

## **Report of the round table discussion “Budget 063/064: Economic Policies for Poverty Reduction”**

A round table discussion "Budget 063\064 : Economic Policies for Poverty Reduction" was jointly organized by Forum for Protection of Public Interest (Pro-Public), South Asia Watch on Trade, Economics & Environment (SAWTEE) and Institute For Policy Research and Development (IPRAD) on 21 June 2006, Wednesday at Hotel Himalaya , Kuponhole, Lalitpur. The main objective of the programme was to discuss the economic policies, in the present changed context of Nepal, that need to be incorporated in the upcoming budget in the short run and future development plans in the long run, in order to make them pro poor.

Although the leaders of all major political parties were invited as key speakers, all of them could not make it to the round table. The participating key speakers were Dr Dilli Raj Khanal, Hon'ble Member of Parliament representing CPN (UML); Mr Smriti Narayan Chaudhary, Hon'ble Member of Parliament representing Nepali Congress; Dr Prakash Saran Mahat, Central Committee Member of Nepali Congress(Democratic) and Mr Govind Chaudhary of Nepal Sadhawanana Party.

Other invitees of the discussion programme included people working on economic issues for long, like the former vice chairperson of the National Planning Commission, professors from universities, economists, economic journalists, etc.

### **Modus Operandi**

Initially the key speakers (representing the political parties) were requested to share their views on the components of the upcoming budget so as to make it effective in reducing poverty. Based on the ideas and views shared by the key speakers, the other participants representing various organizations were requested to present their views.

Delivering his welcome address, Dr Posh Raj Pandey, President,SAWTEE said that inspite of economic liberalization, the present status of Nepalese economy gives a gloomy picture. He said that there exists pervasive poverty, dual economy, negative per capita income, structural rigidity, budget deficit, low productivity, rising trade deficit low export import ratio of about 40 percent. He further said that the present political change has opened doors for development. However, for that to materialize, political and economic agenda should go hand in hand.

Dr Pandey then put forward the issues for discussion. The issues included the objectives of the economic policy, role of state, mechanisms for the allocation and distribution of resources, revenue mobilization, distribution of expenditure, economic decentralization, etc.

As the first speaker, Dr Dilli Raj Khanal insisted on bringing economic reform – not in the neoclassical sense, but through structural reform. He said that Nepal's economic policy should not be based on external dictation but should be internalized based on our

needs and priorities. He said that massive reforms in agriculture are required for a substantial reduction in poverty. He also stressed on the need to invest in infrastructures, primarily rural infrastructures. Similarly, human resource development and reform in governance should also be given utmost importance, he said. His focus was on introducing programmes to empower the marginalized and the vulnerable section of the society.

The second speaker, Dr Prakash Saran Mahat, said that the economic policy should clearly define the role of the state and that of the private sector. His views were that, in the present context when neither free market economy could function well nor full state control would be feasible, the best policy option would be to follow the middle path approach where the market functions freely and the state plays the role of a facilitator and regulator. “Regulation is the key”, he said. He said that the state has a very important role to play in providing basic needs for human development, like education, health, drinking water in the rural sector, where the private sector cannot reach. During the course of sharing his views, he raised a very important point that the resources can be mobilized through the community. He also stressed on the need to empower the lower end of society so as to bring economic equity. He insisted that the future economic plans should not follow the same traditional method, they should rather focus on rural development.

Mr Govind Chaudhary of the Nepal Sadhbhawana Party said that the economic development should also be given equal priority as physical and social development. He said that mobilization of labour and human resources through the budget is essential. He also urged the government to invest in agriculture sector to make it competitive.

Speaking as the representative of the private sector, Mr Rajendra Khetan, Vice President of the Confederation of Nepalese Industries (CNI) questioned the time-frame of the coming budget in the context of the present political scenario and stressed on bringing radical reforms in economic policies. He said that the coming budget should follow the strategy of one family – one employment. He assured that the private sector is ready to cooperate with the government for the success of such a strategy if the later brings about radical changes in its policies and makes it clear.

Dr Dwarika Nath Dhungel, Executive Director of Institute for Integrated Development Studies (IIDS) called upon all the political parties (including the Maoists) to have a common consensus for the formulation of the upcoming budget and the national economic policy. Like the other participants he also insisted on bringing programmes which would be beneficial to rural development, agriculture, land reform, industrilization, water resources, etc.

Dr Bal Gopal Baidya, Chairman of New Era, a research institute, said that the upcoming budget should maintain political and business confidence and it should focus on rehabilitating people and reconstruction of infrastructure affected by the conflict. He stressed on the importance of government regulation and policy for an effective economic development.

Mr Prithvi Raj Ligal, Former Vice Chairperson of the National Planning Commission (NPC) said that the alliance of all political parties should come together and discuss the future economic policy of the country. He stressed on the need of bringing the economic and development agendas together with the political agenda. He said that the traditional way of bringing the budget in the present context would not contribute to poverty reduction.

Similarly Mr Sri Ram Pandey, Assistant Resident Representative at UNDP and Dr Durgesh Man Singh, an economist both shared their views similar to other participants. They both opined that empowerment of the grassroot level people would bring economic equity. Hence the upcoming budget should focus on programmes for the empowerment of the marginalized and the vulnerable section of the society.

The women participants Dr Beena Pradhan, a freelance economist; Dr Bijaya Shrestha, former member of NPC; Dr Suman Sharma, Associate Professor at the Department of Economics (Tribhuvan University) and Ms Babita Basnet, President of Sancharika Samuha, an organization of women journalists focused on women's empowerment. They stressed that the upcoming budget should address the problems of women. They all agreed that remittances have contributed to reduce poverty, and therefore the budget should make provisions for the increment of remittances.

Since social inclusiveness is necessary for human development, they stressed on the need to develop programmes for inclusiveness. They opined that women's empowerment through access to the productive resources and improvement of their reproductive health would help in reducing poverty. Therefore, the budget should address these issues accordingly, they said.

Mr Swarnim Wagle of UNDP Regional Centre Colombo said that the budget should clearly address the mechanisms for land reform and focus on trade in services, most importantly in tourism, health, and infrastructures sectors.

Giving his closing remarks, Dr Shree Krishna Shrestha, President of Pro-Public said that the budget should be formulated in a way that would meet the expectations of the people in the changed context. Its primary focus should be creation of employment opportunities and an equity based economy, he said.

**Round table discussion**  
**Budget 063 / 064: Economic Policy for Poverty Reduction**  
21 June 2006, Wednesday

**List of participants**

**Panelists**

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**Other participants**

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