



## OPINION IN LEAD

### Nudging small businesses towards innovation

Micro, small and medium enterprises (MSMEs) play a crucial role in Nepal's economy given that the majority of the population are overwhelmingly dependent on small businesses for livelihood. Developing the capacity of these MSMEs is well-recognized in policy papers as a means for sustainable and inclusive development. However, the lack of proper support programmes in action has prevented these businesses from scaling up.

According to the National Economic Census 2018 (NEC) conducted by the Central Bureau of Statistics, there are 923,356 commercial establishments in Nepal (including both registered and non-registered) that employ 3.2 million individuals. MSMEs represent 98 percent of industrial establishments, 57 percent of employment (83 percent of industrial jobs), and 80 percent of industrial GDP. The prominence of small businesses in Nepal's economy is also reflected in the data that 99.8 percent of the total commercial establishments are the firms that employ 1 to 99 workers. Likewise, SMEs contribute 22 percent to Nepal's GDP. These MSMEs have a low capital base, poor access to technology, and inadequate knowledge and information regarding business opportunities and marketing. Information asymmetry, dearth of skills, lack of access to basic production and processing technology, ineffective branding, inadequate digital payment network and limited e-commerce footprint are constraining the ability of MSMEs, including women-led ones, to export, expand exports and diversify products and markets...

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## REPORT

### The least developed countries in the post-COVID world: Learning from 50 years of experience

The development of productive capacities in least developed countries (LDCs) is necessary for boosting their ability to respond to and recover from crises such as COVID-19, and to advance towards sustainable development, says UNCTAD's Least Developed Countries Report 2021.

Strong economic growth in LDCs since the mid-1990s has generally been insufficient to redress their long-term income divergence with the rest of the world, the report says.

Developing productive capacities allows the world's poorest countries to foster structural economic transformation, which will in turn help reduce poverty and accelerate progress towards the UN Sustainable Development Goals (SDGs), the report says.

The outlook for LDCs is grim. Mired in the health, economic and social crises brought about by the COVID-19 pandemic, in 2020 they recorded their worst growth performance in about three decades. The COVID-19 crisis has dramatically highlighted the institutional, economic and social shortcomings of the development path followed by most LDCs, the report says. LDCs' limited resilience is reflected in their low COVID-19 vaccination rates, as only 2 percent of their population has been vaccinated, compared with 41 percent in developed countries.

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## NEWS



### India's trade pacts to have chapter on sustainable development

India's trade agreements with the United Kingdom and the European Union could have separate chapters on sustainable development, a first for India.

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### China hit by power cuts and factory closures

China has told railway companies and local authorities to expedite vital coal supplies to utilities as the world's second largest economy grapples with extensive power cuts.

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### Donors pledge \$1bn in aid for Afghanistan

Donors have pledged more than \$1bn to help Afghanistan, where poverty and hunger have spiralled since the Taliban took power and foreign aid has dried up, raising the spectre of a mass humanitarian crisis.

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## India to WTO: Allow food security schemes sans limits

Ahead of WTO MC12 India has proposed that subsidies for food security programmes should be allowed without any limits and that members who give trade-distorting farm subsidies above US\$10 billion, eliminate them within three years.

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## Why is there a food emergency in Sri Lanka?

Sri Lanka has seen long queues to buy essential items amid tight lockdown measures to control the spread of Covid-19 but the government denies there are shortages and blames the media for stoking fears.

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## 'Nepal losing handicraft market due to its failure to follow trending designs'

Nepal needs to focus on newly-designed handicraft items from its conventional type to benefit the country largely from the export of the handmade products, say stakeholders.

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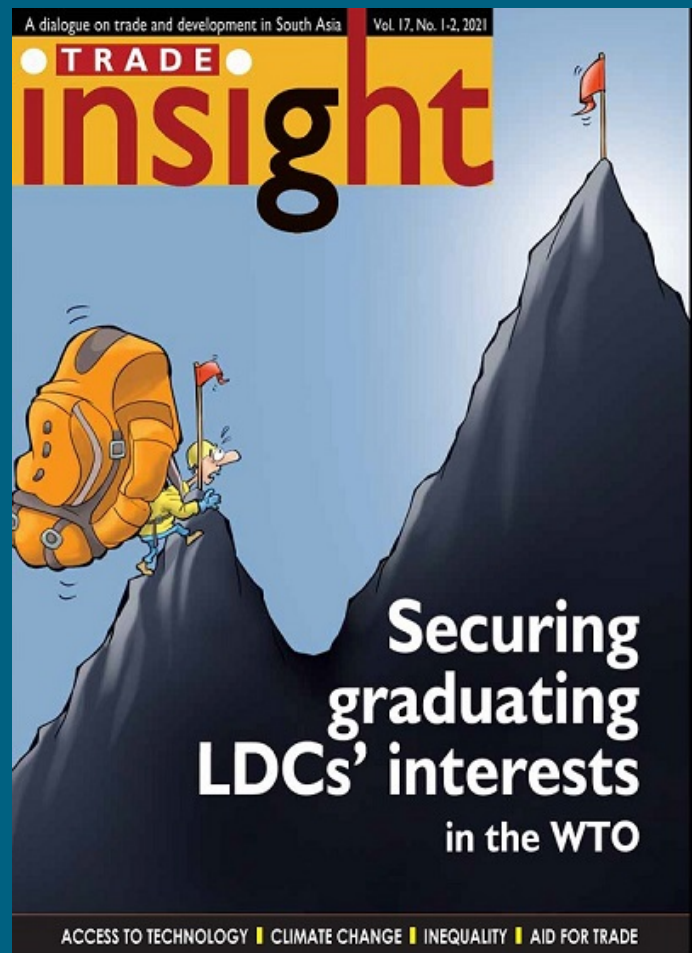
### Publication

#### Trade Insight (Vol 17, No 1-2, 2021)

Beginning early October until the end of this year a number of important global meetings are taking place—UNCTAD 15, CBD COP15, COP26 and WTO MC12. Given the existing global scenario, the fact that humanity's most important agenda should be economic development that is clean, green and resilient has never been underscored more. They will deliberate on various aspects of several crucial issues such as poverty, inequality, biodiversity, climate change and international trade, among others. While these meetings are important in their own right, the need for enhanced cooperation to emerge from the COVID-19 pandemic has added to their significance.

The articles in this volume emphasize that the upcoming global events should deliberate on the issues concerning developing and least-developed countries and come out with meaningful outcomes that are in the interests of the entire humanity and not just a few.

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