org.np/_browsable/file/downloads/New_CA_Syllabus.pdf

## Chartered Accountancy Examination, December 2024

The Institute has conducted Chartered Accountancy CAP-I, CAP-II and CAP-III level and CA Membership for ACCAs Examination, December 2024 from 1st to 16th December 2024 in Kathmandu Valley, Butwal, Biratnagar, Birgunj, Pokhara, Chitwan, Nepalgunj and Dhangadhi. Altogether, 6,329 students appeared in the examination out of total 7,168 applied students. Details of students applied and appeared in different level of CA Examination December 2024 is as follows:

| | CAP I | CAP II | | | CAP III | | |
|---|---|---|---|---|---|---|---|
| | Total | Group I | Group II | Both | Group I | Group II | Both |
| Applicants | 1502 | 813 | 602 | 2750 | 782 | 328 | 386 |
| Appeared | 1348 | 647 | 465 | 2549 | 676 | 271 | 369 |

*Likewise, 4 applicants appeared in the CA Membership Examination for ACCA out of 5 applicants.*

## Membership Examination September 2024 Result Published

The Institute published the result of September 2024 Membership Examination held on 18th and 20th September 2024. The result was published on 14th November 2024. Altogether, 73 examinees have qualified to obtain ICAN membership out of total 304 examinees appeared in the exam among 370 applicant.

## New Students' Orientation Program

The Institute organized a New Students' Orientation Program for students registered for June 2025 batch on 29th December 2024 at ICAN Head Office, Satdobato, Lalitpur. The program was organized in two shifts. The opening session of the program was addressed by CA. Prabin Kumar Jha, President ICAN; CA. Nil Bahadur Saru Magar, Vice-President, ICAN and CA. Surendra Bhusan Shrestha, Executive Director, ICAN.

*Glimpse of Group photo of students in New Students' Orientation Program at ICAN Premises, Satdobato*

In the program, CA. Ranjita Nepal, CA. Amrit Shrestha, CA. Sadhana Subedi and CA. Sumit Bajracharya delivered speech on Career Aspects and Chartered Accountancy Profession. Further, recently qualified Chartered Accountants CA. Rasmila Banjara and CA. Abhishekh Kumar Karn shared their experience on their journey of becoming a Chartered Accountant. The program also included cultural performances by newly registered students. The program was concluded formally with the closing remarks of CA. Umesh Raj Pandeya, Council Member and Member of Board of Studies. Altogether, 331 students attended the program physically and 22 students attended the program virtually.

### Career Counselling Program

A career counselling program was organized in the premises of ICAN head office in association with 5 accredited Institutions on 25$^{th}$ November 2024. Similarly, Birgunj Branch of the Institute also organized a career counseling program on 29$^{th}$ November 2024 by visiting a college in Birgunj. Besides, a series of career counselling programs was organized by Dhangadhi branch at Lamki, Dhangadhi, and Mahendranagar from 3$^{rd}$ to 20$^{th}$ December 2024. The objectives of Career Counselling Program were to disseminate the students about Chartered Accountancy education, syllabus, fees, scholarship scheme, and to address students' query regarding CA education and other relevant and useful information for pursuing CA course in Nepal.

### Interaction Program with Accredited Institutions

An Interaction program was organized with accredited Institutions on 17$^{th}$ November 2024 at ICAN Premises, to have discussion on the roles, responsibilities and expectations of the accredited Institutions for enhancing the overall quality of Chartered Accountancy Education and to discuss on the way forward. Furthermore, Inspection of two accredited institutions located in Biratnagar and Butwal was conducted on 22$^{nd}$ and 23$^{rd}$ December 2024 respectively by the Inspection team.

## National Relation: Public and Government

### Participation in AML/CFT Interaction Program

Joint Director CA. Nilesh K.C. and Senior Officer CA. Purushottam Sapkota participated in the Anti-Money Laundering and Combating the Financing of Terrorism (AML/CFT) interaction program conducted by Financial Information Unit (FIU) of the Nepal Rastra Bank (NRB) on 22nd November 2024.

## International Relation: Global Positioning and Leadership

### Participation in SAFA Best Presented Annual Report Awards and Meetings

CA. Suman Kumar Bohara, Joint Director and Mr. Mahesh Chitrakar, Deputy Director participated in the SAFA Best Presented Annual Report Awards 2023 Conference marking hosted by CA Sri Lanka from 4$^{th}$ to 9$^{th}$ October 2024 at Colombo, Sri Lanka. The conference marking session was attended by representatives from the Institute of Chartered Accountants of India (ICAI), CA Bangladesh and CA Pakistan whereby, evaluation of total 93 participating companies under 16 categories was performed. Besides, the team also had an exposure visit in CA Sri Lanka to understand the education and examination system of CA Sri Lanka.


*Glimpse of SAFA BPA 2023 Conference Marking Session hosted by CA Sri Lanka*

Moreover, the delegation along with CA. Nil Bahadur Saru Magar, Vice-President attended SAFA Improvement in Transparency, Accountability and Governance (ITAG) meeting held on 9$^{th}$ October 2024.

### Participation in SAFA Best Presented Annual Report (BPA) Award 2023 Ceremony

Council Members CA. Aman Uprety, CA. Sunil Devkota, RA. Hari Bahadur Karki and Technical

Director CA. Kiran Kumar Khatri visited Sri Lanka to attend South Asian Federation of Accountants (SAFA) BPA 2023 Awards Ceremony held on 11th November 2024. During the visit, the delegation also attended meeting of various SAFA Committees on which they were representing as members and other relevant meeting.

## Representation in SAFA Webinar on "The Art of Persuasion"

CA. Umesh Raj Pandeya, Council Member and Member of Board of Studies represented ICAN as a speaker in webinar on "The Art of Persuasion: How to Influence and Convince Your Audience" organized by Committee on Education, Training and CPD of SAFA on 22nd October 2024.

