

FEDERAL PARLIAMENT OF NEPAL: LOWER HOUSE

STUDY GUIDE



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Privatization of Public and Governmental Properties

Greetings Delegates,

It is my greatest pleasure to welcome you to the House of Representatives in Mitini MUN. Over the course of two days, you will be putting yourselves in the shoes of the country's stakeholders, deciding the course of the nation in the present and the distant future.

Although the issues at stake may seem very quotidian, the topics demand extensive research as there may be extensive protocols and factors determining possible solutions to be formulated. In addition, you are expected to act within policies of your respective parties or blocs but also must be able to compromise, to reach a consensus. We expect you, delegates, to hone your debating skills and come up with solid solutions to ameliorate Nepal's position. Also speaking on the behalf of my fellow dais members, we are always ready to help out with any confusion that you may have. Be it about the procedure, topic of debate or even motions of entertainment, you may approach us to clear your doubts. While we expect a fruitful debate, we will also try our best to make this committee full of fun and excitement. Here's to two interesting days of MUN!

Vice-Chair, HoR
Karen Pradhanang

Committee Overview

Pratinidhi Sabha, HoR, rules and procedures might be slightly different from normal MUN Procedures.

Background of Committee with respect to the present constitution of Nepal 2072:

Part-8 Federal Legislature

83. Federal Legislature:

There shall be a Federal Legislature consisting of two Houses to be known as the House of Representatives and the National Assembly, which shall be called as the Federal Parliament.

84. Composition of House of Representatives:

(1) The House of Representatives shall consist of a total of two hundred and seventy-five members, as follows:

(a) One hundred and sixty-five members to be elected through the first past the post electoral system, with one being elected from each election constituency of one hundred and sixty-five election constituencies delimited in the country on the basis of geography and population,

(b) One hundred and ten members to be elected through the proportional electoral system where voters vote for political parties, with the whole country being considered as a single

(2) The National Assembly shall consist of fifty-nine members as follows:

(a) fifty six elected members consisting of at least three women, one Dalit and one from persons with disabilities or minorities, from each State by an electoral college composed of members of the State Assembly, chairpersons and vice-chairpersons of the Village Bodies, and Mayors and Deputy-Mayors of the Municipalities, with different weight age of vote by members of the State Assembly, chairpersons and vice-chairpersons of the Village Bodies, and Mayors and Deputy- Mayors of the Municipalities, as provided for in the Federal law,

(b) Three members consisting of at least one woman nominated by the President on recommendation of the Government of Nepal.

This committee will specifically be debating the privatization of public properties, focusing on past governmental actions, precedents, and future courses of action. The debate will be centered on a federal basis, addressing issues and solutions that impact the entire nation rather than being concentrated or constrained to a specific federal territory. The goal is to derive solutions that have broad implications and benefits for all federal territories, ensuring a comprehensive approach to the privatization process.

Language Preference: Bilingual (Nepali and English)

Issue at Hand

Over the past decade, public enterprises (PE) all over the world have faced numerous economic, financial, and political crises. Some of the main reasons being government interference, mismanagement, and corruption. Political interference can lead to decisions that prioritize political goals over economic efficiency and effectiveness, which can cause financial losses and operational inefficiencies. Public enterprises around the world such as Air India, Petrobras, a state-owned oil company in Brazil, Indian Railways, British Leyland, etc started facing numerous financial crises, leading to multiple bailouts by the respective governments. A similar path was followed by public enterprises in Nepal where public enterprises were a burden on taxpayers.

Background of the Agenda

Started by Ronald Reagan during the 80's. Transferring a public/governmental entity's operations and ownership to a private sector or company is privatization. In Nepal privatization journey begins as far away as 1995 with the restoration of democracy and the adoption of liberal economic policies. The government initiated privatization as part of broader economic reforms aimed at improving efficiency and promoting private sector involvement.

Key historical milestones:

1992: Enactment of the Industrial Enterprises Act and the Foreign Investment and Technology Transfer Act, which laid the groundwork for privatization.

1994: Passage of the Privatization Act, which provided a legal framework for the divestiture of state-owned enterprises and properties.

2006-2015: Period of political instability, which slowed down the pace of privatization efforts.

Objectives of Privatisation

- Generate new sources of tax revenue.
- Promote domestic investment.
- Create opportunities for employment through real growth
- Increase exports
- Reduce the role of the state in the economy
- To increase the productivity through the enhancement of the efficiency of the state-owned enterprises
- To mitigate the financial and administrative burden to the government, and
- To achieve the all round economic development of the country by promoting wider participation of the private sector in the operation of such enterprises.

