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TRAINING | EDUCATION | RESEARCH | CONSULTING

BANKING FINANCE AND
INSURANCE INSTITUTE OF
NEPAL LTD. (BFIN)

www.bfin.com.np



4th

Anniversary

On the auspicious occasion of
4th Anniversary of BFIN, we thank
you for being part of our company's
success over the years.

Anniversary

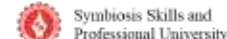
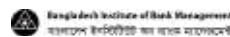
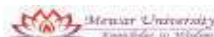
PROMOTERS



MEMBERS



STRATEGIC PARTNERS





Deputy Governor

NEPAL RASTRA BANK

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MESSAGE

I would like to express a wholehearted congratulations and best wishes to Banking Finance and Insurance Institute of Nepal (BFIN) for the publication of "**Journal of Banking, Finance, and Insurance**", Volume III on the auspicious occasion of its fourth anniversary.

Since couple of years, BFIN has been dynamic enough to erudite the aspiring professionals working in the field of Banking, Finance, and Insurance sectors by providing need based trainings, organizing seminars, conferences, and webinars. As a consequence, the synergy of it has led to develop a competent human resource who not only grasp the basic knowhow of Banking and Finance but also are allured towards the need and changes of the Global Digital Finance. And as I am confident, the whole thing has contributed to boost the sound development of the financial sector of the country.

The Journal of Banking, Finance, and Insurance published by this organization on the occasion of its fourth anniversary, is certain to be a milestone to educate the needy professionals and stakeholders regarding the new domains and prospects in the field of research.

With these, kudos to BFIN on the occasion of its fourth anniversary! I, therefore, wish for an uninterrupted progress of BFIN and extend best wishes for its bright future.

Neelam.

(Dr. Neelam Dhungana Timsina)

July 13, 2022



Deputy Governor

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MESSAGE

I express my heartiest congratulations to the 'Banking, Finance and Insurance Institute of Nepal' for publishing Volume III journal on the auspicious occasion of its anniversary celebration which is reflective of the institute being engaged in the knowledge delivery to the employees of the Nepalese financial sector.

In this regard, I would express my wishes for the continuation of these efforts to develop the capacity and make healthy the domestic financial system.

I believe that the matters involved in this Journal will be helpful for all the stakeholders to build up their skills and enhance the level of knowledge that will act as a catalyst for rich discussion.

Finally, I express my best wishes for the continuous progress of the institution.

(Bam Bahadur Mishra)



बीमा समिति
BEEMA SAMITI

नेपालको बीमा नियमनकारी निकाय
Insurance Regulatory Authority of Nepal



MESSAGE

On behalf of Beema Samiti - Insurance Regulatory Authority of Nepal, I would like to extend our heartiest congratulations to the Banking Finance and Insurance Institute of Nepal (BFIN) for publishing "Journal of Banking Finance and Insurance" Volume III on the successful completion of 4 years of its establishment on 14th August 2022.

BFIN has been working hard to promote the capacity of the Commercial Banks, Development Banks, Finance Companies, Micro Credit Institutions, and Insurance Companies in Nepal. Within a short period, the institute has come up well in the area of capacity development and has successfully extended its network in several National and International economies. BFIN has been doing a tremendous job to eradicate the challenges of knowledge and people management in the Financial Sector by organizing various trainings and conferences.

On this occasion of celebration of the fourth year, we wish that BFIN will continue providing the learning platforms through their National and International Training, Conferences, Workshops, Researches, and Publications.

Happy 4th Anniversary once again. Also, let me assure that Beema Samiti – Insurance Regulatory Authority of Nepal will support and cooperate in developing the Human Resource in the financial sector of Nepal.

Warmest Congratulations on your Achievement!



Surya Prasad Silwal
Chairman



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Honorary Professor, Department of Development Studies, Dhaka University and Former Governor,
Bangladesh Bank (Central Bank of Bangladesh)



MESSAGE

I am happy to learn that the fourth volume of ' the Journal of Banking and Insurance ' is going to be published soon by Banking Finance & Insurance Institute of Nepal(BFIN) as a part of the celebration of the fourth anniversary of the Institute. Let me congratulate all the professionals including their leader Dr. Binod Attreya for making this knowledge journey possible. This is indeed the bright face of the Institute. I feel privileged to have been associated with this initiative right from its inception. I am happy to see that the journal has been regularly published despite lockdowns and stoppage of the activities in almost all countries including Nepal during high infections of covid-19. In fact, they also celebrated their founding anniversary even during challenging times of the pandemic virtually when I too participated. The journal has come of an age covering multifaceted aspects of financial services and related human capital development issues promoted by BFIN. Its range of coverage of the issues has indeed been very robust including leadership challenges, skills development, mental health challenges created by the pandemic and financial transparency through better audit plus financial reporting.

I am certainly pleased to note that the Institute covered wider grounds during the fiscal year 2021-22 despite many challenges thrown up by both the pandemic and Russia-Ukraine war. BFIN completed a host of activities during this period that included:

1. Conducted National and International Trainings
2. Conducted 2 mega conferences for Banks and Insurance
3. Conducted training for International Bankers (staff of City Bank Ltd.)
4. Signed MoU with two new organizations in Dubai and India
5. Online Courses and webinars
6. Publication of Journal of Banking and Finance Vol II
7. Re-launch of BFIN Jobs: (a portal dedicated to Recruitment, Head Hunting, advertisement and more)
8. Management Consultancy

In addition, they have continued publishing the journal reflecting the objectives for which BFIN was created. The young leaders under strong mentorship of Dr. Atreya have surely achieved so much within such a short period of time. All of them deserve the highest level of appreciation from the regulators and other stakeholders.

I wish both BFIN and the journal continued success.
My profound blessings to all of them.

Atiur Rahman

Honorary Professor, Department of Development Studies, Dhaka University;
Former Governor, Bangladesh Bank.



The City Bank Limited
Head Office : City Bank Center, 136, Gulshan Avenue, Gulshan-2, Dhaka, Bangladesh

Mashrur Arefin
Managing Director & CEO

31 July 2022



MESSAGE

Wholeheartedly congratulating Banking Finance & Insurance Institute of Nepal (BFIN) on their completing 4 years of glorious journey.

My personal association with the BFIN team is very strong. Though we have come to know each other only 8 months ago at a BFIN-organised conference in Nepal last year, our personal friendship later solidified itself into a meaningful mode when BFIN conducted two sales, service excellence and leadership training courses in Dhaka this year (in February and July) for a total of 100 officials belonging to City Bank, which—arguably—is the no. 1 local banking brand in Bangladesh. Both the courses were super successful. The passion combined with thorough professionalism, which BFIN exhibited during these programs, told me that they will go a long way in their mission of creating leaders.

Capacity building is a sacred activity which the corporate sectors worldwide are pursuing with deep and pure intent not only to bring sustainability of business but also to build a culture of good governance. From that point of view, BFIN's highly sincere efforts are commendable. Since I have been a witness to their high quality training and development programs on three occasions so far, I confidently say that their events, seminars, conferences, workshops, publications are of a class apart.

In this world of finance and commerce battered and buffeted by unethical practices and lack of respect for law, the need for holistic development of staff members is of paramount importance for any nation. It's something that sounds like solving an issue of here and now, but in reality it's paving the way for a better future in the long run. I commend BFIN for their ardour for investing in and building that future.

May your 5th year be even better and the years ahead of you be as solid—by being full with local and regional successes—as rocks.

With best wishes and warmest regards, celebrating your 4th anniversary in the true spirit of being comrades in arms—

Mashrur Arefin
The City Bank Limited
Dhaka, Bangladesh
(mashrur.arefin@thecitybank.com)



Bangladesh Institute of Bank Management

বাংলাদেশ ইনস্টিটিউট অব ব্যাংক ম্যানেজমেন্ট



MESSAGE

I am pleased to convey my warm wishes and congratulations to the 'Banking, Finance and Insurance Institute of Nepal (BFIN)' on the publication of the Vol-III of its 'Journal of Banking, Finance & Insurance'. It is really inspiring to see the sharp rise of BFIN since its inception in 2018 by its quality training, workshop and seminar with the goals of enhancing knowledge, skills and capabilities of the employees of financial sector and other stakeholders in Nepal. The institute's far-reaching efforts of using technology for quality services, and far-reaching attempts of creating global network for upgraded knowledge are laudable. My engagement and working experiences with BFIN has been excellent.

I believe that with the strong leadership and devoted faculty and staff, BFIN will achieve new heights.

I wish BFIN management all success.

DR. SHAH MD. AHSAN HABIB

*Professor Selection Grade, BIBM & Independent
Director, IPDC Finance Limited Dhaka, Bangladesh.*



RISK MANAGEMENT ASSOCIATION OF INDIA

Registered Under Societies Registration Act- 1961 Vide Registration No.S/73835 (WB)

Dr. Binod Atreya
Managing Director
Banking Finance and Insurance Institute
of Nepal Ltd. (BFIN)
2nd Floor, Krishna Tower,
New Baneshwor,
Kathmandu, Nepal



Dear Sir,

It is our great pleasure to note that on the occasion of 4th anniversary of BFIN on August 14, 2022 you are publishing a journal "Journal of Banking Finance and Insurance" Volume III.

The current economic environment is very dynamic and subject to content change. Everyone must adapt to the new environment with continuous professional learning and development.

The initiative of BFIN to publish the journal on Banking, Finance and Insurance is quite laudable as Journals are an important source to get research articles/features and it helps the readers to understand the current scenario and analyse future trends in the industry.

Our Best wishes..

Best Regards,

Ram Gopal Agarwala
President
Risk Management Association of India

Dated: 15.7.2022



MESSAGE

In this knowledge based & competitive era skilled & empowered employees are the key asset to survive & grow in BSFI. Things are changing very fast in work domain & one has to be ready to learn new things. BFIN is doing a great service in leadership development domain for the companies operating in Nepal. We all, at BIMTECH are happy to contribute a bit in this journey being a partner institute. Our best wishes to BFIN team & the leader Dr Atreya on the anniversary celebration.

PROF. MANOJ K PANDEY

Chairperson - Centre for Management Development & Consultancy
BIMTECH



Institute for Inclusive Finance and Development (InM)



MESSAGE

On behalf of the Institute for Inclusive Finance and Development (InM) Dhaka, I extend my hearty congratulations to the Banking Finance and Insurance Institute of Nepal Ltd. (BFIN) on the occasion of its 4th anniversary on 14 August 2022.

I congratulate Dr. Binod Atreya, Managing Director for his wise and dynamic leadership and guidance as well as his Management Team for high excellence and professionalism. Indeed, within a short period, BFIN has moved quite ahead in pursuing its mission along with creating its own space as a highly dedicated and professional Institute not only in Nepal but in the region as well.

I am delighted to mention that InM and BFIN are working together since the beginning to promote mutually beneficial collaboration and our common goals. It is my sincere hope that we shall continue to work together more closely in the years ahead for the benefit of our two institutions as well as the communities we are working for in our own countries.

Let me once again express my very best wishes to BFIN on this happy occasion. I also wish continued success of BFIN in the coming years.

DR. MUSTAFA K. MUJERI

Executive Director

Institute for Inclusive Finance and Development



MESSAGE

Despite the challenges created by the Covid-19, the Banking, Finance, and Insurance Institute of Nepal (BFIN) has completed its fourth year of operations and stepped into the fifth year on August 14, 2022. It gives me great pleasure to release our Third Publication "Journal of Banking Finance and Insurance" amidst this distinguished gathering at a conference "Nepal Economic Outlook 2022 and Beyond" organized to mark the Fourth Anniversary of BFIN on August 14, 2022.

Our annual publication "Journal of Banking Finance and Insurance" registered under ISSN: 2795 -1715 provides an opportunity for the researchers to publish their research work with the purpose to generate discussions and dialogue and help strengthen the financial sector in Nepal. This journal includes research articles/papers on the subject of management, economics, insurance, and banking; and we do believe that this effort will add value to our readers. While publishing a journal is not an easy task as it requires lots of effort and support from all stakeholders; still we have tried our best to enhance its quality and bring this publication to our valued readers. We encourage feedback and suggestions from our valued readers so that we can strive to make the Journal valuable to all concerned. I am thankful to all the research scholars for submission of their research work for publication in this journal.

I would like to express my humble gratitude to the Regulators – the Nepal Rastra Bank (NRB), the Insurance Board of Nepal (IBN), and the Securities Board of Nepal (SEBON) for their continuous support and cooperation in our endeavor of bringing out this journal. We are thankful to all the Regulators for their policy intervention and recognition that ensuring the financial sector stability demands skilled human resources, and that skilling and upskilling have to be a continuous process.

To make the publication a high international standard, we have restructured the editorial Board this year. I am honored to have Professor Shah Md Ahsan Habib, BIBM, Bangladesh, Mr. Manoj Pandey, Professor, Birla Institute of Management and Technology, New Delhi, India, Mr. Jonathan Pratt, Associate Director, International Student Recruitment from the Victoria University, Melbourne Australia, and the Dr. Rakesh Agrawal, Secretary General, Risk Management Association of India, Calcutta as Members of the Editorial Board. With this International collaboration in the Editorial Board, it is expected that this Journal will provide an opportunity for students and professionals from across the world to share their research work in the future. I am thankful to the Editorial Board for their input and value additions to this publication.

I am grateful to all our International Strategic Partners, well-wishers, and other supporters for their continued support rendered to BFIN. I am thankful to the Government agencies, Board Members, Promoters, Members, Bank and Financial Institutions, Insurance Companies, Capital Market and Microfinance Institutions, and corporate houses for their continued support rendered to us since the establishment of BFIN. I am thankful to those institutions for submission of their advertisement in this journal and support us in this journey of publication. Last but not the least, I do recognize the tireless efforts made by my staff in publishing this journal.

Banking, Finance and Insurance Institute of Nepal Limited (BFIN) established under Company Act 2063 on August 14, 2018, is an apex body for education, training, research, and consulting needed to the government's agencies, banks and financial institutions (BFIs), insurance agencies and other public and private entities. Promoted by the 15 banks and financial institutions and the Emerging Nepal Limited - in which the Ministry of Finance (MOF), the Government of Nepal has a share contribution; BFIN has been engaged in developing professionals by organizing various training, conference, seminars both locally and abroad and creating a performance-oriented culture in the various public and private organizations. Besides, BFIN is trying to offer an integrated service to its stakeholders, such as recruitment of staff, document administration, advertisement of their products and services, enhancing international relations creating and business opportunities, among others.

On this important day of the 4th Anniversary, we assure you that we will play a catalyst role in developing the human capital in the financial sector in Nepal, and looks forward to continued support and cooperation from all the stakeholders in our endeavor.

DR. BINOD ATREYA
Managing Director, BFIN

The logo consists of a stylized circular emblem with a red upper arc and a blue lower arc, partially enclosing the text.

Board of Directors



TOP LEFT TO RIGHT:
BHAWANI DHAKAL, BINOD ATREYA, DIPESH LAMSAL

BOTTOM LEFT TO RIGHT:
NARAYAN PRASAD NEPAL, DEEPAK K. SHRESTHA



Name of the Bank: **Laxmi Bank Limited**
 Full Address: **Hattisar, Kathmandu, Nepal**
 Phone Number: **+977 4444 864**
 Email Address: **info@laxmibank.com**
 Swift Code: **LXBLNPKA**
 Name of the CEO: **Ajaya Bikram Shah**
 Slogan of the Bank: **लक्ष्मी छ, लक्ष्मी बैंक छ ।**

**20 Years of
Shared Growth**

INTRODUCTION:

Laxmi Bank Ltd. was incorporated in April 2002 as the 16th commercial bank in Nepal. In 2004 Laxmi Bank merged with HISEF Finance Limited, a first generation finance company which was the first merger in Nepali corporate history. Further, the bank acquired Professional Diyalo Bikas Bank in January 2017, a class "B" development bank.

Today, through its branches and a host of IT enabled channels, the Bank serves a wide range of customers. Despite a relatively short history, Laxmi Bank has emerged as a major player across all business lines – retail, midmarket, corporate, infrastructure and treasury. The Bank is widely recognized as one of the best-managed banks in Nepal with high standards of corporate governance, risk-management systems and a strong technology.

Laxmi Bank's microfinance subsidiary – Laxmi Laghubitta Bittiya Sanstha Ltd, a category D financial institution licensed by Nepal Rastra Bank is in operation since 2012.

Similarly, Laxmi Bank's investment banking subsidiary – Laxmi Capital Market Ltd, licensed by the Securities Board of Nepal's offering various merchant and investment banking services since February 2009. Laxmi Capital also manages Laxmi Value Fund – 1 and Laxmi Equity Fund, the two

VISION: We will be the Bank of choice for a growing, vibrant Nepal – reaching and enriching households, businesses and communities.

KEY FINANCIAL HIGHLIGHTS (IN NRs.)			OTHER INDICATORS	
Key Indicators	FY 2077/78	Q3 of FY 2078/79	Number of Employees	1,402
Paid Up Share Capital (in NRs.)	10.69 Bio	11.55 Bio	Number of Branches	142
Deposit (in NRs.)	117.43 Bio	136.87 Bio	Number of Depositors	976,289
Lending (in NRs.)	108.48 Bio	133.64 Bio	Number of Borrowers	47,002
Investment (in NRs.)	13.00 Bio	14.78 Bio		
Total Assets (in NRs.)	152.24 Bio	169.28 Bio		
Operating Profit (in NRs.)	2.23 Bio	1.26 Bio	KEY MESSAGE FROM CEO At Laxmi Bank, we aspire to be responsible and progressive bankers serving clients and customers across the entire economic spectrum. We want to leverage people and technology to deliver the best customer, digital, and employee experience. Laxmi Bank's approach to business will always be long term and relationship based, growing our brand and balance sheet together. We will continue to invest in creating a vibrant, people-centric culture guided by our values and awareness of our responsibilities to all stakeholders.	
Net Profit (in NRs.)	1.57 Bio	858 Mio		
Net Profit to Total Assets Ratio (in %)	1.04%	0.51%		
Total Staff Expenses (in NRs.)	1.57 Bio	1.08 Bio		
Staffs Training & Development (in NRs.)	7.63 Mio	8.77 Mio		
Net Profit to Net Worth Ratio (in %)	9.33%	5.24%		
NPL (in %)	0.75%	1.08%		
Earning Price Per Share (in NRs.)	14.73	9.91		
Market Capitalization (in NRs.)	42.24 Bio	41.01 Bio		
Last 180 day's average Share Price (in NRs.)	338.82	298.42		



20 YEARS OF SHARED GROWTH & PROSPERITY

We express our deep gratitude to our customers, investors, regulators, and all stakeholders for your patronage and trust over these twenty years.

It has been a wonderful journey and together we've scaled heights and crossed milestones.

Laxmi Bank remains committed to helping you achieve your financial goals and aspirations through sustainable and responsible banking services.



लक्ष्य छ, लक्ष्मी बैंक छ

01-5970684
www.laxmibank.com

Connect with us



NIFRA FOR ECONOMIC INFRA



नेपाल इन्फ्रास्ट्रक्चर बैंक लिमिटेड
(नेपाल राष्ट्र बैंकबाट इजाजतपत्र प्राप्त पूर्वाधार विकास बैंक)

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नेपालको पहिलो र सर्वाधिक घातक रोगहरु विरुद्ध आर्थिक सुरक्षा दिने जीवन बीमा कम्पनी

३५ वटा घातक रोगहरु विरुद्ध

रु ५० लाख सम्मको आर्थिक सुरक्षा सहितका योजनाहरु

क्यान्सर जस्ता घातक रोगको
विरुद्ध लड्न आवश्यक **३** अस्त्र:

इच्छा शक्ति

आर्थिक तयारी

उत्कृष्ट उपचार



“ उज्ज्वल भविष्यको लागि आजैदेखि
संगसंगै यात्रा आरम्भ गरौं । ”

JyotiLife
सधैं तपाईंको साथ

Jyoti Life Insurance Co. Ltd.
Shanta Plaza, Gyaneshwor,
Kathmandu, Nepal
P.O Box 19433
☎ 01-4545947/48/50
✉ info@jyotilife.com

नागरिक पेन्सन योजना

नेपालको समृद्धिको सहयात्री

सर्वसाधारण नागरिक तथा वैदेशिक रोजगारमा रहेका व्यक्तिहरूलाई बचत गर्न प्रोत्साहित गरी कुल राष्ट्रिय बचत बृद्धिमा समेत सहयोग पुऱ्याउने, त्यस्तो वचतलाई देशको आर्थिक विकासमा परिचालन गर्ने र सक्रिय जीवनकालमा जम्मा गरेको रकमबाट बचतकर्ताको जीवनयापनलाई सहजीकरण गर्ने उद्देश्यले “जवानीमा कमाऔं जमाऔं, बुढे शकालमा रमाऔं” भन्ने नारा सहित कोषको बचत कार्यक्रमको दायरामा नसमेटिएका नेपाली नागरिकलाई आवद्ध गराई बृहत रूपमा “नागरिक पेन्सन योजना” संचालन र व्यवस्थापन गर्न यो कार्यक्रम ल्याइएको हो ।

सहभागीता:

यस पेन्सन योजना अर्न्तगत आय आर्जन गर्ने व्यक्तिहरु, प्रचलित कानून बमोजिम स्थापना भएका संघ, संस्था एवं प्रतिष्ठानमा कार्यरत श्रमिक/कर्मचारी, स्वरोजगारमा रहेका सर्वसाधारण र गैर आवासिय तथा वैदेशिक रोजगारीमा रहेका नेपाली नागरिक सहभागी हुन सक्छन् ।

- यस कार्यक्रममा सहभागी हुने बचतकर्ताहरूले न्यूनतम मासिक रु.५००।-देखि अधिकतम आम्दानीको क्षमता अनुसार १० ले भाग जाने संख्यामा रकम जम्मा गर्न सक्ने छन् । बचतकर्ताको आम्दानीको आधारमा मासिक/त्रैमासिक/अर्धवार्षिक/वार्षिकरूपमा रकम जम्मा गर्न सकिने व्यवस्था मिलाइएको छ । यस्तो किस्ता बुझाउँदा मासिक रु.५००।- भन्दा कम नहुने गरी बुझाउनु पर्नेछ ।
- मिति २०७७ आश्विन देखि सुरु गरिएको यो योजना कार्यान्वयनको प्रारम्भिक चरणमा रहेता पनि नेपालका लागि पहिलो कार्यक्रम रहेकोले सर्वसाधारणको आकर्षण व्यापक रहेको छ । यस योजनामा छोटो अवधिमा नै सर्वसाधारण एवं स्वरोजगार व्यक्तिहरुको उल्लेख्य सहभागिता रहेको छ । साथै यस योजनामा सहभागी हुन अनलाइन रजिस्टर्ड सेवा समेत सुरु भैसकेको छ ।

पेन्सन पाउन योग्य हुने अवस्था:

- पेन्सन प्राप्त गर्न बचतकर्ताको उमेर साठी वर्ष पुरा भएको हुनुपर्ने छ ।
- बचतकर्ताले पेन्सन योजनाबाट सहभागी हुन नचाहेमा १५ वर्षको बचत नगर्दै वा १५ वर्ष पश्चात पनि त्यसको ब्याज र प्रतिफल समेत एकमुष्ट भुक्तानी लिन सक्ने छन् ।
- कोषको अन्य योजनामा जम्मा भएको वा सहभागीको पारिश्रमिक वा स्वरोजगारीबाट आर्जित रकम एकमुष्ट रूपमा तोकिएको न्यूनतम किस्ताले हुने रकम जम्मा गर्ने सहभागीले समेत यस योजनामा सहभागी हुन सक्नेछन् ।

पेन्सन गणना विधि:

सहभागीले जम्मा गरेको बचत, त्यसको ब्याज र कोषले यो कार्यक्रममा संकलन भएको रकम लगानी गरी संचालन स्वर्च कटाएर प्राप्त प्रतिफल समेत जोडी हुन आउने कुल रकमलाई १७० ले भाग गर्दा हुन आउने रकम प्रत्येक महिना निजले जीवनकालभर पेन्सन पाउनेछन् । निजको शेषपछि निजको परिवार र परिवारको पनि शेषपछि निजको हकवालाले बाँकी रकम एकमुष्ट पाउनेछन् ।



नागरिक लगानी कोष

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सम्पर्क नं- ८७८९६७३, ८७८५३२०, ८७८५३२५, ८७८५३२१

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(ख) मुनाफा प्रदान : आ.व. २०७७/७८ मा आ.व. २०७६/७७ को खुद मुनाफाबाट आ.व. २०७६/७७ को शुरु सञ्चय कोष मौज्जातमा १ प्रतिशत

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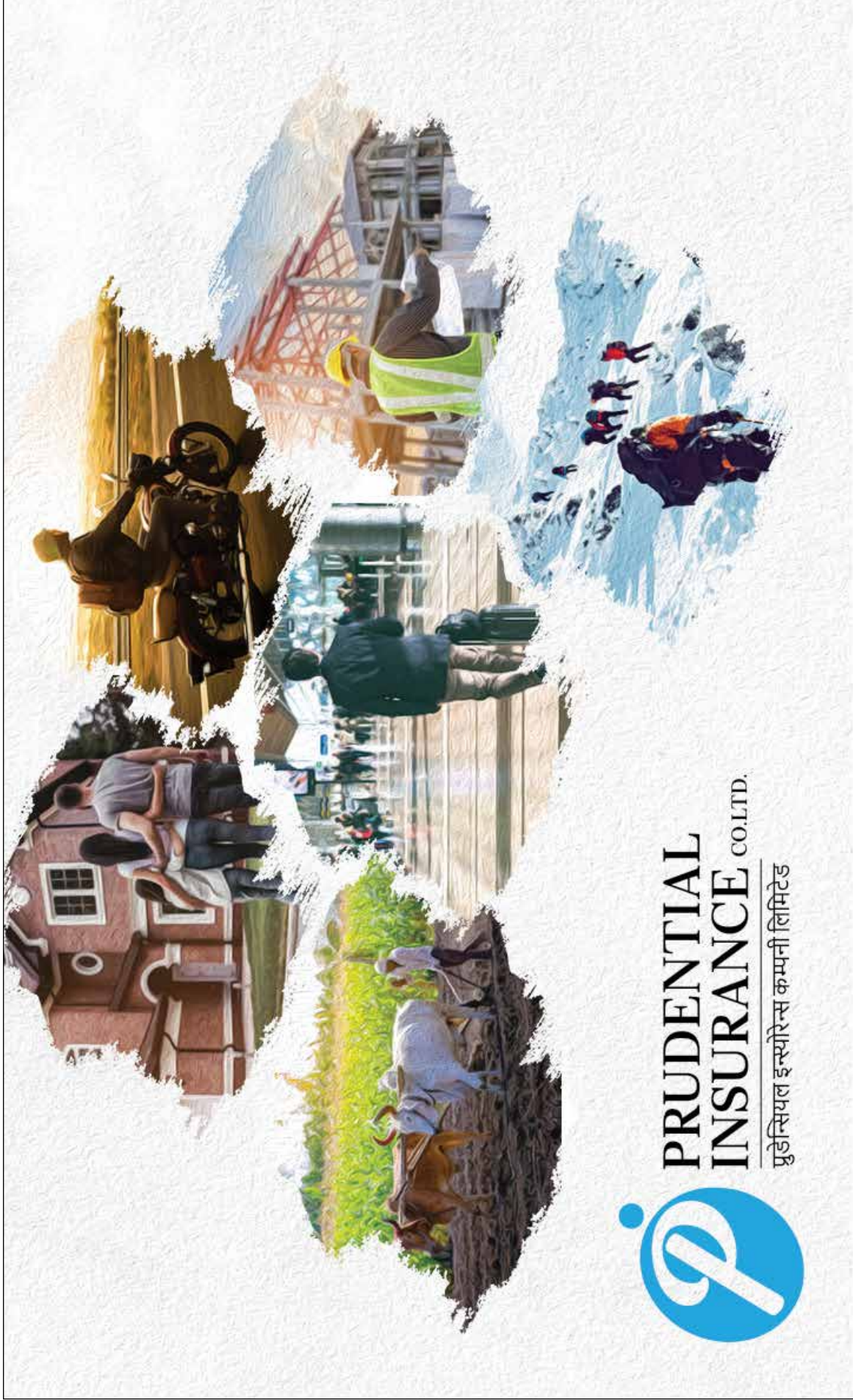


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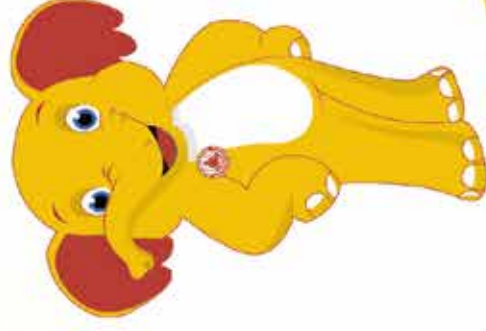
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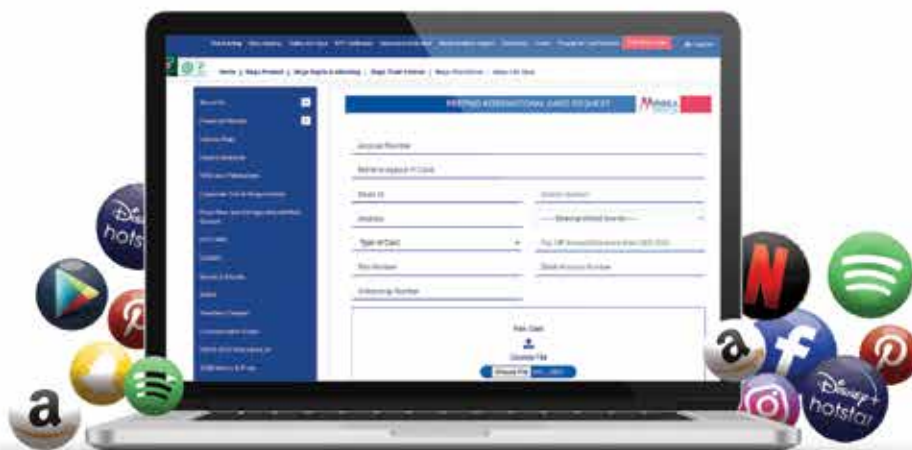
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CONTENTS

Prospects and Challenges of Green and Inclusive Business in Bangladesh DR. SHAH MD. AHSAN HABIB , MD. MOHIUDDIN HOSSAIN	1
Virtually Operating Organizations and Work Performance in Nepalese Business Organizations DR. BINOD GHIMIRE, SURENDRA PRASAD JOSHI	13
Service Switching Behavior Of Consumers In Nepali Banking Industry DIL KUMAR SHAHU	21
Determinants of Willingness-to-pay for Community -Based Health Insurance Scheme in the Rural Community of Gaibandha district, Bangladesh MOST. SABIHA SULTANA	27
The Nexus Of Job Stress And Sub-Optimal Work Performance In The Private Sector Economy PRADIP KUMAR KAFLE, SADHANA POUDEL	43
Macroeconomic Determinants Of Remittance Inflow In Nepal ADITYA POKHREL	53
Macroeconomic And Ex-Ante Determinants of Credit Risk: Empirical Evidence From Nepal RUPAK THAPA, SONAL CHAUDHARY	63
Factors Associated with the Level of Brand Tribalism: A case of Samsung Smartphones BIBHAV ADHIKARI, SHRISTI KONDA	74
Nepal: Challenges to Economic Recovery MEHUL PANDYA	82

ANNUAL JOURNAL
AUGUST, 2022



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Prospects and Challenges of Green and Inclusive Business in Bangladesh

1. Introductory Note

Green resilient and inclusive development has become a prime driving force towards sustainable development across the world. The economy of Bangladesh has been progressing rapidly where business developments have been playing remarkable roles. The booming business sectors are causing a massive depletion of natural resources, greenhouse gas erosion, and toxic waste disposal, which further can cause uncontrolled degradation of air, soil, and water. Greening of businesses is a necessity that received special attention in the context of the Covid-19 pandemic. However, focusing on green by excluding the poor can create resistance and make environment-friendly business models increasingly difficult to implement. On the other hand, inclusion without greening can lead to pollution, ecosystem decay and depletion of natural resources - all of which ultimately harm the poor. Scarcity of natural resources, increase in the world population and the decrease in biodiversity play an important role in the formation of concerns about the ecosystem. In response to these, green resilient and inclusive development approach necessitates a transformative tactic to the existing economic model, through a stronger emphasis on environmental sustainability, inclusivity, and green entrepreneurship development.

Inclusive business- the inclusion of the poor as consumers or producers - and green business - reducing environmental risks are often highly interlinked (Green Growth Platform and OECD, 2018). These businesses and entrepreneurs target poverty reduction by including the poor as consumers or producers and greening by the reduction of environmental impacts with mutually supportive objectives. One critical challenge of these entrepreneurship is to find a business solution that is sustainable both from environmental and the financial point of view, and also pro-poor. The outcomes of the

pandemic have made the situation even more complex. The economic fallout from Covid-19 is accentuating existing inequalities, and large segments of the population, women, older persons, persons with disabilities and migrants and refugees, have been disproportionately impacted (United Nation, 2022). The situation demands more allocation of resources to green businesses for inclusive, resilient and green recovery, and ultimately for sustainable future. This is true for the developing and emerging economies of the globe including Bangladesh.

The keynote is an attempt to discuss issues relevant to the prospects and challenges of green and inclusive business in the context of Bangladesh. Published reports and studies helped create the conceptual underpinning of the paper. The paper targets to facilitate discussion of the seminar by pinpointing the opportunities and challenges associated with agriculture sector and small scale entrepreneurship. Primary data gathered through a few focus groups discussions (FGDs) and stakeholders' discussions (in the project area of SONGO project funded by EU) in a district (Gaibanda) of northern Bangladesh reflects local level business environment.

