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Joint Fund in the Capital Market

(Photo)

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Since a long time, the discussion about the investment in the share market from the public company has been started. The government organizations such as Nepal Telecom, Employees Provident Fund, Citizen Investment Fund, and Rastriya Beema Sansthan have sufficient surplus reserve fund. Upper Tamakoshi Hydropower is one of the examples of a joint company invested by the above public enterprises. These government organizations have been discussing on to invest in other different sectors as well.

Amid this, Citizen Investment Trust formed a committee of experts to make an additional study on the issue of the market. In this regard, Nepal Telecom has always remained positive investing jointly on the capital market as a market maker.

In a situation where discussion is being forwarded for establishing a joint fund in the capital market, I would like to purpose my views and suggestions for it

1. Company Structure: Establishment of a new subsidiary company that holds paid-up capital of NRs. 5 billion jointly by Nepal Telecom, Citizen Investment Fund, Employees Provident Fund, and Rastriya Beema Sansthan. The company will have a 20 percent

share from the public, 5 percent from employees, and the remaining 75 percent equally from joint investors. Additional NRs. 5 billion investment will be taken as loan from the investors (Four Government Companies). A memorandum of understanding among four investors (promoters) will be done agreeing on that CIT will take operation lead because of their expertise in this sector. To make the best investment strategies for the share market, it is suggested that CIT can form a team of experts that includes Market Analytics, Charter Accountants, and Portfolio Managers.

2. If the company will implement the following policies and programs it will benefit the company, capital market, general investors, and the country.
 - A. The company should assist in safeguarding normal public investors from rumored financial information in the market that mislead the normal investors going in the wrong direction. Though the company will be established with an aim to invest in the capital market for profit, it should play the role of securing investment and market stability.
 - B. The company should perform as a medium for investing in the domestic capital market by more than one million nonresident Nepali (NRN) scattered across the globe via online service. The company should provide a platform for all NRN who want to invest in the secondary market in Nepal.
 - C. A certain fee should be charged annually from the interested NRN for the portfolio management in the capital market. The portfolio management can also provide options for buying and/or selling of shares to NRN from remote location using Internet or calling portfolio manager. If NRN wants to take back their

investment then they can take it in foreign currency however, cash dividend and bonus share can be only converted in local Nepalese Currency to spend in Nepal. In this way, sufficient foreign investment might be available which help our country to build the national infrastructure capital.

D. The facility should be provided if NRN investing in Nepali capital market wants to send “money to home” the company will work as a remittance service provider as well.

E. Program should be formulated to make the share of the local company to register in the international share market which will further help in enlarging more foreign investment reserve.

By taking approval from the government and Nepal Rastra Bank, a task force needs to be formed each representing from all four organizations. It will be a huge blessing for a small country to save a little amount of \$5 or \$10 in foreign currency from NRN scattered around the globe. These little drops will turn into a huge ocean. In addition, the capital market will grow enormously when general investors feel secure in their investment.

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