



Policy Brief on

Province Industrial Enterprise Act, 2019

Gandaki Province

Monika Ranabhat



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ABOUT THE AUTHOR

Monika Ranabhat is a passionate young girl who paved her way to leadership and activism since her school life. She is a research officer at Pokhara Research Centre. She leads the Nepal Youth Council, an active youth organization in Gandaki Province as president and has been actively working in the field of youth empowerment since 2017. She holds a Bachelor Degree in Development Studies from Pokhara University. She has worked to empower adolescent girls in Nepal as a president of the National Girls Network, Nepal and during that time she successfully hosted a program named 'Girls with President' at the office of Hon'ble President of Nepal in 2016. She aspires to be the finest development professional and contribute to the overall development of Nepal by acquiring expertise in Nepal's development, research and policy, and planning.

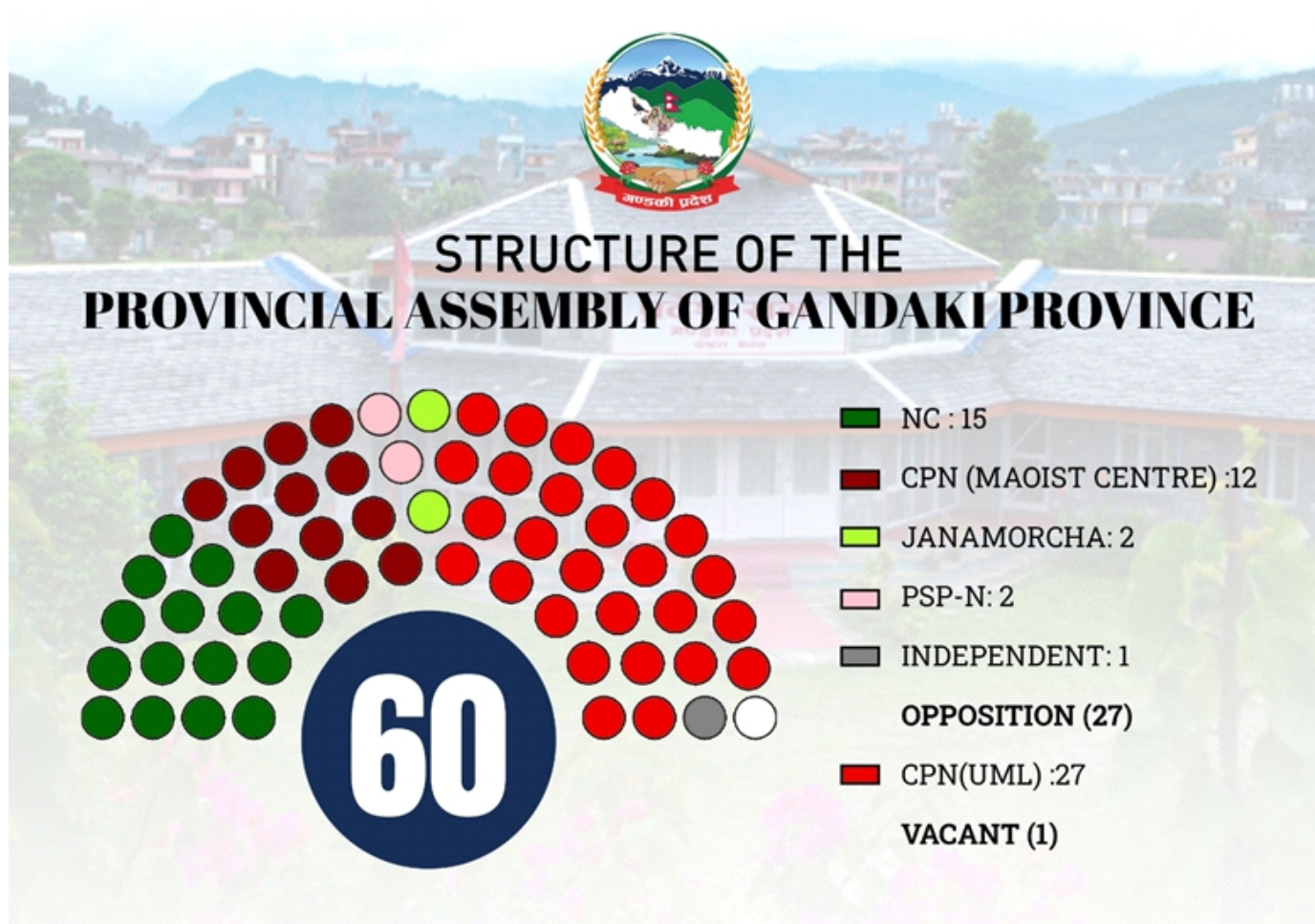


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1. LEGISLATIVE BACKGROUND

The Provincial Assembly of Gandaki Province was established in 2017¹ and consists of 60 seats. Among total seats, the ruling parties' coalition holds 32 seats (15 by Nepali Congress, 12 by Communist Party of Nepal (Maoist Centre), 2 by Rastriya Janamorcha, 2 by People's Socialist Party and 1 independent). For the remaining 28 seats, 27 are occupied by the opposition Communist Party of Nepal (UML), and 1 seat is vacant. The major function of the Gandaki Province Assembly is to pass laws as the supreme law-making body of Gandaki Province.



Thus, as prescribed by the Constitution of Nepal, the Gandaki Provincial Assembly exercised one of its powers and enacted an Industrial Enterprise Act for the province. *The Province Industrial Enterprise Act, 2019* Gandaki was inscribed in the Province Gazette of Gandaki Province on 8th April 2019. The table below surmises the discussion of the bill in the legislative committee prior to its publishing in the Province Gazette.

1 under the Federal government of Nepal as prescribed by Article 175 of the Constitution of Nepal 2015

S.N.	Meeting No.	Date	Discussion
1.	36	7 th March 2019	Articles 1 to 26 of the Province Industrial Enterprise Bill, were discussed and it was decided to discuss other articles on the next meeting.
2.	37	11 th March 2019	It was decided to discuss and amend Article 12, Article 24, Article 38 and Schedule 3 of the Bill.
3.	38	12 th March 2019	Decided to pass the report related to the presented bill and submit it to the next meeting.

Source: Annual Report of Legislative Committee, 2020

2. POLICY HIGHLIGHTS

The Gandaki Province Government enacted the *Provincial Industrial Enterprise Act, 2019* to create a productive, competitive, and sustainable provincial economy based on industrial development and entrepreneurship through sustainable utilization of available human, economic, and natural resources by creating an investment-friendly environment within the province.