2. Green and Inclusive Business- Conceptual Framework

Broad approach to greening efforts is associated with the concept of 'Sustainable Growth' and 'Green growth'. 'Green Growth' concept is narrower in scope and is directly associated with green entrepreneurship that also referred to as 'ecopreneurship' and 'sustainable entrepreneurship' (Potluri, and Phani, 2020). Green growth can unlock substantial economic, social and environmental benefits for societies in the form of enhancing efficiency and productivity by incorporating resource efficient technology; and improving quality of life by reducing environmental degradation and conserving vital natural resources (ADB-

ADBI, 2012). The main difference that distinguishes green entrepreneurs from traditional entrepreneurs is that green entrepreneurs want to create a business model that is financially profitable, environmentally conscious and creates social value. What makes a business green? Comprehensive green approach includes both greening products/services, and processes. Businesses can be green by producing environmentally sustainable products or services, and businesses can be made environment-friendly by greening their own process or the process in other parts of their value chain (Norden, 2012). Through green products and services, producers help their customers to create a smaller ecological footprint. Green entrepreneurs are expected to emphasize production processes, and green life-cycle value Chain of the products/services. Both green growth and green entrepreneurship contributes to maximizing natural resource efficiency and ensuring access; and ensuring human wellbeing and resilience of livelihood (ADB and IDB, 2013).

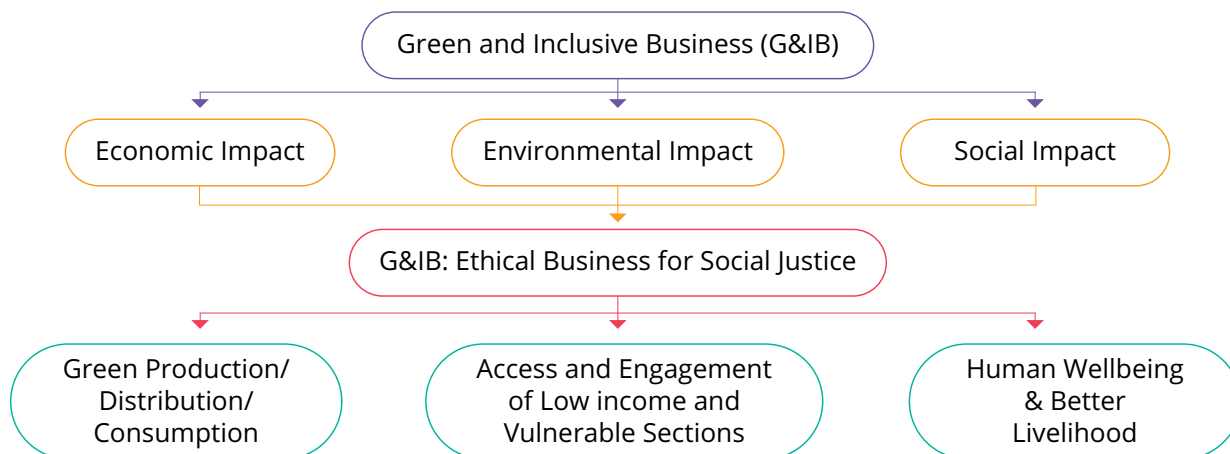
Inclusive business deliberately targets inclusion of the poor as consumers or producers (Kramer and Herrndorf, 2012). Inclusive businesses create value in such a way that goes beyond economic returns and generate social impact by deliberately and directly targeting the low-income segment as part of their value proposition. Inclusive businesses create or expand access to goods, services, and livelihood opportunities for the poor and vulnerable in commercially viable and scalable ways. Within inclusive business model, the interests of the low-income segments are addressed at different stages as suppliers, distributors or consumers. Inclusive business may create new sources of supply/inputs for affordable goods and services; may engage vulnerable sections as part of new distribution networks services; and/or create new markets for affordable goods and services (IFC, 2011).

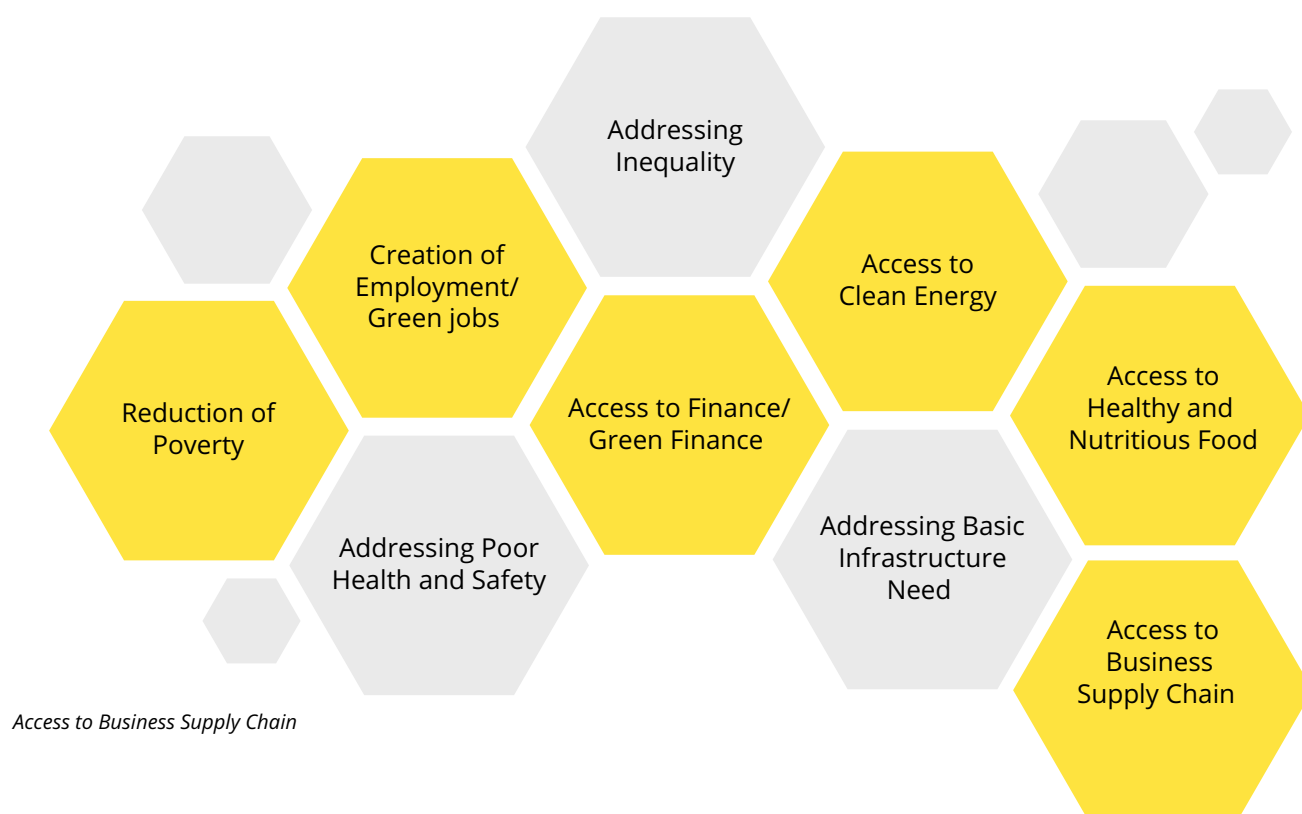
Practically, 'green entrepreneurship/business' and 'inclusive business' have commonalities in terms of their goals, associations, and transformation process. Green Growth

and Pro-poor Inclusive Growth are interlinked and are associated with green business models and inclusive business models. For optimum benefits to the economy, it is the business approach that combines both greenness and inclusivity. Contrary to traditional thinking, addressing social and environmental factors in a business does not cut economic gains but brings back profits to the practitioners of business sustainability (Jayal et. al., 2010) In the context of Covid-19, green and inclusive business became even more relevant to turn the challenges into an opportunity towards an inclusive, resilient and green sustainable development pathway to achieving the 2030 SDG goals.

Direct beneficiaries of a significant portion of green ventures are low-income vulnerable people. Practically, green businesses of all types are global public goods and nobody is excluded from their benefits. Several inclusive businesses are contributory not only to the vulnerable sections but also to the environment and society. Certain economic sectors are particularly relevant for promoting green and inclusive entrepreneurship like agriculture, energy, transport, water, education, technology, etc. In the context of developing countries, sustainable growth in agriculture is a key component of inclusive growth, and agriculture- crops, livestock, forestry and fisheries- is the steward of most of the world's natural resources. Agriculture sector produces food and raw materials for the bio-economy - including textiles, building materials, bio-chemicals, and renewable energy. In several instances, small enterprises are the source of livelihood for the large majority of the extremely poor, drives economic development, and creates green job opportunities. Green and inclusive entrepreneurship in agriculture and small enterprise sectors contribute to handling several key challenges of developing countries that often include poverty, inequality, unemployment, and barrier to access to the basic amenities (ADB-ADBI, 2012). Contribution and association of green and inclusive businesses on the ground may be depicted as follows (Box 2.1 and 2.2).

Box 2.1: Outcome and Visible Change through Green & Inclusive Business



Box 2.2: Some Basic Issues addressed by the Green & Inclusive Business

Realizing synergies between inclusion and greening requires innovative technologies, products and services, and, ultimately, business models. Financial sustainability is a critical challenge here. Barriers to green and inclusive business ventures might be economic, market, political, information, technical, and managerial-related barriers. Traditionally, funding limitations and lack of availability of capital are amongst the commonly identified barriers to green and inclusive business ventures (Mrkajic et. al., 2019). These entrepreneurship activities are also tagged with technological risk, competency, low scalability, long payback period, lack of consumer awareness (Migendt et. al., 2017). Based on cases and global experiences, the hosts of recent literature however are focusing greater attention on the barriers that are associated with supportive policies and incentive structures, incentive framework, bureaucracy, conventional thinking, innovative mechanism, personal attributes, and resistance to changing old practice (Akinsemolu, 2020).

Policy framework is particularly crucial in handling the green and inclusive business barriers. Policymakers matter in providing physical infrastructure, and also regulatory frameworks that are stable and secure, yet flexible enough to allow room for experimentation (MDPI, 2020). Market mechanisms may be influenced by designing subsidy and incentive systems for green and inclusive innovations,

and to allow players to realize market-wide strategies and economies of scale. And it is also about facilitating cooperation and partnerships to fight the barriers. Coordination efforts and partnerships may crucially support this process - driven by actors such as grass-root intermediaries and entities, donors and policy-makers.

3. Policy Framework for Green and Inclusive Businesses- Bangladesh Context

Policy and planning documents of the Government of Bangladesh (GoB) rightly recognized the necessity of green and inclusive growth in the context of Bangladesh, and thus identified the prospects and areas of opportunities, and attempted to handle the associated challenges. Bangladesh is fully committed to achieving SDGs, and these are reflected in the policy documents and strategies of the country. In line with Paris Agreement (PA), adopted by COP21 in 2015, Bangladesh submitted its Nationally Determined Contributions (NDCs) Roadmap and Action Plan in 2018; as part of the global initiative, Bangladesh updated the NDC incorporating additional sectors (updated in August 2021). The updated NDC covers energy, industrial processes and product use, agriculture, forestry and other land use and waste (GoB NDC, 2021).

Bangladesh Delta Plan 2100, published in 2018, is probably the most directly related policy document connected with green and inclusive business in the context of Bangladesh. BDP 2100 aims to ensure long term water and food security, economic growth and environmental sustainability while effectively reducing vulnerability to natural disasters and building resilience to climate change and other delta challenges. To reach that vision, it defines short to medium term goals to achieve upper middle income status and eliminate extreme poverty by 2030 and be a prosperous country around 2041 with the longer term challenge of sustainable management of water, ecology, environment and land resources in the context of their interaction with natural disasters and climate change. BDP 2100 identified macroeconomic strategy covering delta plan financing need, public sector financing, beneficiary pays principle, resource from Green Climate Fund, and private sector financing to attain the goals. Sectoral strategies have been identified in BDP 2100 under broad heads of water, ecology and biodiversity, agriculture, fisheries, and livestock, land management, internal water transport, blue economy, renewable energy, and earthquakes. Agriculture sector has been termed as the most vulnerable to climate change, and it has been recognized that several additional initiatives are necessary to cope with the growing risk of climate change for agriculture and livelihood. Necessity or investments and institutional arrangements and coordination are rightly emphasized in the BDP document (GOB, 2018).

Eighth Five Year Plan (July 2020-June 2025) is instrumental in attaining Sustainable Development Goals (SDGs), realizing Bangladesh Delta Plan (BDP)-2100 for smooth transition following the LDC graduation. The main objective of the Eighth Five Year Plan is to start the implementation of PP2021-2041 in a way that brings Bangladesh closer to the goals of attaining SDGs targets through managing the challenges of LDC graduation, which will also help to eliminate extreme poverty by 2031. The Eighth Five Year Plan centers around six core themes, which are (i) rapid recovery from COVID-19; (ii) GDP growth acceleration, employment generation and rapid poverty reduction; (iii) a broad-based strategy of inclusiveness; (iv) a sustainable development pathway that is resilient to disaster and climate change; (v) improvement of critical institutions necessary to lead the economy to Upper Middle Income Country status by 2031; and (vi) attaining SDGs targets and mitigating the impact of LDC graduation. These have clear association with sustainable growth where green and inclusive business development will have remarkable implications (GoB, 2020).

Agriculture and small enterprises or SMEs are the economic fronts that are at the center of inclusive businesses and

key drivers in the context of most developing countries like Bangladesh. National SME Policy 2019 of Bangladesh has been formulated with specific action plan and strategies that built upon access to finance; access to technology and innovation; access to market; access to education and training; access to business support services; and access to information. The strategies of SME Policy 2019 have direct potential implications for green and inclusive business: improving business environment and institutional framework; increasing scope of the SME sector to receive institutional funding facility; support to increase competitiveness capability and access to SME products market; support short-term, low cost SME business support services to the start-ups; develop and expand SME cluster-based business network; increase use of ICT and other technologies; expansion of skill developing education and training programs for entrepreneurs; expanding women-focused entrepreneurship development programs and providing specialized services; establishing SME as a backward and forward linkage enterprises to the large industries and ensure protection of SME products; establish environment-friendly SME industries and develop better capacity for waste management; Institutionalize SME statistics and conduct research and development activities (GoB, 2019). National Agriculture Policy 2018 has been formulated with the broad goal of safe and profitable agriculture, and sustainable food and nutrition security. Issues like inclusive participation, adoption of technology, environment friendly production process and climate change concerns, need for agricultural marketing, and research and development have received emphasis in this national policy document (GoB, 2018).

Aligned with the GoB's policy approach, Bangladesh Bank installed policy and regulatory framework to support green and inclusive financing. Policy and financing activities in the areas of financial inclusion, agricultural and rural financing, CMSME financing, green financing, and CSR activities are allied with green and inclusive business development. Bangladesh Bank (BB) formulated Sustainable Finance Policy¹ combining green banking and relevant financing associated with agriculture, CMSMEs and other areas of responsible finance. The central bank introduced several refinancing schemes and identified green and inclusive finance products facilitated by the banks and financial institutions to support green and inclusive businesses in the country. National Financial Inclusion Strategy is another recent national policy documents (adopted in August 2021) that target to implement several inclusive and environmentally sustainable action plan like reaching all with financial services by June 2026; expanding the scope and practice of 'Cluster' and 'Value Chain' financing; developing framework for diversifying financing instruments and financing options for CMSMEs and low-

1. Sustainable Finance Policy issued by the BB (SFD Circular No-5, December 30, 2020)

income households; introducing 'Credit Guarantee Fund' for CMSME finance, agricultural finance and green finance; expanding the scope of usage alternatives investments like venture capital fund, impact fund, CMSME finance, agricultural finance and green finance at remote rural level through appropriate capital market instruments. Policy frameworks associated with microfinance activities and micro insurance have implications for green and inclusive business ventures in the country.

4. Green and Inclusive Business in Bangladesh- Scope, Opportunities and Barriers

There is no doubt that greenness and inclusivity may be ensured by undertaking appropriate steps irrespective of the size of the businesses and entrepreneurship. Greening and inclusivity are visible in industries like RMG in Bangladesh.² However, it is the micro and small enterprises and the smaller entrepreneurship activities of the agriculture sector that play remarkable role in optimizing benefits of green and inclusive enterprises to transform into green and inclusive growth in Bangladesh. Contribution of smaller enterprises and agriculture sector is particularly crucial in developing world, and low income and rural inhabitants have remarkable engagement and association with these ventures.

Agriculture is a major economic driver in Bangladesh. The share of agriculture in the GDP decreased over time (around 14%), however still a significant sections, especially rural population is engaged with the sector. Though the growth rate and GDP contribution of this sector have been declining, productivity in agriculture has increased manifold and that's why the country is now self-sufficient in food production, and agricultural export has also increased over the last decade. The contribution and productivity of the agriculture sector are associated with the country's food security which employs close to 40% of the country's labour force. The industry is also a significant contributor as provider of raw material sources for other sectors, such as poultry and livestock feed, leather, frozen food, canned food, etc. It is the core of the Bangladesh economy, playing an essential role in reducing poverty. Climate change poses risks to the agricultural output, and there are several challenges associated with value chain and marketing, financing, and

development of processes without harming environment. As a low-lying country situated on a delta, Bangladesh can expect increased flooding, salt water intrusion, drought and other natural disasters. According to an estimation, Bangladesh is losing 1.75% of its arable land each year - faster than its population growth (IFC, 2013). For food security reasons, it is imperative for farmers to deploy innovative and sustainable practices. Potential of the sector is obvious when Bangladesh is among top 10 producers in several agriculture produces, and demand for food would go up by 60% by the year 2050 globally.³ Financial sustainability is crucial for the big section of the low income agricultural producers of the country and to attract capable entrepreneurs to the sector. Full potential of the sector can only be explored and benefits can be maximized by ensuring inclusivity and greenness of the agriculture sector of Bangladesh.

Despite remarkable development, the agriculture sector has not reached its fullest potential having challenges of the fluctuations in food prices, natural disasters, broken supply chain, volatile international markets, and more. There are scopes for improving agricultural productivity. The pandemic has dealt the most significant blow to the agricultural productivity of the country, and according to an estimation of BRAC, four core sectors of agriculture, fisheries, poultry, livestock, and crops and vegetables, have lost an approximate income of 656 billion BDT (USD 6.7 billion) over the Covid-19 crisis (Light Castle Analytics Wing, 2021). Absence of supply chain and fragmented commodity market is disincentive to the farmers and agricultural producers. Over dependence on high-yielding seeds that cause fertility loss in the soil, and fragmented lands are also barriers. Despite remarkable efforts and contribution on the part of central bank, banks/NBFIs, and microfinance institutions (MFIs), barriers to access institutional finance remained a challenge. In several instances, agricultural producers are not using modern crop production methods because of the lack of awareness and technical support regarding proper water resource management, irrigation, use of fertilizer and chemical pest control. The producers have technology and knowledge gap in converting raw produce into high value processed food for greater benefits.⁴ Migration from rural to urban and agriculture to non-agriculture might prove to be big challenges if the sustainability of the agriculture sector is not ensured. Poverty, food insecurity, lack of employment,

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2. RMG industry of Bangladesh, having remarkable contribution to the women empowerment, touched the milestone of having 155 US Green Building Council's (USGBC) Leadership in Energy and Environmental Design (LEED) certified green factories, the highest in the world; according to the Bangladesh Garment Manufacturers and Exporters Association (BGMEA), Bangladesh's RMG sector has taken the lead in green manufacturing with 46 Platinum, 95 Gold, 10 Silver and another 4 LEED-certified factory buildings as of January 10, 2022 (<https://www.dhakatribune.com/business/2022/01/10/>).
 3. FICCI, New Growth Driver of Bangladesh: Agribusiness, Digital Economy and Green Finance, A FICCI's Research Output: <https://ficci.org.bd>
 4. For example, over 90% of the country's local milk is unprocessed where close to 40% are women farmers; entrepreneurial and financing supports might contribute in creating high value milk product this might be a good way to make agri-business inclusive (The Daily Star, 2018, Agri-business for Inclusive growth: Prospects and Challenges for Bangladesh, Round Table Report)

climate change and environmental degradation are among the root causes of migration.⁵ Agricultural credit facilities need further push, however demand side challenges are the major barrier to avail green and inclusive financing measures of the central bank for supporting marginal farmers, landless farmers, and sharecroppers.

Inclusive agri-business should work towards attaining food safety and food security where rural income people have involvements both as the consumer and participant in the production process. The benefits of inclusive business include higher profitability, larger market share, lower operating cost, new consumers, better marketing of products and the ease of doing business. The benefits for the poor are jobs and income opportunities, increased access to the market, empowerment of women and genders, access to innovation and technology and better access to credit. Adoption of environmentally favorable approach is associated with addressing climate change challenges and safe and healthy production. Such a green and inclusive agri-business have direct contribution to the green and inclusive growth-the key macroeconomic goal of Bangladesh (there are replicable cases-examples in appendix-4 and appendix-5).

Contribution of SMEs is well recognized in developing countries like Bangladesh. SMEs are very important economic force in a developing country because of their formidable role in creating employment, contributing to export earnings, reducing poverty, and spurring product innovations. Considering the importance, policymakers in almost all economies have been undertaking policies and strategies to promote SME sectors. In emerging economies, SMEs are contributing about 40% of the GDP and create 7 out of 10 jobs (World Bank, 2021). According to the SME Policy 2019 from the country's Ministry of Industries, the SME sector in Bangladesh is made up of about 7.8 million enterprises that contribute close to 25% of the country's GDP. A significant number of these entrepreneurs are women that were found to be playing significant roles in reducing poverty and unemployment (Rahman, 2020). Contribution of SMEs is also significant to the country's export expansion. The share of RMG exports is approximately 83% of the total exports, and a good number of RMG factories are small factories and SMEs are also involved with the manufacturing of different types of

garment accessories (Statista, 2021). A significant portion of the workers' remittance go to the SME sector. Families of most of the migrants live in rural areas, and a portion of these vast remittances is spent on productive SME investments activities that engaged local communities and stakeholders (The Business Standard, 2021).

SMEs can contribute to poverty eradication. The SMEs can create job opportunities for villages and complement entrepreneurship in entrepreneurship in the agriculture sector and thus help flourish the rural economy. Easily available raw materials and local resources may be used by the SMEs. Sometimes SMEs play a role in the large industry; wastage and unused materials of large industry are often used by SMEs as raw materials. Planned development of SMEs might prove to be a remarkable force for improving inclusion and green growth.

As in most other developing countries, SMEs of Bangladesh confront a number of inherent challenges covering inadequate access market and start-up capital; lack of bankable attributes; lack of collateral security; diseconomies of scale; and being highly vulnerable to business and economic turmoil. SMEs generally use local technology to produce goods but these are not productive enough to fulfill the market demand, as a result, many SME entrepreneurs are losing their livelihood (LightCastle Analytics Wing, 2020). Low productivity and lack of modern skills and knowledge of technology and marketing are said to be common difficulties with SMEs in the country (Rahman, 2018). Cluster-based SME business development might help solving a number of these problems. Clustering is a recognized strategy to strengthen and consolidate SMEs through promoting interconnectedness, competition, and cooperation. Under cluster-based SME business development, policy and operational coordination would help to stimulate innovations, manage resources efficiently, ensure access to finance, promote marketing and supply chain, and can help environmental and social challenges (Habib et. al., 2021).

A few Focus Group Discussions (FGDs) and stakeholders' discussions in Gaibandha⁶ district may help reflect the challenges and opportunities for green and inclusive business development that require interventions.

5. FAO: Migration, Agriculture, and Rural Development: <https://www.fao.org/3/i6064e/i6064e.pdf>

6. One of the traditional settlements of North Bengal, is situated on the right bank of Brakshaputra river. It is bounded by Tista river and Chilmari upazila of Kurigram district on the north, Piragachha of Rangpur district on the northwest and Mithapukur and Pirganj upazilas of Rangpur district on the west, Ghoraghat upazila of Dinajpur district, Kalai upazila of Joypurhat district on the west and south the Brakshaputra river flowing side by side. The district has 7 upazilas : (1) Sadar (2) Sundarganj (3) Sadullapur (4) Palashbari (5) Gobindaganj (6) Fulchhari (7) Saghata upazila. It consists of 72 unions, 1101 mouzas and 4 municipalities (Palashbari, Sundarganj, Sadar and Gobindaganj). The total area of the district is 2169.28 sq km (with river area of 106.6 sq km) and the district is lagging behind in terms of literacy from that of the national and divisional figures (2011, the latest population census).

Multiple Business Potential in Gaibanda Sadar Upozilla

Paddy, Wheat, Maze and Banana are amongst the main agricultural produce of Gaibandha sadar upazilla. Ganzia' paddy is a special type of paddy in Gaibandha that is very rich in terms of nutrition. For the red rice, the primary differentiating factor is the presence of antioxidants. Furthermore, the abundance of essential minerals like Iron, Manganese, Zinc, and Potassium, makes red rice nutritionally superior. Due to its rich mineral content, red

rice also grants the following benefits: improved blood lipid profile; strengthened bone and skeletal structure; boosted cardiovascular health; better metabolism; improved immune response; better digestive functions.⁷ Some enthusiastic entrepreneurs are taking interest in producing Dheki⁸ Chata brown and red rice and drawing business benefits (Mini Case-4.1). Dheki Chata Chal or brown rice contains an important element called selenium, which reduces the risk of heart disease, cancer and arthritis. Challenges and requirements of support are summarized in Box-4.1.

Mini Case 4.1: Notable Business Ventures

A Young energetic textile engineer started business of Dekhi Chata Chal using locally produced Ganzia and Ranjeet Paddy. Loosing job during Covid-19 lockdown, he started the venture and started supplying the nutritious variety of rice in the market. He came to know about this from online sources (utube videos). He sells his rice online, and currently is having 2 Dekhi that can produce 200/250 kg rice a day. He receives online orders and supplies rice to different places in the country through courier services. Considering the demand, he needs 15 Dekhi. He received support in the form of BDT 40000 interest free loans from a local trust. He needs finance to expand his business.

Source: based on Survey data.

Box 4.1: Business Venture, Potentials and Intervention Need

- Business initiatives to produce Khather Ghani⁹ Mustard Oil; Black Cumin Oil; and Flaxseed Oil by a section of producer to supply locally that has huge scope to expand beyond Ghaibandah; these producers need fund and training support for expansion.
- Several hair processing and embroidery factories are established in several places of the Ghaibanda district that are ultimately exported to China; several hundred youths are employed in these factories. Cheap labour is the benefit on the part of Chinese Importer that ultimately contributing to the local economy.
- Embroidery Villages have been developed in the Giabandha sadar from where readymade cloths for reputed Show Rooms of the Capital are supplied at reasonable price; BRDB trained local youths to earn their livelihood from these embroidery villages.

Source: Field Survey

Vegetable Farming has Business Prospects in Sadullapur Upozilla

Paddy, Wheat, Maze and Potato are amongst the main agricultural produce of Sadullapur upazilla. Huge quantity of green vegetables like bitter gourd, cucumber, ladyfinger, beans, brinjal, spinach etc. are sent from the seven market place from this upazilla to different parts of the country. Daily around 30 trucks are sent from the upazilla, as claimed by a local NGO employee. Of the 11

unions, 4 unions are well-known for the production of potato. There is a Cold Storage around (Gobondoganj Cold Storage) for the storage of the potato. Middlemen are drawing most of the benefits of the vegetable production. Training to the vegetable farmers on organic production process, marketing and entrepreneurship might help low-income farmers to improve their livelihoods, income level and local economy. A local NGO, 'Deep' has been working to create awareness on food and care of new born babies, and pregnant mother.

7. <https://www.24mantra.com/blogs/organic-food/know-the-difference-between-red-rice-and-white-rice/>

8. A dheki is an agricultural tool used for threshing, to separate rice grains from their outer husks, while leaving the bran layer, thus producing brown rice.

9. Ghani a traditional device to extract oil; the Ghani consists of a wooden structure with a bucket like container at the top. The raw materials used in producing oil are poured in small amounts in this container. Once the materials are put into the Ghani they fall in gradual showers in its receiving section of it and are pressed into oil. Instead of a mechanized motor, animal power is used to push the Ghani (Banglapedia).

Crop Production in the PhulChori Upozilla

Paddy, Wheat, Maze and Peanuts are amongst the main agricultural produce of Phulchori upazilla. Chor areas of the upozilla are particularly popular for the production of the Ganzia Paddy. Char a tract of land surrounded by the waters of an ocean, sea, lake, or stream; it usually means, any accretion in a river course or estuary. Once vegetated such lands are commonly called chars in Bangladesh (Banglapedia). Ganzia Paddy production of this upozilla may be promoted to create a solid supply source for this special variety of nutritious paddy. Peanuts production may also get support in the chor areas. Training and supply chain support would support the local producers immensely. A local NGO, United Trust is trying to contribute to the local economy by offering interest free loans and training support for creating income generating activities.

Poultry and Egg Production and Businesses in Sundarganj Upazilla

Poultry village in Ramvadro and Khanbari became key sources of income generation and businesses for the local people of the Sundargonj upozilla. The Poultry village has over 1200 egg production center/farm and 12 sales centers. An estimated 1 to 1.5 lac pieces of eggs are distributed from these sales centers every day to the different parts of the country, as informed to the field visit team of the survey. Eggs are mainly supplied to the Rangpur, Saidpur, Dinajpur, and Bogura city areas. Local producers of eggs and poultry however are deprived of the expected product price, and middlemen are taking advantage by selling their products in the city areas at much higher prices. It is also not easy for rural producer to compete with the bigger poultry farms in different parts of the country. Production of Duck Chick in a local village is generating income amongst the local villagers. These producers basically use their traditional knowledge base to undertake these ventures. The entrepreneurs need training and financing support for safe and hygienic production, storage, marketing, and ultimately for the sustainability of these businesses.

5. Way Forward and Concluding Remarks

It is evidenced that the Government of Bangladesh has been pursuing efforts to create supportive policy environment to promote green and inclusive entrepreneurship and businesses with the broad goal of green and inclusive growth. With the same objectives, different ministries, central bank and government agencies have also direct interventions and donor funded projects. However, it is a multi-stakeholders' approach to optimize benefits. There must be adequate responses and activism on the part of entrepreneurs and

consumers to the green and inclusive policy and incentive frameworks of the policymakers. Participation of the local level entities and NGOs is particularly crucial for attaining the responsible goal of greenness and inclusivity of businesses. Several donor agencies and inter-governmental organizations are already engaged in projects related to improving the livelihood of the marginalized population and resource management that have direct and indirect impacts on pulling green and inclusive businesses. Civil society organization, research and academic institutions, and media have roles to support the process as pressure and advocacy group in this progression.

Despite remarkable success in terms of food security, agricultural sector needs interventions to support value chain development and marketing; designing bankable products and getting access to finance; awareness and understanding of the use of local communities for ensuring sustainable inclusivity; technical information and support on environmental risks and safety concerns in connection with the production processes and distribution; and development of customer/consumer readiness to respond to the green and inclusive business ventures. Sustainable crop production system should be emphasized to sustain livelihoods through high net returns without causing harm to natural resources. Environmental protection and human life safety are fundamental to the sustainable crop production system. It may also offer benefits in bio-diversity conservation and integrating growers with the high value food chain. Traditional knowledge base is an important element of this process that integrates local economy with that of the national. Having wider dimension and cross-sectoral features, potentials of SMEs must be explored with the similar policy and support services covering marketing, finance, technical, technological, awareness and skill development backing. Development of Green SME clusters in selected areas might help solving several key challenges of diseconomies of scale, greening products and processes, supply chain development, and collateral free institutional financing.

Agriculture and SME sectors are still recovering from the devastating blow of the Covid-19 crisis. Government agencies and policymakers are engaged in offering stimulus services to the affected producers and entrepreneurs aligned with the Eighth Five Year plan document. The effective recovery processes and sustainability of the economy in the new normal depends on the creation of green and inclusive entrepreneurship and businesses in the agriculture and SME sectors of the country. At this stage, conducting a comprehensive review of the green and inclusive business environment in the context of the country might be helpful to establish a benchmark on the way to the country's future direction for green and inclusive development. This might also help to understand customized requirements of the policy and market support for different localities and sectors considering their socio-economic perspectives.

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Appendix Tables

Appendix Table 1: Functional Areas for Green Entrepreneurship

Resource Efficiency and Environmental Degradation <ul style="list-style-type: none"> ■ Energy Efficiency ■ Mass Transport ■ Sustainable Urban Development ■ Water Security ■ Minimizing Carbon Emission ■ Handling Land Contamination 	Renewable Resources and Management of Scarce Resources <ul style="list-style-type: none"> ■ Using Renewable Energy ■ Reuse and Recycling ■ Waste Management ■ Green Tendering
Resilient Livelihood and Addressing Core Economic Sectors <ul style="list-style-type: none"> ■ Strengthening Disaster Risk Management ■ Handling Bio-diversity ■ Green Agriculture ■ Green Small and Medium Enterprises 	Inclusiveness and Environmental Risk Mitigation of Economic Sectors <ul style="list-style-type: none"> ■ Innovation and Economic Diversification ■ Improved Safety and Health Conditions ■ Access to Energy and other Resources ■ Environmental Risk Mitigation in Consumption ■ Environmental Risk Mitigation in Production ■ Education and Awareness

Note; Based on AfDB, the OECD, the UN and the World Bank, 2013; Green Growth Knowledge Platform, 2013.

Appendix Table-2: Potential Stakeholders of Green and Inclusive Business

Entrepreneurs/Investors/Promoters
Customers/Consumers
Employees
Suppliers/Input Providers
Lending institutions/Banks/NBFIs
Community Members/Groups
Other Business Entities
Politicians/Civil Society Group
Environmental NGOs/Donor Agencies

Appendix Table-3: List of Products/Services and Questions to Transform A Business into Green and Inclusive

Key Agricultural Products: Agricultural crops-rice, wheat, maize, potato, pulses, and oil seeds; fisheries, poultry, livestock, and vegetables.

Potential SME Ventures: Agro based and agro procurement industry; agricultural tools producing and selling industry; light engineering; solar power industry; IPS producing industry; horticulture, flower cultivation and marketing; cold storing; hotel, restaurant and tourism industry; food processing industry; oil and dal (pulse) factory; mini sugar mill, jewelry; bakery; hatchery; dry fish processing; cyber café; renewable power producing; toiletries, cottage industry; herbal medicine industry; stationery product; food refrigerating; leather and leather goods factory; chira and muri (fried rice) producing factory; rice mill; drag house and medicine shop; fertilizer treading; jute products treading; warehouse and container servicing; nursery trading; small amusement park; bamboo and cane products; boutique shop; computer training center; dairy and fish feed producing; brick field; spice processing industry; sanitary products construction; fruit processing industry, potato seeds storage etc.

