

'Budget must enhance competitiveness'



Finance Minister Shankar Koirala at a pre-budget interaction with representatives of the private sector, organised by IBN, in Kathmandu, on Tuesday.

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The focus of the budget for next fiscal year 2013-14 should be on enhancing the competitiveness of the economy and unleashing entrepreneurial zeal in the private sector, according to experts.

It should help not only attract investment — both national and foreign — but also promote export of goods and services in a competitive manner to promote exports and substitute imports to bridge the widening trade deficit, coupled with employment generation opportunities by propelling growth and poverty reduction potential, said executive director of South Asia Watch on Trade, Economics and Environment Dr Ratnakar Adhikari, presenting his paper on pre-budget discussion and expectation from private sector organised by IBN here today.

The budget should focus on enhancing competitiveness in infrastructure, including hydropower plants and transportation, human capital and industrial relations, technology and trade facilitation, he said. Adhikari also mentioned that budget should prioritise feasibility study of several transport corridors and facilitate early construction of fast-track and tunnel road and investment in alternate sources of energy.

"Continued investment in primary and secondary educa-

tion and more investment in vocational education including skill development training is key to meet industrial needs of the country, apart from linking wages to productivity and Social Security Fund operationalisation for better human capital and industrial relation development."

Likewise, the budget should provide fiscal incentives to encourage science and technology institutions in private sector collaboration, encourage private sector to invest in research and development and innovation, and create an environment to prevent brain drain, Adhikari suggested.

"The 'revenue focused' mindset of customs officials needs to be changed, and Customs Reform Action Plan should be fully implemented, apart from reducing the number of documents required for export — as well as import — that will send a strong signal to foreign investors and companies looking to source raw materials, parts and components."

Since all the competitiveness issues cannot be resolved at once by one budget, in order to re-energise exports and attract investments, a law for special economic zones should be passed and operation of Bhairahawa SEZ should be expedited, Adhikari said, suggesting the government to join hands with the private sector to achieve common national development objectives. "Trans-

parency, accountability and predictability in application of rules and mutual understanding and respect will strengthen public-private relationships."

Likewise, coordinator of Revenue Advisory Committee under the Federation of Nepalese Chambers of Commerce and Industry (FNCCI) Jagdish Rathi asked the government to channel remittance to the productive sector. "Subsidise interest rate for manufacturing industries," he said, suggesting to do away with lengthy procedures and boost pre-requisites to boost exports. "The budget should expand the tax net and not increase tax rate."

President of Garment Association Nepal (GAN) Uday Raj Pandey, on the occasion, asked the government to facilitate trade through budget, whereas former president of FNCCI Kush Kumar Joshi asked the government to ensure good governance and discipline to attract foreign investment. "Frequent strikes, donation terror and syndicate will hit investment friendly environment," he added.

Ensuring the private sector that the government has recognised private sector as a key to economic growth, finance minister Shankar Koirala asked them not to have over expectations from the budget. "However, the budget will pave a way for sustainable development, poverty alleviation and to tame the inflation," he added.