This policy brief interrogates the key measures and reform agendas, aimed at improving the business and industrial conditions in Gandaki Province, contained within the Act. While the Act features several beneficial measures, including the establishment of priority industries, formation of the Industrial Promotion Committee, and implementation of an online business registration system, there are also several provisions that could negatively impact certain industrial sectors in Gandaki Province and curb the province's overall economic growth.

3. KEY ISSUES AND ANALYSIS

This policy brief focuses on the policy issues and reform agendas in the *Province Industrial Enterprise Act, 2019*. For the purpose of this policy brief, the Act itself was reviewed thoroughly and both primary and secondary research were conducted. The consultative meeting was organized with the stakeholders of the Act from both the government and private sector. Key informant interviews were conducted with different ministries, departments, and federations/associations of the private sector to find out about the policy bottlenecks in operation.

The research, interviews, and studies have revealed many issues concerning the Act. Key problems discovered in this process include the cumbersome industry registration process, compulsion to retrieve permissions from various bodies, unnecessary government interference, improper use of electronic systems, problems in land acquisition, and the lack of provisions to encourage women entrepreneurs, among others. In addition to identifying the issues that need to be improved, this paper seeks to provide research-based, actionable policy suggestions to the relevant authorities in order to address them.

After the implementation of federalism in Nepal, the Province Industrial Enterprise Act 2019 made by the Gandaki Provincial Assembly has not been able to come into implementation due to various reasons, one of which is the failure to frame its regulations (*Niyamawali*). As the Act is currently in the process of amendment, this paper is prepared with the main objective of providing recommendations for possible policy reforms to the concerned authorities.

4. CONTEXT

Industrial development is a prerequisite for any nation's socio-economic growth and represents one of the most sustainable and reliable pathways for economic development. Currently, Nepal is undergoing the initial levels of industrial development with low per capita income. Several factors have influenced Nepal's industrialization, including globalization, regional trade forums, the World Trade Organization (WTO), treaty agreements with neighboring allies, the balance of power within Nepal, Nepal's financial situation, labor mobilization issues, market conditions, Nepalese political parties' perceptions, and the geopolitical situation. However, Nepal lacks both the infrastructure needed to support industries and enterprises and a substantial, transparent policy framework to address these gaps.