## SAFA Webinar on AML/CFT Compliance

CA. Devendra Gautam, Director, Nepal Rastra Bank represented ICAN as a Speaker in SAFA Webinar on "Harnessing Technology for Effective AML/CFT Compliance: Challenges, Innovations & Best Practice" organized by the SAFA Committee on Anti Money Laundering on 23rd October 2024.

## Participation in SAFA Board and Committee Meeting

- CA. Prabin Kumar Jha, President attended the 85th SAFA Board meeting and Meeting of SAFA International Relation Committee held virtually on 11th November 2024.
- Mr. Binod Prasad Neupane, Administration Director attended the Meeting of Public Relations Task Force of SAFA held virtually on 11th November 2024.
- RA. Jhalak Mani Lamsal, Council Member attended 28th meeting of the Small and Medium Practices Committee of SAFA held virtually on 11th November 2024.
- CA. Umesh Raj Pandeya, Council Member attended 27th Meeting of the SAFA Committee on Professional Accountants in Business (PAIB) held virtually on11th November 2024.
- CA. Hari Kumar Silwal, Council Member attended 1st meeting of the Economic Committee of SAFA held virtually on 11th November 2024.
- RA. Meera Shrestha, Past Council Member and Member of SAFA Women Leadership Committee attended Meeting of SAFA Women Leadership Committee virtually on 9th and 11th November 2024.

## Participation in CAPA meetings and 21st CAPA International Conference

CA. Prabin Kumar Jha, President, CA. Nil Bahadur Saru Magar, Vice President, CA. Umesh Raj Pandeya, Council Member and RA. Pradeep Kumar Yadav, Council Member attended Confederation of Asian and Pacific Accountants (CAPA) meetings (Members Meeting, Extraordinary General Meeting and Board) and 21st CAPA International Conference on theme : Charting the Course – The Future of the Accountancy Profession" in Davao City, Philippines from 20th to 23rd November hosted by The Philippines Institute of Certified Public Accountants (PICPA).

## Participation in 2024 Ordinary Meeting of the IFAC Council and Thought Leadership Seminar

CA. Prabin Kumar Jha, President; CA. Nil Bahadur Saru Magar, Vice President; CA. Anand Raj Sharma Wagle, Council Member and RA. Bharat Kumar Shrestha, Council Member attended the 2024 Ordinary Meeting of the International Federation of Accountants (IFAC) Council and Thought Leadership Seminar held on 6th and 7th November 2024 respectively in Paris, France. During the visit, delegation led by President extended their warmest congratulations to Mr. Jean Bouquot on his new role as the President of the IFAC.


*ICAN Delegation with IFAC President, Mr. Jean Bouquot,in Paris*

# Institutional Development and Sustainability

## Recruitment of New Staffs

The Institute recruited 9 new staff in 6 different positions with effective from 1st December 2024, with this the total number of staff serving, including those at the head and branch office has reached 89.

| Name of Newly Recruited Staff | Position | Directorate/Division |
|---|---|---|
| CA. Nilesh K.C | Joint Director, Technical CA | Supervision and Regulation Directorate |
| CA. Asmita Dhakal | Joint Director, Technical CA | Center for Excellence Directorate |
| CA. Rupesh Bhandari | Deputy Director, Technical CA | IT and R&D Division |
| CA. Prapanna Gautam | Assistant Director, Technical CA | Quality Assurance Division |
| CA. Rakshya Kharel | Assistant Director, Technical CA | Professional Development Division |
| Mr. Shreeram Phuyal | Deputy Director | HR & Administration Management Division |
| Mr. Yubraj Oli | Officer | Birgunj Branch |
| Mr. Bishnu Prasad Neupane | Assistant | Pre exam Management Division |
| Ms. Srijana Chaudhary | Assistant | Butwal Branch |

## Staff Motivational Program

The Employee Union (EU) of the Institute organized a program on staff motivation on 15th November 2024 at ICAN premises for the staff of the Institute. The program started with a welcome speech of CA. Surendra Bhusan Shrestha, Executive Director, ICAN. Whereby, CA. Prabin Kumar Jha, President, ICAN delivered a session on "Success and its aspects/ Dimensions" and Mr. Binod Prasad Neupane, Administration Director, ICAN facilitated session on "Anger Management." The program concluded with vote of thanks from Mr. Kishor Parajuli, President, ICAN-EU. Altogether, 40 staff of the Institute participated in the program.

*Glimpse of staff motivational training in ICAN Premises, Satdobato*

## Staff Training on Cyber Security and Related Contemporary Issues

Staff Training on Cyber Security and Related Contemporary Issues was organized for staff of the Institute on 24th December at ICAN premises. The training was facilitated by SP Pashupati Kumar Ray, Nepal Police, Cyber Bureau.

# ICAN NOTICE

## Notice Regarding Use of E-mail for Monitoring Purpose

The Institute has published a notice to members and stakeholders regarding use of email monitoring@ican.org.np for purpose of reporting any complaint against any member or non-member engaged in any activities impairing the dignity of the profession. The notice of the same can be viewed from the link below:

https://en.ican.org.np/_uploads/_downloads/_files/3/0cb8a0f1589482b6643224adce30a587.pdf

## Notice Regarding Pronouncement of NSA for LCE

The Institute has published notice regarding pronouncement of Nepal Standard on Auditing for Audit of Financial Statements of Less Complex Entities (NSA for LCE) which shall be mandatorily applicable for audit of financial statement prepared from 17th July 2026 onwards. The E-copy of NSA for LCE can be obtained from link below:

https://www.ausb.gov.np/shop/ebooks?group=NSA_for_LCE

And the notice of the same can be viewed from the link below:

https://en.ican.org.np/_uploads/_downloads/_files/3/f38ff57cf2353588847361425caae63f.pdf