Current Policies and Framework

The Privatization Act of 1994 remains a cornerstone of Nepal's privatization policy, outlining the procedures and regulatory framework for transferring government assets to private ownership. Key elements include:

Key Elements of the Privatization Act of 1994

Valuation of Assets:

The Act mandates a thorough and objective valuation of government properties to ensure they reflect fair market value. Independent valuers use standardized methodologies to prevent undervaluation, maintaining public trust and achieving equitable outcomes.

Public Bidding Process:

This process includes:

Advertisement: Publicizing available assets to attract diverse participants.

Pre-Qualification: Screening bidders to ensure financial stability and expertise.

Bid Evaluation: Assessing bids based on predefined criteria to maximize returns and ensure fair competition

Stakeholder Engagement:

The Act emphasizes involving a broad range of stakeholders, including local communities, private sector representatives, and civil society organizations.

This involves:

Transparency:

Making relevant information accessible to stakeholders to build consensus and address

Current Status of Privatization in Nepal

A total of 16 public enterprises have been privatised under different modalities in three phases. The table below showcases the upcoming plan to privatise companies.

Appendix 2: Ninth Plan List of SOEs Selected for Privatization

Nepal Tea Development Corporation (privatized)

Pokhara Dairy Development Project (part of Dairy Development Corp.)

Gorkhapatra Corporation

Himal Cement Company

Nepal Rosin and Turpentine Limited

Nepal Bank Limited (privatized)

Salt Trading Limited (HMGN has minority shareholding)

Rastriva Beema Samsthan

Rastritya Banijya Bank (Reform Process in progress)

Butwal Power Company Ltd.

Lumbini Sugar Factory Ltd.

Janakpur Cigarette Factory

Nepal Transport Corporation (Closed down)

Nepal Housing Development Finance Company

Industrial Districts Management Ltd.

Agriculture Lime Industry Ltd.

Agriculture Projects Service Center (liquidated)

Birgunj Sugar Factory Ltd.

Dairy Development Corporation

Cotton Development Committee

Herbs Production and Processing Company

Hetauda Textile Industry

Morang Sugar Factory Ltd.

Nepal Telecommunication Corporation

Royal Nepal Airlines Corporation

Birendra International Conference Center

Nepal Orind Magnesite Ltd. (Closed down)

Hetauda Cement Company

Udayapur Cement Company

Nepal Electricity Authority

Source: National Planning Commission, Ninth plan (1997-'02)

Bloc Preview

Supporters	Opposition	Mixed
Nepali Congress	Communist Party of Nepal[CPN-UML]	Janata Samajwadi Party (JSP)
Rastriya Prajatantra Party (RPP)	Communist Party of Nepal[CPN-MC]	People's Socialist Party
Rastriya Swatantra Party(RSP)		Communist Party of Nepal (Unified Socialist)

Key Challenges

Transparency and Accountability

- Challenge: Preventing corruption and favoritism in the privatization process.

Public Opposition

- Challenge: Addressing concerns about job losses and reduced access to public services.

Economic Viability

- Challenge: Ensuring that privatized assets generate long-term economic benefits.

Regulatory Framework

- Challenge: Developing comprehensive guidelines and standards for

Questions A Resolution Must Answer (QARMA)

1. How to speed up the pace and scale of privatization in developing Countries within a time bound framework?
2. How to mitigate negative externalities of privatization especially in the developing countries?
3. What are the best criteria for selecting state-owned enterprise (SOEs) for privatization?
4. What are the most appropriate methods of valuation of the SOEs?
5. How to mobilize public and political support for privatization?
6. How to overcome the constant of limited demand and weak financial markets for privatization in developing countries?
7. How to detach the commercial goals with the social goals?

Further Research:

- <https://samriddhi.org/news-and-updates/public-enterprises-in-nepal-a-burden-on-taxpayers/>
- <https://youtu.be/hP4ItP12v4g?si=fZY4jEj2CLh8ulUw>
- https://www.nrb.org.np/contents/uploads/2021/09/voll1_art2.pdf
- <https://www.researchgate.net/publication/257142347> *Privatization of Public Enterprises in Nepal Expectations and Achievements*

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- https://www.nrb.org.np/contents/uploads/2021/09/voll1_art.pdf
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<https://archives.kdischool.ac.kr/bitstream/11125/30152/1/%28The%29%20Privatization%20%26%20its%20impact%20in%20Nepal.pdf>

- <https://lawcommission.gov.np/en/?cat=534>
- <https://www.researchgate.net/publication/257142347> *Privatization of Public Enterprises in Nepal Expectations and Achievements*
- <https://hr.parliament.gov.np/np/parliamentary-parties>

Position Paper

It is a mandatory document to be presented.