Products/Services: Is your green venture using locally sourced materials? Are your products/services help reducing greenhouse emissions? Can you use sustainable or recycled goods to produce it? Are you minimizing environmental harm in the process of producing the product? Is it possible to employ disadvantaged workers in producing this? Are your products/services help reduce use of economic and natural resources? Does the business provides or facilitates access to products/services to the low income disadvantaged? Does the Business tailor its pricing to accommodate low-income individuals?

Processes: Are you working to minimize waste generated by your business? How are you reducing greenhouse gas emissions associated with your business activities? How do you conserve natural resources as part of your operations? How do you conserve energy in your business? How do you create/ensure a green supply chain? Do you hire from underserved populations? How do you ensure a safe working environment for your employees? Do you contribute to greening your local community? Does the business offer services/resources through shared access?

Stakeholders: Do you educate consumers about environmental or social justice? Do you educate employees about your green initiatives? Are you providing consumers with the opportunity to reduce environmental impact? Does the business provide or facilitate training or financing to its low-income/vulnerable suppliers, distributors, retailers, or customers? Does the business tailor its communications/marketing strategy to reach low-income individuals?

Appendix Table-3: Solar Irrigation for Sustainable Farming

The farmers of some villages in a northern district in Bangladesh have availed financing for solar irrigation by the cluster approach. It is a very remote area. In late 2009, green energy changed the picture of the village. In group lending approach, farmers got loan for crops, pump for irrigation and drainage. A private commercial bank, MTB, helped to form this cluster. First of all, bank organized the farmers and conducted feasibility study in order to know the potentials of production. Then, farmers were asked to form a cooperative which usually consists of 30 – 35 farmers. This cooperative then gets a legal entity by registering with the appropriate authority. After forming cooperative, they can apply for bank loan. In this case, bank offered BDT 30 lac

for irrigation pump, which is owned by the cooperative and this is a common platform where members get irrigation facility. For this loan, cooperative gives guarantee to the bank. Bank also helped in procuring pumps by contracting suppliers and ensured service facility including installation of pumps. As these pump are operated by solar, banks made arrangement to install solar panel. Banks also made expenditure to prepare water distribution system. Apart from this, bank took care of back-up facility which is diesel operated in order to ensure smooth flow of water, as claimed by the bank. The bank offered loans for ten years in the project. Arranging alternative use of solar during off season would offer even more benefits.

Source: Habib et al., 2020.

Appendix Table-4: A Composite Consider Viable Business

An entrepreneur resides at Gazipur, has established an ideal composite set up. The firm uses recycled plastic poultry cases; poultry wastes are used for bio gas generation for fuel and electricity; and other wastes are used for compost fertilizer. The firm uses manure of the poultry to produce biogas which is used for electricity generation and cooking for farm laborers. To build this eco-friendly poultry composite, Mr. Sabbir was awarded the best Trophy in the year of 1998 from the Directorate of Youth Development. A bank financed him a composite credit facility of BDT 106.00 lac in different forms. The plant size is 8,000 cubic feet (20 x 20x 20) having a capacity of generating 3,000 cft biogas. The gas is currently used for household cooking and

generating electricity for the poultry firm and household purposes. According to the entrepreneur, this type of project is quite viable as it helps to generate gas, electricity and organic fertilizer which can be used both for personal as well as business purposes in a profitable manner. The owner is thinking about commercial production and sale of gas and electricity. He suggests that the government should make the bio-gas plant establishment mandatory for all entrepreneurs in poultry business to ensure a clean environment besides a profitable business concern. The loan for bio-gas has already been repaid and the other forms of credit are being paid by the borrowers satisfactorily.

Source: *Habib et al., 2020.*

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Virtually Operating Organizations and Work Performance in Nepalese Business Organizations



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ABSTRACT

The paper aims to examine whether virtual firms are able to determine their employees' performance level. Virtually all operational organizations are rapidly spreading over the world, and the work arrangement has influenced every management strategy. Virtual organizations are shaping up and they may arrive in stages and emerge from a wide range of sectors. Go's/INGO'S/Educational institutions, as well as training and development firms, are likely to adopt virtual organization dynamics. A convenience sample size of 310 people was picked from Nepal, ranging from freelancers to internet businesses. The data for the study was gathered via a questionnaire filled out by the chosen samples. The descriptive statistics, regression, and chi square test were used to analyze the data, and the causation and effect link between employee performance and computer anxiety, personal empowerment, and communication satisfaction was also provided. This study discovers that highly visual internet business and service firms have a substantial impact on their employees' performance, with a strong association between computer anxiety and personal empowerment.

KEYWORDS

Performance, Communication satisfaction, Personal empowerment, Computer Anxiety.

1. Introduction

1.1. Background of the Study

In the literature, the term "virtual" is used on both organizational and individual levels. On the organizational level, the terms "decentralized" and "nonhierarchical" were used interchangeably to describe the structure of "virtual" organizations (VO's). In the business-restructuring literature, VO's are framed as being revolutionary and unencumbered by the material constraints of other organizations (Toglaw, 2006). Van Der Merwe (2007) outlines VO as distinctive and network-like structure in which the barriers that virtual workers can experience with time and space can be reduced or can even disappear completely.

Ghimire (2020) identifies that flexible work practices have positive impact on the employees. Virtual work is somehow flexible, physically distanced team work, and mostly internet based. Internet allows people to work more closely. Here, operations are generally dispersed and these can be handled through information and communications technology. Some of the service organization completely fit on the virtual work pattern; however this concept is quite new in the case

of Nepalese organizations. Hence, this study is focused to understand the performance level of the Nepalese employees who are working under virtual work environment.

1.2. Statement of the Problems

There is a scarcity of scientific and empirical studies that can pinpoint employee performance difficulties in the Nepalese corporate environment. In this regard, the primary goal of this research is to examine and assess employee performance in terms of anxiety, satisfaction, empowerment, and management. Some study issues on virtual practices, technology use, efficiency, position, industrial environment, management quality, and organizational atmosphere have been deemed obvious in the current scenario. The following questions have addressed to identify the impact of employee performance and commitment of virtual organization in Nepal:

1. What is the level of employee performance of virtually operating organizations in Nepal?
2. What is the impact of organization communication satisfactions, and computer anxiety, personal empowerment on the performance of virtually functioning organizations' employees in Nepal?

1.3. Research Objectives

The main objective of the study is to examine performance level and practices of virtual organization in Nepal. The general purpose of the study is to discuss, examine the impact of performance on organization of VO's in Nepal. Specifically, this study has following objectives:

- a. To measure employees' performance of virtually functioning organization in Nepal.
- b. To measure the organizational commitment of employees of VO's in Nepal.
- c. To examine the impact of demographical variable (age, gender, education, position of duties, experience) on the performance.
- d. To assess the impact of communication satisfactions, computer anxiety, and personal empowerment on the performance of VO's employees in Nepal?

2. Review of Literature

2.1. Communication Satisfaction

Akkirman and Harris (2005) found that virtual office workers were more satisfied with organization communication than traditional office workers. Den Hartog et al. (2013) studied of 2,063 employees and 449 managers in 119 branches of a single large firm, the authors tested how managers' perceptions of the HR practices implemented in the unit relate to employee perceptions of these HR practices. Multilevel structural equation modeling analysis showed that HRM perceptions mediated the relationship between implemented HRM and both satisfaction and

unit performance and that communication moderated the relationship between manager-rated and employee-rated HRM. In virtual teams, the lack of feedback and information about team processes is a major problem (Geister, Konradt, & Hertel 2006). Geister, Konradt, & Hertel (2006) did a longitudinal study of 52 virtual teams. Teams that used the OFS showed an increase in performance compared with controls that did not use the OFS. Results indicated initial motivation as a moderating variable on the improvement caused by the OFS. Positive OFS effects were found on motivation and satisfaction for the less motivated team members. Furthermore, for less motivated team members, effects of the OFS on performance were mediated by interpersonal trust. Overall, results imply that team process feedback has a positive effect on motivation, satisfaction, and performance in virtual teams.

2.2. Computer Anxiety

Computers are pervasive in business and education, and it would be easy to assume that all individuals embrace technology (Buche, Davis, & Vician 2007). Technostress, a stressor, has implications for employee's psychological states; however, flexibility like work from home can have positive outcomes, especially for instructors who have to teach and ensure social distance during COVID-19 (Saleem et al.) Evidence shows that roughly 30 to 40 percent of individuals experience some level of computer anxiety (Buche, Davis, & Vician 2007). According to Buche, Davis, & Vician (2007) employees continued to perform well despite the prevalence of technostress. The training and one's creative self-efficacy were useful to control the technostress and maintain the performance of instructors during COVID-19.

2.3. Personal Empowerment

Virtual mentoring is essential for providing emotional support, creating opportunities for dialogue, helping employees discover a balance between work and life, implementing a reward system, and enhancing an overall sense of well-being and belongingness for employees working in virtual/remote environments (Yarberry & Sims 2021). The question of power relations operating upon virtual knowledge workers is somehow complex and sophisticated in terms of control and constraint. Whilst initial observations indicate that control is restricted to a small set of direct controls, the research led one to observe a complex, pervasive web of integrated and overlapping constraints emanating from the external and internal panopticon (Jackson, Gharavi, & Klobas, 2006). With the consideration of literature explained above, conceptual framework of the study is shown as below.

Figure.1 Conceptual Framework

Independent Variable	Dependent Variable
Communication Satisfaction	→ Employees Performance
Personal Empowerment	
Computer Anxiety	

3. Research Methods

3.1. Research Design and Rationale

The present research is based on the opinions collected from virtually working employees in Nepal under private, joint venture, and government and semi government ownerships. By nature, it is an exploratory cum descriptive survey research. The study covers virtually operating business organization and other virtually working size of people all around Nepal. Research has explored the comparative results of the opinions of respondents. The comparison of the results from the demographic people's opinion of male and female, all levels of management and senior and junior managers have also been presented. Hence, the present research also attempts to carry some characteristics of the comparative research design as explained.

3.2. Research Hypothesis

The following hypotheses were guided by the literature review as well as the outcomes of the qualitative study presented earlier in this thesis. In virtually functioning management especially as the decision maker has to use communication, computer work and timely empowerment so as to ensure performance. With this, this study tries to test the following hypothesis to meet the objectives of the study.

H1: There is significant impact of communication satisfaction on the performance of VO's in Nepal

H2: There is a significant impact of computer anxiety on the performance of VO's in Nepal.

H3: There is significant impact of personal empowerment on the performance of VO's in Nepal,

3.3. Research Variable

Measure

All multi-item scales used in this research were adopted from prior research work with few rephrase for the ease of respondent. Altogether, five previously developed measures have been used to measure different constructs required for this study. These measures have been used by previous researchers in their research studies and have been found to be valid and reliable to measure the constructs under investigation. Except demographic variables, responses to all the items have been measured as following scales. Measures of this study are as follows:

Communication Satisfaction

Downs and Hazen's (1977; as cited in Toglaw's 2006) scale were fairly too long for this study, however the summarized items to measure communication satisfaction level of all level's employees Toglaw's (2006) is simple for this study. The communication satisfaction were tested using a seven-point likert rating scale ranging from "Strongly Disagree (1)" to "Strongly Agree (7)".

Computer Anxiety

A short form of Heinssen et al., (1987) computer anxiety rating scales and adopted by Compeau and Higgins (1995 as cited in Toglaw's 2006) was used in this study, it was retested by Toglaw (2006). It is composed of four items that are based on seven-point Likert rating scales ranging from "strongly disagree (1)" to "strongly agree (7)". The scale is simple, relatively short and has good psychometric properties. Staples et al., (1999) used this scale in a study on remote workers in virtual organizations and reported internal consistency of 0.94 and Cronbach alpha of 0.90.

Personal empowerment

To measure personal empowerment of the employees of the virtual work system a short form of Konczak et al. (2000; as cited in Toglaw's 2006). They have an original scale composed of seventeen items which measures six dimensions (delegation of authority, accountability, self-directed decision making, information sharing, skill development and coaching for innovative performance). Based on their relevance to the study, only four questions were selected. They were measured by the four items using a seven-point Likert rating scale ranging from "Strongly Disagree (1)" to "Strongly Agree (7)". Konczak et al., (2000) reported Cronbach Alphas of 0.92 for the accountability dimension and 0.86 for the skill development dimension. The scale is simple, easy to read and has a very good internal validity.

Performance

The Likert scale, designed and used by the author/researcher Wijesundera (2018), is used to measure employee performance in relation to organizational commitment and other characteristics. As long as the questionnaire was condensed to identify research problems and achieve the goal of predicted research work with virtual organizations and personnel who are now employed, with the virtually functioning management practices.

3.4. Population and Sample

Population of this study is technology based virtual organization such as the E- commerce firms, working from home employees, NGO and INGO's, training and development suppliers, and educational companies.

4. Data Presentation and Analysis

4.1 Reliability of the research construct

Table 1 displays the case processing summary that states the total number of respondents is calculated by the 100% level of valid calculation through the SPSS V2.0. Data presented in the table 4.1 test the reliability by the Cronbach's alpha, α (or coefficient alpha), developed by Lee Cronbach in 1951. Study were measured, reliability, or internal consistency. Cronbach's alpha test is used to see the virtually working employee and their performance measurement questionnaire which were developed by the multiple-question Likert scale surveys. Here is the excellent reliability of the study as per presented in the table i.e. Cronbach Alpha $\alpha \geq 0.9$ (0.923).

Table 1. Case processing summary and reliability of the research

Case Processing Summary			
		N	%
Cases	Valid	310	100.0
	Excluded	0	.0
	Total	310	100.0
Case Processing Summary			
Cronbach's Alpha		N of Items	
.923		27	

4.2 Employees Performance

As depicted in the table 2 overall mean of the performance of the employees in the Nepalese virtually functioning work pattern were analyzed the performance of the males and females were represented by the mean value 3.57 and 3.77 with a standard deviation of 0.92 and .86 respectively. The gender who identify themselves as female employees' performance was more than their male counterparts. Performance of employees from age group 40-50 have mean value 4.2 and standard deviation is .45, which indicates that mean value of age group from 20-30 years, 30-40 years and above 50 years employees is 3.59, 3.96 and 4 respectively, and their standard deviation is 0.94, 0.62. Likewise, Certificate, Bachelor/University. Degree and Post Graduate degree holders mean was 3.73, 3.60 and 3.80 respectively with the standard deviation of 0.79, 0.99, and 0.72. Employees from post graduate degree have better performance than employees from other degrees. The mean value of the employee from lower management / supervisory role, middle management, and senior management is 3.38, 3.8 and 4.16, with the standard deviation 0.92, 0.85973 and 0.42. It indicates that the senior management has higher performance level compared to other levels in the organization.

Table 2. Mean and standard deviation of the study variables according to the demographic variable

	Group	N	Performance	
			M	SD
Gender	Male	156	3.57	.92
	Female	154	3.77	.86
Age	20-30 yrs.	250	3.59	.94
	30-40 yrs.	48	3.96	.62
	40-50 yrs.	10	4.20	.45
	Above 50 years old	2	4.00	.00
Highest Education	Certificate	102	3.73	.79
	Bachelor/University Degree	164	3.60	.99
	Post Graduate	44	3.80	.72
Position of Work	Lower management / Supervisory Role	128	3.38	.92
	Middle Management			

Continue: Table 2

Continue: Table 2

	Group	N	Performance	
			M	SD
	Senior Management	158	3.84	.85
	1-2 year	24	4.16	.42
Total duration with employer	3-4 year	92	3.72	.96
	Less than a year	58	3.59	.82
	More than four years	136	3.62	.90
	1-2 year	24	3.95	.75
Total duration of same profession	3-4 year	110	3.74	.91
	Less than a year	46	3.40	.73
	More than four years	126	3.63	.97
		28	4.08	.49
Total		310	3.77	0.75

The duration of the employee with an employer also impacts the performance, the mean from 1-2 years, 3-4, less than a year, more than four years is 3.72, 3.59, 3.62, and 3.95 and standard deviation is 0.96, 0.82, 0.90, and 0.75. It shows that the employees from more than four years, the performance is greater from other group. Also same profession also

impacted the performance, the duration from 1-2 years, 3-4, less than a year, more than four years is 3.74, 3.40, 3.63, and 4.08 with the standard deviation of 0.91, 0.73, 0.97, and 0.49. It shows that the employees from more than four years the performance is greater from other group.

Table 3. T- Test outputs of the Demographic Groups for Study Variables with performance according to gender.

Group		N	Mean	Sig.	Mean difference	t	SE
Gender Performance	M	154	3.77	0.30	0.20	1.989	0.10
	F	156	3.57				

As presented in the table 3 mean performance differences between male and female were 0.2030 and its level of significance was .00 ($p < .01$). The mean differences and its level of significance indicate that mean differences of performance between these groups (between male and female) were statistically significant. And the significance level from the other groups were tested by the use of ANOVA to determine whether there are any statistically significant differences between the means of two or more independent groups.

4.3 Relationship between employee's performance and, communication satisfaction, personal empowerment, computer anxiety.

Pearson correlation was computed to find the relationship of employee performance in virtual organization with communication satisfaction to each other on the basis of responses received from the respondents. The computed descriptive values and correlation are presented in table 4.

Table 4. Correlation between performance and other variables

	1	2	3	4	5	6
1. Performance						
2. Communication satisfaction	.709**					
3. Computer anxiety	.168**	.116*	.487**	.379**		
4. Personal Empowerment	.793**	.806**	.622**	.633**	.138*	

***. Correlation is significant at the 0.01 level (2-tailed).*

**. Correlation is significant at the 0.05 level (2-tailed).*

Table 4 shows the correlation between employee performances with the communication satisfaction revealed many significant positive association. Correlations of communication satisfaction with performance level of employees were uniformly higher 1% level of significance and correlation was .70. With the computer anxiety and personal empowerment; performance correlates with .16 and .79. Further, Table 4.4 shows the correlation between employee performances with the communication satisfaction revealed much significant positive association.

In virtually functioning organization analyzed variables are very significant variables for the performance level for the employees.

4.4 Regression analysis

Regression analysis is a useful statistical approach for determining the degree to which certain independent factors influence dependent variables throughout an organization.

Table 5. Regression Analysis

Model		B
1		
	Communication satisfaction	.133*
	Personal Empowerment	.408*
	Computer anxiety	.028

a. Dependent Variable: Performance

Data's presented in the Table 5 shows the regression with the constant variable performance and all dependent variable whereas the data shows that if there is the change in one unit increase in the communication satisfaction, the performance were changed by the 13.3%, and the communication satisfaction has significant effect with the performance, $P < 0.05$. It shows the regression with the constant variable and dependent variable whereas the data shows that if there is the change in one unit increase of the computer anxiety, the performance increases by the 2.8%, and the computer anxiety has no significant effect with the performance. Lastly in case of changes in one unit of the personal empowerment, the performance increased by the 40.8%, and the personal empowerment has significant effect with the performance, $P < 0.05$. However, variance-inflating factors have been calculated

to measure the presence (or not) of the multicollinearity while calculating the interactive effect of independent and moderating variable on the dependent variables (i.e. calculating hierarchical moderating regression). In this study, VIFs have been found less than 10 and tolerance is less than 1. According to Adnan et al. (2006 as cited in Bhattarai, 2021), the multi-collinearity would not be problematic if VIF is less than 10.

5. Conclusion and Discussion

The presented research attempts to relate employees performance as the intervention to bring the desired changes in the organizations by improving the managerial behavioral attributes with strengthening the managerial sense making in regard to change in organizations and

timely improvement in management through the virtually functioning lines. The basic objective of this research is to explore and analyze employees performances aimed at virtually functioning organizational factors. This research focused on educational, e-business and freelance worker in the pandemic situation or normally operating Service Company all around Nepal from each private, joint venture, government and semi government ownership pattern each.

The evidence is clear: in order to get high levels of performance from virtual workers, managers must be motivated to move away from physical touch. Communication satisfaction and personal empowerment both promote employee satisfaction, which in turn improves employee performance. In addition to substantially decreasing emissions, computer anxiety, if handled and managed correctly, may result in increased service and strong performance, opening doors for technology via human empowerment, which will lead to improved growth and performance. Despite the fact that this method would have financial implications, but its impact in long run would be sustainable. From a long-term perspective, it would represent a significant step towards a more sustainable and resilient global national management perspective. Working from home isn't for everyone's personality or skill set. Some employees may enjoy the regularity and structure that comes with working in an office setting. Some employees prefer face-to-face connection with coworkers and believe that face-to-face coaching from their boss is highly useful in assisting them in completing duties and achieving their objectives. Managers must also consider personnel with employee's preferences. Working from home may have an adverse effect on the assistance they require to do their duties. Working from home may not be suitable for everyone's lifestyle, for example, some people may have anxiety with the computers who are oblivious to limits and cause disruptions during working hours. Working from or in a virtual medium invites greater flexibility and agility in the workplace for the employees and, employees may be better positioned and more ready to work flexible hours, such as earlier or later in the day, or even on weekends, if they are no longer bound to an office according to the position of their work, gender and education preferences. The companies are able to operate in a different time zone, and home working may help retain workers by allowing them to meet their individual obligations, decrease travel time, and fit their work around their personal lives. As Ghimire (2020) highlighted that organization should consider work flexibility as it contributes to improvement in the allocation of work and life responsibilities, this research adds to the existing literature about allowing employees to work virtually that increases their faith in their employer, and ultimately leads to improved productivity.

This study effort was done under the virtual organization and its environment, and the whole work provided us with an understanding of how internet businesses, work from home businesses, and freelance employees are affected by relational factors. In future work, this work will be useful in understanding, analyzing, and interpreting the performance levels of virtually operating businesses and their employees. However, demographic variables were not examined with the correlation effect, but the mean difference and its relationship were useful in understanding the demographic relationship. The current study sought to combine the performance of virtual operational institutions' employees. If a personal contact crisis occurs, service businesses and online organizations may have a larger opportunity, and management levels may have a greater possibility of performance management and development activities as a result of organizational adaptation. Its focus has been on the analysis of changes in virtual worker performance levels. Future researchers should focus more on the virtual business environment, where management has space to discover the simplest approach to increase employee performance development and improvement in hard criterion measurements. It's possible. Other than online business to company and customer to customer, it may be explored in service organizations. More study in the areas of emerging customer need and virtual business practice from management viewpoint of performance is also recommended.

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Service Switching Behavior of Consumers in Nepali Banking Industry



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ABSTRACT

Retaining the existing customer base and winning new customer is the most challenging job in modern banking industries. Consumers' intention to switch or to stay loyal is a result of multiple factors. This study aim to examine the various factors determining the consumer service switching behavior of Nepali banking industry. This study is based on the primary data and information collected through the survey. 178 respondents were taken as the sample for data collection using convenience method. Respondents were asked to assess the items of various constructs on the five-point Likert scale. Price, service quality, effective advertising, switching cost, and switching costs are all significant and likely to influence customers to switch banks in Nepalese banking system. The findings bring some significant policy implications for bank management decisions. Switching costs, effective advertising and price plays a very important role in retaining and sustaining customers and to make them loyal. Quality of service also play the crucial role in the switching intentions of customers. If the services are good then the customers will be satisfied and loyal otherwise they will incline towards switching to another bank. Behavior and attitude of bank employees must be sympathetic and polite with the customers.

KEYWORDS

Service Switching Behavior, Price, Banking System, Switching Cost, Service Quality

Introduction

Banking industry is one of the important service sectors having significant contribution in national economy. In Nepal, financial liberalization was started in 1984. A large number of financial institutions were established afterwards which lead to soaring competition among the banks in Nepal. Mushrooming in this industry has provided consumers with numerous choices to switch from one bank to another. The number of banks providing differential services prompts the customers to have multiple accounts, eventually leading a comparison of services and prices. Today, the customer services preference keeps on changing at a rapid speed and their demands. Therefore, in the banking sector, challenging and tough job for the bankers is retaining the existing customer base and winning new customer (Alagarsamy and Wilson, 2013). To stay competitive, banks have to understand their customers in order to not only anticipate, but also to influence banking switching behavior (Beckett et al., 2000).

Consumer switching behavior refers to act of abandoning a product or service by the customer in favor of a competitor. It is basically the behavior of consumers in shifting their attitude from one brand (product) to another brand (product). Moving funds from one bank to another if the customer is dissatisfied with the service at the first is an examples of switching service. Due to intense competition in Nepali banking industry, building customers loyalty and retention has become one of the important strategies for banking industry (Zhang, 2009). Retaining the existing customer base and winning new

customer is the most challenging job in modern banking industries. Consumers' intention to switch or to stay loyal is a result of multiple factors. Consumers' switching behavior largely depends on price, reputation, service quality, effective advertisement competition, involuntary switching, distance and switching cost (Zhang, 2009). The switching behavior is guided by switching cost, consumer satisfaction, service failure and trust.

Customers' switching behavior has been investigated. However, there are few empirical studies on developing countries that provide conclusive evidence on why customers switch service providers. Further, due to economic, social, political, and cultural differences, it is important to examine customers' switching behavior in the Nepali banking industry and to test whether the results and findings will be similar to the previous study. Thus, the primary purpose of this study is to examine the various factors determining the consumer service switching behavior of Nepali banking industry. Further, it examines the major issues related switching behavior of the consumers in Nepali banking industry. Overall study revealed that price, effective advertising, service quality and switching cost were prime factor for many banking consumers while service switching decisions in the context Nepalese banking industry.

Literature Review

Several studies have revealed the factors contributing to switching behavior. Demographic variables such as age, gender and income level also may have significant influence in switching behavior of the consumers (Mavri & Ioannou, 2008). Valenzuela (2010) explored various factors determining switching barriers and the effect of type of bank, gender and education on customers' perception of switching barrier. Variables such as switching barriers, distance, rival performance and price are possible factors that contribute toward the consumer switching behavior in banking industry (Karimii, Maymand, Hosseini & Ahmadinejad, 2012). Khan, Ghouri, Siddiqui, and Shaikh (2010) investigated the seven factors price, reputation, service quality, effective advertising competition, involuntarily switching, distance and switching cost of customer switching which effects banking opportunity in Pakistan. Various researchers asserted in their studies that the goodwill, reputation of an organization plays an important role in building positive relationship with the customers when these firms have potential and trustworthiness in the minds of the customers (Vendelo, 1998). Using diverse services that included restaurants, hotels, airlines, and travel agents, Keaveney (1995) found eight incidents relating to service problems and non-service factors that stimulate customers to switch service

providers namely: pricing, inconvenience, core service failures, service encounter failures, response to service failure, ethics, competition, and involuntary switching. However, generalizing Keaveney's (1995) findings may not be applicable for the retail banking industry. Clemes et al. (2007) and Cengizet et al. (2007) suggested that advertisement is one of the important determinant which attracts the customers towards the bank image in. Earlier studies found that superior service quality has positive relationship with customer switching behaviors especially in the banking sector (Clemes, et al., 2007; Safakli, 2007). Qualities of services are perceived by customers concerning these services are two different but valuable things which influence the customers overall satisfaction level direct positively towards an organization (Yu et al., 2005). Al-Rousan et al., (2010) concluded when an organization tries to make its service quality then customers become loyal with that organization. Clemes et al. (2010) found that factors such as pricing, reputation, quality of service, effective advertising and switching costs have an impact on switching behavior of bank customers. Customers may conduct switching behavior also due to financial considerations, especially low interest on deposits and high interest on loans, credit cards and loan (Mountinho et al. 1989; Manrai, 2007). Stewart (1998) and Gerrard and Cunningham (2000) have studied customer switching behavior in the banking industry. Stewart (1998) suggested four types of switching incidents that relate to how customers were treated: facilities, provision of information and confidentiality, and services issues. Gerrard and Cunningham (2000) also identified six incidents that they considered to be important in gaining an understanding of switching between banks. These incidents were: inconvenience, service failures, pricing, unacceptable behavior, attitude or knowledge of staff, involuntary/seldom mentioned incidents, and attraction by competitors.

Research Method

This study has used a quantitative research design. Under quantitative research design, this study has used survey method to examine the relationship between the study variables. This study is based on the primary data and information collected through the survey. Thus, this study has used a questionnaire survey method to collect data. Data is collected through structured questionnaire via different social media like, Facebook, messenger etc using a Google Survey Form. Self-administered questionnaire is distributed to different demographical background. 178 respondents were taken as the sample for data collection using convenience method. The present study made inferential statistics analysis such as correlation and regression analysis. This study employed descriptive

and causal comparative research design to deal with fundamental issues associated with service switching behavior of costumers in Nepalese banking sector. The descriptive research design has been adopted for fact finding and search adequate information about service switching behavior of banks' costumers. The causal comparative research design has been used in order to observe the direction, magnitudes and relationship of the factors affecting service switching behavior of costumers in Nepalese banking industries.

The sample size used in this study was determined by following the Roscoe (1975) who suggested the sample size larger than 30 and less than 500 is appropriate for most research. Kent (2001) has also suggested that for any kind of quantitative analysis, a minimum number of 100 cases is acceptable. Thus, this study determined the sample size of 178 which is considered to be sufficient for quantitative analysis. A five-point Likert scale was adopted. Respondents were asked to assess the items of various constructs (such as price, reputation and service quality) on the five-point Likert scale with 1 represent strongly disagree, and 5 represent strongly agree.

Econometric Model

The linear regression model has been used to identify variables that have been influential in the switching behavior of customers in Nepali banking industry.

$$SSB = f(PR, SQ, BR, SC, DS, AD)$$

Where, SSB is service switching behavior of customers, PR is price, SQ is service quality, BR is bank reputation, SC is switching cost, DS is distance, and AD is advertising

Test of Reliability

The Cronach's Coefficient Alpha was used to test the reliability of each factor. In this study, all of the factors have a Cronach's Coefficient Alphas value greater than 0.60, as suggested by Churchill (1979). The variables used in the summated scale and their Cronbach's Coefficient Alpha are summarized in Table 1.

Table 1. Test of reliability

Variables	Items	Cronbach alpha
Price	3	0.621
Service Quality	6	0.710
Bank Reputation	5	0.833
Switching Cost	5	0.710
Distance	3	0.699
Advertisement	4	0.847

Results and Analysis

Demographic Characteristics of Respondents

Table 2 presents the profile of the respondents characterized by their gender, age, marital status, income and occupation. The table shows out of total respondents 68 were male representing 38.1 percent whereas 110 respondents were female representing 61.8 percent .the highest percent of respondents fall under the age group of 25-40 years i.e. 76.4 percent. Likewise, majority of respondents (79.78 percent) were married. Similarly, the highest percent of respondents has monthly income less than 25,000. Finally, majority of respondents (69.10 percent) were salaried.

Table 2. Demographic characteristics of respondents

Gender	Number	Percent
Male	68	38.20
Female	110	61.80
Total	178	100.00
Age group	Number	Percent
Below 25	19	10.67
25 to 40	136	76.40
40 and above	23	12.92
Total	178	100.00
Marital Status	Number	Percent
Married	142	79.78
Unmarried	32	17.98
Others	22	12.36
Total	178	100.00
Monthly Income	Number	Percent
Below 25,000	133	74.72
25,000-50,000	19	10.67
Above 50,000	26	14.61
Total	178	100.00
Occupation	Number	Percent
Student	29	16.29
Self Employed	16	8.99
Salaried	123	69.10
Other	10	5.62
Total	178	100.00

Correlation Analysis

Table 3 present the correlation coefficients of the variables are considered for the study. The table shows that the service switching behavior has positive significant relationship with service quality, advertising, service cost and distance. The relation is significant at 5 percent level of significance. Service switching behavior has significant negative relationship with price.

Table 3. Correlation analysis

	PR	BR	SQ	AD	SC	DS	SSB
PR	1	0.164	0.469**	0.764	0.580	0.058	-0.568*
BR		1	0.164	0.890	0.203*	0.160	0.024
SQ			1	0.469**	0.203	0.265**	0.258**
AD				1	0.125	0.687	0.265*
SC					1	0.356**	0.325**
DS						1	0.012*
SSB							1

** Significant at 1% level of significance

* Significant at 5% level of significance

Regression Results

Table 4. Regression Coefficients

Variable	Coefficient	t-stat	Sig.
Constant	5.725	2.189	0.033
Price	-0.091	-3.23	0.001
Reputation	0.118	.861	0.393
Service Quality	0.277	3.66	0.000
Advertising	0.131	1.96	0.051
Switching Costs	0.169	2.008	0.037
Distance	0.299	.804	0.422
R- Square	0.292		
F stat			.000

The table 4 presents the results of regression analysis. The table shows that there is the significant positive relationship of service quality, Advertising and Switching Costs and the switching behavior of customer with having $P < 0.05$. Likewise price has negative significant relationship with switching behavior of customer. Thus, Price, Service Quality, Effective Advertising, switching cost, and Switching Costs are all significant and likely to influence customers to switch banks. R square value of 0.292 indicates 29.2 % variation in switching behavior of customer is explained by independent variable under the study. F test value signifies the reliability of results with significant having the P value ($P=0.000$).

Conclusion and Implication

This study examined the various factors determining the consumer service switching behavior of Nepali banking industry. The study revealed that switching costs, effective advertising, price and service quality significantly influence customers' bank-switching behavior in the Nepalese context. The finding is in consistent with Almosawi (2001), Kiser (2002) and Salleh & NihHazimah, (2009). Clemes et al. (2007) found contrasting results that price has a low impact on bank switching behavior in New Zealand industry. It has been argued that effective advertising competition may stimulate switching (Balmer & Stotving, 1997). Similarly, Almosawi (2001), and Keaveney (1985) argued price and reputation as important factors that influence customers' to switch banks. Previous studies has found that a high price (e.g., bank charges, interest charges on loans) and low interest paid on accounts have an impact on customer switching behavior (Keaveney, 1995; Colgate & Hedge, 2001; Dawes, 2004). The results in the context of Nepal banking is inn consistent with those findings. For customer retention high quality of the services is essential (Zhang, 2009). The findings bring some significant policy implications for bank management decisions. Switching costs, effective advertising and price plays a very important role in retaining and sustaining customers and to make them loyal. Quality of service also play the crucial role in the switching intentions of customers. If the services are good then the customers will be satisfied and loyal otherwise they will incline towards switching to another bank. Behavior and attitude of bank employees must be sympathetic and polite with the customers.