## Notice Regarding action taken against unfair means in CA Exam December 2024

The Institute has issued notice regarding action taken against the students for acting contrary to the norms of the examination. The notice of the same can be viewed from the link below:

https://en.ican.org.np/_uploads/_downloads/_files/3/418f9929612f7ba24d0ac89205420bcf.pdf

# NATIONAL UPDATES

## Amendment in Unified Directives, 2080 issued for Licensed A, B and C Class Banks and Financial Institutions

Nepal Rastra Bank has issued circular regarding amendment in the Unified Directives, 2080 issued to licensed A, B and C class Banks and Financial Institutions. The circular can be viewed from the link below:

https://www.nrb.org.np/contents/uploads/2024/10/Circular-5-ABCFinal-V1-publish.pdf

## Amendment in Unified Directives, 2080 issued for Licensed Infrastructure Development Banks

Nepal Rastra Bank has issued circular regarding amendment in the Unified Directives, 2080 issued to licensed Infrastructure Development Banks. The circular can be viewed from the link below:

https://www.nrb.org.np/contents/uploads/2024/10/Nifra-AML-CFT-Circular-03-Final-2081.06.15-2.pdf

https://www.nrb.org.np/contents/uploads/2024/10/NIFRA-4-Published.pdf

## Issuance of Nepal Green Finance Taxonomy, 2024

Nepal Rastra Bank has issued Nepal Green Finance Taxonomy, 2024. The taxonomy can be viewed from the link below:

https://www.nrb.org.np/contents/uploads/2024/10/Nepal-Green-Finance-Taxonomy-2024-V1.pdf

## Issuance of Risk Management Guidelines for microfinance Institutions, 2024

Nepal Rastra Bank has issued Risk Management Guidelines for Microfinance Institutions, 2024. The guidelines can be viewed from the link below:

https://www.nrb.org.np/contents/uploads/2024/10/Risk-Management-MF-publish.pdf

## Issuance of Bank Account Freezing and Release Byelaws, 2081 (First Amendment)

Nepal Rastra Bank has issued first amendment of byelaws regarding provision for freezing and releasing the bank account. The byelaws can be viewed from the link below:

https://www.nrb.org.np/contents/uploads/2024/10/18-2081-Final-Khata-Rokka-Fukuwa-1st-Ammendment-Publish.pdf

## Amendment in Payment System Unified Directives, 2080

Nepal Rastra Bank has issued amendments in the Directive number 5 and 8 of the Payment System Unified Directives, 2080. The notice and amendments can be viewed from the link below:

https://www.nrb.org.np/contents/uploads/2024/12/Circular-No.-2-081-82.pdf

## Issuance of 1st Quarter Review of Monetary Policy Fiscal Year 2081/82 (2024/25)

Nepal Rastra Bank has issued 1st quarter review of monetary policy 2081/82. The quarterly review can be viewed from the link below:

https://www.nrb.org.np/contents/uploads/2024/11/FIRST-QUARTER-REVIEW-81-82-final-draft-after-board.pdf

## Issuance of Risk Based Capital and Solvency Directives, 2024

Nepal Insurance Authority has issued "Risk Based Capital and Solvency Directives, 2024" .The Directives can be viewed from the link below:

https://www.nrb.org.np/contents/uploads/2024/10/Nepal-Green-Finance-Taxonomy-2024-V1.pdf

## Issuance of Transfer Pricing Directives, 2081

The Inland Revenue Department has issued Transfer Pricing Directives, 2081. The directives can be viewed from the link below:

509469406.pdf

# INTERNATIONAL UPDATES

## Recent in IFAC Knowledge Gateway

Below are the latest research and publications updated in IFAC Knowledge Gateway during the month of December 2024:

Building Trust in Sustainability Reporting and Preparing for Assurance: Governance and Controls for Sustainability Information

Public Trust in Tax 2024: Latin America and Beyond

International Standards: 2024 Global Adoption Snapshot

## IFAC & Global Accountancy Profession Urge G20 to Prioritize Sustainability and Governance

The global accountancy profession, through the International Federation of Accountants (IFAC), has urged G20 leaders to focus on sustainability, transparency, and governance as the 2030 deadline for the United Nations Sustainable Development Goals (SDGs) approaches. A new publication, *G20 Call to Action 2024: Building a Just World & a Sustainable Planet*, underscores the essential role high-quality sustainability information, reporting and assurance play in achieving global sustainability targets. IFAC calls for G20 leadership in fostering a comprehensive ecosystem of sustainability reporting and assurance, grounded in international standards and supported by strong corporate governance practices. Further details can be viewed from the link below:

https://www.ifac.org/news-events/2024-10/ifac-global-accountancy-profession-urge-g20-prioritize-sustainability-and-governance

## IFAC Convenes Critical Players in Middle East North Africa Region to Drive Progress in Sustainability Reporting and Assurance

The International Federation of Accountants (IFAC) in partnership with the Emirates Association for Accountants & Auditors (EAAA) and under the patronage of H.E. Abdulla bin Touq Al Marri, Minister of Economy, convened regional and global leaders representing finance, accountancy, securities and audit regulators, the investment community, and the standard setting community with the aim of advancing sustainability reporting, assurance, and capacity building in the Middle East North Africa region (MENA). Further details can be viewed from the link below:

https://www.ifac.org/news-events/2024-10/ifac-convenes-critical-players-middle-east-north-africa-region-drive-progress-sustainability

## IFAC Recognizes and Supports IAASB's Newly Published Sustainability Standard; Warns of Risk to Investor and Consumer Protections If All Assurance Providers Are Not Held to Consistent Requirements

The International Federation of Accountants (IFAC) welcomes the International Audit and Assurance Standards Board (IAASB) publishing its International Standard on Sustainability Assurance (ISSA) 5000. The International Organization of Securities Commissions (IOSCO) has also issued its public statement of support. As a profession-agnostic standard, ISSA 5000 is available for use by practitioners outside of the accountancy profession. If non-professional accountants assert to using ISSA 5000 for assurance, it is absolutely critical for investor and consumer protection that such providers are held by jurisdictional regulators to the same regulatory oversight and requirements that apply to professional accountants. Further details can be viewed from the link below:

https://www.ifac.org/news-events/2024-11/ifac-recognizes-and-supports-iaasb-s-newly-published-sustainability-standard-warns-risk-investor-and