Until the mid-1980s, Nepal followed an industrial policy of direct government involvement in the economy. However, in mid-1980s, Nepal initiated economic liberalization by implementing Structural Adjustment Programs (SAPs). SAPs aimed to speed up economic development by substituting the government's central role in the economy with the private sector. As a result, the 1992 Industrial Policy was developed with the primary objective to privatize public sector industries. Furthermore, the policy aimed to create an open and competitive economy by reducing government intervention, strengthen the manufacturing and agriculture sectors, and promote labor-intensive, local resource-based, export-oriented industries. In February 2020, the Federal Parliament enacted The *Industrial Enterprise Act, 2020* to increase the productivity of industrial goods and services and effectively utilize the country's available resources.

Following the 2015 Constitution implementing federalism, Nepal is undergoing devolution and decentralization processes as well as the shifting of power, responsibilities, jurisdiction, and resources from federal to local levels. The Constitution provided five schedules to divide jurisdictions into three tiers of the government (Federal, Provincial, and Local) with both absolute and shared jurisdictions. Each level of government has its own legislative and executive jurisdictions. A fundamental constitutional right of the Provincial Governments is their ability to develop Acts for industrial enterprises. Since Nepal is new to the federal system, there are numerous opportunities and challenges for industrial development. Specifically, the newly formed provinces face significant challenges in enhancing opportunities and creating a credible industrial environment.

5. DETAILED REVIEW AND RECOMMENDATIONS

5.1 Unclear Registration Process

Section	Sub-section	
Section 3	Sub-section 2	States that industries established and operating in accordance with the prevailing law of the Government of Nepal before the commencement of this Act shall be considered to be automatically registered under this Act.
Section 3	Sub-section 4	Provides authority to Province Government to make sure that there is no need for double registration of industries already registered at any level of government bodies.
Section 6	Sub-section 6	States that industries should be established on the basis of recommendations of the concerned local levels.

Under Section 3, Sub-section 2, it is unclear how and if industries in operation before the Act's launch are automatically registered. Similarly, Section 3, Sub-section 4 states that the Provincial Government will ensure that there is no need for double registration of duly registered industries at the federal or local level. However, Section 5, Sub-section 5 states that enterprises should be established on the basis of recommendation of the concerned local levels.

These provisions have complicated, rather than simplified, the industry registration process. Obtaining the local-level recommendation requires different processes and authorities for basic enterprise registration requirements, such as land acquisition, company registration, certificate of food quality, and certificate of origin. Moreover, the provision compels those wishing to run a business to ask, "What are the benefits of registering with a provincial body? Why is the process for getting a local-level recommendation so complicated?"

Recommendation

Firms and potential entrepreneurs are frustrated with the escalating inconveniences of provincial registration and federal government taxes. Therefore, the government needs to adopt a 'one-window' policy in the registration process to make it easier for potential business owners and to attract new investors. The registering body should provide full and clear information, accessible to all citizens, regarding the registration of businesses, including the process's duration, charges, and documents required.

Government authorities should devise a system that organizes all necessary business-related processes, including registration and monitoring, under a single government body. Since the process of getting a local government recommendation seems trivial and time-consuming, recommendations should only be required for industries that cause explicit harm to the environment and neighborhoods such as chemical industries, plastic industries etc. In addition, government authorities should improve accessibility to registration services by establishing a company registrar office in Gandaki Province.

5.2 No Provision for registration of Mobile Operating Enterprise

Section	Sub-section	
Section 3	Sub-section 1	States that an enterprise must be registered by following the registration procedure provided in the Act.

Section 3, Sub-section 1 notes that an enterprise must be registered by following the registration procedure provided in the Act whereby the applicants willing to formally register an enterprise requires providing the exact address where the very enterprise shall be based. However, modern technology has enabled the growth of transportable businesses which do not need one permanent address. For example, many IT-related companies have mobile offices that can operate out of cafes, food trucks, and even grocery vehicles. These companies can contribute to the province's economy by doing business without a permanent, physical address. By providing a variety of business services without the limitation of a defined location, mobile businesses offer greater consumer convenience. In particular, mobile businesses have seen strong growth in Nepal's rural areas, where mobile mill services running on tractors are revolutionizing service delivery for farmers. Since mobile industries do not have a precise address and are often established at the scale of micro or small enterprises (MSMEs), a permanent address requirement blocks or hinders the registration of these businesses. Subsequently, these rigid provisions limit mobile industries' capacity to contribute to the overall economy by denying them formal registration. Thereby, address requirements contradict the Act's aim of capitalizing on technological advancements to benefit society and challenge the national goal of using entrepreneurship as a tool of economic mobility and development, as mobile businesses with low capital requirements particularly appeal to low-income groups.