Limitations and Future Research

Although this study provides contributions from both a theoretical and practical perspective, there are a few limitations. This study empirically examined six factors that may influence customers' switching behaviour. However, there may be some other factors that can have an impact on customers' switching behaviour but were not examined in this study. Further empirical research is required to examine the other factors that can impact or influence customers' switching decisions. Further this study focuses on customers' past switching behavior rather than their

future behavioral intentions. However, in order to maintain a long-term relationship with customers, future studies should focus not only on what factors influence customers to switch banks, but also on any additional factors that can potentially influence customers to switch banks in the future. This study focused on the perceptions of bank customers. Further research could explore the perceptions of bank employees to obtain the employees views on why customers switch banks. The perceptions of customers and employees could then be compared for further understanding of bank customer switching behavior.

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Determinants of Willingness-to-pay for Community-Based Health Insurance Scheme in the Rural Community of Gaibandha district, Bangladesh



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ABSTRACT

As a payment strategy, like in other low and middle-income countries, out-of-pocket (OOP) payments play a dominant role in healthcare financing which is comprised 63.3% of total healthcare expenditures in Bangladesh. On one side, about 64.96 %, considering the vast majority of the population, live in rural areas and work in informal sectors of this country is reported. On the other hand, the formal insurance providers are not interested to offer any health insurance scheme to them due to the informational gap and high transaction costs. Therefore, in the absence of insurance, rural poor households generally face large OOP expenditures which sometimes force them to cope with strategies that are practiced for healthcare financing like borrowing with interest, asset selling, etc., resulting in financial impoverishment. Moreover, considering a resource-scarce economy, the inadequate tax base in Bangladesh resulting insufficiency in the budget allocation to healthcare. Based on the success of many developing countries in the world, the CBHI scheme can be considered an alternative for healthcare financing in Bangladesh. The objective of this study was to estimate WTP for the CBHI scheme in the Gaibandha district as well as to explore the determinants associated with it. A community-based cross-sectional household survey was conducted in rural areas on 516 samples that were selected from four Upazilas of the Gaibandha district. In

addition, to reveal WTP for the hypothetical CBHI scheme, the dichotomous choice and open-ended follow-up questions were answered by the respondents, using the contingent valuation method (CVM). The monthly WTP estimated BDT 97.34 (1.148 USD) on average as a premium for joining the hypothetical CBHI scheme. It was found from the study that the WTP was significantly influenced by the respondent's annual income, annual expenditure, family size, hospitalization, and the distance of the hospital from residence. To encourage membership, the awareness creation programs, the information delivery system, and overall, communication procedure in the marketing strategy should be strengthened at the community level were suggested.

KEYWORDS

Community-based health insurance, Willingness-to-join, Willingness-to-pay, Contingent valuation method, Gaibandha district, Bangladesh

ABBREVIATIONS

Community-based health insurance (CBHI), Willingness-to-join (WTJ), Willingness-to-pay (WTP), Contingent valuation method (CVM), Fiscal year (FY), Shasthaya Shurokkha Karmoshuchi (SSK), Ministry of health and family welfare (MOHFW), Socio-Economic Status (SES), Bangladesh taka (BDT), Standard Deviation (S.D).

Background

Bangladesh has achieved significant improvements in various health indicators during the last decade, such as; immunization, maternal and child mortality rates, and life expectancy at birth. Although, as a payment strategy, like in other low and middle-income countries in the world, out-of-pocket (OOP) payments play a dominant role in the healthcare financing of Bangladesh. As per the report of Bangladesh national health accounts, BNHA, 1997-2012, OOP comprised 63.3% of total healthcare expenditures in Bangladesh (Bangladesh Health watch, 2014). As a representative of higher middle-income countries, middle-income countries, and low-income countries, the OOP payments (as a percentage share of current health expenditures), were 8.67%, 54.78%, and 37% in Thailand, India, and Ethiopia respectively in 2019 (World Bank, 2022; Minyihun et al. 2019). Compared to those countries, which was higher at 72.68% in Bangladesh (World Bank, 2022). Globally, around 150 million people suffer from financially catastrophic situations due to direct payments for healthcare services yearly (Minyihun et al. 2019). It is noted that about 15.6% of households in Bangladesh fell into catastrophically impoverished situations because of the high burden of OOP payments annually (Ahmed et al. 2016). Thus, developing a well-organized health financing system is a common global issue.

To achieve universal health coverage (UHC) through increasing access, utilization, and financial protection in healthcare services, CBHI was one of the key strategies for reducing direct payments (Minyihun et al. 2019).

A declining trend was found during the last decade in the budget allocation for health in the country, considering a resource-scarce economy, the inadequate tax base resulting in insufficiency in the budget allocation to healthcare. Exceptionally the allocation increased from 5.63% in the FY 2019-20 to 7.2% in FY 2020-21, giving priority to the initiatives undertaken for combating the pandemic situation of covid-19 (Hassan et al., 2016; Bangladesh Budget, FY 2019-20; Bangladesh Budget, FY 2020-21). Besides, the inclusion of low-income people (especially informal workers) is still challenging in the tax system.

From the literature review, the CBHI scheme was explored in many studies as the most feasible and promising alternative for expanding insurance coverage of the poor in rural areas, and as a cost-sharing mechanism that led to better utilization of healthcare services [Binnendijk (2014); Purohit (2014); Eckhardt et al. (2011); Muchabaiwa et al. (2017) and Haile, H. (2014)].

In the last decade, many community-based health insurance schemes (CBHI) initiated in distinct regions of

developing countries due to the healthcare crisis (Jutting, 2003). In low and middle-income countries as well as developed countries, where the CBHI scheme played an important role in increasing access to healthcare services, ensuring financial protection from the catastrophic impoverishment, and formalizing national health insurance systems (Poletti et al., 2007).

In 2012, as a representative of low-income countries, about 35% of the population was covered through health insurance schemes in Ghana (Mahmood, 2015). In India, about 25% - 26% of the total population was covered under the health insurance schemes, which were explored in many studies. Although the health insurance coverage was insignificant, the provided initiatives ensured social security for poor people in India (Devadasan et al., 2004; Devadasan et al., 2008; Devadasan et al., 2013; Mahmood, 2015; Ngaihte, 2016). On the other hand, in Thailand, a high percentage which was 75 % of the total population, was covered by four health insurance schemes by the year 2000 (HEU, 1999, Poletti et al., 2007).

About 64.96 %, considering the vast majority of the population of Bangladesh, live in rural areas and work in informal sectors is reported (World Bank, 2016). On the other hand, the formal insurance providers are not interested to offer any health insurance scheme to them due to the informational gap and high transaction costs. Thus, in the absence of insurance, rural poor households generally face large OOP expenditures which sometimes force them to cope with strategies that are practiced for healthcare financing like borrowing with interest, asset selling, etc., resulting in financial impoverishment.

A pre-paid health insurance scheme known as "Grameen Health Programme" was initiated by Grameen Bank in the 1990s and a pre-paid basis health program was launched by Gonoshasthya Kendra (GK) in the early 1970s, starting the journey of health insurance in Bangladesh (Howlader et al., 2001). In 2012, International Centre for Diarrhoeal Disease Research, Bangladesh (ICDDR, B), initiated a micro health insurance (MHI) scheme known as "Amader Shasthya (AS)" on a pilot basis, at Chakaria, a remote rural area in the Cox's Bazar district of Bangladesh. Pooling money from the rural people in the project area on a prepayment basis with a view to ensuring financial protection was the aim of the program (Iqbal, 2017). Besides, the government of Bangladesh has initiated a pilot tax-funded health insurance scheme for those living below the poverty line called "Shasthyo Surokshsha Karmasuchi (SSK)" because of the insufficiency of tax-based funding in Bangladesh (Ahmed et al., 2018). The scheme allowed health financing by pooling taxpayers' money including the contribution from the health insurance scheme. The

scheme was up taken to implement at the Upazila level initially and was gradually scaled up in all districts of Bangladesh to achieve UHC (SSK, 2014). To reduce OOP payment of the poor and increase access to healthcare services, was the aim of the project. Therefore, the aim was very similar to the hypothetical CBHI scheme that the researcher had addressed.

Justification of the Present Study

To eradicate financial insecurity, many policymakers prescribed initiating the self-financed schemes in healthcare services, considered a new source of financing, as well as a poverty minimization strategy, apart from tax revenue. It can be noticed that the CBHI scheme can be considered an alternative for healthcare financing in Bangladesh, based on the success of many developing countries in the world. Especially, these types of insurance schemes will increase access to healthcare as well as will relieve the rural and vulnerable segments of this country from the catastrophic impoverished situations. No available data were found on willingness-to-pay (WTP) for the benefit package of the CBHI scheme in the Gaibandha district, which was selected as the study area. Besides, information on the actual use of health insurance, in general, was not available also. Thus, a study was needed to identify the WTP and the factors associated with it. This study will represent the rural community of Bangladesh because of similarities except for the hill-tracts area.

Main Theme and Objectives

The objective of this study was to estimate WTP for the CBHI scheme in the Gaibandha district as well as to explore the determinants associated with it.

Methods

Study area and Sample size

A community-based cross-sectional household survey was conducted in rural areas of the Gaibandha district, selected as the study area, following a two-stage sampling procedure. At first, a total of four (4) Upazilas were randomly selected from the seven (7) Upazilas of the Gaibandha district; secondly, two villages had selected to conduct the survey from each Upazila. The selected Upazilas were Fulchhari, Gaibandha Sadar, Gobindaganj, and Sundarganj. Finally, a total of 516 samples had been selected for the study from the 4 (four) Upazilas.

Research Approach

The research was explorative in nature and used both quantitative and qualitative data to conduct the study.

(For Tables see appendix)

Data Sources

Primary Data

A household survey was conducted by using a semi-structured questionnaire for collecting the primary data. The survey was conducted from February 2019 to March 2019. Besides, Key Informant Interviews (KIIs) were conducted for collecting the primary data also. To identify the WTP level, the respondents were asked the dichotomous choice, and open-ended follow-up questions using the contingent valuation method (CVM). It is noted that 'Open-ended' questions were a total of 15(fifteen), 'Structured' type questions were 33 (thirty-three), and Key Informant Interviews (KIIs) were comprised of 24 (twenty-four) questions.

Secondary Data

The "Population and Housing Census, 2011, Zila report: Gaibandha", Bangladesh budget, web pages, relevant books, and journal articles had been used for collecting the secondary data.

Data Analysis and Presentation

A binary logistic regression was used to assess the determining factors associated with WTP for the hypothetical CBHI scheme. Besides, the chi-square test had also used. It is noted that a p-value less than 0.05 was considered significant at a 95% confidence interval level. To analyze the edited data, SPSS version 21 had used. Thus, generated the frequency tables and cross-tabulations from the collected data. Microsoft Excel had used to show the obtained data in tabular and graphical forms.

Results

Socio-Economic Status (SES)

The mean age of the sampled households (Table-1) was 38 years (Mean \pm S.D; 38 ± 12.567), where the age ranged from the lowest up to 30 to 45 years above. Any family member who was above 18 years, as well as a permanent resident, was interviewed, when the household head was not available at the time of the interview in some cases (the household head or their parents or their child who were above 18 years). In the study areas, about 65.9 % were males and 34.1% were females from the total of 516 respondents. The family size that consisted of the lowest up to 3(three) members, was identified as the (73.3%) highest percentage in the study samples, and the average family size was 5(Five) in the study areas.

The daily labor (37.8%) prevailed as the highest percentage followed by 22.7% of those who were the service holders. Though most of the service holders were employed in informal sectors like a salesman, waiters, etc., where a very tiny portion was employed in the formal sectors. Among the other occupation, 21.3% were self-employed in

businesses, and 18.3% were self-employed in agriculture. A large percentage of the sampled households had no formal education (37.0 %) and 42.8% had achieved primary level education. Only 15.5% had secondary or higher secondary education and a very small percentage had graduation or higher degree which was 4.7%. The annual income of households was BDT112852 (Mean±S.D; 112852 ± 85322.641) on average, whereas the minimum income was BDT 18000, and on the other hand, the maximum income was BDT 650000 annually. BDT 112005 on an average were found as annual expenditures of which the minimum expenditure was BDT 20000 and the maximum expenditure was BDT 700000 annually.

Sources of Drinking Water and Sanitation Facilities

About 54.3% of the sampled households used a pit latrine with slab/without slab/open pit representing most of them had a toilet facility in the study areas. Besides, 31.2% used modern toilets and 14.5% had no kind of toilet facility. In the context of drinking water sources, a quite satisfactory situation existed in the study areas. It was identified as 100% using their own/shared tube well. They never used any surface water like a pond or river for drinking purposes while only for the purpose of washing clothes, cattle, or jute, where the surface water had been used.

Knowledge of the CBHI Scheme

Most of the sampled households in the study areas had no knowledge about the CBHI scheme which was 97.1%. On the other hand, only 2.9% had knowledge about it. They heard about the scheme through mass media or friends and relatives.

Households with the chronically ill person

About 53% of the sampled households had chronic illnesses. On the other hand, 47% of them had no chronic illness.

Healthcare Expenditures by Respondents

About 94.2% of the sampled households (Fig-1) had health

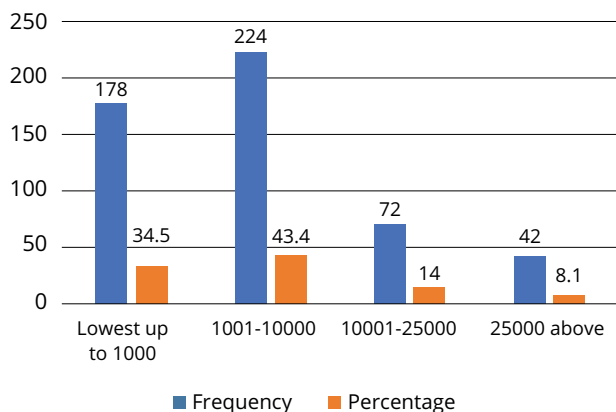


Fig-1: Households with total health care expenditures during the year preceding the survey

Preferred primary healthcare practitioner that household usually go

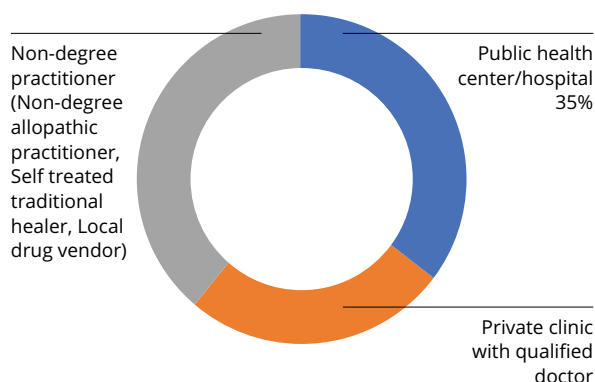


Fig-2: Preferred primary healthcare practitioner that households usually go

expenditures during the year preceding the survey and 42.6% had to meet hospitalization costs. The majority of sampled households (43.4%) had to meet up the healthcare expenditures with the amount from BDT 1001-10000, followed by 34.5% from lowest up to BDT 1000, whereas only 8.1% had to meet up the expenditures with the amount above BDT 25000 annually. About 35.4% of households (Fig-2) were seeking health care services from public healthcare centers, 25.5% were from private clinics and 38.9% were seeking treatment from non-degree allopathic practitioners, self-treated traditional healers, and local drug vendors. Although they have low financial solvency, they used private healthcare centers.

WTJ and WTP for the CBHI scheme

It was revealed from the study that about 90.1% of sampled households (Table-2) were willing to join the CBHI scheme whereas 9.9% had not WTJ to the scheme. Besides, about 86.2% of respondents had expressed their WTP for the scheme, although 13.8% had no WTP for the scheme. The people who were willing to join with BDT 97.34 (1.148 USD) on average (Table-3), were identified as a monthly premium for the hypothetical CBHI scheme, although the contribution varied among the study areas ranging from BDT 20 to BDT 300.

(For Tables see appendix)

WTP by cross-subsidization

Capability of paying by cross subsidization

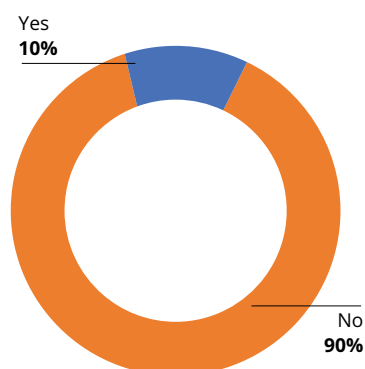


Fig-3: WTP by cross-subsidization of respondents

Among the sampled households about 10%(Fig-3) of respondents noticed that they wanted to pay the premium on a cross-subsidization basis. They realized that this will ensure the well-being of the poor in the community. On the contrary, the majority (90%) of the respondents did not want to pay the premium on a cross-subsidization basis as they noticed they themselves poor to pay the large amount as a premium.

WTP for CBHI scheme by types of households

Table-4 expressed WTP levels that differed markedly in the study areas among the locations. In Gobindaganj Upazila, about 29.5% that were the majority of sampled households, had the WTP for the amount between lowest up to BDT 100 monthly. Although the percentages were very close to the other locations for the amount. In Gaibandha Sadar Upazila, the majority of sampled households had the WTP for the amount between BDT 101-200 monthly, whereas the percentages varied across other locations immensely. The WTP for the amount of BDT 201 up to above monthly, was belonging to Gaibandha Sadar Upazila where the majority percentage of sampled households (65.6%) were located, though the percentages differed across other locations hugely as well. It is noted that the WTP level of those households was higher than zero, included in the analysis. However, the WTP level of those households was equal to zero indicating unwillingness to join the CBHI scheme, excluded from the analysis. It can be concluded that a statistically significant influence on WTP was found across the locations with a p-value of 0.0000 (Chi-square 32.460, degrees of freedom 6) which can be shown in **Table-5**.

Determinants of WTP

Table-6 expressed a binary regression analysis that was carried out to examine the associations between WTP and all the significant variables in bivariate analysis. The

unadjusted model in bivariate analysis confirmed that annual income (OR = 4.899, 95% CI = 1.156 - 20.760, $p = .031$ when the annual income level was 100001-200000 takas and reference category was lowest through 100000 takas), annual expenditure (OR = 4.636, 95% CI = 1.092 - 19.681, $p = .038$ when the annual expenditure level was BDT100001-200000 and reference category was lowest up to BDT100000), family size (OR = 6.230, 95% CI = 1.375 - 28.216, $p = .018$ when the number of family member level between 4-7 and reference category was lowest up to 3), hospitalization (OR = .485, 95% CI = .280 - .840, $p = .010$ and reference category was "no"), distance of residents from hospital (OR = 1.937, 95% CI = 1.012 - 3.706, $p = .046$ when the distance was between 4-20 km ; OR = .420, 95% CI = .211 - .836, $p = .013$ when the distance was 20 km above and reference category was between lowest up to 3 km), and trust in the implementation committee (OR = .210, 95% CI = .077 - .572, $p = .002$ and reference category was "no"), were all significantly associated with WTP.

On the other hand, there was no significant association was found with WTP among the variables, such as; gender, age, education, occupation, number of children, the existence of children under age- 5 (Five), annual total treatment expenditures, annual total outpatient expenditures, annual total inpatient expenditures, chronic illness, operating agency, having any insurance, member of any micro-credit organization, choice scheme, and knowledge of CBHI scheme.

The following model was run from adjusted estimates:

Logit (WTP) = f (annual income, annual expenditure, family size, hospitalization, distance of residents from hospital, trust in the implementation committee)

Table-7 exhibited six independent variables consisting in the model, such as; annual income, annual expenditure, family size, hospitalization, the distance of residents from the hospital, and trust in the implementation committee. A statistically significant association was found between WTP with family size, the distance of residents from the hospital, and trust in the implementation committee.

All predictors in the full model were statistically significant where the chi-square value was 53.489 with degrees of freedom of 10, p -value = .000 meaning $p < .05$, indicating that the model was able to distinguish between respondents who reported and did not report WTP for CBHI scheme. As a whole, the model explained 9.8% (Cox and Snell R-square) and 17.9% (Nagelkerke R-square) of the variance for the WTP to the CBHI scheme and correctly classified 86.4% of cases. The Hosmer and Lemeshow test identified the model with a chi-square value of 13.830 with degrees of freedom 8, p -value = .086, indicating the model is a good

(For Tables see appendix)

fit rather than a poor fit. Thus, the model adequately fits the data.

From **Table-7**, it was found from the adjusted model with family size (OR = .480, 95% CI = .252 - .914, $p = .025$ when the number of family member level 4-7 and reference category was lowest up to 3), distance of residents from hospital (OR = .287, 95% CI = .152 - .542, $p = .000$ when the distance was between 4-20 km and reference category was from lowest up to 3 km), and trust in the implementation committee (OR = .203, 95% CI = .065 - .637, $p = .006$ and reference category was "no") were all significantly associated with WTP. On the other hand, the relationship between annual income, annual expenditure, and hospitalization, with WTP were statistically insignificant.

In multivariate regression analysis through the odds ratio exhibited that households with annual income between BDT100001-200000, had two times more likely to WTP of the CBHI scheme, compared to the reference category that was the lowest up to BDT100000; when income level was BDT 200000 above, had less likely to WTP among the households compared to the reference category, although the relationship was statistically insignificant. The households with annual expenditure between BDT 100001-200000, had four times more likely to have WTP compared to the reference category between the lowest up to BDT 100000; when the expenditure level was BDT 200000 above, the households had less likely to have WTP for the hypothetical benefit package of the CBHI scheme compared to the reference category, although the relationship was statistically insignificant. When the number of family members was 4-7 and 7 above, those households had less likely to WTP compared to the reference category of lowest up to 3. Though there was a statistically significant relationship found only for the number of family members of 4-7, in the case of the number with family members of 7 above, a statistically insignificant relationship was found. The households that were living 4-20 km and 20 above km far away from the hospital, had less likely to have WTP compared to those that were living from lowest up to 3 km far away from the hospital. Though there was a statistically significant relationship found only for the distance of residents from the hospital of 4-20 km, a statistically insignificant relationship was found for the distance of residents from the hospital of 20 km above. Households that experienced hospital admittance, had more likely to have WTP, compared to the households that were not admitted into the hospital, although the relationship was statistically insignificant. Among the sampled households those who had trust in the implementation committee of the hypothetical CBHI scheme, had less likely to WTP, compared with those who had not the trust.

(For Tables see appendix)

Discussion

At the household level, in our social structure, males are the vital decision-maker in general. The findings reflected the consistency of the study with Indian and African household settings in rural areas. A sense of family responsibility is reflected by the marital status of respondents, and having families may encourage participation in CBHI, considered a strategy to meet up their healthcare needs. About 23.4% of respondents were elderly (45 years and above), indicating those age groups of people were more sufferers of illness than younger individuals because of decreasing immunity. Thus, reflected more healthcare services were needed for them.

In a study in Ethiopia by Kebede, 2014, about 13.4% of the member of the households had a chronic illness. Therefore, represented the high prevalence of chronic illnesses at 53% in the study areas. The unawareness and high OOP expenditures forced them to cope with strategies like borrowing with high interest and asset selling, seeking treatment from local drug vendors even sometimes buying medicine of lower quality offered at a low price in the study areas were explored. Thus, resulting in chronic illness and untimely death in the long run.

In a study in Ethiopia (Haile et al. 2014), 78% of the respondents were willing to join to CBHI scheme. Although financial insolvency was identified as the main barrier, the study reflected a high demand (90.1%) for the scheme in the study areas.

It was explored from the study, that among the sampled households about 86.2% had WTP for the hypothetical CBHI scheme, whereas 13.8% of those had no WTP for the scheme. According to a study by Babatunde et al., 2012, about 87% of respondents were willing to pay for a CBHI scheme in Nigeria, which was very close to the findings of the study (86.2%). On the other hand, in Ethiopia, in a study by Kebede et al., 2014, about 70% of the rural population was willing to pay for the CBHI scheme which was a little far from the findings of the study.

The majority of the sampled households (68.8%) were willing to pay BDT 100 (1.2 USD) monthly as a premium, which was explored in the study. In the south Asian context, in a study of Bangladesh on urban informal workers (Ahmed et.al, 2016), it was estimated as 22.8 BDT (0.286 USD) weekly, in a study of Nepal, the WTP for the National Health Insurance Scheme among the people of Mangalbare village development committee of Ilam district, Nepal (Khatiwada et al., 2017), was estimated at 500 rupees(4.30USD) and in India (Dror et al., 2007), the average WTP for health insurance among 1000 rural households in 1998 in Karnataka was estimated as INR 163.48 (2.12 USD) per household annually. On the other

hand, in the African context, in a study of Ethiopia (Kebede et al., 2014), the WTP for Community Based Health Insurance among households in the rural community of Fogera district, North West Ethiopia was estimated as 187.4Birr (4.68 USD). Thus, the WTP that was identified varied across countries and even across locations in the same country. A very tiny percentage (10%) of households were willing to pay on a cross-subsidization basis, which was explored in the study. Although others were not agreed with that, as they noticed themselves as poor to pay the large amount.

WTP for the CBHI scheme differed across locations which were exhibited by comparing the data from four Upazilas of the rural areas in the Gaibandha district. A statistically significant relationship was found with WTP by type of households from the chi-square test results in the study. Consistency with the study was found among various studies of India and Nigeria where WTP for health insurance differed across locations within the same country or district (Dror et al., 2007; Minyihun et al. 2019). Thus, indicating the significance of estimating WTP among every location separately. Besides, it differed in different socio-economic and demographic contexts also.

From various studies (Khatiwada et al., 2017; Kebede et al., 2014; Shafie et al., 2013), the socio-economic status of households, was identified as the factor that influenced WTP for the CBHI scheme, especially for developing countries, that was consistent to the study. Such as; larger family sizes of households had less WTP compared to smaller family sizes of them. Generally, households with larger family sizes had to incur large healthcare expenditures, while seeking healthcare services. To finance the high burden of healthcare expenditures, making them financially insolvent. Therefore, the inadequacy of money resulting financial barriers to paying the premium for the CBHI scheme. Thus, they expressed their less WTP. Moreover, in the rural context of low-income settings, existed a lack of regular cash flow of income, representing financial inability. Thus, comparatively less WTP for the scheme with larger family sizes was found. In a study in Ethiopia (Kebede, 2014), where households with larger family sizes were willing to pay a higher amount than households with smaller family sizes which was not consistent with the study findings.

Households that were living in distant locations from the hospital, expressed their less WTP, compared to those that were living close to the hospital. Especially households that were living in the rural periphery represented more distance to their residence from the hospital. Therefore, they had to bear more transport costs along with treatment costs. Moreover, in some cases, a transport facility was not available for them as they have mentioned. Thus, there

would be no use for their premium, if they would not go to the facility for receiving healthcare services through an insurance scheme. Thus, they expressed their less WTP. In a study in Nigeria (Usman et al., 2013), the more the distance to the health center, the lesser the WTP was observed. Thus, the findings of the study are consistent with the findings of the current study.

Among the sampled households, that had no trust in the implementation committee, did not want to face any fraud. Therefore, they expressed their less WTP for the scheme. Thus, lack of social capital in the form of trust had been identified as the reason for their expressing less WTP.

Households that had been admitted into the hospital, had more WTP compared to those who had no experience with that. Although, the relationship was statistically insignificant as identified in the study. The findings of the study are consistent with the study which exhibited that the burden of health care costs will decline while receiving hospitalized care through the CBHI scheme. Therefore, this will increase their WTP of them (Collins et al., 2016).

Households that belonged to the higher income group, had more WTP compared to those, that belonged to the lower-income group. As they had more affordability, they expressed more WTP though the relationship was statistically insignificant. In a study of Nepal by Khatiwada et al., 2017, households that were from the higher-income group, were more willing to pay for health insurance which was consistent with the study findings. A strong positive relationship existed between annual income and WTP which was supported by various studies (Binnendijk, 2014; Ahmed et al., 2016; Dror et al., 2007; Asenso-Okyere et al., 1997). On the other hand, households belonging to the higher expenditure group had more WTP compared to those belonging lower expenditure group. Although a statistically insignificant relationship existed in the context of annual expenditure also.

Conclusion

Although the population were from low-income rural settings and suffering from financial barriers as well as with low education and low experience even sometimes having no experience with the CBHI scheme, had expressed their more WTP for the scheme. Thus, high acceptance as well as being highly demanding for the CBHI scheme were explored in the study areas, though they had many obstacles. To initiate the CBHI scheme successfully, the policymakers could consider the identified factors (family size, the distance of residents from hospitals, and trust in the implementation committee of the scheme) as explored in the study. Thus, the findings of the study will be more helpful to policymakers to make the decision on the determining factors of WTP for the CBHI scheme in the Gaibandha district. Moreover, to achieve UHC, an alternative initiative of ensuring financial security is needed

which can be initiated in the form of a CBHI scheme. Thus, this study would be more helpful to determine the premium amount in the Gaibandha district for the CBHI scheme as a representation of rural Bangladesh. There is a scope for further research, as the WTP of the CBHI scheme does not depend only on the factors that had been assessed by the researcher. Nevertheless, there may be some others that were not investigated in this study.

Recommendation

The CBHI scheme may proceed successfully, though inexperienced people in the study areas. Due to financial barriers, for ensuring financial sustainability, while designing and implementing of CBHI scheme, the policymakers should consider poor and isolated rural communities as the primary target group. Besides, the cross-subsidy had been identified as a very low percentage (10%) in the study, thus, providing the government subsidy with giving rationality to the scheme was a pre-requisite for the full functionality of the scheme. Besides, to encourage membership, the awareness creation programs, the information delivery system, and overall, communication procedure in the marketing strategy should be strengthened at the community level. Thereby, understanding of the scheme will result in the encouragement of the scheme expectantly as well as will increase utilization of the healthcare services included in the benefit package of the scheme.

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Limitation of the Study

The actual perception of the household head regarding SES, healthcare expenditures, and utilization patterns may not be reflected when the household head was not present at the time of interviewing in some cases. Although the sample size was high with the high response rate, the estimated WTP may be underestimated or overestimated because of self-reporting status.

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Contribution of Author

Formulating the research questionnaire, data collection, processing, and analyzing the collected data with the SPSS software, Microsoft Excel, and finalizing the manuscript.

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Appendix

Table 1. Socio-demographic characteristics of the study respondents in the Gaibandha District

Variables	Frequency (n)	Percentage	Mean \pm S.D	Minimum	Maximum
Age group			38 \pm 12.567	18	80
Lowest up to 30	197	38.2			
31-45	198	38.4			
45 above	121	23.4			
Gender					
Male	340	65.9			
Female	176	34.1			
Marital Status					
Unmarried	3	0.6			
Married	502	97.3			
Widow/Divorce	11	2.1			
Religion					
Muslim	505	97.9			
Hindu/Christian	11	2.1			
Family size			5 \pm 1.734	1	14
Lowest up to 3	378	73.3			
4 to 7	133	25.8			
>7	5	1.0			
Number of children			2	0	7
Lowest up to 3	427	82.8			
4 above	89	17.2			
Education					
No education	191	37.0			
Primary	221	42.8			
Secondary and Higher secondary	80	15.5			
Graduation / Masters	24	4.7			
Occupation					
Service holder	117	22.7			
Business	110	21.3			
Farmer	94	18.2			
Daily labor	195	37.8			

Continue: Table 1

Continue: Table 1

Variables	Frequency (n)	Percentage	Mean \pm S.D	Minimum	Maximum
Annual income			112852	18000	650000
Lowest up to 100000	330	64.0	\pm		
100001-200000	139	26.9	85322.641		
200000 above	47	9.1			
Annual expenditure			112005	20000	700000
Lowest up to 100000	327	63.4	\pm		
100001-200000	144	27.9	79040.226		
200000 above	45	8.70			
Sources of drinking water	516	100%			
Toilet facility of households					
No toilet	75	14.5			
Pit latrine with slab/					
Pit latrine without slab/	280	54.3			
Open-pit					
Modern	161	31.2			
Knowledge of the CBHI scheme					
Yes	15	2.9			
No	501	97.1			
Households with health expenditures					
Yes	486	94.2			
No	30	5.8			
Households with the chronically ill person					
Yes	276	53.5			
No	240	46.5			

Table 2. WTJ and WTP for the CBHI scheme among the respondents (percentage)

	Yes (%)	No (%)
WTJ	90.1%	9.9%
WTP	86.2%	13.8%

Table 3. Monthly WTP for the CBHI scheme among the respondents

WTP (BDT)	Frequency	Percentage	Mean
.00	71	13.8	97.34
20.00	13	2.5	
30.00	13	2.5	
40.00	12	2.3	
100.00	355	68.8	
200.00	20	3.9	
300.00	32	6.2	
Total	516	100.0	

Table 4. WTP for CBHI scheme by types of households

	Name of Upazila				Total
	Fulchhari	Gaibandha Sadar	Gobindaganj	Sundarganj	
Lowest up to BDT 100	102	119	137	106	464
	22.0%	25.6%	29.5%	22.8%	100.0%
BDT 101-200	5	11	3	1	20
WTP	25.0%	55.0%	15.0%	5.0%	100.0%
BDT 201 up to above	2	21	4	5	32
	6.3%	65.6%	12.5%	15.6%	100.0%
Total	109	151	144	112	516
	21.1%	29.3%	27.9%	21.7%	100.0%

Table 5. Table-5: Pearson Chi-Square test results for CBHI scheme by types of households

	Value	df	Asymp. Sig. (2-sided)
Pearson Chi-Square	32.460a	6	.000
Likelihood Ratio	31.267	6	.000
N of Valid Cases	516		

a. 2 cells (16.7%) have an expected count of less than 5. The minimum expected count is 4.22.