## New Guidance Advances High-Quality Corporate Sustainability Reporting and Assurance Preparedness

Accountants and finance professionals can now benefit from a practical resource to strengthen governance and control activities, enhancing the quality of sustainability information and disclosures. Building Trust in Sustainability Reporting and Preparing for Assurance: Governance and Controls for Sustainability Information has been published by the International Federation of Accountants (IFAC) and We Mean Business Coalition (WMBC), in partnership with the Global Accounting Alliance (GAA). Further details can be viewed from the link below:

https://www.ifac.org/news-events/2024-12/new-guidance-advances-high-quality-corporate-sustainability-reporting-and-assurance-preparedness

## IFAC, IFRS Foundation, IOSCO Share Insights to Advance Climate & Sustainability-related Reporting

Top leaders in global sustainability standard setting, regulation, and accounting joined an afternoon of programming jointly hosted by the International Federation of Accountants (IFAC), the IFRS Foundation, and the International Organization of Securities Commissions (IOSCO) in New York to advance global adoption and implementation of the ISSB standards and build an understanding of sustainability assurance in its early days. Further details can be viewed from the link below:

https://www.ifac.org/news-events/2024-12/ifac-ifrs-foundation-iosco-share-insights-advance-climate-sustainability-related-reporting

## IAASB Unveils New Technology Position to Shape the Future of Audit and Assurance Standards

The International Auditing and Assurance Standards Board (IAASB) has announced the adoption of a new Technology Position that will guide how the IAASB adapts its work to embrace the intersection of audit, assurance, and technology. This new position marks a significant step forward in the IAASB's ongoing commitment to enhancing, the quality and relevance of its standards in the face of rapid technological advancement. Further details can be viewed from the link below:

https://www.iaasb.org/news-events/2024-10/iaasb-unveils-new-technology-position-shape-future-audit-and-assurance-standards

## The IAASB's New Technology Position: 8 Actions to Embrace Technology and Innovation

In an era where technology is rapidly transforming the landscape of external reporting, the IAASB has reaffirmed its commitment to staying at the forefront of these changes with the adoption of a comprehensive Technology Position Statement. This Position Statement outlines how the IAASB will integrate technological advancements into its standard-setting activities to ensure that its standards remain relevant, effective, and aligned with the public interest. Further details can be viewed from the link below:

https://www.iaasb.org/news-events/2024-10/iaasb-s-new-technology-position-8-actions-embrace-technology-and-innovation-0

## IPSASB Issues Exposure Draft on Tangible Natural Resources

The International Public Sector Accounting Standards Board (IPSASB) has issued Exposure Draft (ED) 92, *Tangible Natural Resources* for public comment. "Tangible natural resources represent a significant proportion of economic resources in many jurisdictions," said IPSASB Chair Ian Carruthers. "The proposed guidance fills an important gap in the IPSASB's literature and will improve not only financial reporting but also encourage better public financial management and policy decisions for many governments." The deadline for submitting comment letters is 28th February 2024. Link to access exposure draft:

https://ifacweb.blob.core.windows.net/publicfiles/2024-10/ED-92-Tangible-Natural-Resources.pdf

Further details can be viewed from the link below:

https://www.ipsasb.org/news-events/2024-10/ipsasb-issues-exposure-draft-tangible-natural-resources

## IPSASB Issues Final Pronouncement on Concessionary Leases and Other Arrangements Conveying Rights Over Assets

The International Public Sector Accounting Standards Board (IPSASB) has issued Concessionary Leases and Other Arrangements Conveying Rights over Assets (Amendments to IPSAS 43, IPSAS 47, and IPSAS 48). The new guidance addresses public sector issues specific to concessionary leases (i.e. leases at below-market terms) and other arrangements conveying rights over assets that are not leases that are prevalent in the public sector. Further details can be viewed from the link below:

https://www.ipsasb.org/news-events/2024-10/ipsasb-issues-final-pronouncement-concessionary-leases-and-other-arrangements-conveying-rights-over

## IPSASB Issues Two Pronouncements on Mineral Resources

The International Public Sector Accounting Standards Board (IPSASB®) has issued International Public Sector Accounting Standard (IPSAS®) 50, *Exploration for and Evaluation of Mineral Resources*, and *Stripping Costs in the Production Phase of a Surface Mine* (Amendments to IPSAS 12). The effective date for both IPSAS 50 and *Stripping Costs in the Production Phase of a Surface Mine* (Amendments to IPSAS 12) is January 1, 2027, with earlier application permitted. Further details can be viewed from the link below:

https://www.ipsasb.org/news-events/2024-11/ipsasb-issues-two-pronouncements-mineral-resources

## IPSASB Exposure Draft (ED) 92, Tangible Natural Resources

The objective of ED 92, *Tangible Natural Resources* is to propose guidance on the recognition, measurement, display and disclosure of tangible natural resources. ED 92 is open for public comment through 28 February, 2025. Further details can be viewed from the link below:

https://www.ipsasb.org/publications/exposure-draft-ed-92-tangible-natural-resources

## IPSASB SRS Exposure Draft 1, Climate-related Disclosures

The IPSASB's inaugural Sustainability Reporting Standards Exposure Draft (IPSASB SRS ED) 1, *Climate-related Disclosures* proposes disclosure requirements for public sector entities to report on (i) the climate-related risks and opportunities to its own operations and (ii) climate-related public policy programs and their outcomes, that are useful for primary users of general-purpose financial reports to support decision-making and accountability. SRS ED 1 is open for public comment until 28 February, 2025. Further details can be viewed from the link below:

https://www.ipsasb.org/publications/ipsasb-srs-exposure-draft-1-climate-related-disclosures

