

NBL Management Conference

Internal Communications and Team Work: Agenda for Enhancing Performance of NBL

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Remarks by Alexander Pitt, IMF Resident Representative

Governor, Officers of the NBL, Distinguished Guests, Ladies and Gentlemen:

Thank you for inviting me to speak at this management conference. The Nepal Bank Ltd—the oldest bank in Nepal—has made great strides in the past four years, and I would like to congratulate all the staff and management on this achievement. The NBL has turned profitable, and its net worth has improved significantly. Training of staff and computerization of branches have advanced. You, the officers of this bank, know of course best the progress that has been made, and your hard work that has made this possible. But you also know that there is still a lot that remains to be done.

To further improve the performance of the NBL, the theme of this year's conference is well chosen: internal communications and team work are critical for any organization to rise above itself and reach new goals. Working together well and talking and listening to each other is important because it makes the organization a better one, a place where people are happy and proud to work and give their best. It also makes good business and economic sense, because people who feel their contribution is valued work harder and better. This applies not only to the private sector, but also to the public administration. But I will not talk more about this, since you will hear all about it in the coming two days from people who are more knowledgeable on these issues than me.

But communication and teamwork is not only important for the NBL, or even the banking sector. It is an issue that concerns the whole country. The New Nepal that is beginning to be built will need to be a place where everyone is heard, where everyone is treated fairly, where everyone contributes, and everyone shares in the fruits of the nations' efforts. However, there are still shadows of the past that reflect privileged treatment for a few and thus injustice for the many.

This shadow has been with us for a long time, and is the reason why the NBL's net worth is still negative. It is the issue of default on bank loans. To return the NBL to financial health, you, the management and staff of the bank, have worked and continue to work very hard. But you can do only one part. You need support from outside in claiming back what the NBL is owed.

In recent months, the issue of bank defaulters has been discussed prominently in the public. Some defaulters had the audacity to protest against the idea that they should pay what they

owe. This is a direct challenge not only to the authority of the law, but to the Nepali people to whom the NBL (and RBB) belong. Yes, the economic situation has been difficult, and continues to be for many who face labor agitation and extortion. But many loans have not been serviced for a very long time, both in good years and bad. And it cannot be too much to ask that borrowers who cannot repay, at the very least approach their creditors and present a credible plan how they will recover their financial health and eventually repay. It is not an issue of ability to pay, but of willingness to pay.

The government had set a deadline for them to come forward. That deadline has come and gone, and we are all waiting now for action. It is critical that we do not wait in vain. At stake is the credibility of the state, and at stake is the New Nepal that is beginning to be built, because if the signal is sent that the powerful and well-connected continue to enjoy impunity, the people will lose trust in the new system that has sprung from the People's Movement. If there is no justice, there can be no community and no common purpose.

The government must rise to the challenge and step up to support you in your efforts to collect the debt owed to the NBL. It may not be successful in all instances because the defaulters have absconded or parked the money abroad—which they had received to invest in the nation's economy. But it must be tried, for the sake of overcoming the shadows of the past and to make possible a future in which all Nepalis have a stake.