Table 6. Regression analysis of factors associated with WTP

Variables	Unadjusted estimate		
	COR	95% CI	P-Value
Gender			
Male	.738	.436 - 1.250	.258
Female	Reference		
Age			
Lowest up to 30 years	Reference		
31-45 years	.930	.482 - 1.796	.829
45 years above	1.008	.526 - 1.930	.982
Education			
No education	Reference		
Primary	.811	.470 - 1.397	.450
Secondary and Higher Secondary	.573	.251 - 1.309	.187
Graduation/Masters	.469	.105 - 2.098	.322

Continue: Table 6

Continue: Table 6

Variables	Unadjusted estimate		
	COR	95% CI	P-Value
Occupation			
Service holder	.582	.287 - 1.181	.134
Businesses	.997	.530 - 1.874	.992
Farmer	.539	.246 - 1.182	.123
Daily labor	Reference		
Annual Income			
Lowest up to 100000	Reference		
100001-200000	4.899	1.156 - 20.760	.031
200000 above	1.744	.368 - 8.264	.483
Annual Expenditure			
Lowest up to 100000	Reference		
100001-200000	4.636	1.092 - 19.681	.038
200000 above	1.778	.379 - 8.339	.465
Family size			
Lowest up to 3	Reference		
4 - 7	6.230	1.375 - 28.216	.018
7 above	2.907	.681 - 12.402	.149
Number of children			
Lowest up to 3	Reference		
4 above	1.159	.583 - 2.306	.674
The existence of children under the age-5			
Yes	1.375	.801 - 2.361	.248
No	Reference		
Annual total treatment expenditure			
Lowest up to 1000	Reference		
1001-10000	1.054	.429 - 2.591	.908
10001-25000	.685	.277 - 1.695	.413
25000 above	.455	.142 - 1.457	.185
Annual outpatient expenditure			
Lowest up to 1000	Reference		
1001-5000	.564	.189 - 1.679	.303
5000 above	.354	.120 - 1.042	.059

Continue: Table 6

Continue: Table 6

Variables	Unadjusted estimate		
	COR	95% CI	P-Value
Annual inpatient expenditure			
Lowest up to 1000	Reference		
1001-10000	1.990	.587 - 6.752	.270
10001-25000	.930	.237 - 3.650	.917
25000 above	1.644	.394 - 6.859	.495
Chronic illness			
Yes	.676	.409 - 1.118	.127
No	Reference		
Hospitalization			
Yes	.485	.280 - .840	.010
No	Reference		
Distance from hospital			
Lowest up to 3	Reference		
4-20	1.937	1.012 - 3.706	.046
20 above	.420	.211 - .836	.013
Knowledge of CBHI			
Yes	.000		.999
No	Reference		
Operating agency			
Government	.504	.160 - 1.592	.243
NGO	Reference		
Having any insurance			
Yes	.592	.246 - 1.427	.243
No	Reference		
Member of any microcredit organization			
Yes	.626	.368 - 1.064	.084
No	Reference		
Trust in the implementation committee			
Yes	.210	.077 - .572	.002
No	Reference		
Choice scheme			
Public	.504	.160 - 1.592	.243
Private	Reference		

Table 7. Regression analysis of factors associated with WTP

Variables	Adjusted estimate		
	AOR	95% CI	P-Value
Annual Income			
Lowest up to 100000	Reference		
100001-200000	2.640	.092 - 75.368	.570
200000 above	.268	.009 - 8.330	.453
Annual Expenditure			
Lowest up to 100000	Reference		
100001-200000	4.007	.325 - 49.358	.279
200000 above	.929	.033 - 26.381	.965
Family size			
Lowest up to 3	Reference		
4 – 7	.480	.252 - .914	.025
7 above	.208	.042 - 1.040	.056
Hospitalization			
Yes	1.597	.888 - 2.872	.118
No	Reference		
Distance from hospital			
Lowest up to 3	Reference		
4-20	.287	.152 - .542	.000
20 above	.652	.316 - 1.343	.246
Trust in the implementation committee			
Yes	.203	.065 - .637	.006
No	Reference		

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The Nexus of Job Stress and Sub-Optimal Work Performance in the Private Sector of Nepalese Economy



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ABSTRACT

The mushrooming private sector business ventures in Nepal flourished soon after the implementation of economic liberalization and privatization policies in the decades of 1990s, and are often criticized for the dismal competitive performance, organizational inefficiency, and pathetic condition of work-life balance of the employees therein. Though informally, ample of employees accept the degrading quality of work life in private sectors leads to lower organizational commitment and higher turnover practice, there lack of systematic data on the nature of this relationship. Thus, this study aimed to fill this research gap by scientifically and statistically assessing the existing condition and perception of employees towards private institutions. Furthermore, determining the level of stress faced by employees, assessing major stressors of working employees, and analyzing the relation between job stress and work outcomes were the central focus of the research problem.

In pursuit of the theoretical framework, anxiety and time stress are taken as Independent variables and Turnover intention and Organizational Commitment are considered

as Dependent variables, aided by literature review. In the research design aspect, the quantitative approach is more focused upon and qualitative techniques are adhered to, as per the necessity. As the entire private sector staffs in Nepal make up the population for this study, 200 staff from different private enterprises are taken as samples, whose insights are generalized to the overall population. And, the purposive sampling method is implied to select the sample in the study. A survey questionnaire and interview were conducted to get primary data whereas different journals, reports, dissertations, and books are considered for secondary data.

Similarly, adhering to the rigorous statistical data analysis methods and conducting reliability to increase credibility, interesting insights are obtained. It is statistically corroborated that time stress and anxiety are significantly responsible for the increase in turnover intention of employees in private businesses. Similarly, turnover intention leads to a decline in organization commitment, supported by the strong correlation between the variables of interest. However, surprisingly, time stress and anxiety do not play a significant role in shaping organizational commitment. This infers that

private employees are preoccupied cognitively and that private organization comes with lots of workload and time stress. And, due to the knowledge of this prevalent huge workload in private business, they tend to remain committed but seek the next best opportunities available.

KEYWORDS

Job Stress, Work Outcomes, Anxiety, Employee Turnover, Organizational Commitment, Quality of Work Life

1. Introduction

Human capital has always been regarded as one of the epochal resources of organizations and the quality of these resources has a direct and outright effect on organizational profitability. Efficient and motivated employees are supposed to be committed to what they perform in their workplace (Dost et al., 2011). But in reality, employees of the organizations tend to switch their work-places due to several factors which have been a critical and painful issue for most organizations. These problems of low commitment and turnover intention are due to a lack of stability and job security for employees (Lee & Chen, 2013). Not only this, employees are stressed in their workplace due to several reasons such as lack of sufficient time i.e. time stress (TS) and anxiety (A) which is also the reason for low commitment and turnover intention of employees towards their jobs.

Employee turnover is an important factor in organizations, mainly in the private sector. Replacing employees can affect a business's productivity, expenses, and overall performance. If you can measure your staff's turnover intention, you can determine the likelihood of your staff leaving your organization. This helps you determine where you can find opportunities to reduce your overall turnover. Turnover intention is defined as the likelihood of an employee leaving the organization due to an unfavorable work environment, work culture, or other external factors (Belete, 2018).

The study of this research focuses on the problem of turnover intentions and organizational commitment of private businesses. The research is about why employees are less committed to their job to why they develop turnover intentions. The ultimate result of the study hovers around the preconceived notion that job stress in employees brings about commitment to their jobs, which in turn leads employees to leave their jobs and jump toward greener areas. Moreover, employees are always ready to skip into another job with existing opportunities. And, along with the poaching practices, the solution to this problem has become a sine qua non for mushrooming private organizations. Here the problem explored in the study is,

in what way does Job Stress (anxiety and time stress) affect work outcomes (job performance and turnover intention) among employees in Nepali Private Sector?

2. Literature Review

A study titled "An Analytical Study of occupational stress on Executive officers of Nepal" conducted by Kayastha et al. (2012) revealed that there was a high level of mean stress score in occupational stress of executive officers working in different sorts of organizations in Nepal. In the study, the Occupational Stress Index was used to measure various aspects of stress among the working category of executive officers of Nepal. Some important aspects included in the scale were role overload, role ambiguity, role conflict, unreasonable group or political pressure, responsibility for a person, under participation, powerlessness, poor peer relations, intrinsic impoverishment, low status, and strenuous working conditions, and unprofitability. And 7 percent cent of the respondents had moderate occupational stress and the remaining 2 percent cent had high stress. Specifically, it may be further seen that a maximum of (36.67 percent) University and College employees have high level of stress followed by Bank and finance sector employees (29.55 percent), (23.60 percent) Information System employees, and (21.92 percent) Industries employees.

Similarly, findings of a study conducted in the governmental sector is more interesting (Rayamajhi, K.B, 2016). Among others, the nature of the organizations (governmental and non-governmental) is found to be a predominant variable, determining the degree of employees' job stress and organizational effectiveness. The study compared four-tire roles, coping strategies, and mental health about these variables and also the relationship among them. The respondents did not report any serious effect of role stress on their mental health. It was found that the common practices of coping mechanisms; sharing with family and friends, taking leave, going on long journey, and doing some physical exercises were practiced by employees to relax from the stress and the impact of stress is minimal on the employees of the governmental organization and its manageable. The author also focuses on the need to study stress and its impact on employees in private sectors in Nepal.

Another study of the Nepalese private sector showed that the working hours for employees mostly don't have any time limit and they may exceed the standard time of 9 am to 5 pm which is a source of concern for employees. Stress has a negative relation with organizational commitment. If the stress level increases, then the employee commitment to the organization will decrease (Bashir & Ramay, 2010). Many researchers found that the greater the amount of stress, the

higher will be the turnover intention of employees (Chen et al., 2010; Applebaum et al., 2010).

Till date, there have been few studies regarding occupational stress and work performance in the Nepalese context. Further, no specific study has been found in Nepal that explores the reality of work environment including perception of stress and its impact on performance, in private business sector of Nepal. There are few studies on occupational stress that concentrates on government sector only. So, there remains a huge issue of generalization of those findings, as those studies are antiquated to benchmark the current scenario.

With the idiosyncratic business environment in last few years, it seems to be a necessary to conduct an unbiased and reliable study to gauge the level of employee welfare and organizational citizenship. Based on the theoretical framework, below mentioned is the diagrammatic representation of the study variables.

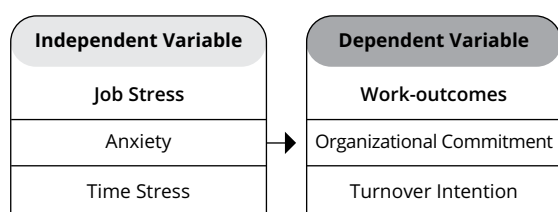


Figure 1: Theoretical Framework

3. Research Methodology

3.1 Data Description and Variables

Descriptive and Causal research design has been used in this study. The area of investigation for this study was the private sector employees stress (job - related stress) and its effect on work-outcomes or job performance). For study, the units of analysis were individual employees working in several private sectors of Nepal. The target population for the study was the staff of private sectors of Nepal. From the population of the study, 200 staffs are chosen as the sample which will represent the population of the study. Primary data was collected with the aid of questionnaires and the questions used in questionnaire were mostly close-ended

type to enable the respondents to attempt the questions without much difficulty. Secondary data are collected using journals, books, and published sources. The study collected both quantitative and qualitative data. The qualitative data from the unstructured interview were analyzed using content analysis. The quantitative data were analyzed using SPSS software. The technique for quantitative data analysis was the frequency distribution, percentages, mean, correlation, regression, reliability test, and ANOVA table etc.

3.2 Reliability Analysis

The study conducted the reliability and descriptive analysis to see the consistency of the measures and the level of study variables. More specifically, Cronbach's alpha tests if multiple-question Likert scale surveys are reliable. From the results, obtained, it is confirmed that the test that we have designed is accurately measuring the variable of interest.

Table 1. *Cronbach's Alpha as a reliability measure*

Variables	Cronbach's Alpha
Time Stress	0.707
Anxiety	0.708
Organizational Commitment	0.728
Turnover Intention	0.714

Table 1 shows that Cronbach's alpha obtained from the analysis of four variables are 0.707, 0.708, 0.728, and 0.714 respectively. Thus, the study is reliable and measuring the variable of interest accurately.

3.3 Descriptive Statistics

Table 2. *Descriptive Statistics*

	N	Min	Max	Mean	Std. dev.
1. Time Stress					
Lack of family time	200	1	5	3.1	1.3
Spend much time at work	200	1	5	2.9	1.3
No time for other activities	200	1	5	3.5	1.2
Feel being married with company	200	1	5	2.8	1.4
Too much work in too little time	200	1	5	2.8	1.2
Dread the phone ringing due to fear of job	200	1	5	2.7	1.5
Feel like never have day off	200	1	5	2.9	1.3
Others are also burned out	200	1	5	2.8	1.2
2. Anxiety					
Nervous of own job	200	1	5	2.2	1.1
Jobs get to me more than required	200	1	5	2.9	1.3
Job leads to fatigue often	200	1	5	2.6	1.1
Job leads to uncomfortable physical state	200	1	5	2.7	1.2
Feel guilty when I take time off	200	1	5	2.8	1.3
3. Organizational Commitment					
Willing to work harder	200	1	5	3.7	1.2
Loyalty to organization	200	1	5	2.7	1.4
Do any job to be in this one	200	1	5	3.3	1.4
Aligns my values	200	1	5	3.5	1.3
Proud to work	200	1	5	3.8	1.2
Would turn another job even though high pay	200	1	5	2.8	1.3
4. Turnover Intention					
Look new job next year	200	1	5	2.9	1.4
May quit the present job	200	1	5	2.9	1.4
Actively seeking another job	200	1	5	3.2	1.4
Often think of quitting	200	1	5	2.8	1.4
Lack of prospects in current organization	200	1	5	3.1	1.5

As already discussed, the study comprised of independent variables as time stress and anxiety and dependent variables as organizational commitment and turnover intention. We were interested in determining the nexus between these variables. Pursuing the same, questionnaires were built around these four variables and responses on 24 sub-variables are obtained to perform the required analysis. So, these different sub-variables have different level of activities variables. Glancing on the time stress variable, we found the maximum level of impact from 'no time for other activities' with mean 3.5 and minimum impact of 'fear of job' with mean 2.7. Similarly, employees are highly anxious (mean 2.9) due to jobs requirement and less anxious due to nervousness (mean 2.2). In contrast, most employees were proud to their work and organization (mean 3.8). Now, looking at standard deviation, it hovers in the range of 1.2 to 1.5, implying the consistency on range of distribution of values over different variables.

3.4 T-Test

Our study of the effect of stress factors on job performance consisted of 70% of males and rest female. Here, we use the two populations being compared as male staff in private businesses and female staffs in private businesses.

Here, the null hypothesis states that mean scores of effect of stress factors on job performance are equal for males and females for each of the given four variables (anxiety, time stress, organizational commitment and turnover intention). Similarly, the alternative hypothesis states that mean scores alter for males and females on given dimensions.

Table 3. Results of T-test.

		Levene's Test for Equality of Variances		t-test for Equality of Means		
		F	Sig.	t	Sig. (2-tailed)	Std. Error Difference
Anxiety	Equal variances assumed	1.921	.167	-1.90	.05	.566
	Equal variances not assumed			-2.03	.04	.528
Turnover Intention	Equal variances assumed	.577	.448	-1.99	.04	.732
	Equal variances not assumed			-1.91	.05	.760
Organizational Commitment	Equal variances assumed	2.621	.107	-.54	.58	.633
	Equal variances not assumed			-.56	.57	.608
Time Stress	Equal variances assumed	1.058	.305	-1.79	.07	.944
	Equal variances not assumed			-1.74	.08	.972

From Lavene's test, we come to know that all these four variables chosen in our study has equal variances for males and female. As p-value is greater than 0.05 for each of them, our variances are not significantly different. So, we can assume they are equal.

By t-test for equality of means, we can analyze that null hypothesis is accepted for variables such as organizational commitment and time stress. However, alternative

hypothesis is accepted for variables such as anxiety and turnover intention. From above mentioned statistical analysis, we can now consider that females perceive more problems of anxiety and are intended towards turnover from the existing organization. However, there is no statistical difference in case of time stress perception and organizational commitment level between these two groups.

3.5 Correlation Test

Table 4. Correlation Test and respective Coefficients

	Time Stress	Anxiety	Turnover Intention	Organizational Commitment
Time Stress	1	0.472** 0.000	0.210** 0.003	-0.005 .946
Anxiety		1	0.304** 0.000	-0.051 0.476
Turnover Intention			1	-.277** 0.010
Organizational Commitment				1

** Correlation is significant at the 0.05 level (2-tailed).

The correlation coefficient for Time Stress and Anxiety is 0.472. Also, the p-value for this correlation coefficient is 0.000 (less than 0.05), thus the relation is statistically significant at 5% level of significance. The correlation coefficient of 0.472 indicates the strong positive relationship between time stress and anxiety. This means, with the increase in time stress, the level of anxiety increases respectively and vice versa.

The correlation coefficient for Time Stress and Turnover Intention is 0.210. Also, the p-value for this correlation coefficient is 0.003 (less than 0.05), thus the relation is statistically significant at 5% level of significance. The correlation coefficient of 0.210 indicates the medium level of positive relationship between time stress and turnover intention. This means, we can safely assume that, with the increase in time stress, turnover intention increases respectively and vice versa.

The correlation coefficient for Time Stress and Organizational Commitment is -0.005. The p-value for this correlation coefficient is 0.946 (greater than 0.05), thus the relation is not statistically significant at 5% level of significance. Hence, the correlation coefficient of -0.005 indicates the insignificant relationship between time stress and organizational commitment. Similarly, the relation is insignificant between anxiety and organizational commitment. (Correlation coefficient of -0.051, p value-0.476)

The correlation coefficient for Anxiety and Turnover Intention is 0.304. The p-value for this correlation coefficient is 0.000 (less than 0.05), thus the relation is statistically significant at 5% level of significance. Hence,

the correlation coefficient of 0.304 indicates the medium level of relationship between anxiety and turnover intention. This suggests that, we can safely assume, with the increase in anxiety, turnover intention increases respectively and vice versa.

The correlation coefficient for Organizational Commitment and Turnover Intention is -0.277. Also, the p-value for this correlation coefficient is 0.01 (less than 0.05), thus the relation is statistically significant at 5% level of significance. Hence, the correlation coefficient of -0.277 indicates the medium level of inverse relationship between organizational commitment and turnover intention. This indicates that, with the increase in turnover intention, organizational commitment decreases respectively and vice versa.

In summation, we statistically proved that time stress and anxiety are responsible for increase in turnover intention of employees in private businesses. Similarly, the turnover intention leads to decline in organization commitment, supported by strong correlation between the variables of interest. However, surprisingly, time stress and anxiety do not play any role in shaping the organizational commitment.

3.6 Hypothesis Testing:

From the calculated coefficients table of the regression analysis, we summarize the following, to get inference of the hypothesis:

Table 5. Hypothesis Summary Table

Hypotheses	B	P-value	Result
H1: There is significant impact of Anxiety on Organizational Commitment.	0.00	0.996	Reject null hypothesis
H2: There is significant impact of Anxiety on Turnover Intention.	0.34	0.01	Do not Reject null hypothesis.
H3: There is significant impact of Timestress on Organizational Commitment.	0.06	0.417	Reject null Hypothesis.
H4: There is significant impact of Time stress on Turnover Intention.	0.06	0.027	Do not reject null hypothesis.

The results shows that Anxiety does not have a significant impact on organizational Commitment ($\beta = 0.00$, $P > 0.05$) and Time stress also does not have a significant impact on Organizational Commitment ($\beta = 0.06$, $p > 0.05$). This means that these two null hypotheses are rejected on these grounds. Whereas there is significant impact of Anxiety on Turnover Intention ($\beta = 0.34$, $p < 0.05$) and there is significant impact of Time stress on Turnover Intention ($\beta = 0.06$, $p < 0.05$). This means that these two null hypotheses are accepted.

4. Results and Discussion

The study has generated several thought provoking and insightful nexus between studied variables regarding the nature of Nepalese private business firms from the perspective of workforce and their satisfaction level. The correlation analysis suggests some intriguing results based on various variables undertaken for the study. Time stress and anxiety are highly and positively correlated, suggesting that staffs who are experiencing time stress in private businesses are also perceiving the high level of anxiety due to the formal task of organization. There is average positive correlation between time stress and turnover intention. This suggests that employees experiencing time stress make up their mind to leave the organization in the next few years. They are found to be actively seeking another organization, with which their values align.

There is significant correlation between anxiety and turnover intention. From the study, it is found that anxiety is one of the major factors leading to huge turnover ratios in private businesses of Nepal. There is insignificant correlation established between time stress and organizational commitment. So, we cannot safely assume that time stress is a cause for deviation in organizational commitment. This gives an interesting insight over the behavior of Nepalese employees in private companies. Generalizing

this result, we can say that almost all the employees are facing problems of time stress and they know that every organization is devoted to take the best out of them. So, they do not perceive the time stress as a big problem that will alter the commitment level.

Similarly, there is significant negative correlation between turnover intention and organizational commitment. This infers that the failure of private businesses to instigate organizational commitment in their employees is causing the huge turnover rate. The overall model is quite successful in determining the impact of various factors in organizational commitment or turnover. The two independent variables taken into consideration account for almost 20% of the variation in dependent variables. So, there seems urgency to act upon reducing the perceived time stress and anxiety by employees of private businesses in Nepal.

Finally, T-test offers a unique eagle's eye view upon the perception differences of male and female staffs in private Nepalese businesses. On average, females have experienced huge level of anxiety and urge for turnover than that of male. However, for other two variables, there is no significant differences. We can conclude that female are facing more problems in private businesses are willing to opt for another good organization. Overall, private businesses are found to be a bit more hostile to female employees, as implied by statistical analysis performed.

Alarming Gender Gap in Private Workforce

The number of participants in the study also suggests an insight over the distribution of jobs based on gender. The job market of Nepal is found to be overwhelmed and overcrowded with male staffs. The response ratio of 70:30 obtained in a random survey performed indicates the unequal distribution of male and female staffs. Furthermore, women workers are found to be facing more problems in the organizational environment and thus, willing to opt out for next best institution frequently. Hence, it could be inferred that women encounter multiple challenges during

their participation in the private business workplace, and that existing equality legislation, limited though it is, is not adequately implemented. Earlier evidence points out the fact that the positive impact of women's access to and satisfactory engagement with work relates to their earnings likely to be invested in their children and the community, contributing to long-term poverty alleviation. However, unless existing obstacles are well tackled, women's working lives will be negatively debilitated.

Demographic Dividend and Unsatisfied Youths:

Youths are found to be frequently changing their jobs in search of the best fit, resulting in the huge turnover ratio. As our study incorporates almost 80% of youths among total respondents, the average years of experience hover between only 1-3 years in a single organization. This trend of frequent change in organizations hugely impacts the career prospects of an individual and organizational commitment level. This problem demands an immediate solution and in-depth research to explore the innate reasons beyond it.

The country currently is being benefitted by the demographic dividend, that is, almost 60% of the working population in the country is productive workforce. In this sort of beneficial working environment, it's the opportunity for both private as well as public institutions to make the optimum utilization and march towards the path of sustainable economic developments. Same as the proposition of economist Adam Smith, private businesses are magical hands of the economy, which satisfies human needs, so the private business needs to step out of the traditional corporate dogma and realize the corporate social responsibility by striving to maintain proper relation between workforce as well as the owners.

Underpaid Employees and Limited Incentives

The study revealed that almost 63% of employees are paid salaries below Rs. 25,000 per month. Similarly, 34% of employees were paid salary in between Rs. 25,000 and 50,000 after tax. One of the basic tenets of economics is that- people respond to economic incentives. Despite this principle has been widely accepted in the global north, least developed countries are not at par with the justifiable salary policy. The same is the case with the public institutions of Nepal. On the contrary, one of the epochal factors determining the dissatisfaction in private factors is the mismatch between salary of the employees and the workload s/he is expected to perform. Not only the private sector employers are the culprits, but also the government laws are ill-proven as they are not in par with the country's inflation and purchasing power of the currency. Though the

salary in the public institutions is low, our study revealed that workload mediates the relation between the salary and the organizational commitment.

Social Support as a Sine Qua Non

The study presents the outright revelations that social support program is the need of the recent times in Nepalese private business scenario. The empirical evidence, as mentioned above, suggests the lack of trust between owners and employees, which is exacerbating the problem to an undesirable level. And this trust deficit is a result of various factors such as communication gap, leadership deficit, human resource problems, and such. Employees felt like being used as tools and employers considers labor as raw materials, rather than partners of the same objectives. The findings of the study has been corroborated through the help of unstructured interviews with three interviewees. The three persons interviewed were from the diverse fields, that is, professor's professor specializing in human resource, high-level government official policy-making as well as senior officer from a NGO which works on the labor issues. All of them have focused over the stipend issues as one of the covert factor leading to turnovers. Further, they believe that few corporations in the country are exploiting the labor due to non-pragmatic labor laws. 'Can you imagine a good life with Rs. 15000 a month?' is a prime question, that's much urgent to solve.

While benchmarking the international practices, two of them have suggested "Two days holiday" plans for private institution could be a effective strategy, as it will give much more time to balance the family as well as relieving the stress. There have been several evidence of positive results from such programs in majority of the European Countries. Furthermore, some of the Nordic countries are opting for three days holidays plans to build up the morale, organizational commitment and so. Also, the consensus was over the insufficient human resource management practices. As per the professor undertaken in the study, significant portion of private businesses in the country still lacks a human resource department, let alone the social support programs? One of the interesting revelations during the interview session was the tendency of servile among the employees rather than doing service, which creates dissatisfaction among the rest of the employees, who works hard but does not get treated well. 'Nepotism, Favoritism, and Sycophancy is cancer for our human resources, says an NGO officer. And emotional support is the raison deter for organizational loyalty, based on overall human nature. Thus, the reasons for turnover intention of private workforce is multidimensional, that needs to be analyzed and solved promptly.

5. Summary and Conclusion

In a Nutshell, we statistically corroborated that time stress and anxiety are responsible for increase in turnover intention of employees in private businesses. Similarly, the turnover intention leads to decline in organization commitment, supported by strong correlation between the variables of interest. However, surprisingly, time stress and anxiety do not play significant role in shaping the organizational commitment. This infers that, private employees are preoccupied cognitively and that private organization comes with lots of workload and time stress. And, due to the knowledge of this prevalent huge workload in private business, they tend to remain committed but seek the next best opportunities available. And, as poaching is one of the widespread methods of recruitment by private corporations, the frequency in turnover turns out to be large. Further, some astonishing facts are dig up, ranging from the prevalence of huge gender gap in workforce, minimum pay scale aided by flawed labor laws to the prompt need of social support to maintain the employee morale and reducing the conflict.

The existing problem of social support deficit in the private businesses of Nepal suggest the dire need of private institutions to behave as a corporate citizen. Corporate citizen in a sense that, a corporate has a social responsibility towards the people of the society and their employees who bear the burden of social cost during the transformation of input into output. It must be acknowledged by all that Corporate Citizenship is a win-win practice. If a private organization invests in improving the relation with its employees, it indirectly benefits them too. Doing so, employees will bear the sense of ownership in the organization and thus, increase the productivity, which in turn increases the level of output of the company. And its well-known fact that, satisfied employees perform better, and loyalty emerges on them with time. So, this must not be understood as a cost of managing people but rather a fruitful investment on its human resources.

Along with the private institutions, government and its agencies should act promptly to reduce the existing but covert exploitation of labor in private organizations. Crony corporatism seems to be flourished over the private businesses that remind of the Marxism criticism of the capitalist's theory of production and distribution. The constitution of Nepal has placed the economic well-being of its citizens as the national interest in the Constitution of Nepal formulated in 2072 under Article 5. But the existing

labor law contradicts the law of the land directly and indirectly. The basic salary of 15000 is ipso facto insufficient in the existing economic situation and our macro-economic situation. Firstly, well research needs to be done on the part of the government and increase the lower limit of the salary, relieving its valuable pillar of nations building from exploitation by the existing comprador bourgeoisie. Second, the government needs to promptly update the labor law regarding social audits, which analyses the social and emotional situation of employees. Third, the government needs to come up with stringent laws and reward and punishment provisions for the conformists and violators respectively. As women are needier of the adjustment programs or initiatives to balance family-work life, specific policies and provisions need to be implemented and updated by associations as well as government bodies concerned with women and labor force. The tripartite collaboration between private corporations, their associations and government agencies could lead to a win-win scenario.

Almost 70% of workforce have already completed their university studies (either bachelors or masters) and it suggests the abundance of skilled human resources in the market. As our study was performed for employees below top management level, it suggests the problem of job-person fit in organizations. As per the interview, it has been found that institutions still lack the presence of human resource management decision, which suggest the negligence to the human aspects in the workplace. Private businesses are suggested to install or promote the human resources units for overall success.

Private sector also needs to revise the policies related to the incentives and governments primarily must formulate more pragmatic compensation and salary laws to be provided to the private employees. It has been one of the significant factor for the turnover of the employees. It is suggested to private institutions for not only relying upon public policies, but also acting promptly thyself to resolve the issue quickly.

Based on the findings obtained, it is hence proved that the issue of organizational and organization outcome is an overarching issue, which demands sufficient and prompt attention. To get more insights, it is suggested to succeeding researchers to increase the scope of the study and increase the variables under study so that it can be generalize more and strategic policies could be formulated. So, further research is required to explore the indispensable factors to be acted upon promptly by public as well as private bodies.

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Macroeconomic Determinants of Remittance Inflow in Nepal



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ABSTRACT

This paper investigates the relationship of the remittance inflow with its macroeconomic determinants using the Johannsson Co Integration approach for the period of 1993-2019. The results based on the Johannsson Co Integration procedure reveal that there exists cointegration with the long-run causal relationship among the remittance inflow, domestic rate of interest (on savings), inflation, and exchange rate. The coefficient of inflation and exchange rate was positive to the remittance inflow, however, the domestic rate on savings was found to be negatively related to the remittance inflow. In addition, the vector error correction model suggests that the system was correcting towards equilibrium at 72.3 percent per year which means that it takes 1.38 years to fully recover from the short-run disequilibrium and the long-run model obtained was stable with significant diagnostic tests and stability tests. Finally, the remittance inflow was significantly impacting to rise in inflation and the value of the exchange rate implying that effective policy stances to be taken to avert the remittance inflow towards fueling the productive activities in the country.

KEYWORDS

remittance inflow, cointegration, vector error correction model, stability.

JEL CLASSIFICATION

F24, F4

1. Introduction

For a few decades, Remittance inflow has been the source of income in many of the low middle-income countries and some developing countries as well. Chettri, KC, and Dhakal (2020) mentioned that Nepal is the fourth largest country to have a remittance as a percentage of a GDP in the whole world and the first one is Tonga. Nepal ranks 19th position on the top remittance-receiving countries in the world (Chettri et.al, 2020). Despite the COVID-19 pandemic, the remittance inflows increased by 12.6 percent to 870.94 billion in the review period against a decrease of 3.5 percent in the same period of the previous year (Nepal Rastra Bank [NRB], 2021). Chamlagain (2015) stated that the remittance in Nepal and Labor force in Nepal are very important driving forces for economic growth both in the long and short term. It was further stated that Foreign Direct Investment (FDI) and Foreign aid also do not impact output growth in both the short and long run. Further, Pant (2017) also mentioned that the depreciation of the Nepalese currency concerning the value of a dollar has a positive impact on remittances. In the same way, the economic activity of India, Gulf nations, and advanced economies also have been found to actively affect the remittance inflow in Nepal.

In the study conducted by Gaudel (2007) it was revealed that due to the prevailing poverty of Nepal, a large portion of the remittance income goes on consumption, capital formation, and doing business enjoying a minimal share.

The shortage of labor due to emigration keeps land barren, reduces agricultural productivity, and ultimately requires importing much and hence deteriorates the economy. In addition to this, a rise in disposable income may be spendthrift or luxury and branded items, replacing the consumption and production of the local goods. Remittance had played several positive roles in Nepal to lessen the iconic reduction of poverty and unemployment, maintaining foreign exchange reserves, and correcting the Balance of Payments. Chettri et al. (2020) further detailed in the study that there was a positive and significant correlation found between GDP and Remittance inflow per year at a 10% level of significance. Remittance as compared with the percentage of GDP and share of agriculture, forestry, and fishing were negatively and significantly correlated. As the volume of remittance is increased rapidly, the dependency of people on remittance is increasing and the economy is also gradually becoming consumption-oriented. The problem of the labor shortage in agriculture, as well as non-agricultural areas, stood as a genuine problem as active youths are involved in foreign employment (Chettri et al., 2020). During the past 15 years, the remittance inflow of Nepal has surged so high and has become the driving force for the migrants to apply for foreign employment (Ministry of Labor and Social Security (MLESS, 2020). This increment in migration is seen later followed by a high flow of remittance. Especially, in Middle East countries, the trend of migration and the inflow of remittance is seen at a profuse amount (Chettri et al., 2020).

In Nepal, since the decade-long insurgency came to a logical conclusion, people tended to live peacefully in the rural areas as previously. But, they had to earn their living and the barren land of the rural areas did not lay down any mechanisms of livelihood. So, to get rid of that problem they chose the path of foreign employment. However, they did not get sufficient institutional support from the government to start any venture then. That was because the government then was in the interim period for the drafting of the new constitution and in addition to that the lack of capital formation was also prevalent. So, for this, they migrated to earn outside the country. Thus, remittances began to flow in a profuse amount then. Since then, till today, remittance is said to occupy around 30 percent of the annual GDP (NRB, 2021). The economic determinants both micro and macro, have impacts on remittance, nonetheless, the macroeconomic determinants are taken so that the macroeconomic model could be established and the policy formation way out could be generalized.

2. Literature Review

The theoretical and empirical review has been administered to state several theories regarding the research process and to elucidate the important domains that are employed in this research.

2.1 Theoretical Review

Rapport, Hilel, Docquier, and Friederic (2005) stated that the theory that pertains to the remittance inflow is characterized by the Pure-Keynesian view in one of its oldest models that tries to capture the short-run macroeconomic impacts of the international transfers. Under the assumptions of the sticky prices and fixed exchange rates, the interest rate, consumption, and investment variables with the absence of the supply-side constraints lay down to comprehend the model. The model shows that any shock on the demand side contains a disproportionate effect on the national output. The Mundell-Flemming model is employed to research the short-run economy-wide consequences of the remittance within the Mundell-Flemming of an open economy with the ultimate prices and also the single composite good. During this framework, the effect of the international transfers on GDP depends on the assumptions made about the degree of capital mobility and charge per unit regime (Rapport et al., 2005).