## IASB Exposure Draft and comment letters: Provisions—Targeted Improvements

The International Accounting Standards Board (IASB) has published a consultation aimed at improving the requirements for recognizing and measuring provisions on company balance sheets. Provisions are liabilities of uncertain timing or amount. The proposed amendments to IAS 37 *Provisions, Contingent Liabilities and Contingent Assets* would clarify how companies assess when to record provisions and how to measure them. The amendments would also require companies to provide more information about the measurement. The proposals would most likely to be relevant for companies that have large long-term asset decommissioning obligations or are subject to levies and similar government-imposed charges. The deadline for submitting comment letters is 12 March 2025.

https://www.ifrs.org/projects/work-plan/provisions/ed-cl-provisions-targeted-improvements/

## Sustainability Standards Approval and other Key Milestones Achieved at IESBA's December Meeting

The International Ethics Standards Board for Accountants (IESBA) took a major leap forward at its December 2024 meeting, approving two sets of standards that will underpin public trust in sustainability reporting and assurance:

- The **International Ethics Standards for Sustainability Assurance (IESSA)** and related revisions to the *International Code of Ethics for Professional Accountants (including International Independence Standards)* (the Code), setting a global benchmark for ethical behavior and independence in sustainability reporting and assurance.
- Revisions to the Code on the **Using the Work of an External Expert**, establishing an ethical framework for evaluating the competence, capabilities and objectivity of external experts used by professional accountants and sustainability assurance practitioners.

Further details can be viewed from the link below:

https://www.ethicsboard.org/news-events/2024-12/sustainability-standards-approval-and-other-key-milestones-achieved-iesba-s-december-meeting

# MEMBERS AND FIRM UPDATE

[From October 2024 - December 2024]

## Name and Membership Number of New Chartered Accountant (CA) Members

The Institute registered Chartered Accountant Members pursuant to Section 16(2) of the Nepal Chartered Accountants Act, 1997. New CA Membership issued during the quarter from October to December 2024 are presented in table below:

| S.N | Membership No. | Members Name | S.N | Membership No. | Members Name |
|---|---|---|---|---|---|
| 1 | CA-2265 | Suresh Regmi | 36 | CA-2300 | Madan Khatri |
| 2 | CA-2266 | Rabin Bhusal | 37 | CA-2301 | Pujan K.C. |
| 3 | CA-2267 | Mahesh Pokharel | 38 | CA-2302 | Sanjay Gautam |
| 4 | CA-2268 | Sushant Raut | 39 | CA-2303 | Anjali Tami |
| 5 | CA-2269 | Susmita Pandey | 40 | CA-2304 | Kanchan Raj Gautam |
| 6 | CA-2270 | Akhlak Khan | 41 | CA-2305 | Anish Shrestha |
| 7 | CA-2271 | Kamal Gautam | 42 | CA-2306 | Swastika Khatri |
| 8 | CA-2272 | Shristi Baral | 43 | CA-2307 | Arin Shrestha |
| 9 | CA-2273 | Rabin Khatri | 44 | CA-2308 | Barshat Basnet |
| 10 | CA-2274 | Khadananda Acharya | 45 | CA-2309 | Brij Mohan Sah |
| 11 | CA-2275 | Pratham Ghimire | 46 | CA-2310 | Binita Devkota |
| 12 | CA-2276 | Abhishek Kumar Karn | 47 | CA-2311 | Aaryan Khadka |
| 13 | CA-2277 | Dipesh Kumar Shrestha | 48 | CA-2312 | Sanjaya Giri |
| 14 | CA-2278 | Pravesh Acharya | 49 | CA-2313 | Niranjan Khaniya |
| 15 | CA-2279 | Sachin Bartaula | 50 | CA-2314 | Shadananda Koirala |
| 16 | CA-2280 | Ravi Thapa Magar | 51 | CA-2315 | Suresh Khatiwada |
| 17 | CA-2281 | Sachin Thapa | 52 | CA-2316 | Diwakar Pandey |
| 18 | CA-2282 | Barsha Panthi | 53 | CA-2317 | Aashish Khaniya |
| 19 | CA-2283 | Mandira Khadka | 54 | CA-2318 | Krishna Raj Bhatt |
| 20 | CA-2284 | Sulochana Adhikari | 55 | CA-2319 | Santosh Sah |
| 21 | CA-2285 | Bikash Dangol | 56 | CA-2320 | Kabita Chaudhary |
| 22 | CA-2286 | Roshni Adhikari | 57 | CA-2321 | Niva Kumari Chaurasiya |
| 23 | CA-2287 | Binita Adhikari | 58 | CA-2322 | Madan K.C. |
| 24 | CA-2288 | Saroj Dahal | 59 | CA-2323 | Kabindra Sharma |
| 25 | CA-2289 | Deepa Joshi | 60 | CA-2324 | Bibek Pangeni |
| 26 | CA-2290 | Rajendra Kunwar | 61 | CA-2325 | Sudeep Ghimire |
| 27 | CA-2291 | Pujan Bhetwal | 62 | CA-2326 | Sarthak Khatiwada |
| 28 | CA-2292 | Pawan Koirala | 63 | CA-2327 | Nabin Tiwari |
| 29 | CA-2293 | Ramesh Jaishi | 64 | CA-2328 | Achyut Koirala |
| 30 | CA-2294 | Sagar Pandey | 65 | CA-2329 | Samrat Chaulagain |
| 31 | CA-2295 | Youseph Pradhan (Shyapu Shrestha) | 66 | CA-2330 | Narayan Prasad Sah |
| 32 | CA-2296 | Lalkaji Budha Magar | 67 | CA-2331 | Ajay Kumar Jha |
| 33 | CA-2297 | Munal Basnet | 68 | CA-2332 | Sagar Pathak |
| 34 | CA-2298 | Jeevan Bhattarai | 69 | CA-2333 | Dipu Khadgi |
| 35 | CA-2299 | Rasmila Banjara | 70 | CA-2334 | Gyan Kumar Yadav |