Recommendation

There should be an amendment starting from the authority of this Act to offer a flexible alternative to a permanent establishment address by considering the changing nature of technology-based industries and businesses. Provisions that do not require street vendors, food trucks, cartwheel traders, and IT companies to have permanent offices can help include more people in the formal economy. In addition, this kind of amendment should include the capacity to register small- and micro-scale enterprises at the Department of Cottage and Small-Scale Industries as it is believed to have more relevance to smaller scale enterprises than medium- and large-scale ones. (Samriddhi Foundation, 2020)

5.3 Unnecessary Intervention of Government

Section	Sub-section	
Section 7	Sub-section 1 and 2	Provides authority to Ministry set the required standards, while industry and business are required to provide written information that they have been producing or conducting business within the period specified in the criteria.

According to Section 7, Sub-section 1 and 2 of the Act, the Ministry of Industry at the provincial level is responsible for preparing and issuing the necessary criteria for the period of time required for the establishment of an industry and the commencement of commercial production or business operation based on the nature of the industry and the investment size. The industry is required to start commercial production within the specified period and to provide written notice to the concerned department. This provision may deter rather than appeal to those seeking to invest in industry, as it not only adds to the business owner's burdens but also enables unnecessary government intervention. Additionally, requiring the written notice of the industry's production period indicates the government's lack of trust in entrepreneurs and the business community. This provision could magnify tensions between the public and private sectors and disrupt economic prosperity, which is only possible with public and private sector collaboration.

Recommendation

The government should adopt policies that positions itself as a guardian of the business environment and builds mutual trust between the public and private sectors. When the government attempts to intervene without allowing businesses to operate freely, the industries' effectiveness is likely to decline (M. Davis, 2021). Therefore, it is vital for the government to instead limit itself to a regulating and monitoring. In reference to this particular provision, the government should specify a business or industry's start date for production or services at the beginning of the process, rather than asking for written notices at a later date.

5.4 Use of Electronic Mediums

Section	Sub-section	
Section 8	Sub-section 1	Provides provision for exchange of registration, administration, and regulation-related document electronically.

Section 8, Sub-section 1 allows vital industry documentation such as industry registration, administration, regulation, instruction, and approval requests to be administered /exchanged electronically. However, even if the documents are exchanged electronically, the industry cannot be registered without being physically present in the industry registration office, so there is no justification for the use of electronic documentation. Many businesses operate without registration due to time-consuming paperwork and the hassle of going to different places to register, preventing them from contributing to the formal economy. Furthermore, intermediaries are benefiting from the lack of clarity on what is needed to start a business or industry. Most people do not want to be bothered by the hassle of registration out of fear of additional hurdles and extra fees through intermediaries. As a result, this means that the more cumbersome and inconvenient the registration process, the fewer registered industries and businesses.

Recommendations

An online business registration system offers considerable benefits. First, it saves time for both the registration authority and enterprise owners. Second, it centralizes the data and improves public service delivery efficiency. Third, it can also reduce redundant bureaucratic roadblocks. Finally, an online registration system lowers the barriers of entry for businesses and industries, potentially fostering the growth of a number of enterprises in Gandaki Province. In an improved online business registration system, documents could be electronically exchanged and authenticated through electronic signatures. However, currently this provision is justified only if the complete process of registration and certification could be done online or through electronic mediums.

5.5 Transfer of Industries

Section	Sub-section	
Section 10	Sub-section 1	Directs the Industries to submit a written notice to the registering body if they want to transfer within or outside the province.

Section 10, Sub-section 1 states that the industries that are registered to operate in one province are required to give written notice to the registering body when transferring to inside or outside the province for various reasons. There is no mention of the role of the federal government in the transfer of industries under this provision. Thus, the lack of clarity in the role of a two-tier government can lead to a conflict between the provincial and the federal governments, which threatens the newly adopted federal system in Nepal.

Recommendations

The provincial and federal governments should coordinate departmental responsibilities regarding industry relocation. Such government coordination will prevent unnecessary re-registration processes for industry owners, provided they meet other requirements like the Environmental Impact Assessment, Initial Environmental Examination, and tax clearance. Additionally, the policy lacks clarity regarding the transfer of industry to another province in the case of sick industries, defined as an industry that has been operating for at least five years from the date of commencement of its commercial production or business and has been operating at 30 percent or less of its combined capacity for the last three consecutive years due to the unavoidable circumstances. To encourage greater economic growth, industries should be able to easily relocate if it is easier to operate in another province due to reasons such as the availability of better resources, raw materials, labor, and market access.

5.6 Permission from the Federal Government

Section	Sub-section	
Section 15	Sub-section 2	The registration, administration, and regulation of the industries that need to be approved again will be in accordance with the federal law.