The long-run view has been recognized that remittance affects the long-run performance of receiving economies in an exceedingly way that depends on whether the remittance is employed for consumption and investment. The theory prevails that the consumption from the remittance inflow goes to extend the consumption and eventually increases the worth level means the speed of inflation increases. The theories lay all the way down to the framework combining the short-run and therefore the long-run dynamics. Considering the theoretical perspective, the Remittance is obtained as:

$$\text{Rem} = f(\text{Pe}, \text{Fer}, \text{Ir}, \text{C}, \text{I}) \dots\dots\dots \text{Equation (1)}$$

where Rem = Remittance inflow

Pe = Prices (sticky)

Fer = Fixed rate of exchange

Ir = Charge per unit

C = Consumption

I = Investment

The theoretical concept has been derived from the stated and established theories and on the premise of this, the empirical review is dispensed.

2.2 Empirical Review

Naufal (2007) conducted research on Remittances: determinants, motivation and effects with the major

objectives of examining the determinants, motivation and effects of the remittance inflow of the country and identifying the remitting behavior of the migrants in the country. The factors considered were households' income, remittance inflow, and level of education while the research methodology used was Utility function analysis with the income constraint equation and maximization on it and OLS regression analysis. The study found that working, residing in a developed country, and belonging to the nuclear family positively affect the remittances, the level of education and labor status affects the remittance inflows and the decision to participate in the remitting process appears to be positively related across the migrants.

Gaudel (2007) undertook a study on remittance income in Nepal: the need for economic development. The objectives of the study were to assess the relationship between remittance and economic growth in Nepal and to identify determinants of remittance affecting Nepal. The factors taken under study were foreign exchange rate, real GDP, remittances inflow, and BOP accounts. Using the OLS regression technique, Correlation analysis, and hypothesis testing, it was reported that remittance is found to be the major source of the foreign exchange rates; remittance has helped the Current account surplus in the BOP in Nepal and this is shown by the positive association as well as there was a positive relation between Remittances and the economic growth.

Hasan (2008) conducted research in Bangladesh on the macroeconomic determinants of remittances to examine the macroeconomic determinants of the worker's remittance in Bangladesh and to assess the model of the macroeconomic determinants with the factors identified. The factors considered were remittance inflow, domestic rate of interest, exchange rate, and GDP of host countries. The research methodology used was OLS regression with ADF (Augmented Dicky Fuller) unit root test, co-integration, and Granger Causality Test. The study found that macroeconomic determinants of the home and host countries have a significant impact on the home as well as host countries, inflation rates of Bangladesh have a negative relationship with the remittance inflow, and the host countries' GDP shows a positive relationship with remittance.

Lee, Hacker, and Singh (2009) conducted a study on determinants and macroeconomic impact on remittance in Sub-Saharan Africa. The main objectives of the study were to investigate the determinants and the macroeconomic role of remittance in Sub-Saharan Africa. The factors taken under consideration were M2/GDP, host income, expatriates, real exchange rates, and interest rate differentials. Using Distributed Lag Model and OLS regression, it was reported that remittances vary counter-

cyclically with variations in GDP per capita, consistent with the hypothesis that remittances can help mitigate economic shocks.

World Bank (2010) conducted research on micro impacts and macro determinants of remittances: a study of Albania with the objectives of identifying the micro impacts and macro determinants of the remittances in Albania as well as the decision making of the remittance-receiving households to the non-remittance receiving households. The factors taken under study were FDI, household consumption, remittance inflows, exports, and imports. Gravity type equation was used to assess the remittance flows in addition to the OLS regression technique. It was found that the remittance inflows show a significant contribution to the capital inflows of Albania. And the decision-making pattern of the remittance-receiving households on income spending is more than that of the non-remittance receiving households.

Nabi (2012) conducted research on an empirical inquiry into Macroeconomic determinants of remittance inflow in Bangladesh. The target of the study was to investigate macroeconomic determinants of remittances in Bangladesh. The factors taken into consideration were rate of exchange, rate of inflation, financial sector development, GDP, and stock of the workers abroad. Log-linear statistical method (OLS) method was employed for the study of variables. The findings suggested that inflation did not affect the Remittance flow in Bangladesh; currency depreciation promotes inward remittance in Bangladesh. The paper also prescribed policies that would help promote remittances inflows aiming at achieving higher growth, generation of employment, and alleviation of poverty.

Cerny (2015) conducted a study on determinants of remittances prices: evidence from 201 country corridors to identify the prices of the remittances on a global scale. The research methodology used for the study was OLS regression - time-series data. The factors taken under study were migrant stock, GDP, and bank A/C penetration. The findings of the study were that the non-linear effect of competition was seen among the remittance service providers and GDP per capita in sending and receiving countries on remittance price, and the negative effect on financial development on price was also confirmed.

Chettri et al. (2020) conducted a study on remittance and its impact on the Nepalese Economy to find the impact of remittance on the Nepalese economy. The research used the research methodology of trend analysis, bar diagram analysis, hypothesis testing, and regression analysis technique. The factors that were used for their study were remittance inflow, GDP, and inflation. The findings

of their study suggested that the percentage increase in inflation was lower in comparison with the proportion of remittance as compared with GDP, and there was also a positive and significant relationship found between GDP and remittance flow per year at a 10% level of significance.

3. Model Specification

This study was replicated by slightly adjusting the model given by Hasan (2008) who used the remittance as the dependent variable and the exchange rate, interest rate, inflation rate, and the GDP of host countries as the independent variables. However, this study omitted the variable GDP of host countries used by Hasan (2008) and included only three independent variables domestic rate of interest, inflation rate, and exchange rate. The host countries GDP from where the inflows of the remittances to Nepal from the top five foreign countries could not be assessed and Pant (2010) revealed that the GDP of the host countries of the remittance inflow to Nepal and the remittance inflow to Nepal is extremely correlated. Both of the variables reflect a similar trend and perfect multicollinearity. Upon which the inclusion of the GDP of the host countries as an independent variable would give insignificant results. Followed by a similar replication in this research, the GDP of the host country variable is ignored. The model of the research mainly concentrates on the three explanatory variables and one dependent variable.

The proposed model stands to be:

$$\log REM = \psi_1 \log EXC + \psi_2 \log INT + \psi_3 \log INF + \mu_t \dots \dots \dots \text{Equation (2)}$$

where:

log = log of the original values-made the values in the percentage form (base 10).

ψ_1, ψ_2 , and ψ_3 = coefficients of the exchange rate, domestic rate of interest, and inflation rate respectively.

EXC = Exchange rate

INT = Domestic rate of interest (on savings)

INF = Inflation rate

REM = Remittance inflow

μ_t = The disturbance term (error term)

4. Data and Methodology

This study is based on the annual time series data from 1993 to 2019 which encompassed the data after the post-economic liberalization policy adopted in Nepal and before the pandemic of COVID 19 hit in Nepal. The Remittance inflow (REM) is employed as a dependent variable which is the transfer of the money by a foreign worker to her/his home country or simply sending the

amount from one country to another via a medium. The remittance was considered and its inflow was determined by the macroeconomic indicators that are released by the Nepal Rastra Bank on the yearly basis. The inflation rate (INF) used in the study is the rate at which the value of the commodities/services rises a year which refers to the decrement in the value of the money. The rate is obtained by the yearly projections by the central bank in its monetary policy frameworks and is updated every quarter. The domestic interest rate (INT) used in the study is the amount charged, expressed as a percentage of the principal, by a lender to the borrower. The domestic interest is the interest rate that is prevalent within the country and its ceiling is stated by the Monetary Policy as per the regulations or directives by the central bank of any economy. Likewise, in this study, the exchange rate (nominal) was used in Nepalese Rupees which was the exchange rate unit of Nepalese rupees for one U.S dollar. Due to the limitations of data the sample size (n) could not be taken at a profuse amount. The data was simply taken from the websites of the Nepal Rastra Bank, Ministry of Finance, and National Planning Commission.

The Time Series Inferential Research Design was used and the Johansson co-integration test was carried out to assess the long-run causal relationship between the Remittance inflow and the inflation rate, exchange rate, and domestic interest rate by the methodology mentioned by Harris (1995). The trace and maximum Eigenvalues statistics were observed and the results were analyzed. Before that, the time series data was tested with the Unit root test under the mechanism of the Augmented Dicky Fuller test and Phillip Perron test (Enders, 2017). All of the variables were stationary at I(1). As suggested by Johnston and DiNardo (2000), the residuals obtained by the ordinary least squares on the I(0) data are to be tested with the ADF and PP test to state whether there existed the long run causal relationship or not. Thereafter, the Johansson test of Co integration and the Vector Error Correction Model was employed to correct any shortcomings in the base model. Before the Co integration, as suggested by Lutekephol (2005) the Vector Auto Regression (VAR) was carried out to assess the best-suited lags taken for the study. As suggested by Gutierrez et al. (2009), the use of the Akaike Information Criteria is best suited and this research also uses Akaike's Information criteria is relevant and the lags having the lowest of the AIC value are selected as the appropriate lag length. The VAR (P) model was developed for all the equations. The three independent variables VAR models to test co-integration for the full period are presented in Equation 3:

$$\ln REM = \phi_0 + \sum_{i=1}^2 \phi_i \ln REM_{t-i} + \sum_{j=1}^2 \phi_j \ln INT_{t-j} + \sum_{m=1}^2 \phi_m \ln EXC_{t-m} + \sum_{n=1}^2 \phi_n \ln INF_{t-n} + \varepsilon_t \dots \dots \dots \text{Equation(3)}$$

These are the full period's VAR (P) models to test the co-integration for the full period in Equation 3. Under this the null hypothesis of no co integration $\phi_i = \phi_j = \phi_m = \phi_n = 0$ is tested against the alternative of cointegration $\phi_i \neq \phi_j \neq \phi_m \neq \phi_n \neq 0$.

This study used the vector error correction model (VEC) model, as given the Equations:

$$\Delta \ln REM = \phi_0 + \sum_{i=1}^{p-1} \phi_i \ln REM_{t-i} + \sum_{j=1}^{p-1} \phi_j \ln INT_{t-j} + \sum_{m=1}^{p-1} \phi_m \ln EXC_{t-m} + \sum_{n=1}^{p-1} \phi_n \ln INF_{t-n} + \rho_1 \mu_{t-1} + \varepsilon_t \dots \dots \dots \text{Equation(4)}$$

The ρ_1 is the error correction term to state that the on which basis the system is converging towards the equilibrium. In this study the VEC model was employed because the VAR (P) model was developed as mentioned above for the co-integration test and once the test of the co-integration is found to be significant or there is co-integrating relationship among the variables the Vector Error Correction Mechanism (VEC) is used. The VECM (Vector Error Correction Model) is developed into the lag of $p-1$ meaning thereby that the Vector Error Correction Model is differentiated from a VAR model containing of one less lag order. For the Diagnostic and Stability test post building the long run model, the Breush Pagan

Heteroscedasticity test, BG LM Serial Correlation test, Jarque Bera Test for normal distribution, and CUSUM sum of squares test was carried out (Gujrati, 2013).

4. Empirical Results

To apply the co-integration technique the first step is to determine the order of the integration of each variable taken under study. This is because the co-integration technique can only be used in the order of integration of the variable is one, that is, I(1). The Augmented Dicky Fuller test and Phillip Perron test have been employed for this purpose both at the level and at the difference of the variables. The lag length used for the study is determined according to Akaike Information Criterion. The statistical results of the ADF tests and PP tests on intercept are reported in Table 1.

Table 1. Results of ADF and PP test

Augmented Dicky Fuller test					Phillip Perron test				
Variables	Order of integration	p-value	Order of integration	p-value	Order of integration	p-value	Order of integration	p-value	Results
log REM	I (0)	0.9348	I (1)	0.0039*	I (0)	0.4026	I (1)	0.0039*	Stationary
log INT	I (0)	0.1796	I (1)	0.0270#	I (0)	0.1814	I (1)	0.0002*	at 1st
log EXC	I (0)	0.7845	I (1)	0.0004*	I (0)	0.7845	I (1)	0.0004*	Difference
log INF	I (0)	0.1487	I (1)	0.0001*	I (0)	0.1429	I (1)	0.0001*	

Note: * and # denote the statistical significance at 1% and 5% respectively.

Table 1 shows that all variables are stationary at the first difference in the intercept and constant with no trend. The Johannsson co-integration is best suited to use since all the variables are of I(1).

The first stage of cointegration is accomplished by appropriate lag selection for the study. The VAR method was employed at first at arbitrary number lags to a maximum of 3 lags. Table 2 shows the lag selection criteria.

Table 2. Statistics for selecting the lag order

Number of lags Tested	Akaike Information Criterion	Results
1 Lag	-8.654521	2 lags
2 Lags	-9.121436	taken for the
3 Lags	-8.504572	Study

Table 2. denotes the clear depiction that the model on the 2 lags the AIC value was found the lowest when tested with the three lags since the AIC value was found to be lowest. With this, the number of lags used for the Johannsson co-integration and in the Vector Error Correction Mechanism was based on the 2 lags optimum.

The existence of the long-run co-integrating relationship was tested out with the help of the residuals test. The residual was obtained from running the ordinary least squares regression on the dependent and independent variables. The Ordinary least Squares (OLS) was run between dependent and independent variables, and the error term (μ_t) was obtained as RESID — the error term that must be stationary at the level. The Unit root was tested using the Augmented Dicky-Fuller and Phillip-Perron tests. Table 3 denotes the clear depiction of it.

Table 3. Residuals test depiction of long-run cointegration

Augmented Dicky-Fuller test			Phillip-Perron test		Results
Variable	Order of integration	p-value	Order of integration	p-value	The error term is stationary at level
RESID	I (0)	0.0283*	I (0)	0.0370*	

Note: * denotes the statistical significance at the 5% level.

Table 3 is stated to be a significant position to have a long-run co-integration relationship because the residuals are stationary at their level signifying that the dependent and independent variables possess a long-run relationship.

After the appropriate lag length selection, the residuals test and the Johansson Co-Integration test were assessed and the result of the Johansson test with the 2 lags on the intercept only not in trend is obtained in Table 4.

Table 4. Results of Johannsson Co integration test

Number of co-integrating equations	Eigenvalues	Trace statistics	Critical values	p-value	Results
None is co Integrated	0.733965	64.856	47.856	0.0006*	
At most two co Integrated	0.237264	9.3341	15.494	0.3354	Two co-integrating equation

Note: * denote the statistical significance at 1%.

The null hypothesis of no co-integration was rejected because the p-value (0.006) became less than 5 percent. The Eigenvalues and the trace statistics reveal that the critical values were greater than the trace statistics and also that the p-values (0.3354) became greater than 5 percent. Consequently, the null hypothesis was accepted which is there are at most two co-integrating equations. Due to the long-run co-integrating equation obtained the Vector error correction mechanism (VECM) was used for further analysis.

The vector error correction mechanism helps to assess the error-correcting term that converges towards the equilibrium. The long-run equilibrium was also obtained from the analysis. The VECM was run with the 2 lags and the software automatically subtracted one lag because it was different from the vector autoregression, and the lag of the order one less was used. The system of the equations was obtained from the VECM, and they were run under the least-squares method. Running this equation, the following results were obtained.

Table 5. Vector Error Correction Estimate

Coefficient's name	CoefficientC (1)	t statistic	Standard Error	p-value	Results
ECT	-0.723	-2.707255	0.267313	0.017*	ECT is correcting toward equilibrium

Note: * denote the statistical significance at the 5 % level.

Table 5 states that the error correction term became negative and significant (as the p-value was less than 5 %). The negative ECT (as -0.723) signifies that the equilibrium was converging towards the equilibrium at 72.3 percent every year, taking 1.38 ($=1/0.723$) years to fully converge the system towards the equilibrium.

With this, the evaluation of estimates was carried along with the long-run equation. This study obtained the long-run equation after applying the error correction mechanism. The sign of the coefficients of the equations changed, and the model was adjusted as:

$$REM = 4.3 - 1.27 * INT + 3.36 * EXC + 1.07 * INF.. \text{Equation (5)}$$

Equation 5, is the long-run equation obtained which signified the negative relationship between the remittance inflow and the domestic rate of interest, which means when the inflow of the remittance surges or declines by 1 percent the domestic rate of interest increases or decreases by 1.27 percent. In the same way, the remittance inflow and the exchange rate showed a positive relationship, which means, that when there is an increase or decrease with the 1 percent in the remittance inflow, the exchange rate increases or decreases by 3.36 percent. Likewise, when there is an increase or decrease in the 1 percent in the remittance inflow to Nepal, the inflation in the country increases or decreases by 1.07 percent. The assessment of the equation seemed quite vivid to state that the remittance inflow has much impact on the inflation dynamics in Nepal with this research phenomenon in the long run.

For the diagnostic and stability tests following tests were conducted:

■ The Breusch Godfrey Serial Correlation Lagrange Multiplier Test

The BG LM test was applied for the residual tests. The Chi-square probability value (p-value) of the test (as 0.7953) was greater than the critical value at the 5

percent level of significance. Hence, the null hypothesis, of no serial correlation, was accepted within the model within the residuals obtained from the long-run analysis.

■ The Breusch Pagan Godfrey Heteroscedasticity Test

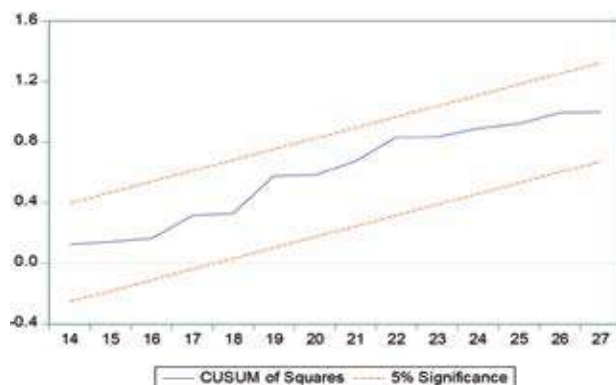
Similarly, this study applied the BP-Godfrey heteroscedasticity test to the residuals to check the volatility of the residuals. From the test, however, the Chi-square probability value (p-value) of the test (as 0.4611) was greater than the critical value at a 5 % level of significance. Thus, the null hypothesis, of no heteroscedasticity in the model in the residuals from the long-run analysis, was accepted.

■ Jarque Bera test of the Normality

This study also applied the JB test for the normality of the residuals obtained. From the test, the residuals were found to be normally distributed. The Chi-Square probability value (p-value) of the test (as 0.967) was greater than the critical value at a 5 % level of significance. The null hypothesis, of non-normal distribution within the model in the residuals from the long-run analysis, was accepted.

■ The Cumulative Sums Control Chart (CUSUM) sum of Squares test for the Stability

The CUSUM sum of squares chart plots the cumulative sums of the deviations of every sample value from the target value of its recursive residuals. The CUSUM sum of squares test was carried out to assess the stability/soundness of the model and to see whether the method variations were in check during this research. During this research, the CUSUM sum of squares test was found to be stable. The model had structural stability because the cumulative sums of the recursive residuals were under the bracket of the 5 % level of significance. Hence, the long-run model obtained from the analysis became stable.



■ Non-Spuriousness of the Model

Because the value obtained of the coefficient of the determination (R^2) (as 0.5002) was lesser than the Durbin Watson value (DW Stat) (as 1.64), the model seemed non-spurious, in step with the reference taken from the Granger and Newbold (1974).

5. Conclusion

The remittance inflow to Nepal was obtained to have a long-run causal relation with the independent variables. There was a positive relationship between the dependent and independent variables except for the domestic rate of interest. When Remittance inflow is increased by 1 percent there increased the domestic interest rate on savings decreased by 1.27 percent. As the remittance increases the money income also increases thereby increasing the money in the hands of the people. More the money in the hand of the people, more the people tend to save and NPC (2012) reveals that 60 % of the remittance income is spent on consumption items and people merely spend 3 % on capital formation. With this, the deposit with this the bank and financial Institution (BFIs) does not increase to that amount so provide lucrative interest rates on savings also decrease.

The linkage of the remittance inflow seems to be positive with the exchange rate. One percent increase in the remittance inflow increases the exchange rate by 3.82 percent. This means there is foreign currency appreciation and the depreciation of the home/domestic currency. The exchange rate through substitution and wealth effects seem to influence the level of the remittance inflow. In a situation of currency depreciation, the goods in the home

country become less expensive and thus the migrants do not need to send back as much money as before for purchasing a given amount of goods and services from their families. This enables the migrants to substitute some goods in the home country for some more expensive goods in the country of residence. This is known as the substitution effect. On the other side, a devaluation or depreciation of the home country's exchange rate enables its migrant citizens to accumulate more wealth, which provides incentives to send back more money to buy even more goods including building a residence and investing in Real Estate homes country. This is the wealth effect of the exchange rate devaluation or depreciation (Chamon, Marcos, Sembalt, & Morant, 2005). This appears that the exchange rate is positively related to the remittance inflow. The remittance seems to be positively linked with the rate of inflation. If the remittance inflow would be increased or decreased by 1 percent, then the rate of inflation would also be increased or decreased by 1.07 percent. Most of the remittance income seems to be spent on consumption and then on the repayment of the loans. Around 60 % of the remittance inflow seems to be spent on consumption-related goods and services. This signifies that when people have more money in their hands they seem to spend more which eventually leads to the flow of the excess amount of money in the market and the demand for the goods and services surges up. When the demands for the goods and services are only there but the production process cannot be enhanced to that extent then the price of the goods and the services appear to increase due to the shortage of it. The equilibrium seems to finally converge at a point within 1.38 years in the long run from its short-run distortions. This seems to define that with the three independent variables interest rate, inflation rate, and exchange rate in relationship with the remittance inflow as a dependent variable the short-term disequilibrium can converge fully into the equilibrium within 1.38 years. In the context of Nepal, the system with the above variables appears to be quite fair because of the lag of the effect of the variables on the mainstream economy. Here, the lags are obtained as two lags from the lag selection criteria, which is the average lag for all the variables to lay down their respective effect on the economy. With it, the system is fairly creating a long-term equilibrium after short-term fluctuations in a time range that seems to be easy to cope with in the case of our country.

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Macroeconomic and Ex-Ante Determinants of Credit Risk: Empirical Evidence from Nepal



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ABSTRACT

The study aims to find whether the credit risk can be predicted through macroeconomic conditions of the country and ex-ante Industry-specific indicators of credit risk so that banks do not be exposed significantly to financial crises by taking adequate precautions. We find, Interest Rate, Inflation Rate, and Export to Import Ratio have a significant relationship with Non-performing loans, the proxy of ex-post Credit Risk, but Economic growth & Remittance were not found to have an association with Non-performing loans, which may indicate the possibility of loan evergreening in Nepal. Similarly, among the three ex-ante indicators of credit risk, i.e., Capital Adequacy Ratio, Credit to Deposit Ratio (CCD), and Loan growth, only Loan growth seems to have a significant relationship with credit risk implying high growth of loans should be curtailed to manage credit risk prudently. The study recommends as Nepalese banking is vulnerable to internal and external shocks, macro-prudential policies should be formulated to make the banking sector stronger and resilient enough.

KEYWORDS

Credit Risk, Non-Performing Loan, CDC Ratio, Macro-prudential policies

JEL CLASSIFICATION

G10, G21, G32, G38

1. Introduction

The financial system is the pillar of every country's economy. It helps economic development and improves people's living standards (BIS, 2011). As major players in the financial system, banks play a crucial role in the financial system by mobilizing and channeling funds from surplus units to shortage units. A robust financial system is essential to the country's growth and development. During the shock period, if banks start trembling, the domino effect would pull down the entire economy, so the banks' resilience, agility, and suppleness are paramount.

Banks' primary function of taking the deposit and lending to borrowers and providing other financial services exposes them to many risks like credit risk, operation risk, liquidity risk, and market risk (Interest Rate Risk, Exchange Rate Risk, and Equity Price Risk), and many others. Because interest revenue, the primary income source of banks, is obtained by granting loans, loans are an evident and most

prominent source of credit risk, i.e., the potential of non-payment of interest and the principal amount by borrowers as per agreed terms. As a result, credit risk has an impact on a bank's performance and is a critical component of the sustainable success of banks (BIS, 2000). All banks' credit risk indicates the overall financial system's strength and resilience. "The credit risk is at the heart of solvency problems in the banking sector, manifesting itself largely through the balance sheet and the cash flow contributing to banks' solvency problems" (Buncic & Melecky, 2013).

The credit risk, as a significant predictor of financial system instability, was highlighted during the global financial crisis of 2008-09 as it was reaffirmed, though, in a painful fashion, that soundness of the banking sector is of significant importance for the stability of the economy. The turbulence witnessed in the economy during those periods has shifted regulators' focus toward making the banks more resilient to external shocks like those (BIS, 2011). So, since then, the banking sector has been under more scrutiny, supervision, and monitoring by all stakeholders, including regulators, government, and public forums. The government's primary policy concern is the banks' safety and sound health, and they formulate policies to reduce the chances of bank failures and ignite panic and stress in the economy (IMF, 2012).

One of the critical credit risk indicators, especially ex-post signal, is a Non-performing Loan¹ (Reinhart and Rogoff, 2010). Similarly, Chaibi & Ftiti (2015), Ali & Daly (2010), Bonfim (2009), Pesaran et al. (2006), and many other researchers confirm that macroeconomic shocks also signal the credit risk. Shingjergji & Hyseni (2015) reveal the relationship between Capital Adequacy Ratio and Credit Risk, whereas Taiwo et al. (2017), and Zheng et al., (2020) linked Credit risk with loan growth. Steven & Toni (2020) associated credit risk with the Loan Deposit Ratio. The Capital Adequacy Ratio, Loan to Deposit Ratio, and Credit growth may be some early warning signals for credit risk, i.e., ex-ante credit risk indicators.

1.1 History of Nepalese Banking and Institutional Settings

Though the transaction system in Nepal was prevailing from the historic period, the establishment of the Kaushi Tosha Khana² during then King Prithvi Narayan Shah in 1832 AD was the initial step into the development of the banking sector in Nepal followed by the establishment of Tejaratha Adda by then PM Ranoddip Singh in 1877 AD (Kalika, 2019) to provide the loan to people against the collateral of precious metals but not to accept the deposit. In Nepal,

formal banking started in 1937 AD with the establishment of Nepal Bank Ltd., the first commercial bank in Nepal, even before the regulator Nepal Rastra Bank (The Central Bank of Nepal) which was established in 1956 AD. Over the years, the Nepalese banking system has grown widely and now comprises 27 commercial banks, 17 Development Banks, 17 Finance Companies, 65 Micro-Finance Financial Institutions, and 1 Infrastructure Development Bank which branch network of 11,398 branches and serves an average of 2,561 people per branch as of Mid-April 2022 (Monthly Statistics, Nepal Rastra Bank, April 2022) which are licensed and regulated by Central Bank. Beyond the jurisdiction of the Central Bank, more than 30 thousand member-based co-operatives are functioning as deposit collectors and lenders for their members in niche markets and are also the influencing player in the overall financial system.

The penetration of Nepalese banks in both rural areas and urban areas is significantly increasing and so is their business too, aggressively as such the Banks' Deposit to GDP ratio reached 109% as of Mid-July 2021 in Nepal (Economic Survey 2022, Ministry of Finance). So banks being the major source of business capital in Nepal, for the long-term growth of the Nepalese economy and also for the soundness of the economy, the resilience of banks is the key. A glimpse of the overall banking sector of Nepal is depicted in Table 1.

The remaining sections are organized in the following way, section 2 discusses the related literature followed by Data and empirical analysis in section 3. Section 4 presents the major findings and section 4 contains the conclusion and recommendations for policymakers.

2. Related Literature

Linking the macro-economic variables, and bank-specific factors to Credit risk is not new in the literature but not many studies have been done in the case of Nepal that too using recent data and segregating credit risk into ex-ante and ex-post.

Zheng et al. (2020) and Kjosevski et al. (2019) investigated the relationship between Non-Performing Loan and Macroeconomic & Bank specific variables using the ARDL model. The results reflect that a Non-performing loan has a negative relationship with Interest Rate, unemployment, and Economic growth and a negative association with Liquidity and Exchange rate (Alexandri & Santoso, 2015). The negative association between Inflation, Tax Rate, Inflation, and Exchange was found by Khan et al. (2018)

1 Basel Committee on Banking Supervision (BCBS) defines Non-Performing Loans as those whose delinquency has crossed 90 days.

2 Tosha Khana Translates into English as "Treasure House"

in Pakistan. The research conducted by Yulianti et al. (2018) in Indonesia found NPL being impacted positively by Capital Adequacy and negatively by the Loan to Deposit Ratio where as Makri et al. (2014) could not find such a relationship in Eurozone. The same result regarding the Loan to Deposit ratio was obtained by Koju et al. (2018) in Nepal, in addition to finding a negative relationship with GDP, Inflation, and a positive one with Asset size and Inefficiency. They also reveal that Loans to Assets and Remittances do not impact NPL.

Ekananda (2017) studied the impact of macroeconomic variables on Credit Risk in Indonesia using the Vector Autoregression Model. Interest Spread and Capital Adequacy were found not to be impacting NPL, which was also the findings of Alexandri & Santoso (2015), whereas GDP, Interest Rate, Inflation, and Exchange rate were found to be significantly associated with credit Risk. An increase in interest rate increased the NPL (Bofondi & Ropele, 2011)

The excessive loan growth may indicate the possibility of loan defaults, and Ozili (2015) explored and reaffirmed the same in Eighty Two banks in the US, Africa, Asia & Europe. The same results were witnessed by Torluccio et al. (2011) in the Italian banking system. The remittance in developing countries carries huge significance for consumption, asset creation, increment of bank deposits, and repayment of the debt if any. While studying the remittance inflow of 141 developing countries, Ebeke et al. (2014) noticed that significant negative remittance has an opposite but significant relationship with credit risk. In Eurozone,

Klein (2013), in euro countries, revealed that macroeconomic variables and bank-related variables drive the Credit risk. Bonfim (2009) confirms Imports and Exports can be considered the drivers of credit risk as they have a negative relationship with credit risk, whereas Louzis et al. (2012) discover Imports as a predictor of NPL in addition to ROE, ROA & Bank efficiency.

3. Empirical Methodology

3.1 Data

The 15 years secondary time series data from Nepalese Fiscal Year 2006/07 to 2020/21 is used for the study of the relationship between macroeconomic variables and credit risk. The data of Macroeconomic variables are collected from Economic Survey, Ministry of Finance, Nepal. The data from F/Y 2009/10 to 2020/21 is used for bank-specific variables (ex-ante credit risk factors), and this data is collected from Annual Reports, Economic Research Department, and Nepal Rastra Bank. The bank-specific data consists of all 27 commercial banks of Nepal, which constitute more than 80% of Assets in the Nepalese Banking sector.

3.2 Variables Construction

The variables used in the study are discussed here. The choice of variables is based on the previous literature. The Non-performing loan is a dependent variable and the independent variables are Macroeconomic variables and ex-ante indicators of credit risk (Industry-specific variables).

Macroeconomic Variables

a. Gross Domestic Product (GDP) growth

Annual percentage growth of GDP, as a proxy of economic growth, is considered for the study. The World Bank defines GDP as “the sum of gross value added by all resident producers in the economy plus any product taxes and minus any subsidies not included in the value of the products”.

b. Interest Rate

The 91-days Treasury Rate of the Central Bank is used for the study.

c. Inflation

Consumer Price Index (CPI) is used as a proxy of inflation which is an increase in the general level of prices.

d. Remittance

Workers' remittance growth rate, money sent by immigrant workers from abroad to Nepal, is taken from the study. Remittance is the lifeblood of the Nepalese economy as it is equivalent to 22.5% of the Gross Domestic Product of Nepal (as of the Fiscal Year 2020/21).

e. Export to Import Ratio

The ratio of total export to imports is considered for the study. If it is below 100% then the country is facing a trade deficit. As Nepal is an import-based economy, this ratio carries huge significance.

Ex-Ante Indicators of Credit Risk

a. Capital Adequacy Ratio (CAR)

CAR is the ratio of a bank's eligible capital with its risk-weighted assets. The bank's capital is constituted by Core Capital & supplementary capital. Commercial banks have maintained a minimum CAR of 8.5% excluding buffer capital in Nepal.

b. Loan Growth

The bank's core traditional business is to collect deposits and grant loans. Their major source of income is interest from the loan. The loan growth is the increase in loans of banks over the previous year.

c. Credit to Core Capital cum Deposit Ratio (CCD)

CCD is calculated by dividing total loans by core capital & deposits. For commercial banks, the maximum limit of

CCD ratio used to be 80% which was relaxed to 85% in the COVID-19 pandemic but recently the central bank has discontinued CCD and implemented a Credit to Deposit (CD) with a maximum limit of 90%.

Table 2 presents the research support for choosing those variables and their expected relationship with non-performing loans.

3.4 Model

In the first model, the relationship between macroeconomic variables and NPL is to be determined, whereas in the second model, the lagged variable of the dependent variable itself and ex-ante credit risk indicators are used as dependent variables as aggressive credit growth or high Credit to Deposit ratio or High Capital Adequacy may signal possible increase in default rate.

$$NPL_{it} = \beta_0 + \beta_1 GDP_{it} + \beta_2 IR_{it} + \beta_3 INF_{it} + \beta_4 REM_{it} + \beta_5 EIR_{it} + \epsilon_{it} \dots \dots \dots (i)$$

$$NPL_{it} = \beta_0 + \beta_1 NPL_{it-1} + \beta_2 CAR_{it} + \beta_3 CRE_{it} + \beta_4 CDC_{it} + \epsilon_{it} \dots \dots \dots (ii)$$

Where, β_0 is a constant term, the y-intercept

$\beta_1, \beta_2, \beta_3, \beta_4$, and β_5 , are slopes of regression lines, coefficients to be determined.

ϵ is the error term, t denotes the time, and i denotes the bank (since it is time-series data, i does not carry significance here).

$t-1$ is 1 year lagged variable.