| S.N | Membership No. | Members Name | S.N | Membership No. | Members Name |
|---|---|---|---|---|---|
| 71 | CA-2335 | Anil Dahal | 79 | CA-2343 | Yazu Suwal |
| 72 | CA-2336 | Umesh Ghimire | 80 | CA-2344 | Saroj Bajagain Sharma |
| 73 | CA-2337 | Bikash Jaiswal | 81 | CA-2345 | Dikchhya Khadka |
| 74 | CA-2338 | Ajay Chaurasiya | 82 | CA-2346 | Ujjwal Adhikari |
| 75 | CA-2339 | Deepak Kharel | 83 | CA-2347 | Anil Thapa |
| 76 | CA-2340 | Hari Krishna Dhami | 84 | CA-2348 | Sandesh Giri |
| 77 | CA-2341 | Manish Subedi | 85 | CA-2349 | Sandeep Gyawali |
| 78 | CA-2342 | Sanjeev Kumar Gupta | 86 | CA-2350 | Pradeep Chapagai |

### Name and Membership Number of New Fellow Chartered Accountants (FCA) Member

The Institute registered Fellow Chartered Accountants pursuant to Section 17(b) of the Nepal Chartered Accountants Act, 1997. New Fellow Chartered Accountants Membership issued during quarter from October to December 2024 are presented in table below:

| S.N | Membership No. | Members Name | S.N | Membership No. | Members Name |
|---|---|---|---|---|---|
| 1 | CA-833 | Santaman Maharjan | 6 | CA-1024 | Sudip Paudel |
| 2 | CA-1350 | Suwan Thapa | 7 | CA-1035 | Jitesh Bhandari |
| 3 | CA-436 | Kabindra Dahal | 8 | CA-1391 | Bikesh Madhikarmi |
| 4 | CA-1403 | Rama Shrestha | 9 | CA-1438 | Bijay Singh Parajuli |
| 5 | CA-1062 | Prakash K.C. | | | |

### Name and Membership Number of New Certificate of Practice (CoP) issued Member

The Institute issues Certificate of Practice to the Chartered Accountant Members pursuant to Section 28 of the Nepal Chartered Accountants Act, 1997. New Certificate of Practice issued during the quarter from October to December 2024 is presented in table below:

| S.N | Membership No. | Members Name | S.N | Membership No. | Members Name |
|---|---|---|---|---|---|
| 1 | CA-621 | Ashim Bhatta | 15 | CA-2268 | Sushant Raut |
| 2 | CA-2042 | Mukhtiyar Ahmad | 16 | CA-2296 | Lalkaji Budha Magar |
| 3 | CA-2149 | Shristi Sapkota | 17 | CA-2307 | Arin Shrestha |
| 4 | CA-2239 | Sunil Shrestha | 18 | CA-1457 | Ankush Ojha |
| 5 | CA-2258 | Sagar Dhungana | 19 | CA-2285 | Bikash Dangol |
| 6 | CA-2260 | Paras Kumar Biswas | 20 | CA-2288 | Saroj Dahal |
| 7 | CA-2265 | Suresh Regmi | 21 | CA-2305 | Anish Shrestha |
| 8 | CA-2267 | Mahesh Pokharel | 22 | CA-2313 | Niranjan Khaniya |
| 9 | CA-2269 | Susmita Pandey | 23 | CA-2315 | Suresh Khatiwada |
| 10 | CA-2271 | Kamal Gautam | 24 | CA-2317 | Aashish Khaniya |
| 11 | CA-2297 | Munal Basnet | 25 | CA-2318 | Krishna Raj Bhatt |
| 12 | CA-1545 | Sandesh Ratna Shakya | 26 | CA-2320 | Kabita Chaudhary |
| 13 | CA-1813 | Ronish Nepal | 27 | CA-2321 | Niva Kumari Chaurasiya |
| 14 | CA-2266 | Rabin Bhusal | 28 | CA-1457 | Ankush Ojha |

| S.N | Membership No. | Members Name | S.N | Membership No. | Members Name |
|---|---|---|---|---|---|
| 29 | CA-2322 | Madan K.C. | 35 | CA-2330 | Narayan Prasad Sah |
| 30 | CA-2323 | Kabindra Sharma | 36 | CA-2331 | Ajay Kumar Jha |
| 31 | CA-2325 | Sudeep Ghimire | 37 | CA-2333 | Dipu Khadgi |
| 32 | CA-2327 | Nabin Tiwari | 38 | CA-2335 | Anil Dahal |
| 33 | CA-2328 | Achyut Koirala | 39 | CA-2336 | Umesh Ghimire |
| 34 | CA-2329 | Samrat Chaulagain | | | |

## Name of New Accounting Firms

The Institute issued registration of Auditing Firms pursuant to Section 28A of the Nepal Chartered Accountants Act, 1997. New firms' registration during the quarter from October to December 2024 is presented in table below:

