

Earthquake Did Not Affect Nepal's Economy Fundamentally: Dr. Khatiwada

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Despite the damages worth billion of rupees, the 2015 earthquake did not affect Nepal's economy in a fundamental manner, pointed out Dr. Yuba Raj Khatiwada, former Vice Chairman, National Planning Commission while making a presentation to provide an overview of the medium to long-term impact on the economy, at the discussion forum.

Dr. Khatiwada pointed out that the economy seemed to have stagnated in the subsequent fiscal year, that is 2015-16, but the border blockade in the same year also affected the economic activities which manifested as marginal growth that year.

Presenting his study in a program organized by South Asia Watch on Trade, Economics and Environment (SAWTEE) titled "Impact of Post Earthquake Reconstruction on the Economy, he suggested that there exist both fiscal and monetary space for accommodative macro policies to expedite reconstruction, and it may be necessary to resort to deficit financing for reconstruction, as capital constraints would otherwise hinder the economic growth process and perpetuate low-investment-low growth-low saving-low investment cycle.

He recommended that it is better for government to finance the reconstruction through grants than from concessional loans to prevent the country from falling in debt stress due to debt accumulation. He attributed slow pace of reconstruction to the regulatory hassles and problems with coordination among the responsible government agencies.

This is a seventh series of such discussion forums organized by SAWTEE under the project 'Initiating dialogue on Post Disaster Reconstruction Experience' undertaken with support from The Asia Foundation (TAF).

SAWTEE has undertaken similar discussion forums related to post-disaster reconstruction under themes such as "Nepal Post Disaster Reconstruction Experience: Current Status and Lessons learnt", "Migration and Labour

Dynamics in Post Disaster Nepal”, “Expenditure Analysis and Tracking of Post-Earthquake reconstruction programmes”, “Rebuilding Safer Urban Spaces” , “Post-Disaster Conflict Resolution Mechanism” and “Unpacking and Operationalizing Resilience”.

Dr. Yuba Raj Bhusal, CEO of National Reconstruction Authority (NRA), said that the impact on the national economy may be negligible but distress on the individual household level is severe and has further amplified the magnitude of the vulnerability of many.

Referring to housing reconstruction activities, he pointed out that the NRA is targeting to complete the construction of 450,000 houses by the end of this fiscal year. Further, to expedite the process they will mobilize personnel to solve the problems that have slowed down the pace.

Dr. Bishnu Dev Pant, Executive Chairman of Institute of Integrated Development Studies, emphasized that more skill development pieces of training are necessary to meet the labour shortage and to tackle exodus of Nepali workforce for the benefit of all.

Dr. Shankar Sharma, former Vice Chairman of National Planning Commission, also pointed out that we need to have a positive outlook as the reconstruction activities don't take place overnight and although it is slow right now it will gather pace eventually.