Section 15, Sub-section 2 states that the registration, administration, and regulation of any type of industry that requires the permission of the federal government shall be in accordance with federal law. This provision is incompatible with federalism and may raise questions about the province's jurisdiction and capabilities. Moreover, requiring firms to go through both federal and provincial procedures as well as additional federal government permission for registration is time-consuming and adds more hassle for entrepreneurs.

Federalism was introduced in Nepal to address the federal government's inability to understand the problems, demands, and changes needed throughout the nation. A resulting advantage of federalism is empowered, active, and capable provincial and local governments able to identify and address the real problems facing Nepalis. The distribution of federal government power to the provincial level creates an efficient system, as the provincial government is able to prescribe solutions to issues that work best in their own jurisdiction.

Recommendation

The aforementioned provision requiring federal government permission forces federal government dependency. An office of the federal government could be in the registering body of the province, which would simplify the process for industries that must get the necessary federal permission for special types of industries.

5.7 Industries of Provincial Priority

Section	Sub-section	
Section 17	Sub-section 1	<p>Identifies the following nine types of industries as provincial priorities.</p> <ol style="list-style-type: none"> 1. Energy industries, 2. Hotels and restaurants, 3. Tourism related industries, 4. Industries based on agriculture and forest products, 5. Export-oriented industries, 6. Construction industry, 7. Mining and mining-based industries, 8. Industries related to cement, paper, sugar, fertilizer, machinery, electric vehicles, production of pollution reducing equipment, etc. 9. Hospitals, nursing homes, veterinary clinics, and education and training institutes to be established in remote and undeveloped areas.

Section 17 of the Act gives priority to 9 different types of industries as mentioned in the table above and declares them as 'Industries of Provincial Priority.' While there is no provided justification for why these specific industries were chosen, prioritizing certain industries is a positive step that supports the objective of encouraging the economic development of the entire province through maximum utilization of manpower and available resources within the state.

However, there are no provisions that build on this step by encouraging or incentivizing the development and growth of these industries. For example, there are no security assurances for the industries and businesses even after they are paying taxes to the government on time. In addition, industrial enterprises require access to robust infrastructure such as reliable power grids, transportation networks, reliable access to raw materials and natural resources, and skilled workers—all of which Nepal lacks. To truly prioritize the development of certain industries, government authorities need to first ensure access to these critical systems and resources.

Recommendation

Essentially, this section lacks the substantial backing needed to make this prioritization useful. Short of building and maintaining the infrastructure listed above, the government could provide incentives, such as concessional loans, subsidies, and bounties, to entrepreneurs in prioritized industries to support them and enhance their productivity. Concessional loans are long term, low interest loans.

Subsidies are financial assistance, often a one-time lump sum, given to entrepreneurs by the government to cover industries' input costs. Bounties are a financial help provided to an industry so that it can compete with other units of the country as well as any foreign industry in the same business. The provincial government could also provide incentives like availability of power, concessional finance, capital investment subsidies, and transport subsidies to the industries of provincial importance, which will ultimately help in eliminating constraints and promoting entrepreneurship.

5.8 Land Acquisition

Section	Sub-section	
Section 20		States that the entrepreneur may purchase or rent the land required for industry and registering body may facilitate.

Section 20 of the Act states that the land needed for the industry may be purchased or leased by the entrepreneur in accordance with the prevailing law and the industry registration body may help in the coordination and facilitation of purchasing or leasing land. However, this stipulation is a limiting factor for Nepali enterprises due to the difficulty of acquiring land, especially as the first step required for businesses. In addition to high land prices, potential entrepreneurs face a major obstacle in the process of acquiring public land, which involves complex and time-consuming paperwork. Even if an entrepreneur succeeds in leasing government land, the structure they develop on that land cannot be pledged to the bank as collateral loans. Another massive problem in land acquisition with provincial-level industry registration is that there is simply no land under the provincial government's control; all public land is either under the jurisdiction of the local or the federal government.

Increased industrial activity is required to meet the country's employment and poverty alleviation goals. "Yet, the industrialization process is lagging in Nepal due to limited available land" (M.B. Khatri, 2018). Fragmented land holdings with missing documents are a big challenge for firms when purchasing property for infrastructure or manufacturing. It is nearly impossible for an entrepreneur, especially small- or medium-sized businesses, to gather many holdings and track down each owner for individual talks. The provincial government is best equipped to balance the conflicting needs of numerous parties in the land acquisition process due to its central positioning. Therefore, there is a compelling justification for government participation and facilitation in the acquisition of industrial land.