| S.N | Firm No. | Firm Name | S.N | Firm No. | Firm Name |
|---|---|---|---|---|---|
| 1 | 1340 | Shristi Sapkota & Associates | 24 | 1354 | L. B. M. & Associates |
| 2 | 1341 | Ahmad & Associates | 25 | 1355 | Arin S. & Associates |
| 3 | 1342 | Sagar Dhungana & Associates | 26 | 1356 | Bikash Dangol & Associates |
| 4 | 6279 | Hem Raj Awasthi & Associates | 27 | 1357 | Anish Shrestha & Associates |
| 5 | 6280 | Ram Raj & Associates | 28 | 1358 | B. R. Krishna & Associates |
| 6 | 6281 | Y. Paudyal & Associates | 29 | 1359 | S. Khatiwada & Associates |
| 7 | 6282 | Dil Bishwakarma & Associates | 30 | 1360 | Saroj Dahal & Associates |
| 8 | 6283 | U. P. Gartaula & Associates | 31 | 1361 | Khaniya & Associates |
| 9 | 6284 | R. P. P. Associates | 32 | 1362 | N. S. P. & Associates |
| 10 | 1343 | P. Biswas & Associates | 33 | 1363 | A. K. S. C. Associates |
| 11 | 1344 | Regmi S. & Associates | 34 | 1364 | J. Ajay & Associates |
| 12 | 1345 | Kamal G. & Associates | 35 | 1365 | A. O. & Associates |
| 13 | 1346 | Mahesh P. & Associates | 36 | 1366 | Kabindra Sharma & Associates |
| 14 | 1347 | Sunil S. & Associates | 37 | 1367 | Madan K.C. & Associates |
| 15 | 1348 | Pandey S. & Associates | 38 | 1368 | Dipu Khadgi & Associates |
| 16 | 1349 | Ashim & Associates | 39 | 1369 | Trishila & Associates |
| 17 | 1350 | Munal Basnet & Associates | 40 | 1370 | S. B. Sharma & Associates |
| 18 | 1351 | R. Pathak & Associates | 41 | 1371 | Sudeep G. & Associates |
| 19 | 6285 | Pokharel Ramesh & Associates | 42 | 1372 | Anil Dahal & Associates |
| 20 | 6286 | P. P. Acharya & Associates | 43 | 1373 | N. Tiwari & Associates |
| 21 | 6287 | Biswa Kumar & Associates | 44 | 1374 | Chaurasiya & Associates |
| 22 | 1352 | R. Bhusal & Associates | 45 | 1375 | C. Kabita & Associates |
| 23 | 1353 | Sushant Raut Associates | 46 | 1376 | Ghimire Umesh & Associates |

## Name and Membership Number of Demised Member

The Institute removes name of members from the Membership Register in case of death of members pursuant to Section 22(1) of the Nepal Chartered Accountants Act, 1997. Details of demised members whose membership has been removed from list of members during the from October to December 2024 is presented in table below:

| S.N. | Membership No. | Members Name | Class |
|---|---|---|---|
| 1 | RA-3638 | Padma Nath Panthi | RA 'D' Class |

# Congratulations

to

## Newly Appointed Chairman and Members of the Accounting Standards Board Nepal (ASB) and Auditing Standards Board Nepal (AuSB)

The Institute congratulates newly appointed Chairman and Members of the Accounting Standards Board Nepal (ASB) and Auditing Standards Board Nepal (AuSB) and wish them a very successful tenure.

### Board Members of the 8th Term of the Accounting Standards Board Nepal (ASB)

| SN | Name | Designation |
|---|---|---|
| 1 | CA. Sunir Kumar Dhungel | Chairman |
| 2 | Mr. Dila Ram Giri | Member |
| 3 | CA. Chandra Kanta Bhandari | Member |
| 4 | Mr. Yogesh Parajuli | Member |
| 5 | Mr. Ishwor Kumar Giri | Member |
| 6 | Mr. Ram Prasad Acharya | Member |
| 7 | Mr. Santosh Narayan Shrestha | Member |
| 8 | CA. Manmohan Raj Kafle | Member |
| 9 | CA. Jitendra Kumar Mishra | Member |
| 10 | CA. Durga Prasad Gnawali | Member |
| 11 | CA. Manish Raj Upreti | Member |
| 12 | CA. Bidur Luitel | Member |
| 13 | RA. Posh Raj Nepal | Member |

### Board Members of the 8th Term of the Auditing Standards Board Nepal (AuSB)

| SN | Name | Designation |
|---|---|---|
| 1 | CA. Jagannath Upadhyay Niraula | Chairman |
| 2 | Mr. Dilaram Giri | Member |
| 3 | Mr. Tara Prasad Pandey | Member |
| 4 | CA. Rabindra Rajbhandari | Member |
| 5 | CA. Chhetra Gopal Pradhan | Member |
| 6 | CA. Shesh Mani Dahal | Member |
| 7 | RA. Ganesh Raj Rai | Member |

# नेपाल चार्टर्ड एकाउन्टेन्ट्स संस्था

**THE INSTITUTE OF CHARTERED ACCOUNTANTS OF NEPAL**

**Established under the Nepal Chartered Accountants Act, 1997**

*आर्थिक बर्ष २०८१/८२ मा संचालन हुने सि.पि.ई तालिमहरु निम्न मिति र स्थानमा संचालन हुने भएकोले ईच्छुक सदस्य महानुभावहरुले उपयुक्त हुने स्थान र मितिमा सम्वन्धित संस्थासंग सम्पर्क गर्नको लागि यो सूचना प्रकाशित गरिएको छ ।*