1.2 Unit Root, Autocorrelation, and Heteroskedasticity tests

The Augmented Dickey-Fuller test was used to check the stationary of the data. At a 5% significance level, the variables like GDP, Remittance, and Export to Import Ratio were stationary at the level, whereas Interest Rate and Inflation Rate were stationary at the first differencing. The optimal lag was determined using AIC, HQIC, and SBIC criteria. The results are depicted in Table 3.

The presence of auto-correlation is done using Durbin-Watson Test and further reconfirmed with

Breusch-Godfrey Test. As shown in Table 4, the Durbin Watson d-statistics is 2.027, which is very close to 2, signifying the absence of Autocorrelation. The Breusch-Godfrey Test results (Table 4) show a probability value of 0.229 in lag 4, which is greater than the 5% significance level, so we fail to reject the Null Hypothesis (H_0 : No Serial Correlation). The non-presence of Heteroskedasticity is confirmed by the White Test proposed by Halbert White (1980), as shown in Table 5.

4. Results and Discussions

4.1 Summary Statistics

Table 6 reflects the descriptive statistics of the selected variables. The dependent variable, i.e., Non-performing loans, started with the highest at 10.3% in 2007 and was as low as 1.41% in 2018, with an average of 3.12% in 15 years. GDP ranged from 8.98% to a negative 2.37% in the COVID-19 pandemic starting year but recovered in 2021 by growing 4.25%. 91-days Treasury bill rate reached as high as 7.41% in 2011 before hitting a low of 0.02% in 2014, but the average rate remained at 2.91% during the study period. Inflation was recorded at 13.2% in 2009, contrary to other countries where the global financial crisis reduced their inflation rate and economic activities. The remittance growth rate at once was 47%, but COVID-pandemic pushed it to a record low of -0.5% in 2020. The standard deviation of remittance growth is the highest among all factors. The average credit growth in the 15 years of the review period is 19.54% which is quite a good figure. The growth reached up to 27.7% and has not fallen below 13%. Banks have not crossed the CCD ratio beyond regulatory thresholds, and Capital Adequacy has also been above the comfortable zone.

4.2 Correlation Results

As exhibited in Table 7, Credit Risk (Non-performing loans) is found to have a high positive and significant relationship with the Export to Import Ratio, a low positive association with Interest Rate, Inflation Rate, and Remittance growth but a negative low correlation with GDP growth. GDP has a negative association with Inflation and Export-Import Ratio whereas a positive link is seen with remittance growth and Interest rate. The movement between Interest rate and Inflation, Remittance, and Export to Import is in the same direction whereas Inflation has a moderately significant relationship with Remittance growth. All the ex-ante Indicators of credit risk i.e. Capital Adequacy, Credit growth, and CCD were found to have a negative relationship with Non-Performing Loans while the first two were significant at a 5% significance level.

4.3 Regression Results

Table 8 shows the results of the Multiple regression analysis, the adjusted R Square is 89.25% which indicates the goodness-of-fit of the model, and it can be inferred that 89.25% variation in Credit Risk can be explained by macroeconomic variables. The p-value of 0.0 is less than the significance level, which indicates that there is a significant relationship between credit risk and macroeconomic variables at a 1% significance level. The interest rate and Inflation rate are significant at 5%, whereas Export-Import Ratio is significant at 1%.

The relationship of NPL with Interest Rate is in line with Farhan et al. (2012) and Khemraj & Pasha (2009) and (Lugo, BIS, 2008), as a low-interest rate would help borrowers to keep their payments intact. Louzis et al. (2012), Dash & Kabra (2010), Makri et al. (2013), Koju et al. (2017), and many other researchers have revealed the negative association of economic growth with NPL, which is in contradiction to our result and surprising result as well. But the results of this study revealed that the GDP has statistically no significant connection with NPL, which is a surprising result as well.

A study by Klein (2013), Rizvi & Khan (2015), and Khan et al. (2018) showed the significant impact of Inflation rates on Non-performing loans, consistent with our results, but in contradiction to Alexandri & Santoso (2015) which also could not establish the significant relationship of Inflation with NPL. However, increasing NPL can also be related to high Inflation, where customers' money is diverted to other primary aspects of living than paying a debt. Just like our findings, Koju et al. (2017) found remittance being insignificant to NPL, but our result is not consistent with Komoni et al. (2021) and Ebeke et al. (2014). In general, remittance inflow increases the debt-paying capacity of people and thus decreases the potential default. As per the results of Koju et al. (2017), Clichici & Coleniceva (2014), and Kavkler and Festic (2010), our study also found a significant relationship between NPL and Export-Import Ratio.

Koju et al. (2017) show a significant negative relationship between NPL and Capital Adequacy Ratio. On the contrary, Yulianti et al. (2018) suggested the CAR has a positive relationship with NPL, which is not verified by our study in the case of Nepal, but our result is consistent with the findings of Alexandri & Santoso (2015) and Ekananda (2017).

Similarly, our study shows a significant negative relationship between NPL with Credit growth which was also found by Zheng et al. (2020), Kjosevski et al. (2019), and Ozili (2015). Yulianti et al. (2018), Anjom and Karim (2016), and Jamee I (2014) found that the loan-to-deposit ratio negatively impacts the credit risk, which could not be witnessed in the case of the Nepalese banking system.

5. Conclusion

The stability of the financial system and even the economy can be gauged by the intensity of credit risk of banks in the economy. As high credit risk makes the banking system vulnerable, which can be the reason to ignite the banking crises as witnessed in the past, and credit risk itself can be increased by different internal like bank-specific/industry-specific factors and external factors like macroeconomic

factors. "A bank's use of experienced credit judgment, especially in the robust consideration of reasonable and supportable forward-looking information, including macroeconomic factors, is essential to the assessment and measurement of expected credit losses." (Principle 6 of the Basel III framework on Credit Risk Management)

One of the surprising findings of the study is the insignificant association of GDP with Credit risk in Nepal, contrary to common belief and evidence provided by many researchers. This indicates either the economy is in a decoupling phenomenon or the banks are evergreening the loans, which can, later, even harm the overall industry and economy. During COVID-19, while the economy witnessed a decline of 2.3% but the NPL of banks decreased by 24.90% in 2020, which is surprising as well. Similarly, in 2016, GDP grew by 0.43% only (3.98% growth in 2015), but NPL decreased by 36.19%. The significance of the Inflation Rate, Interest Rate, and Export-Import ratio with Credit Risk is as per expectation but the direction of the relationship is not consistent with earlier studies. The insignificant relationship of credit risk with Capital adequacy and CDC ratio can be attributed to stringent monitoring and regulation of the central bank as they have set minimum Capital Adequacy Ratio and maximum CDC ratio, violation of which will be penalized by the Central Bank.

The Nepalese banking sector can be considered vulnerable to credit risk if there are shocks in macroeconomic conditions, based on the findings of this study. The findings of the study can be hugely applicable to policymakers and regulators.

6. Recommendations

The recommendations, based on the results of the study, applicable to all stakeholders are described below, and if applied, these can help prepare macroprudential policies to manage macroeconomic and microeconomic stress in the banking sector and the economy.

The government and Central bank should prepare proper and stringent policies to reduce the possibility of bank failures and the impact of bank failures on the overall economy. Since Central Bank is a regulator, the government should enhance Central Bank's institutional capabilities for proper monitoring and regulating by providing sufficient resources as they need to be proactive in identifying the early signs of problems in the banking sector. The government should let the central bank function as an autonomous institution rather than taking calls due to political motives. The Central Bank should create a 360-degree approach for on-site and off-site supervision which should be risk-based and continuous.

Since major macroeconomic variables were found to have a significant relationship with credit risk, the Central bank should formulate an effective monetary policy to keep Interest Rate and Inflation rates within acceptable levels. Though remittance was not found the association with credit risk, Nepal being a remittance-dependent country, more regulations are required to attract remittance inflow from the banking system instead of informal channels.

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Appendix

Table 1. Banking statistics of Nepal as of Mid-April 2022 (Except Microfinance institutions)

Particulars	Banking Industry (A, B, C)			Commercial Banks (A)	
	Mid-Apr 2021	Mid-April 2022	Change %	Mid-April 2022	Market Share
Deposit Accounts (No.)	36,366,041	43,286,374	19.03%	37,484,825	86.60%
Loan Accounts (No.)	1,682,845	1,836,191	9.11%	1,490,204	81.16%
Branches (No.)	5,978	6,303	5.44%	4,949	78.52%
Agent Banking (No.)	1,739	1,518	-12.71%	1,518	100.00%
Debit Cards issued	8,573,382	17,382,448	102.75%	9,930,979	57.13%
Credit Cards issued	188,507	227,961	20.93%	227,961	100.00%
Mobile Banking (No.)	13,591,375	17,382,448	27.89%	15,333,118	88.21%
Internet Banking (No.)	1,122,888	1,658,184	47.67%	1,286,558	77.59%
ATM (No.)	4,300	4,472	4.00%	4,118	92.08%
Deposits (NPR Million)	4,464,617	4,979,963	11.54%	4,390,197	88.16%
Loan (NPR Million)	4,024,777	4,740,104	17.77%	4,203,162	88.67%
Paidup Capital (NPR M)	365,902	411,198	12.38%	359,844	87.51%
Capital Fund (NPR M)	554,830	613,341	10.55%	548,711	89.46%
Average Deposit Rate				7.11%	
Average Lending Rate				10.78%	

Source: Nepal Rastra Bank (<https://www.nrb.org.np/category/monthly-statistics/?department=bfr>)

Table 2. Variables used for the study, related research, and their expected relationship with non-performing loans.

Variables	Related studies	Expected Relationship
GDP (GDP)	Alexandri & Santoso (2015) , Makri et al. (2014), Bofondi & Ropele (2011)	Negative
Interest Rate (IR)	Zheng et al. (2020), Ekananda (2017), Bofondi & Ropele (2011)	Positive
Inflation Rate (INF)	Khan et al.(2018), Alexandri & Santoso (2015), Klein (2013)	Positive
Remittance (REM)	Komoni et al. (2021), Ebeke et al. (2014)	Negative
Export to Import Ratio (EIR)	Koju et al. (2017), Kavkler and Festic (2010), Bonfim (2009), Clichici & Coleniceva (2014)	Negative
Capital Adequacy Ratio (CAR)	Yulianti et al. (2018), Ekananda (2017), Alexandri & Santoso (2015)	Positive
Loan Growth (CRE)	Zheng et al. (2020), Kjosovski et al.(2019), Ozili (2015)	Positive
CCD Ratio (CCD)	Yulianti et al. (2018), Anjom and Karim (2016), Jameel (2014)	Positive

Source: Author's elaboration

Table 3. Unit Root Test

Dickey-Fuller test for unit root					No of Obs	14
		Test Statistics	1% critical Value	5% critical Value	10% critical Value	
GDP	Z(t)	-3.944	-3.750	-3.000	-2.630	
		MacKinnon approximate p-value for Z(t) = 0.0017				
IR	Z(t)	-1.901	-3.750	-3.000	-2.630	
		MacKinnon approximate p-value for Z(t) = 0.3315				
INF	Z(t)	-1.762	-3.750	-3.000	-2.630	
		MacKinnon approximate p-value for Z(t) = 0.3994				
REM	Z(t)	-3.008	-3.750	-3.000	-2.630	
		MacKinnon approximate p-value for Z(t) = 0.0341				
EIR	Z(t)	-3.828	-3.750	-3.000	-2.630	
		MacKinnon approximate p-value for Z(t) = 0.0026				
				No of Obs		13
d1.IR	Z(t)	-3.727	-3.750	-3.000	-2.630	
		MacKinnon approximate p-value for Z(t) = 0.0037				
d1.INF	Z(t)	-4.899	-3.750	-3.000	-2.630	
		MacKinnon approximate p-value for Z(t) = 0.0000				

Source: Stata results

Table 4. Test of Autocorrelation

Durbin-Watson d-statistic(6, 15) = 2.027517
Breusch-Godfrey LM test for autocorrelation

chi2	df	Prob>Chi2
5.630	4	0.229

Source: Stata results

Table 5. Heteroskedasticity Test

White's test for Ho: homoskedasticity
 against Ha: unrestricted heteroskedasticity

chi2(14) = 15.00
 Prob > chi2 = 0.3782

Cameron & Trivedi's decomposition of IM-test

Source	Chi2	df	p
Heteroskedasticity	15.00	14	0.3782
Skewness	7.80	5	0.1676
Kurtosis	1.47	1	0.2253
Total	24.27	20	0.2308

Source: Stata results

Table 6. Descriptive Statistics

Variable	Obs	Mean	Std. Dev.	Min	Max
GDP	15	4.397	2.761	-2.37	8.98
IR	15	2.906	2.456	.02	7.41
INF	15	7.6	2.705	3.6	13.2
REM	15	17.327	15.2	-.5	47
EIR	15	14.505	7.604	6.67	30.6
NPL	15	3.127	2.326	1.4	10.3
CAR	12	12.612	1.605	9.62	14.72
CRE	12	19.542	4.937	13	27.7
CCD	12	74.66	3.264	70.01	79.57

Source: Stata results

Table 7. Pairwise correlations

Variables	(1)	(2)	(3)	(4)	(5)	(6)
(1) NPL	1.000					
(2) GDP	-0.017	1.000				
	(0.953)					
(3) IR	0.090	0.178	1.000			
	(0.749)	(0.526)				
(4) INF	0.111	-0.282	0.082	1.000		
	(0.692)	(0.309)	(0.771)			
(5) REM	0.127	0.263	0.096	0.521*	1.000	
	(0.653)	(0.343)	(0.733)	(0.046)		
(6) EIR	0.866*	-0.020	0.303	0.470	0.438	1.000
	(0.000)	(0.944)	(0.273)	(0.077)	(0.103)	
*** p<0.01, ** p<0.05, * p<0.1						
(1) NPL	1.000					
(2) CAR	-0.742*	1.000				
	(0.006)					
(3) CRE	-0.874*	0.650*	1.000			
	(0.000)	(0.022)				
(4) CCD	-0.462	0.405	0.475	1.000		
	(0.131)	(0.192)	(0.119)			
*** p<0.01, ** p<0.05, * p<0.1						

Source: Stata results

Table 8. Linear Regression

NPL	Coef.	St.Err.	t-value	p-value	[95% Conf	Interval]	Sig
GDP	.011	.091	0.12	.906	-.195	.217	
IR	-.209	.089	-2.34	.044	-.411	-.007	**
INF	-.265	.107	-2.48	.035	-.507	-.023	**
REM	-.032	.019	-1.68	.127	-.074	.011	
EIR	.357	.033	10.85	0	.283	.432	***
Constant	1.062	.892	1.19	.264	-.955	3.08	
Mean dependent var		3.127	SD dependent var			2.326	
Adj R-squared		0.8925	Number of obs			15	
F-test		24.252	Prob > F			0.000	
Akaike crit. (AIC)		38.773	Bayesian crit. (BIC)			43.022	
*** p<.01, ** p<.05, * p<.1							

Source: Stata results

Table 9. Linear regression (Ex-Ante credit risk to Ex-post Credit Risk)

NPL	Coef.	St.Err.	t-value	p-value	[95% Conf	Interval]	Sig
LNPL	.166	.315	0.53	.618	-.606	.937	
CAR	-.183	.113	-1.62	.156	-.46	.093	
CRE	-.095	.021	-4.42	.004	-.147	-.042	***
CCD	.037	.039	0.95	.381	-.058	.132	
Constant	3.342	4.387	0.76	.475	-7.392	14.077	
Mean dependent var		2.202	SD dependent var			0.646	
R-squared		0.9185	Number of obs			11	
F-test		29.169	Prob > F			0.000	
Akaike crit. (AIC)		-2.655	Bayesian crit. (BIC)			-0.665	
*** p<.01, ** p<.05, * p<.1							

Source: Stata results

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Factors Associated with the Level of Brand Tribalism: A case of Samsung Smartphones



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ABSTRACT

Introduction

Brand owners and marketers have found the formation and support of tribal groups fruitful. Interestingly, the brand tribal community tends to defend a brand. As a result, they spread and endorse the brand name, image and generate positive word of mouth. This study measures the level of brand tribalism among the youth users of Samsung smartphones residing inside Kathmandu valley in Nepal.

Methodology

This study deploys a descriptive cross-sectional design. It was conducted between March 2021 to April 2021. A self-administered questionnaire was created and sent to 156 Samsung smartphone users residing in the Kathmandu Valley using Google forms. The researchers chose the respondents using non-probability snowball sampling.

Results and conclusion

The study discovered a substantial correlation between the increase in brand tribe and numerous variables. The S series was the most well-liked among Samsung

consumers, according to the recent poll. However, the study discovered a mild brand tribalism among the consumers.

1. Introduction

Brand tribalism is a relatively new concept in marketing text. In this growing age, it is crucial for a marketer. It is essential to understand the different tribal communities to be familiar with consumers' preferences and influence on purchasing decisions. Tribes are groups formed by people around a common theme, in this case dedicated to a particular brand. Brand loyalist that gather online and/or in person are known as a brand tribe.

This concept argues that branding has a social aspect formed due to collaborative passion (Cova & Cova, 2002; Dionisio et al., 2008, p.1). Brand tribes consist of loyal followers of the brand who are ready to defend it whenever it faces any negativity or criticism spread positive word of mouth. So, as a marketer, it is essential to identify and profile different tribal communities to understand consumers' preferences, purchase triggers and preferred brand or product attributes to support the customization of product according to their needs (Coray, 2020).

According to previous researchers, cultivating and engaging with a brand, communities can lead to strong brand loyalty, brand advocacy, adoption of new products, increased purchase intentions and sales, and innovative ideas. Thus, the fundamental purpose of this study is to analyze whether or not there is a brand tribe of Samsung smartphone brand users in Kathmandu Valley. The study focuses on identifying the level of brand tribalism among Samsung smartphone users and the association between selected variables within brand tribalism. As a marketer, it is crucial to know in-depth about such brand tribes to make products according to their preferences and to gain a competitive advantage in the market. Also, fostering such brand tribes helps to strengthen the consumer-brand to form a sustainable relationship. Therefore, the study's general objective is to find out the factors associated with the level of brand tribalism. Specific goals for the study:

- I. To identify the level of brand tribalism of Samsung smartphones.
- II. To analyze the association between the level of brand tribalism with selected variables.

2. Literature Review

The deep-rooted connection with the brand is a foundation that allows independent consumers to link with community members to form a tribe. Much literature on brand tribalism defines civilization as a network of micro-communities or tribes in the 21st century. Notably, the formation of brand tribes is voluntarily through connections of individuals with a share interest in a particular brand.

Author	Topic /Title	Strength	Limitations
Harry A. Taute, Jeremy J. Sierra, Larry L. Carter, and Amro A. Maher (2017)	A sequential process of brand tribalism, brand pride, and brand attitude to explain purchase intention: A Cross continent replication study	Brand pride was linked with individual consumers' brand relationships which is a brand tribe.	Conducted in US and Qatar which may have obstructed the external validity.
Jeremy J. Sierra, Vishag A. Badrinarayanan, and Harry A. Taute (2016)	Explaining behavior in brand communities: A model of attachment, tribalism, and self-esteem	Players' attachment to their massively multiplayer online role-playing video game (MMORPG) community and also shed light on MMORPG behavioral intention processes. Importance of socialization in online games.	Data used to explain behavioral intention were collected in a podcast.
Harry A. Taute and Jeremy J. Sierra (2014)	Brand tribalism: An anthropological perspective	Different factors were binding elements of brand consumers, Marketers should focus on those to develop long relationship with customers.	Data collected from undergraduate students may result in a lack of reliability.
Jurisc and Azevedo (2010)	Building customer brand relationships in the mobile communications market: The role of brand tribalism and brand reputation	Showcased the power of brand tribalism, satisfaction, and reputation in predicting the strength of customer-brand relationships.	Date collection was limited on select group of older generation Y Portuguese markets.
Jeong, Hwang, and Hyun (2020) researched	Customers relationships leading to brand tribalism and tribe behavioral intentions	The study looked at the impact of the four aspects of brand tribalism on brand tribe behavioral intention. There has also been a study of relationship marketing related to brand management.	The dependent and independent variables were measured at the same time which may lead to biases in the result.

3. Methods

This study uses a descriptive cross-sectional design. A self-administrated questionnaire was prepared and distributed among 156 Samsung smartphone users residing in Kathmandu Valley conveniently using a Google form. The questionnaire consists of various questions regarding the formation of brand tribes and various contributing factors.

Self-administered standardized questionnaires were used to collect the data regarding the level of brand tribalism. The data was collected within two months, from the middle of March to April 2021. The data for the sample was collected through a structured questionnaire method. The researcher used non-probability snowball sampling to select the respondents. The questionnaire was further divided into two sections: demographics, and alignment with the brand. The responses collected through the questionnaire were coded, entered, and analyzed through SPSS Version 20 for Windows.

Data were presented in tabular form for the demographic section with the frequency and percentage of each variable. Likewise, to analyse the alignment section, the responses regarding alignment and likeliness questions were presented with frequency and percentage (frequency, percentage, mean). The Likert scale was used to measure the level of brand tribalism. The Likert scale statement was categorized based on 1 to 5, 1 being (strongly disagree) to 5 (strongly agree). The level of brand tribalism was measured with frequency and percentage. The researcher categorized the score below 50% as low and greater than 50% was considered high brand tribalism among the Samsung smartphone users. The cutoff of 50% was used as it is considered as unbiased score being mid of maximum possible score. The association between selected demographic variables and brand tribalism was measured (percentage, Chi-square, and p-value). Also, the association between preference-related variables and brand tribalism was measured similarly. The data was significant if the p-value was less than 0.05.

Content validity was used in measuring validity. The questionnaire was provided to five university-level lecturers for content validity before being distributed. The average score of the content validity for the questionnaire was 77.58; the researcher also considered the suggestions and feedback on content validity to further improvise the questionnaire. The pre-test was done using 16 sample sizes. Researchers used Cronbach's Alpha to determine internal consistency. The internal consistency (reliability) of the questionnaire was 86%.

4. Results

With a sample size of 156 Samsung smartphone users, the poll was performed utilizing non-probability snowball sampling. A self-administered questionnaire was used by the researcher to gather data. Email questionnaires were distributed to the responders.

The results of the questionnaire were recorded and analyzed using MS-Excel and SPSS for Windows version 20. From the study of collected data, out of 156 respondents, 55.1% were male, and 44.9% were female (Table 1). A high portion of respondents, 83.3%, were students. Of the total, 58.3% of respondents had an annual family income of above 3 lakhs.

The researcher found that 91.7% of the respondents were optimistic about the alignment of the brand with their values. The majority of the respondents, 84.6%, would consider being Samsung brands user in the future too. In addition, 42.9% of respondents were likely recommend the brand to their associates (Table 2). Likewise, the researcher found that the majority of the study population, 34% preferred the S Series (Table 3). The researcher also found that most respondents were influenced by themselves to buy the brand's smartphones (Table 3). The researcher used the rule of thumb to denote the high level of brand tribalism. As a result, brand tribalism was relatively high among the respondents (Table 4). Likewise, the researcher found no significant association between demographic variables towards brand tribalism (see table 5). Similarly, the researcher found an association between the alignments of values, future brand users, and time usage with brand tribalism, which indicated a positive relationship between them (see table 6).

Customer relationships leading to brand tribalism and tribe behavioral intentions are another literature conducted among luxury cruise customers (Jeong, Hwang, & Hyun 2020). The study showcased the effects of the four dimensions of brand tribalism on brand tribe behavioral intention.

"Building customer brand relationships in the mobile communications market: The role of brand tribalism and brand reputation" (Jurisic & Azevedo 2010). The article showcased the power of brand tribalism in predicting the strength of customer-brand relationships.

"A sequential process of brand tribalism, brand pride, and brand attitude to explain purchase intention: a cross-continent replication study was conducted among Samsung users (Taute, Sierra, Carter, & Maher 2017)." The study found that brand pride was theoretically linked with individual consumers' brand relationships.

"Brand relationships through brand reputation and tribalism" (Veloutsou & Moutinho, 2009). The study proved that brand tribalism is a prominent element that must be taken under consideration while making marketing decisions when forming sustainable relationships with consumers. The research conducted on brand tribalism is quite different from one another. As brand tribalism is an emerging topic, many aspects of this topic are yet to be explored. The literature that the researcher found was quite different from this study. This study solely focuses on identifying the factors associated with brand tribalism in the Samsung brand. The study revealed a high degree of brand tribalism among Nepalese Samsung brand users and also exhibited factors or variables associated with it. Factors such as alignment of values of the brand, the future users of the brand, and usage of the brand tend to evoke emotional attachment in respondents, therefore, positively increasing the level of brand tribalism among the users. The researcher also discovered that respondents preferred the S series the most, which has not been formally investigated.

5. Conclusion

The researcher found a good level of brand tribalism in Samsung smartphone users. Furthermore, the researcher discovered a link between the levels of brand tribalism with selected variables. All the proposed predictive variables were not significant. Instead, the researcher found different variables such as time spent using the smartphone brand, alignment of respondent's values with the brand, and considering themselves as future users of the brand as factors contributing to the increment of the brand tribe. The researcher also found out that the S series of the Samsung brand was the most preferred among users and the Note series. Therefore, the study aimed to identify the level of brand tribalism among Samsung smartphone users inside the Valley.

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Annexes

Table 4.1.1. Demographic characteristics of the Study Population

Variables	Frequency (n)	Percentage (%)
Gender		
Male	86	55.1
Female	70	44.9
Age Distribution		
Below 20	45	28.8
20 – 30	105	67.3
30 – 40	2	1.3
Above 40	4	2.6
Mean (S.D)	22.33(±5.2)	
Level of Education		
Below Class 12 or Equivalent	14	9.0
Undergraduate (Bachelor's level)	127	81.4
Post Graduate (Masters and Above)	15	9.6
Occupation		
Student	130	83.3
Business/Private	16	10.3
Homemaker	3	1.9
Government sector	3	1.9
Service/Labor	4	2.6
Family's Annual Income		
Below 100000	65	41.7
Above 300000	91	58.3

Source: Online Survey, 2021

Table 4.1.2. Alignment of the Brand of the Study Population

Variables	Frequency (n)	Percentage (%)
Alignment of the brand in values		
Yes	143	91.7
No	13	8.3
Consider yourself a future user of the brand		
Yes	132	84.6
No	24	15.4
Recommend Samsung brand to friend or associate		
Definitely Not	1	.6
Probably Not	5	3.2
Not sure	18	11.5
Probably	67	42.9
Definitely	65	41.7

Source: Online Survey, 2021

Table 4.1.3. The likeliness of the brand in the Study Population

Variables	Frequency (n)	Percentage (%)
Preference for Samsung Series		
A Series	24	15.4
J Series	15	9.6
M Series	17	10.9
Note Series	46	29.5
S Series	53	34.0
Z Series	1	.6
Time duration of usage in Years		
1 – 5	104	66.7
5 – 10	49	31.4
Above 10	3	1.9
Mean (S.D)	4.83 (± 2.74)	
Influenced to buy the brand		
Myself	94	60.3
Family	36	23.1
Friends	10	6.4
Online Ads including social media	12	7.7
Sales Person	4	2.6

Source: Online Survey, 2021

Table 4.1.4. Likert Scale Statements

S.N	Statements
Q1.	I have purchased a Samsung mobile because I feel a sense of pride in using this brand.
Q2.	I have purchased this mobile because I am captivated by this brand.
Q3.	I believe the mobile I purchased represents my personality.
Q4.	I am personally connected with the smartphone.
Q5.	I have purchased this smartphone because it gives me a distinct identity.
Q6.	This brand emotionally binds me.
Q7.	Using this brand is a status symbol for me.
Q8.	I will be using a new version of this mobile whenever it releases.
Q9.	When I see someone using this brand, I feel like they are a part of my companion.
Q10.	I like to discuss the features of the mobile brand with others.
Q11.	I find a sense of joy when I use this smartphone brand.
Q12.	I feel like I've achieved something when I find this mobile in my hand.
Q13.	I'm deeply passionate about this brand.
Q14.	This brand has a name that I can entirely rely upon.
Q15.	This brand does not profess to be something that it is not.
Q16.	I am happy that this brand has a significant market share
Q17.	Over time, this brand has become my favourite.

Table 4.1.5. Results of Likert Scale Statements

S.N	Strongly Disagree	Disagree	Neutral	Agree	Strongly Agree
Q1.	12(7.7)	23(14.7)	68(43.6)	45(28.8)	8(5.1)
Q2.	4(2.6)	20 (12.8)	56(35.9)	66(43.3)	10 (6.4)
Q3.	17(10.9)	38(24.4)	49(31.4)	42(26.9)	10(6.4)
Q4.	9(5.8)	14(9)	42(26.9)	58(37.2)	33(21.2)
Q5.	15(9.6)	40 (25.6)	61(39.1)	33(21.2)	7(4.5)
Q6.	17(10.9)	43(27.6)	49(31.4)	38(24.4)	9(5.8)
Q7.	18(11.5)	51(32.7)	51 (32.7)	27(17.3)	9(5.8)

Continue: Table 4.1.5

Continue: Table 4.1.5.

S.N	Strongly Disagree	Disagree	Neutral	Agree	Strongly Agree
Q8.	13(8.3)	34(21.8)	59(37.8)	40(25.6)	10(6.4)
Q9.	21(13.5)	34(21.8)	51(32.7)	41(26.3)	9(5.8)
Q10.	8(5.1)	21(13.5)	42(26.9)	63(40.4)	22(14.1)
Q11.	3(1.9)	20(12.8)	50(32.1)	67(42.9)	16(10.3)
Q12.	16(10.3)	40(25.6)	56(35.9)	34(21.8)	10(6.4)
Q13.	14(9.0)	38(24.4)	57(36.5)	36(23.1)	11(7.1)
Q14.	8(5.1)	22(14.1)	51(32.7)	61(39.1)	14(9.0)
Q15.	5(3.2)	19(12.2)	68(43.6)	54(34.6)	10(6.4)
Q16.	8(5.1)	8(5.1)	40(25.6)	68(43.6)	32(20.5)
Q17.	6(3.8)	15(9.6)	48(30.8)	63(40.4)	24(15.4)

Source: Online Survey, 2021

Table 4.1.6. Level of Brand Tribalism

Level of Brand Tribalism	Frequency (n)	Percentage (%)
Low	64	41
High	92	59

Source: Online Survey, 2021

Table 4.1.7. Level of Brand Tribalism

Variables	Brand	Tribalism		
	Low	High	value	p-value
Gender			1.481	0.224
Male	39 (45.3)	47 (54.7)		
Female	25 (35.7)	45 (64.3)		
Age			2.659	0.103
Up to 20	23 (51.1)	22 (48.9)		
21 or above	41 (36.9)	70 (63.1)		
Level of Education			5.698	0.058
Below Class 12 or Equivalent	5 (35.7)	9 (64.3)		
Undergraduate (Bachelors level)	57 (44.9)	70 (55.1)		
Post Graduate	2 (13.3)	13 (86.7)		
Occupation			1.375	0.244
Student	56 (43.1)	74 (56.9)		
Others	8 (30.8)	18 (69.2)		

Continue: Table 4.1.7

Continue: Table 4.1.7

Variables	Brand	Tribalism		
	Low	High	value	p-value
Family's Annual Income			0.852	0.837
Below 50000	8 (50)	8 (50)		
50000 – 100000	21 (42.9)	28 (57.1)		
100000 – 300000	16 (38.1)	26 (61.9)		
Above 300000	19 (38.8)	30 (61.2)		

Source: Online Survey, 2021

Table 4.1.8. Association of Preference related Variable with Brand Tribalism

Variables	Brand	Tribalism		
	Low	High	value	p-value
Alignment of the brand in values			11.137	<0.001
Yes	53 (37.1)	90 (62.9)		
No	11 (84.6)	2 (15.4)		
The future users of the brand			10.416	<0.001
Yes	47 (35.6)	85 (64.4)		
No	24 (100)	0		
Recommend Samsung brand			3.512	0.061
Recommend	50 (37.9)	82 (62.1)		
Not Recommend	14 (58.3)	10 (41.7)		
Time duration of usage			4.782	<0.029
1 to 5 years	49 (47.1)	55 (52.9)		
Above 5 years	15 (28.8)	37 (71.2)		
Influenced to buy the brand			0.021	0.884
Myself and Family	50 (40.8)	84 (59.2)		
Others	6 (42.9)	8 (57.1)		

Source: Online Survey, 2021

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Opinion

Nepal: Challenges to Economic Recovery



MEHUL PANDYA
DIRECTOR

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Supported by a rebound in the services and industrial sectors, Nepal witnessed healthy signs of economic revival in the first half of 2021-22 as Covid-19-related curbs eased and the vaccination drive gathered pace. Fresh challenges, however, have had an impact on the second half of 2021-22. From the agriculture sector, which is expected to record muted growth owing to disruptions caused by unseasonal rains in October and shortage of fertilisers, to geopolitical tensions that threaten the growth momentum, the year has had its twists and turns.

The impact of the third wave of Covid on the economy was muted compared with the previous waves due to less stringent restrictions, but geopolitical tensions have adversely impacted the channels of trade, capital inflows and inflation.. Factoring for the spillover effects of rising global tensions on Nepal's economy, international organisations have lowered the growth outlook for the economy. Asian Development Bank has revised downwards the country's GDP growth forecast to 3.9%, while the World Bank has lowered the growth projection for the economy to 3.7% for 2021-22.

The inflationary pressures, too, have intensified during the second half of the fiscal on account of soaring commodity prices. Prices of crude oil, metals and edible oils have skyrocketed globally owing to supply disruptions due to geopolitical tensions. As Nepal is heavily dependent on imports of these items, both food and non-food inflation has been on the rise pushing retail as well wholesale inflation higher. The retail inflation has remained above the 7% mark since March 2022 while inflation at the wholesale level has been ruling in double digits since

February 2022. The high inflation levels could impact consumption demand and could particularly impact the purchasing power of the poorest and most vulnerable section of society. A rising price burden coupled with weak labour market recovery could dampen consumer demand and in turn, could impact economic growth. As per a recent World Bank report, the labour market recovery in Nepal has been disappointing with a decline in job quality and earnings.