Recommendation

The land acquisition and development process should be simpler and more straightforward for Nepal's industrial expansion. In the present context, land in Nepal has become a complicated subject, surrounded by contrasting federal, provincial, and local legislation. The convenience of starting a business, whether domestic or international, is dependent on the availability of land and space. The job of the government's registration body should be to make the land purchase process more transparent and to ensure that the land's sellers are appropriately compensated. Overall, the role of the government in the process of land acquisition is crucial.

5.9 Corporate Social Responsibility (CSR)

Section	Sub-section	
Section 31		Provides provision of at least 1 percent of profit to spend as Corporate Social Responsibility (CSR) every year for the medium and large-scale industries.

Section 31 allows medium or large enterprises to set aside at least 1 percent of the financial year's total annual profit for carrying out CSR, with the allocated amount to be spent in the areas outlined in the annual plan of the company. This CSR section lacks a clear explanation of what will happen if this responsibility is not fulfilled and lacks any provision as to who will conduct the monitoring of non-fulfillment and how they will do it. In the absence of a clear regulation provision, the CSR provision is severely limited as it is not possible to know which industries are spending money on CSR and how the money is spent. Businesses' main resources are drawn from society, so it is their responsibility to work in the interest of society. Enterprises significantly contribute to the socio-economic development of society in many ways, including generating employment, paying tax, and CSR. Moreover, CSR plays an important role in industries' success as it helps them achieve a strong brand position, enhanced corporate position, greater market share and sales, and an increased ability to attract and retain employees.

Recommendation

Currently, industries have many avenues for circumventing CSR guidelines due to the lack of specific procedures and bodies to regulate it. Therefore, government bodies must be equipped to monitor how firms are spending CSR funding and how it is facilitating community development. Additionally, the industry registration body needs to have a strong and transparent monitoring mechanism to enable efficient and effective CSR financing. In line with a federalist system of power, the Directorate of Industry, Commerce, and Consumer Protection under the Ministry of Industries of Gandaki Province needs to be able to monitor CSR spending as the major provincial government body responsible for registration and regulation of industries in the province. Moreover, a government regulation and monitoring framework would likely to improve CSR standards and motivate entrepreneurs to improve their performance. Also, a CSR audit procedure can be introduced for monitoring the efficient use of CSR (P.Hohnen, 2007).

5.10 Contradiction with Federal Government

After the advent of federalism in Nepal, three levels of governments were formed and power was divided between them. Although federalism was introduced with the objective of creating a conducive environment for different sectors, it has not been able to become effective for industrial sectors due to lack of necessary coordination between these three levels of government and other industry-related bodies. The drafting of the Industrial Enterprise Act was not even discussed with various stakeholders or the federal parliament which resulted in contradictions between the federal and provincial acts. The Gandaki Provincial Government issued the *Province Industrial Enterprise Act* in April 2019. However, the federal government's *Industrial Enterprise Act 2020*, issued in February 2020, has approximately 35 provisions that conflict with the Gandaki's provincial Act. The major contradictory provisions are as follows:

S.N.	Topic	Federal Act	Provincial Act
1.	Classification of Industries	<p>Sub-section 1 (i) of section 17 has provided the definition of micro industries as</p> <ul style="list-style-type: none"> • maximum 20 lakhs capital excluding the house and land • yearly turnover less than 1 crore <p>Small industries as</p> <ul style="list-style-type: none"> • Fix capital up to 15 crores <p>Medium industries as</p> <ul style="list-style-type: none"> • Fix capital from 15 crores to 50 crores <p>Big industries as</p> <ul style="list-style-type: none"> • Fix capital more than 50 crore 	<p>Subsection 1 of section 15 has provided the definition of micro industries as</p> <ul style="list-style-type: none"> • maximum 5 lakhs capital excluding the house and land • yearly turnover less than 50 lakhs <p>Small industries as</p> <ul style="list-style-type: none"> • Fix capital up to 10 crores <p>Medium industries as</p> <ul style="list-style-type: none"> • Fix capital from 10 crores to 25 crores <p>Big industries as</p> <ul style="list-style-type: none"> • Fix capital more than 25 crore