## आर्थिक बर्ष २०८१/८२ को सि.पि.ई. तालिम कार्यक्रम तालिका

| क्र.सं. | मिति | तालिम संचालन हुने स्थान | तालिम संचालन गर्ने संस्था |
|---|---|---|---|
| १ | २०८१ भाद्र २९,३० र ३१ | काठमाण्डौं | ICAN |
| २ | २०८१ आश्विन ४, ५, र ६ | जनकपुर | AuDAN |
| ३ | २०८१ आश्विन ११, १२ र १३ | काठमाण्डौं र चितवन | AuDAN /AuDAN |
| ४ | २०८१ कार्तिक ९, १० र ११ | काठमाण्डौं | ICAN |
| ५ | २०८१ कार्तिक २८, २९ र ३० | जनकपुर | ACAN |
| ६ | २०८१ मंसिर ०७, ०८ र ०९ | काठमाण्डौं | ICAN |
| ७ | २०८१ माघ ०४, ०५ र ०६ | काठमाण्डौ, पोखरा, सुर्खेत र महेन्द्रनगर | ICAN /ICAN/AuDAN/AuDAN |
| ८ | २०८१ माघ ०७, ०८ र ०९ | विरगंज | AuDAN |
| ९ | २०८१ माघ ११, १२ र १३ | धनगढी | AuDAN |
| १० | २०८१ माघ १७, १८ र १९ | हेटौडा, नेपालगन्ज | AuDAN/AuDAN |
| ११ | २०८१ माघ २४, २५ र २६ | वुटवल | ACAN |
| १२ | २०८१ माघ २५, २६ र २७ | नेपालगन्ज | ICAN |
| १३ | २०८१ फागुन ०१, ०२ र ०३ | विराटनगर | ACAN |
| १४ | २०८१ फागुन ०२, ०३ र ०४ | विरगंज, भैरहवा र काठमाण्डौ | ICAN/AuDAN/AuDAN |
| १५ | २०८१ फागुन ०९, १० र ११ | काठमाण्डौ, पोखरा, वागलुङ्ग, | ICAN/ACAN/AuDAN |
| १६ | २०८१ फागुन १५, १६ र १७ | नेपालगन्ज | ACAN |
| १७ | २०८१ फागुन २२, २३ र २४ | चितवन | ACAN |
| १८ | २०८१ फागुन २३, २४ र २५ | काठमाण्डौ | AuDAN |
| १९ | २०८१ चैत्र ०७ र ०८ | काठमाण्डौं | ACAN |
| २० | २०८१ चैत्र ०८, ०९ र १० | काठमाण्डौं र पोखरा | ICAN/AuDAN |
| २१ | २०८१ चैत्र १४, १५ र १६ | दाङ्ग | ACAN |
| २२ | २०८१ चैत्र १५, १६ र १७ | धनगढी र काठमाण्डौ | ICAN/AuDAN |
| २३ | २०८१ चैत्र २२, २३ र २४ | काठमाण्डौ | AuDAN |
| २४ | २०८२ वैशाख ०५, ०६ र ०७ | वुटवल, काठमाण्डौ र विर्तामोड | ICAN/AuDAN/AuDAN |
| २५ | २०८२ वैशाख १२, १३ र १४ | काठमाण्डौ र विराटनगर | ICAN/AuDAN |
| २६ | २०८२ वैशाख १९, २० र २१ | काठमाण्डौं | AuDAN |
| २७ | २०८२ जेठ ०१,०२,०३, ०४ र ०५ | अनलाईन (Virtual) | AuDAN |
| २८ | २०८२ जेठ ०३, ०४ र ०५ | काठमाण्डौ | ICAN |
| २९ | २०८२ जेठ १०, ११ र १२ | काठमाण्डौं | AuDAN |
| ३० | २०८२ जेठ २४, २५ र २६ | विराटनगर र काठमाण्डौं | ICAN/AuDAN |
| ३१ | २०८२ जेठ ३०, ३१ र ३२ | काठमाण्डौं | ICAN |
| ३२ | २०८२ आषाढ ०६, ०७ र ०८ | काठमाण्डौं | AuDAN |
| ३३ | २०८२ आषाढ ९, १०, ११, १२ र १३ | अनलाईन (Virtual) | ICAN |
| ३४ | २०८२ आषाढ ११, १२ र १३ | काठमाण्डौं | ACAN |
| ३५ | २०८२ आषाढ १३, १४ र १५ | काठमाण्डौं | AuDAN |
| ३६ | २०८२ आषाढ १९, २० र २१ | काठमाण्डौं | ICAN |
| ३७ | २०८२ आषाढ २०, २१ र २२ | काठमाण्डौ | AuDAN |
| ३८ | २०८२ आषाढ २७, २८ र २९ | काठमाण्डौं | AuDAN |

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*पुनश्च : प्राविधिक कारणले उपरोक्त समय तालिका तथा कार्यक्रम प्रकृतिमा हेरफेर हुन सक्ने छ ।*

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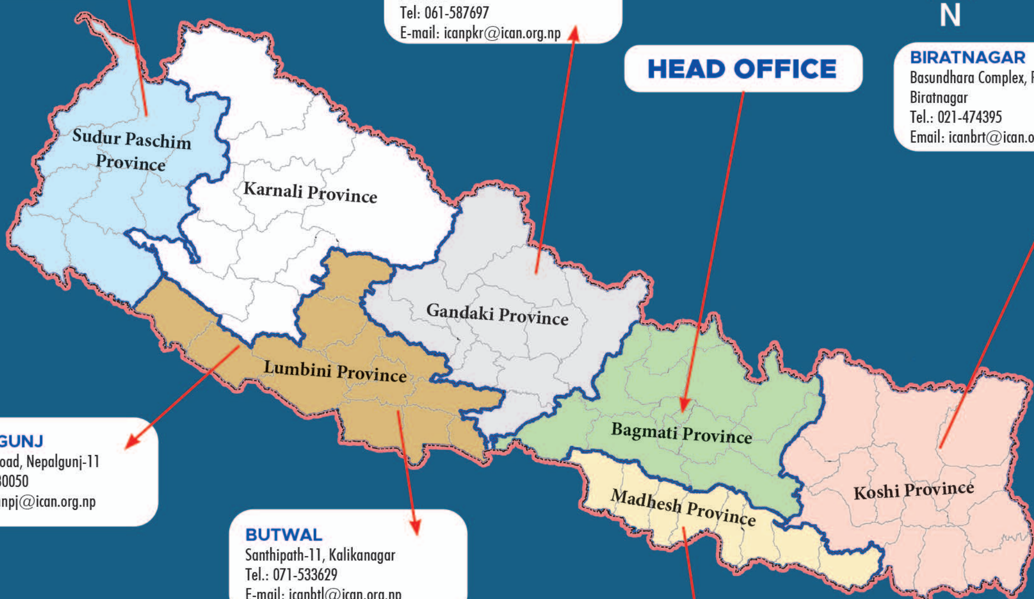


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