The ongoing war situation also has far-reaching consequences for Nepal's external sector. Higher import bill due to soaring input prices has pushed Nepal's trade deficit to a record level. In the first ten months of this fiscal year, Nepal has incurred Rs 1.4 trillion in trade deficit which is 25% higher compared to a year-ago level. As a result, the current account deficit has more than doubled in May 2022 from a year ago level putting more pressure on foreign exchange reserves. Nepal's foreign exchange reserve level has contracted by around 22% in May 2022 compared to May 2021 level. This has pushed the import cover level for goods and services significantly down to 6.6 months from 10.3 months a year ago. The sharp decline in foreign exchange reserves for a heavily import-dependent country like Nepal is concerning. Recently announced measures by the Nepal Rashtra Bank in April 2022 to curb imports have not been very effective in the face of rising global commodity prices.

To add to this, the depreciation of the Nepalese rupee due to soaring commodity prices and rising interest rates globally have been depleting foreign exchange reserves. The Nepalese rupee has depreciated by nearly 4% since

the beginning of this fiscal. As a result of the weaker currency, Nepal's external debt burden is expected to increase further from already high levels recorded in 2021-22. Since the pandemic hit, the country has been borrowing heavily to meet the resource gap amid shrinking revenue growth. Total outstanding public debt has nearly doubled in a matter of just five years, reaching 40.6% of GDP in 2020-21 and is set to rise even further in 2021-22. Of the total outstanding debt, external debt contributed nearly 54% in 2021-22. Although the debt to GDP ratio is sustainable, the rapid rise in the size of the debt in recent years is concerning.

Remittances, which are a major driver of private consumption have an important part to play in Nepal's economic growth. A significant portion of foreign exchange reserves comes from remittances which have been on the declining trend this fiscal. For the first ten months of this fiscal, the remittance inflow has been lower, adding to the concern of depleting foreign reserves. Additionally, the continued decline in remittances could negatively impact a household's purchasing power constraining aggregate demand.

Tourism which is another important source of revenue for the country is yet to recover fully from the pandemic woes. With easing mobility restrictions, several tourist arrivals in the country has improved in recent months, however, they remain significantly below pre-pandemic levels. For the first ten months of 2021-22, total tourist arrival is nearly 74% less than the comparable period of 2018-19.

The financial sector is dealing with a liquidity crisis due to a sharp increase in credit demand relative to deposits. This could lead to a situation of credit bubble leaving the financial sector extremely vulnerable once pandemic-related relief measures are withdrawn.

Overall, the current macroeconomic situation of Nepal is concerning. Depleting forex reserves, falling remittances, widening Balance of Payment deficit, and rising public debt levels warrant policy attention to ensure that economy does not fall into a debt trap situation. To attain external sector stability, the government needs to focus on boosting foreign exchange reserves by reducing its dependence on imports and enhancing exports. In this regard, attracting foreign capital through FDI will also be a crucial aspect.

The government also needs to focus on capital spending to boost the infrastructure needed for long-term economic recovery. Policy efforts should be directed towards creating fiscal space through higher revenue mobilisation and expenditure rationalisation. There is a need to address structural weaknesses and allocative inefficiencies to boost investment in the country. Additionally, financial sector vulnerabilities should be addressed by minimising asset-liability mismatch.

In an encouraging step, the Government of Nepal has come out with policy support for multiple sectors through programmes such as Prime Minister Agriculture Modernization Project, 'Prime Minister's Nepali Production and Promotion Program' and 'Tourism Infrastructure Development Program' in the Budget for 2022-23. The capacity addition in the agriculture, manufacturing and tourism sectors would support the long-run growth of the economy. For the external sector, the minimum threshold for FDI has been lowered to encourage foreign investment. Furthermore, custom duty on imports has also increased which would help in containing the current account deficit that has spiked to a record level in recent years. Going forward, the extent of effectiveness of these policies would be crucial for attaining a sustainable GDP growth momentum for the economy.

Associated with CARE Ratings since 2000, Mehul Pandya took over as Managing Director & CEO of the company on July 29, 2022, after serving as an Executive Director since 2017. Over the years, Mr Pandya has successfully incubated and nurtured the company's business in India and abroad. He is a member of the Board of Directors for all subsidiaries of CARE Ratings while also serving on the Board of the Association of Credit Rating Agencies in Asia (ACRAA). He has worked as a Consultant for the Asian Development Bank and conducted various training programmes on credit risk analysis in India and abroad.

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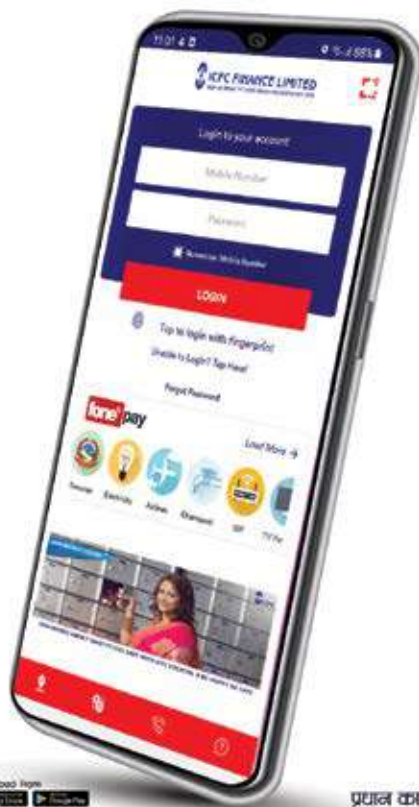
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RMDC Laghubitta Bittiya Sanstha Ltd.
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 The Partner for Safe, Sensible & Sustainable Microfinance



Mr. Jyoti Chandra Ojha

Name of the Bank: **RMDC Laghubitta Bittiya Sanstha Ltd.**
 Full Address: **Putalisadak, Kathmandu, Nepal**
 Phone Number: **014268019, 4268020**
 Email Address: **rmdc@rmdcnepal.com**
 Name of the Chairman: **Sujata Joshi**
 Name of the CEO: **Jyoti Chandra Ojha**
 Slogan of the Bank: **The Partner for Safe, Sensible & Sustainable Microfinance**

ABOUT THE BANK:

The RMDC LaghubittaBittiya Sanstha Ltd. is a wholesale lending microfinance institution in Nepal. It was registered on 30 October 1998. RMDC is operating under the current unified banking law, the 'Bank and Financial Institution Act (BAFIA), 2017' as a 'D' class microfinance institution. The main function of RMDC is to provide wholesale loan to microfinance institutions (MFIs). Besides, it has been extending institutional capacity

RMDC has significant contributions to promotion and development of MFIs in the country. As a wholesale lending institution, it disburses loan funds to retail MFIs for on-lending to the poor for their income generating economic activities.

RMDC offers a number of capacity building programs particularly to its partner MFIs for upgrading knowledge and skills of their staff. It also offers financial and technical supports to its partner MFIs to organize need-based training/workshops/exposure visit programs for their clients in order to strengthen their groups' capacities and upgrade their entrepreneurial as well as occupational skills.

Regular monitoring and follow up of its POs is another major functions of RMDC. Through regular monitoring and follow up of its partner organizations, RMDC makes sure that its POs comply with the agreed terms and conditions, and are following the best practices and are on right track. As per the requirement, RMDC makes off-site and on-site monitoring of its POs.

RMDC also collaborates with national and international agencies for promotion and development of microfinance. It has also been organizing training, studies, seminar and conferences in collaboration with national and international institutions.

यदि तपाईं धितोपत्र (शेयर, ऋणपत्र, सामूहिक लगानी योजनाको ईकाई आदि) मा लगानी गर्दै हुनुहुन्छ भने लगानी गर्नु अघि निम्न कुराहरूमा विशेष ध्यान दिनुहोस् ।

- धितोपत्रको मूल्यमा समय समयमा उतारचढाव आउन सक्ने भएकाले धितोपत्रमा लगानी गर्दा मूल्य उतारचढाव सम्बन्धी अप्युक्त सूचना लिई संयमित तथा विवेकशील भएर मात्र लगानीको निर्णय लिनुहोस् ।
- धितोपत्रमा गरिने लगानीमा प्रतिफल तथा जोखिम दुवै हुने हुँदा हल्ला, अनावश्यक प्रचार प्रसार वा कसैको बहकाउमा नलागी बजार तथा कम्पनीको बास्तविक बस्तु स्थिति बुझेर आफ्नो स्वविवेकमा नै लगानी सम्बन्धी निर्णय गर्नुहोस् । साथै आफ्नो जोखिम बहन गर्न सक्ने क्षमताको मूल्यांकन समेत गर्नुहोस् ।
- धितोपत्रको प्राथमिक बजारमा निष्काशन गरिने धितोपत्रमा लगानी गर्नुअघि धितोपत्र निष्काशनकर्ता कम्पनीको आव्हानपत्र तथा विवरणपत्र माफत प्रवाहित जानकारीहरू मुर्यतया कम्पनीको संस्थापक तथा व्यवस्थापन पक्ष, वित्तीय स्थिति (नेटवर्थ, नाफा नोक्सान स्थिति, आदि), लगानी योजना, जोखिम पक्ष, क्रेडिट रेटिङ्गको स्तर जस्ता कुराहरूको विश्लेषण गर्नुहोस् ।
- नेपाल धितोपत्र बोर्डमा दर्ता भएको तथा नेपाल स्टक एक्सचेन्ज (नेप्से)मा सूचीकृत धितोपत्रमा मात्र लगानी गर्नुहोस् ।
- धितोपत्रको दोस्रो बजारमा लगानी गर्दा सम्बन्धित कम्पनीको कार्य सम्पादन स्थिति, धितोपत्रको मूल्यमा प्रभाव पार्ने सक्ने संवेदनशील सूचना जस्तै लाभान्श घोषणा, हकप्रद शेयरको घोषणा, व्यवस्थापनमा परिवर्तन, भावी योजनाहरू, कम्पनीको आवधिक र वार्षिक प्रतिवेदनमा उल्लेखित वित्तीय सूचकांकहरू (Earning Per Share, Dividend Per Share, Price/Earning Ratio, Net Worth Per Share), पूँजी कोष अनुपात, निस्क्रय कर्जा अनुपात आदि) धितोपत्रको मूल्य प्रवृत्ति, कम्पनीको साधारण सभाको निर्णय (माइन्च्युट) जस्ता महत्वपूर्ण कुराहरूको अध्ययन गर्नुहोस् ।
- दोस्रो बजारमा कारोबार गर्दा कारोबार भएको दिनको तीन (3) दिन भित्रमा कारोबारको राफसाफ (T+3) हुनुपर्ने कुराको जानकारी लिनुहोस् ।
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- प्राथमिक बजारमा लगानी गर्न निक्षेप सदस्यकोमा हितग्राही खाता (Demat Account) सोली आफ्नो बैंक खाता रहेको बैंकबाट आस्वा वा सि-आस्वा रजिष्ट्रेशन नं. लिई अनलाईनबाट सहज रूपमा लगानी गर्नुहोस् । धितोपत्र बजारमा लगानी गर्न हितग्राही खाता (Demat Account) अनिवार्य गरि भएको हुँदा, सिडिएस एण्ड विल्यरिङ कम्पनी लिमिटेड (सिडिएससी) तथा निक्षेप सदस्यसँग सम्पर्क राखी बैंक खाता सहितको ग्राहक परिचय विवरण (KYC Form) अनिवार्य रूपमा भरी हितग्राही खाता (Demat Account) सोलेर धितोपत्र खरिद बिक्री कारोवार गर्नुहोस् । आफूले खरिद गरेको धितोपत्र समयमै आफ्नो खातामा जम्मा भए/नभएको ध्यान दिनुहोस् ।
- धितोपत्र बजारमा देशको समग्र आर्थिक तथा राजनैतिक स्थितिले प्रत्यक्ष प्रभाव पार्ने भएकाले धितोपत्रमा लगानी गर्दा यसप्रति समेत सजग रहनुहोस् ।
- धितोपत्रको दास्रो बजारबाट कारोबार गर्दा सिधै नेप्सेको विद्युतीय कारोबार प्रणाली वा बोर्डबाट अनुमति प्राप्त धितोपत्र दलाल तथा तिनको शाखा कार्यालयबाट मात्र गर्नुहोस् ।
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- पूँजी बजार सम्बन्धी नीति, नियम तथा निर्देशनहरूले धितोपत्रको मूल्यमा असर पार्ने भएकाले सुसूचित निर्णयका लागि बोर्ड, नेप्से, नेपाल राष्ट्र बैंक, अर्थ मन्त्रालय तथा बीमा समितिको वेबसाइट हेर्ने गर्नुहोस् ।
- लगानीकर्ताहरूलाई पूँजीबजार सम्बन्धी साक्षर बनाउने उद्देश्यले बोर्डले समय समयमा आफ्नो कार्यालयमा तथा विभिन्न जिल्लाहरूमा लगानीकर्ता सचेतनामूलक प्रशिक्षण कार्यक्रम सञ्चालन गर्दै आएकोमा त्यस्तो कार्यक्रममा सहभागी हुनुहोस् ।
- बोर्डबाट रेडियो नेपालमाफत प्रत्येक महिनाको पहिलो र तेस्रो शनिबार बिहान ७.४० देखि ७.५५ सम्म सञ्चालन गरिने धितोपत्र तथा वस्तु विनिमय रेडियो कार्यक्रम सुनेर बजार सम्बन्धी जानकारी लिनुहोस् ।
- लगानीकर्ताको अधिकार तथा जिम्मेवारी सम्बन्धमा धितोपत्र सम्बन्धी ऐन नियम, कम्पनी ऐन तथा अन्य सम्बन्धित ऐन नियमहरूको साथै बोर्डबाट भएका व्यवस्थाहरूबारे जानकारी राख्ने । धितोपत्र सम्बन्धी ऐन नियमहरू र अन्य व्यवस्थाको जानकारी बोर्डको वेबसाइट (www.sebon.gov.np) तथा बोर्डको सम्बन्धित प्रकाशनमाफत समेत हेर्नुहोस् ।

धितोपत्रमा लगानी सम्बन्धमा कुनै जिज्ञासा, गुनासा तथा उजुरीहरू भएमा बोर्डको वेबसाइटमा रहेको Grievance button माफत वा टोल फ्रि.नं. १६६०-०१-८८८३३ (निःशुल्क) वा हटलाइन नं ५५८८०७६ वा बोर्डको ठेगानामा पठाउनुहोस् ।



नेपाल धितोपत्र बोर्ड

पो.व. नं. १०३१, सुमलटार, ललितपुर

फोन: ०१-५५८९०५७, ५५५९९६२, ५५८८०७७, ५५५०५९१

फ्याक्स: ०१-५५८९०५८ टोल फ्रि.नं. १६६०-०१-८८८३३

वेबसाइट: www.sebon.gov.np ईमेल ठेगाना: support@sebon.gov.np



Mr. Nirmal
Kajee Shrestha

Name of Insurance: **MetLife (American Life Insurance Company)**
 Corporate Address: **Narayani Complex, Pulchowk, Lalitpur**
 Phone Number: **+977-1-5970166/5555166**
 Email: **service-nepal@metlife.com.np**
 Name of the Chairman: -
 Name of the CEO: **Mr. Nirmal Kajee Shrestha**
 Slogan of the Insurance: **Navigating life together (तपाईंसँगै जीवनमा अघि बढ्दै)**
 Website: **www.metlife.com.np**

ABOUT THE INSURANCE:

MetLife Nepal is a branch of MetLife, Inc. operating in Nepal since December 2001. MetLife is one of the pioneers in providing Life, Accidental, and Health and Employee Benefits (group) Insurance in Nepal through its diverse distribution network.

With the Head Office located in Kathmandu, MetLife has 5 Branch Offices and 27 Agency Offices spread across the country. We serve to the requirements of local communities by understanding their needs and providing them protection solutions through our network of professional agents and institutional partners. We have over 8,000 agents in Nepal who work hard to ensure each one of our customers find an insurance plan perfectly suited to them.

VISION: To become the leading life insurer and serve Nepal's unique demographics and growing affluence

MISSION: To provide our customers with the best insurance solutions to help them build a more confident future with an agile organization of dedicated professionals committed to developing talent and providing market winning insurance solutions and services.

KEY FINANCIAL HIGHLIGHTS (IN NRs.)			OTHER INDICATORS
Key Indicators	FY 2077/78 (Actuals)	Q3 OF FY 2078/79	Number of Employees 175
Paid Up Capital (in NRs.)	N/A	N/A	Number of Branches 42
Total Reserves (in NRs.)	2,403,197,566	2,648,982,318	Number of Policy Holders 1,122,473
Life Fund (in NRs.)	18,710,654,318	20,241,073,838	Number of Agents 8000
Total Investments (in NRs.)	22,424,942,580	23,321,687,678	AWARDS AND RECOGNITION 1. Best New Product or Service of the Year (Silver Stevie) - Financial Services, International Business Awards 2018 for LifeCare Insurance Product 2. Best Employer Award 2018 – Employer Brand Awards Nepal
Gross Premium (in NRs.)	5,033,097,469	4,006,863,213	
Total Claims (in NRs)	3,503,336,490	3,024,562,908	
Net Profit (in NRs.)	351,090,897	181,003,477	
Earnings Per Share (EPS) (in NRs.)	N/A	N/A	
Net worth (in NRs.)	2,713,584,560	2,957,128,339	
Policyholder Bonus Rate Range (in NRs)	45-80	45-80	
Last 180 day's average Share Price (in NRs.)	N/A	N/A	

NAME OF PRODUCTS AND SERVICES

Health Insurance	Life Care Brave (coverage against 14 listed male- specific dreaded diseases)
Accident Insurance	Life Care Beautiful (coverage against 9 listed female-specific dreaded diseases) Life Shield (ideal combination of benefits for you and your family when accident happens)
Education	Education Protection Plan (plan that lets you select the payout period based on the age of your child.)
Savings & Investment	Future Care DPS (protection plan with high maturity and accident benefits) Endowment Plan (High protection at low cost) Three Payment Plan (3 installment plan for high protection & return)
Retirement	Subhabishya Beema (plan that lets you retire comfortably and receive regular monthly income every year.)
Group Insurance	Employee Benefits: Group Life, GPA, and Critical Illness Group Medical SME Package Group Affinity Tuition Protector Plan

बीमा गदा दयान दिनुपर्ने विषयहरू

- प्रस्ताव कारासमा खुलाउनुभन्ने सम्पूर्ण विवरणहरू स्पष्टसँग खुलाइ भन्ने ।
- बीमालेखमा उल्लेखित सम्पूर्ण शर्त एवं शर्तिकाबारे जानकारी लिएर मात्र बीमा गर्ने ।
- बीमालेख आफ्नो आवश्यकता पुरा, व्यवसाय एवं आयुर्वादीको खेत समेतलाई मायजस्तै गरी बीमा गरी अन्यथा समतुल्यि परा नहुने बीमालेखलाई निरन्तरता दिन स्तकिने हुन सक्छ ।
- बीमालेख बीमा शुल्क बुझाउने, बीमालेख नवीकरण गर्ने समय, इच्छाएका व्यक्तिको नाम, बीमालेख बमोजीम दम्ती रकम पाउनेगणउने जस्ता विषयमा बीमालेख खरिद गर्नु अगाडि नै बुझनुपर्दछ ।
- बीमालेख बीमा शुल्क बुझाएपछि यसको आधिकारिक भण्डार वा रसिद लिनुपर्दछ ।
- बीमा सम्बन्धी प्रस्ताव कारास बीमित स्वस्थले भर्नुपर्दछ । बीमित निरक्षर वा प्रस्ताव कारास भन्ने कसले भएमा निजले तोकको व्यक्तिले प्रस्ताव कारास भर्नुपर्दछ ।
- बीमालेख आफूले बीमा गर्ने त्यसको बीमा कम्पनीको बारेमा राम्रोसँग बुझेर मात्र बीमा गर्नुपर्दछ ।
- बीमालेख नवीकरण गर्ने समय ख्याल गरी समयमै बिमालेख नवीकरण गर्नुपर्दछ ।
- बीमा सम्बन्धी नीति नियमहरू बारे जानकारी राख्नुपर्दछ ।
- आफूले खरिद गरेको बीमालेखसँग सम्बन्धित सम्पूर्ण कागजातहरू सुरक्षित राख्नुपर्दछ ।
- प्रविधिको विकाससँग विभिन्न बैंक तथा एसाएणस मार्फत घरमै खसी बीमा शुल्क बुझाउन सकिने भएको हुँदा यो सम्बन्धी यथेष्ट जानकारी लिएर मात्र बीमा गर्नुपर्दछ ।
- बीमा गरिसकेपछि आफूले बीमा गरेको बारेमा परिवारका सदस्य तथा इच्छाएको व्यक्तिलाई जानकारी गराउनुपर्दछ ।

बीमा सम्बन्धी वा जानकारीको लागि

बीमा समिति

कुण्डोले, सन्निपुर

फोन : ०१-४४३३३३३, ४४३३३३३

फ्याक्स : ०१-४४३३३३३

Email : info@nib.gov.np

website : www.nib.gov.np

टोल फ्री नं : ११६०-०१-४४३३३



नोट : बीमालेख दायित्व निभरण कारास वा गर्नु पर्ने बिमालेखमाई सको तर्ग गरि दायित्व निभरण गरमा बीमालेख त्यसको कारास भन्ने कसले बीमा समितिला उचारी गर्नु सकिन्छ ।

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Mission

Accelerating investment in transformative infrastructure by promoting and managing PPP projects & facilitating private investment



Core Values



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Team Spirit



Innovation



Accountability



Integrity



Collaboration



Transparency



Excellence



GOVERNMENT OF NEPAL
INVESTMENT BOARD NEPAL

INVESTMENT BOARD NEPAL

ICC Complex, New Baneshwor, Kathmandu, Nepal
Phone: 977-1-4475277, 977-1-4475278
Email: info@ibn.gov.np
Website: www.ibn.gov.np



Mr. Pawan
Kumar Khadka

Name of Insurance: Surya Life Insurance Co. Ltd
Corporate Address: Charter Tower, 4th Floor, Sano Gaucharan, Kathmandu
Phone Number: 014523743
Email: info@suryalife.com.np
Name of the Chairman: Mr. Keshav Prasad Bhattarai
Name of the CEO: Mr. Pawan Kumar Khadka
Slogan of the Insurance: सर्वे भवन्तु सुखिनः
Website: www.suryalife.com

ABOUT THE INSURANCE:

Surya Life Insurance Company was established and registered as a Public Limited Company under the Company Act 2063 B.S. and the Insurance Act 2049 and was granted a license to run Life Insurance Business on 2064/12/06. (19th March 2008).

Surya Life is dedicated to provide innovative products and services that empower people to live "Bigger, Bolder, and Brighter" lives. For over a decade, we have been creating life insurance solutions that meet a wide range of individual needs. We cater the need for individual's protection, savings, investment and health.

VISION: With a vision to socially and financially establish as one of the most viable institution, since 13+ years we have been satisfying our stakeholders through excellent service.

MISSION: Our mission is to create resources and means for economic development and to introduce and implement various attractive payback life insurance plans for citizens of Nepal to secure life.

AWARDS AND RECOGNITION	OTHER INDICATORS	
Winner in 3 Categories in "3rd Emerging Asia Insurance Award 2021" <ul style="list-style-type: none">■ Outstanding Performance in the Life Insurance Industry of Nepal■ Most Effective Adoption of Technology■ Best Strategies in Insurance Spreading in Nepali Insurance Industry	Number of Employees	1,402
	Number of Branches	142
	Number of Depositors	976,289
	Number of Borrowers	47,002



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Ph.D

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M.Sc: - Medical Laboratory Technician (MLT) | Applied & Clinical Microbiology
Optometry | **Ph.D**

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B.Sc: - Animation & Multimedia

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Glimpses of Strategic Alliances



BFIN and AIHuda CIBE, Dubai



BFIN and Symbiosis Skills and Professional University (SSPU), Pune, India

Glimpses of Program for International Delegates



Date: 22-24 February 2022
Venue: City Bank, Dhaka, Bangladesh
Service Excellence, Sales Skills & Career Building for the Staffs of City Bank, Dhaka, Bangladesh

Glimpses of International Programs





LDP Training at Australia





Date: 23-27 May 2022

Venue: Victoria University, Melbourne

Leadership Development for a Post COVID-19 World for BODs and Senior Executives of BFIs in collaboration with The Consulate General of Nepal to Victoria, Melbourne and Victoria University, Melbourne, Australia

Conference

Leadership Development for the New Normal, 27 November 2021



Conference

Ushering Paradigm Shift in the Insurance Industry in the Next Decade, 30 April 2022



Glimpses of National Programs







Progress and Achievements of BFIN

Till 15 July 2022





International Programs

Date	Name of the Program	In collaboration with	Mode
23-24 July 2021	Agri-business Entrepreneurship and Value Chain Financing for Bankers	Vamnicom	Online
20-21 August 2021	IT and Cyber Security	Vamnicom	Online
24-28 August 2021	Leadership Development programme (LDP)	CUTM	Odisha, India
28-30 November 2021 and 01-04 December 2021	"Agri-business Entrepreneurship and Financing for Bankers"	CUTM	Odisha, India
29-30 November 2021 and 01-03 December 2021	Leadership Development Program (Focused for the BoDs and Senior Executives of MFIs)	AlHuda Centre of Islamic Banking & Economics (CIBE)	Dubai
22-24 February 2022	Service Excellence, Sales Skills & Career Building	City Bank	Bangladesh, Dhaka
09-15 March 2022	Specialized Exposure Visit on Microfinance Operations	IDF	Dhaka, Bangladesh
04-08 April 2022	Exposure Visit for MFIs on Low Cost Housing Finance"	CUTM	Odisha, India
9 to 13 May 2022	SME Credit	Southern India Banks' Staff Training College	Bangalore, India
23-26 May 2022	Management Development Program (MDP)	Birla Institute of Management Technology	Delhi
06 - 11 June 2022	Exposure Visit on Digital Banking	Symbiosis Skills and Professional University	Pune
23-27 June 2022	Leadership Development for the Post Covid-19 World (a cultural, educational and business development program for professional bankers)"	Victoria University	Melbourne, Australia



National Programs

Date	Name of the Program	Venue
17-20 July 2021	Certification Course of Experience Care Executive	Kathmandu
23-24 July 2021	Income Tax- Practical Aspects	Kathmandu
23-24 July 2021	Certification Course of Experience Care Executive	Pokhara
23-24 July 2021	Certification Course of Experience Care Executive	Simara
30-31 July 2021	Certification Course of Experience Care Executive	Dhangadhi
30-31 July 2021	Public Procurement and Contract Management	Kathmandu
06-07 August 2021	Certification Course of Experience Care Executive	Butwal
13-14 August 2021	Certification Course of Experience Care Executive	Bardibas
13-14 August 2021	Certification Course of Experience Care Executive	Butwal
13-14 August 2021	Certification Course of Experience Care Executive	Kawasoti
20-21 August 2021	Managing Foreign exchange Business and its risk	Online
11 September, 2021	Basel II	Kathmandu
24-25 September 2021 and 01-02 October 2021	Operational Banking and Customer Care Management	Zoom
01-02 October 2021	Marketing and Selling skills for High Performance	Zoom
02 October, 2021	AML/CFT Compliance	Zoom
10 October, 2021	Negotiable Instrument	Kathmandu
29-30 October 2021	Credit Management and Collateral Based	Biratnagar
29-30 October 2021	MFIs BODs: Best practices and Governance	Pokhara
20 November, 2021	Negotiable Instrument	Kathmandu
27/11/2021	Conference on Leadership Development for the New Normal	Kathmandu
03-04 December 2021	Credit Management and Collateral Based Lending In MFIs	Butwal
03-04 December 2021	Board of Director: Best Practices and Governance	Chandragiri
04 December, 2021	Operational Banking and Customer Care Management	Birgunj
04 December, 2021	Operational Banking and Customer Care Management	Itahari
11 December, 2021	Operational Banking and Customer Care Management	Dadeldhura
Dec 16-17 2021	Credit Management and Collateral Based Lending in MFIs	Butwal
18 December, 2021	Operational Banking and Customer Care Management	Dhangadhi
18 December, 2021	Operational Banking and Customer Care Management	Nepalgunj
15 December, 2021	Unified Directives	Online
25 December, 2022	Operational Risk Management	Kathmandu
24-25 Dec 2021	Risk Based Supervision, Corporate Governance and Basel Core Principles	Kathmandu
25 December, 2020	Operational Banking and Customer Care Management	Kathmandu
08 January, 2022	Effective Communication Skills	Kathmandu
11-12 Feb 2022	Financial Statement and Credit Analysis Based on NFRS	Zoom
19 February, 2022	Operational Banking & Customer Care Management	Butwal
19 February, 2022	Customer Service Excellence	Pokhara
18-19 February 2022	Trade Financing Using Letter of Credit and the Associated Risk Management	Zoom Live Session
25-26 February 2022	Operational Banking & Customer Service Management	Surkhet
25-26 February 2022	Operational Banking & Customer Service Management	Hetauda
25-26 February 2022	Risk & Recovery Management for MFIs	Surkhet
11-12 March 2022	Operational Banking & Customer Service Management	Dhangadhi
11 March, 2022	Managing Foreign Exchange Business and its Risk	Kathmandu
25-26 March 2022	Banking Operations, Customer Service Management & Deposit Maximization Strategies	Lamjung
04-08 April 2022	Excellence in Excel for Professionals	BFIN Hall
08-09 April 2022	Customer Service Excellence	BFIN Hall
22 -23 April 2022	Cash Management & Teller Operation	Birgunj
25 - 29 April 2022	Trade Financing Using Letter of Credit and the Associated Risk Management	Kathmandu
22-23 April 2022	Operational Banking and Customer Care Management	Kathmandu
22-23 April 2022	Communication, Sales, Customer Service and Motivation	Kathmandu

Continue: National Programs

Continue: National Programs

Date	Name of the Program	Venue
30th April 2022	Ushering Paradigm Shift in the Insurance Industry in the next Decade-Resilience to Change	Kathmandu
06 April, 2022	Cash Management & Customer Service	Bhairahawa
06 April, 2022	Operational Banking and Customer Care Management	Sinamangal
06 April, 2022	Risk Based Supervision and Basel Core Principles	Sinamangal
28 to 30 April 2022	Risk Management Framework	Kathmandu
23 April, 2022	Workshop on sales and customer service excellence	Dhangadhi
1st May 2022	Sound Corporate Governance and AML/CFT	Kathmandu
19 to 21 May 2022	Emerging Corporate Secretarial Responsibilities & Governance	Kathmandu
20-21 May 2022	Banking Operations, Customer Care Management & Deposit Maximization Strategies	Damak
07-11 June 2022	Customer Relation Management (CRM)	Kathmandu
04 June, 2021	Operational Risk Management (ORM)	Pokhara
24-25 June 2022	MFIs BOARD OF DIRECTOR: BEST PRACTICES AND GOVERNANCE	Dhulikhel
18 - 19 June 2022	AML/CFT & KYC Requirement	Bhairahawa
18 June, 2022	Developing Personality through Emotional Intelligence	Nepalgunj
25 June, 2022	HR Meets	Dhulikhel



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Private Limited

CARE Ratings Nepal Limited (CRNL) is incorporated in Kathmandu, Nepal and is the second credit rating agency to be licensed by the Securities Board of Nepal. CRNL provides credit ratings and related services in the geography of Nepal.

CARE Advisory Research and Training Limited (CART Advisory) offers services in the area of Corporate Advisory, Project Evaluation & Monitoring, Credit Analytics, Customised Industry and Company Research, Due Diligence and Gradings. CARE Advisory provides credible, high quality research and analytics to Corporates, Financial Institutions, Banks and Institutional Investors.

CARE Risk Solutions Private Limited (CRSPL) (wholly owned subsidiary of CARE Ratings Ltd.) has over 15 years global experience in providing cutting edge Risk & Compliance solutions to Banks and Financial Institutions. With a sustained presence in more than 10 countries and with over 18+ implementations, CARE Risk Solutions has consistently focused on customer experience & helping financial institutions manage Governance and control Financial & Operational risk.

CARE Ratings (Africa) Private Limited (CRAF) is incorporated in Mauritius and is the first credit rating agency to be licensed by the Financial Services Commission of Mauritius. It is also recognized by Bank of Mauritius as External Credit Assessment Institution (ECAI) from May 9, 2016. CRAF provides credit ratings and related services in Mauritius and has plans to venture into other geographies of Africa.



RATINGS NEPAL

DESCRIPTION OF PRODUCT & SERVICES

Bank Loan Ratings: Bank Loan Rating (BLR) is facility specific assessment of credit risk. Companies/ borrowers avail different types of loan facilities from banks to meet their funds requirements. The same can be in the form of Funded (where actual cash is disbursed by the bank) or Non-funded (where cash disbursement is not done till devolvement of these credits). The bank loans are availed to meet short term fund requirements (working capital loans, overdrafts, revolving cash credit, Import credit, Export credit etc.) and also long term loans for project funding. The non-funded loans are generally in the form of guarantees or documentary credits.

Issuer Rating: Issuer rating is an issuer-specific assessment of the credit risk. It is similar to long-term instrument ratings except for the fact that they are specific to an issuer and not specific to any of the issuer's instruments. Issuer rating factors in the expected performance of the entity over an intermediate time horizon of around three years and reflects the capability of the entity as regards to servicing of its financial obligations. Issuer rating would help lenders/investors to evaluate credit quality of the issuer and would facilitate an informed lending/investment decision.

Debt Instruments: The primary focus of the rating exercise is to assess future cash generation capability and the adequacy to meet debt obligations in adverse conditions. The analysis therefore attempts to determine the fundamentals and the probabilities of change in these fundamentals, which could affect the creditworthiness of the issuer. Debt rating can be done for Bonds, Debentures, Commercial Papers, Certificate of Deposits, Subordinated Debt, Fixed Deposits, Bank loan ratings and other such debt obligations.

SME: SME Ratings indicate the relative level of creditworthiness of an SME entity, adjudged in relation to other SMEs. It is an issuer specific rating reflecting overall general creditworthiness. It is a onetime assessment of credit risk. The rating exercise would take into account the industry dynamics, operational performance, financial risk characteristics, management capability and the future prospects of the entity for arriving at the overall risk profile of the SME unit.

CareEdge Footprints



CARE RATINGS NEPAL LIMITED

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