2.	Definition of Industries	Section 2 (ix) Export-oriented industries should be considered as industries that export at least more than 40 percent except for energy-oriented industries.	Section 2 (x) Export-oriented industries should be considered as industries that export at least 60 percent of their production.
3.	Industrial Promotion Board/Committee	Section 23 provides the provision of the formation of the Province Industrial and Investment Board in accordance with the provincial law to promote investment in industries registered and operating in the state.	Section 23 provides the provision of formation of the Industrial Promotion Committee to make necessary policy decisions regarding the establishment of industry, increase of investment, promotion, protection, and expediting of industrialization.
4.	Certificate of Enterprise	According to subsection 1 of section 5 of the Act, if the document is completed, the industry registration body will have to register the industry and issue the certificate of industry registration within 5 days of receiving the document.	According to section 5 of the Act, if the document is completed, the industry registration body will have to register the industry and issue the certificate of industry registration within 7 days of receiving the document.
5.	Closure of the Industry	Section 14 of the Act states that the industry must notify the industry registration body within 30 days from the date of closure or suspension of the industry.	Section 12 of the Act states that the industry must notify the industry registration body within 15 days from the date of closure or suspension of the industry.

6.	Penalty	Section 43 has a provision of penalty such as If the industry is operated without registration, micro industries will be fined Rs 5,000, cottage and small-scale industries Rs 25,000, medium scale industries Rs 50,000, and large-scale industries Rs 100,000.	Section 28 has a provision of penalty such as If the industry is operated without registration, micro industries will be fined Rs 10,000-25,000, cottage and small-scale industries Rs 25,000-1,00,000, and medium scale industries and large-scale industries Rs 100,000-3,00,000.
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Recommendation

According to Article 1 of the Constitution of Nepal, any law that contradicts the law of the federal government will not be valid. Therefore, there is no alternative but to amend the Province Industrial Enterprise Act 2019, of Gandaki Province. While amending the act there should be the same categorization of industries and uniformity in the penalty for the enterprises. at the province and federal level.

5.11 No Provisions to Encourage Women Entrepreneurs'

According to the Central Bureau of Statistics (CBS), only 29.8 percent of Nepalese enterprises are owned by women, totaling 2,47,880 such enterprises. Given the low proportion of women-owned enterprises in Nepal, the government needs to focus on developing women's entrepreneurship. Increasing access to business ownership may be a way to support women who live in extreme poverty. By removing barriers to entrepreneurship (credit, training, legal restrictions on property), women can secure incomes, advocate for their own independence, and participate in more sectors of Nepal's society. (M. Hakobyan, 2021)

If women are incentivized and encouraged to set up businesses, the number of women-owned industries will increase, and the economic gender gap will decrease. Currently, women-owned SMEs tend to be concentrated in low-profit and/or low-growth industries, such as retail, beauty, and food sectors (International Finance Cooperation, 2014). Moreover, this sectoral segregation also limits financial options, as banks are less interested in investing in these sectors. Women in developing nations like Nepal can escape poverty and improve their economic status if the government encourages women to enter more sectors through providing incentives, potentially altering the mindset of financial lenders and offering new possibilities for women to study, grow, and build businesses.

Recommendation

The first step for the government to support women entrepreneurship is by providing subsidies to women-owned enterprises and waiving registration fees for small and handicraft industries. In addition, the government should establish a free exhibition hall for small and cottage industries to promote their products. If there are locally produced goods in the market, then the import tax of the same goods could be imposed to encourage more domestic production. Since access to finance is the major barrier to the advancement of women-owned enterprises, the government should also implement a legal provision to provide concessional loans to women entrepreneurs.

ANNEXTURES AND SOURCES

ANNEX 1

List of attendees on consultative meeting on the review of *Province Industrial Enterprise Act, 2019* Gandaki Province organized on 2nd November 2021.

S.N.	Name	Organization	Designation
1.	Hon'ble Dhananjaya Dawadi	Gandaki Province Assembly	Member
2.	Mr. Narayan Acharya	Directorate of Commerce Industries and Consumer Protection, Gandaki Provinces	Director
3.	Mr. Arjun Pokharel	Pokhara Chamber of Commerce and Industries	Vice-president
4.	Mr. Ashok Khadka	Gyan Foods and Beverage Pvt. Ltd.	CEO
5.	Mr. Baburam Giri	Federation of Nepalese Chambers of Commerce and Industries	Executive Member
6.	Mr. Balram Acharya	Pokhara Chamber of Commerce and Industries	Member
7.	Mr. Basanta Ligal	Pokhara Disney Fun Park	Managing Director
8.	Mr. Bibek Shrestha	Nepalese Young Entrepreneurs' Forum, Pokhara	Executive Member
9.	Mr. Binod Sharma Neupane	Confederation of Gandaki Province Industries	President
10.	Mr. Chhatradhar Aatreya	Lekhnath Chamber of Commerce and Industries	President
11.	Mr. Dinesh Bastola	Pokhara Chamber of Commerce and Industries	Executive Member
12.	Mr. Dipendra Bastakoti	Pokhara Industrial Area Industries Association	Second VC
13.	Mr. Fadindra Raj Sharma	Pokhara Industrial Area Industries Association	Treasurer
14.	Mr. Gokarna Karki	Pokhara Industrial Area Industries Association	Advisor
15.	Mr. Laxman Subedi	Paschimanchal Hotel Sangh	President
16.	Mr. Narayan Acharya	Directorate of Commerce Industries and Consumer Protection, Gandaki Province	Director
17.	Mr. Nawaraj Acharya	Pokhara Chamber of Commerce, Kaski	General Secretary
18.	Mr. Puspa Raj Baral	Pokhara Research Centre	Board Member
19.	Mr. Rudra Lal Shrestha	Pokhara Industrial Area Industries Association	First- vice president
20.	Mr. Surendra Godar	Pokhara Industrial Area Industries Association	Secretary

