

Ongoing political unrest could delay economic recovery, experts warn

Published On: January 27, 2021 08:30 PM NPT By: Republica | @RepublicaNepal



KATHMANDU, Jan 27: Experts and private sector organizations have expressed worry that the unfolding political development and the subsequent unrest in the country could delay the process of economic recovery.

The country has recently headed towards economic recovery with an increase in economic activities despite the ongoing threat of the COVID-19 pandemic. As per the National Planning Commission (NPC), Nepal's economy has faced a loss of Rs 322 billion during the pandemic.

The NPC has estimated that a total investment of Rs 665 billion will be required for short-term, medium-term, and long-term investment in transition control and relief, employment, project continuity, development and adoption of new systems and to increase self-reliance. The NPC also calls for a reasonable size of investment from the private sector.

Dr Posh Raj Pandey, an economist and executive chairman of South Asia Watch on Trade, Economics and Environment (SAWTEE), said private organizations could look for initiating only those economic activities which could give them short-term profit. "Philanthropic activities and long term investment are likely to be affected in the current political situation," Pandey said in a program organized by the Society of Economic Journalists Nepal(SEJON) in the capital on Wednesday.

Dr Pandey said around 90 percent of the resource of the country is being mobilized by the private organizations. According to him, the current situation is likely to take down their investment by around 30 percent.

Meanwhile, three umbrella organizations of the private sector-- the Federation of Nepalese Chambers of Commerce and Industry (FNCCI), the Confederation of Nepalese Industries and Nepal Chamber of Commerce (NCC)—said they have sought to tie up in major economic agendas to feed the recovery process of the COVID-19-

hit economy. There are worries that the latest political development in the country could further worsen the recovery process.

FNCCI President Shekhar Golchha said the associations are mulling to forge a working alliance to exert pressure on the government to implement national economic agendas. "In this regard, we will soon sign a memorandum of understanding to this effect," he said.

Golchha said the FNCCI has been preparing a 53-point vision paper that includes a strategic plan to achieve high economic growth rate to create a large number of employment opportunities and find measures to minimize trade deficit. "A soon-to-be forged working alliance of the associations will build common consensus of the private organizations to assist the government in the formulation and implementation of proper policies."

NCC President Rajesh Kaji Shrestha expressed worry that the unfolding political development in the country could seriously affect the implementation of the stimulus packages announced earlier by the government.