A position paper in this committee shall be the document of not more than 2 pages in length and should be created in accordance with what the representative thinks regarding the agenda topic, in a diplomatic way. It is a documentation where the representative sets out their position in the agenda.

Rules for Position Paper for FPN:

1. No other images other than Coat of Arms and the Party Flag should be attached in the position paper.
2. The Coat of Arms and the Party flag should not be of different sizes.
3. The Coat of Arms should be placed on top left and the party flag, on the top right.
4. If the allocated Representative wasn't involved in any party at the time, The Party flag can be replaced by the National Flag (only for Independent Representatives, size rules are the same)
5. Unnecessary and untidy enlargement of logos and coat of arms in the document shall
6. The Logos shall not be of more than 2.5 inches in length, maintaining the official
7. The Paper shall be of minimum 1 page and maximum of 2 pages.
8. Only 20% plagiarism is entertained. If the percentage increases, the paper is not subject document and will have deduction of marks in the position paper orientation of the logo

Deadline for Submission of Position Paper:

22 June 2024, 12:00 AM

In case of physical Submission, physical copies of position paper is to be submitted to the dais table before the committee starts, on 23 june.

To be submitted to: karen.pradhanang1@gmail.com

Sample Position Paper



Country: The state of qatar

Committee: The organisation of the petroleum exporting countries (OPEC)

Agenda- The security of petroleum facilities amid the Russo-Ukrainian crisis

Delegate's Name-

Russia's invasion of Ukraine continues to be a seismic global event, the full implications of which the rest of the world is still struggling to swallow. On the battlefield, where Russia may have hoped for a quick and easy victory, the war has now moved into a more attritional phase. Russia cannot control Ukraine, and Ukraine cannot eject Russian forces from its territory. Just as to this crisis over here the prices of oils have seemingly spiked up, just as the Russian federation currently exists as the biggest exporter of crude oil in a globe. This crisis over here has created a shortage of oil to the Russian oil importing nations in addition to stress over the OPEC(Organisation Of The Petroleum Exporting Countries) members to increase their crude oil production in addition to exports of crude oil to foreign nations especially european nations such as Estonia, Finland and Moldova which are completely depended upon the Russian oil.

Just as the two nations get more into the war, the globe could observe in addition to a huge energy crisis coming in their way forward. Just as to stop Russia from invading ukraine different countries have protested against the Russian federation by boycotting the Russian oil in their country, United States of America including the United Kingdom being the first one, however this ideology over here has not stopped Russia to still bombard ukraine just as they are able to easily export those oil to other nations. Due to this ongoing war the prices of crude oil have spiked to 33% since january 2022, food prices by 33% since january 2020 in addition to shipping charges by 12% since january 2022. This energy crisis has also led to OPEC member states getting forced to increase the production of oil in the current energy crisis , to which some of them have accepted and to which some have completely gone against. Also, as a reply of boycotting russian fuels the russian federation has blocked its major gas pipes to the european states.

The oil and gas industry has rebounded strongly throughout 2021, with oil prices reaching at their highest levels in six years. While the industry's recovery currently exists better than expected, uncertainty remains over market dynamics in the coming year. Oil prices have recovered to \$80/bbl after turning negative in april 2020 which currently is pretty good. As the world just caved out of the huge covid-19 pandemic. Just as the war currently vows not taking a turn to peace in and in addition to oil prices refusing to lower its cost companies currently are allowed to fund their net-zero commitments which currently exists as a big red flag for the opec community. By the energy crisis italy including spain have even mentioned to restrict the use of air conditioning in this extreme heat waves of europe because of the energy crisis.

Sample Position Paper

The state of Qatar is tremendously aware and concerned about the ongoing energy crisis in the European states and in addition to that The state of Qatar will stand in solidarity with the European states and keep flowing the natural gas there, Even if other customers are willing to pay more. We also urge all the nations with petroleum facilities to follow our great nation to solve the ongoing energy crisis in the whole world and Europe. So, we believe that this crisis could only be solved abide the following solutions:-

1. All the nations with petroleum facilities should increase its production on oil until the crisis is over
2. For the short term countries must reject the import of crude oil and fossil fuel from Russia
3. Calls for the research and manufacture of more efficient tools and machinery used for excavation and refinement of petroleum to maximise oil production
4. Stem engines are to be implemented in the exchange of diesel engines
5. The use of public vehicles should be encouraged instead of private vehicles
6. Governments should facilitate its citizen with infrastructure like cycle lanes to save energy on motorcycle fuels

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- <https://www.triplem.com.au/story/america-and-united-kingdom-boycott-russian-oil-gas-imports-195777>
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