

Samarth organizes an interaction programme to simplify the registration process of rural enterprises

Context

Small and Medium Enterprises (SMEs) in all sectors, including tourism, are the backbone of an economy. However, a large number of unregistered and informal tourism SMEs, that lack formal linkages along the value chain, is impeding healthy, beneficial and sustainable development of rural tourism system in Nepal. Samarth-NMDP aims to set up a simplified registration system for rural enterprises in order to improve destination area management and uplift the economic opportunities, through tourism in rural Nepal.

Samarth-NMDP has recently completed an in-depth research in Kathmandu, Everest, Langtang and Annapurna regions on "Identification and Formulation of a Proposed System for the Registration of Rural Tourism Enterprises." In connection with this, Samarth has been carrying out wide consultations with relevant stakeholders to come up with valid, practical and achievable recommendations for the simplification of the registration process of the SMEs.

Interaction Program



A multi-stakeholder interaction program on simplifying and facilitating the registration process of rural Small Medium Enterprises (SMEs) was organized by Samarth-NMDP in Kathmandu on Friday, August 12, 2016. The program was attended by concerned government stakeholders, tourism entrepreneurs and travel and trade associations.

The interaction program focused on the findings of the recent study conducted by Samarth on "Identification and Formulation of a Proposed System for the Registration of Rural Tourism

Enterprises."

A presentation on the findings of the study and proposed business action plan for an effective and efficient registration was carried out by Ram Chandra Sedai, Team leader of the study team. The interaction program discussed the challenges and solutions on how to establish a systematic and simplified process of registering SMEs that will help benefit rural entrepreneurs working in tourism.

The program was concluded with a closing remark from Mr Sudarshan Pd. Dhakal, Director General, Department of Tourism, with commitment from the government to expedite the process of simplifying SMEs registration.

Key Takeaway

The DoT has committed to refer to the business/action plan for expediting the process of registering SMEs while reviewing the existing acts, regulations, by-laws, policy, etc. related to tourism. The department is reviewing all its existing acts and regulations to establish up-to-date standards required to bolster the tourism industry where it will also focus on the registration process of SMEs.

It was also decided that the regulatory bodies will organize mobile camps for the process through which small scale entrepreneurs can easily register their business in their local areas without having to travel all the way to the capital or their respective registration offices.

The registration of SMEs, though integral and vital in the industry's development, faces a lot of challenges: in mountain districts, the smallest unit of SMEs like homestays have to travel for days to reach either regional offices of DoT or DoT central in Kathmandu to register and renew their enterprises. The interaction program was crucial in bringing all the concerned stakeholders to establish a systematic yet simplified process that incorporates the issues of all the parties involved.

Development Impact

Unregistered rural tourism SMEs not only constrains the tax coffer of the state worth millions of rupees but also negatively affect the overall productivity of the tourism sector. This, in return, will lead to lower standard of employment and misleading enterprise data affecting tourism development planning and policies.

Samarth-NMDP aims to simplify the registration process whereby SMEs have the incentive to register and the government has the capacity as well as the incentive to simplify and monitor the system.

Registrations of SMEs will play a crucial role in bringing about sustainable change in the tourism industry and help uplift the economy of the nation and subsequently the small scale entrepreneurs involved in the sector.

"I have been a lodge owner in Namche for last 10 years. The tax collection office is located in Rajbiraj for the Sagarmatha zone. So all lodge operators, like me, have to go to Rajbiraj to pay tax to Inland Revenue Division. This is very impractical. The amount of money I spend to process my tax i.e. transportation, legal fees, etc. is three times more than the actual taxes payable to the government. The establishment of taxpayers service center at Salleri could be an easy option for paying annual tax to IRO and for renewing license on annual basis."

Owner/Operator
Panorama Lodge and Restaurant
Namche, Solu



Director General Narayan Prasad Bidari of Department of Cottage and Small Industries addressing the event.



Ram Chandra Sedai (Right), Tourism Stakeholders and tourism entrepreneurs.