21.	Mr. Suresh Dahal	Pokhara Chamber of Commerce, Kaski	Treasurer
22.	Mr. Suresh Shrestha	Pokhara Industrial Area Industries Association	President
23.	Mr. Surya Baral	Baral Feed Industries	C.E.O.
24.	Mr. Sushil Raj Poudel	Trekking Agencies Association of Nepal, Western Regional Association	President
25.	Mr. Suyash Malla	Nepalese Young Entrepreneur Forum, Pokhara Chapter	Vice-president
26.	Mr. Umaraj Banstola	Pokhara Chamber of Commerce, Kaski	Objective Vice president
27.	Mrs. Arpana Pokharel	Pokhara Industrial Area Industries Association	Executive Member
28.	Mrs. Milan Thapa	Himalaya Organization	M.D.
29.	Mrs. Muna Kumari Bastola	Pokhara Chamber of Commerce and Industries	Member
30.	Mrs. Parbati Pandey	Paschimanchal Hotel Sangh	Secretary
31.	Mrs. Ramkali Khadka	Women's Skill Development Organization	Founder and E.D.
32.	Mr. Dharma Raj Panthi	Trekking Agencies Association of Nepal, Western Regional Association	Vice President
33.	Mr. Ashish Puri	Media	
34.	Mr. Tirtha Raj Subedi	Trekking Agencies Association of Nepal, Western Regional Association	Executive Member
35.	Mr. Binod Shrestha	Lekhnath Chamber of Commerce and Industries	Vice President
36.	Mr. Rajendra Ojha	Lekhnath Chamber of Commerce and Industries	Member
37.	Mr. Grishma Raj Bastakoti	Panchakanya Metal Pvt. Ltd.	
38.	Mrs. Januka Parajuli	Lekhnath Chamber of Commerce and Industries	Vice secretary
39.	Mr. Gyan Bdr. Nepali	Pokhara Chamber of Commerce	Vice president
40.	Mrs. Laxmi Koirala	Trekking Agencies Association of Nepal, Western Regional Association	Executive member
41.	Mr. Govinda Prasad Ghimire	Confederation of Gandaki Province Industries	Manager

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About Pokhara Research Centre!!!

Pokhara Research Centre (PRC) is a research-based non-partisan organization based in Pokhara. Established in 2019, PRC focuses on socioeconomic dimensions of domestic public policy research.

Guided by the motto of "*Economic Freedom with Good Governance*", PRC is following the international principle of individual choice and liberty translated into the equal opportunity of enterprise, rule of law, and the democratic principle of free expression as a tool to design its programs and initiatives; creating positive impact at the province level, through policy reform; PRC works under three broad functional domains; Research, Training, and Advocacy.

PRC's one of flagship program Youth in Policy and Governance Fellowship Programme (YPG Fellowship) aims to train the youth of Gandaki Province in law-making and public policy. The primary role of a PPSP Fellow is to deliver extensive research support to their assigned MP for their parliamentary work. The organization is also focusing on other youth training programs on the free market, entrepreneurship, and economic freedom in the region supported by Atlas.

The organization's core values are; Creating public values, Evidence-based policy-making, and the investment approach to public service delivery. PRC intervenes in areas viz. Enterprise Development, Economic Policy Reform, Governance & Advocacy, and Public Policy Delivery.

The organization has launched programs such as Gandaki Discourse, Political Economic Discussion Series (PEDS), and Formation of Gandaki Leader Circle (GLC) dedicating it to establishing itself as a state-level policy think tank.

Further, PRC is the partner of Atlas Network, Centre for International Private Enterprise, National Endowment for Democracy, United States Embassy in Kathmandu, Samriddhi Foundation, Hriti Foundation, and Bikalpa n Alternative.



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