

Crony Capitalism in Nepali Politics

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Abstract

The objective of this paper is to examine how crony capitalism undermines Nepali politics. The author of this course drew information from both primary and secondary sources, including key informant interviews, academic works by international authors found online, and social media posts. Since this is a qualitative study, the researcher has interpreted the data gathered while performing the research using descriptive and analytical methodologies. The author of the following article intended to elucidate the basic concept of crony capitalism while also revealing Nepali politics and the impact of businesspeople. The article discusses "crony capitalism," a term used to describe unjustified financial gain stemming from unequal administrative and political connections amongst business owners. While non-Western economies are typically linked with the term "crony capitalism," cronyism can arise in any economy due to three main factors. One must exercise caution when identifying cronyism, as what looks like cronyism is often a mediocre solution to an ineffective government program already in place. As a result, cutting cronyism without also cutting the size and reach of the government is challenging. The term "crony capitalism" refers to an economy where the success of corporations is based on close ties between business owners and public authorities. This includes favoritism in the granting of licenses, government subsidies, special tax exemptions, and other forms of interventionist behavior.

Keywords: *Capitalism, Crony Capitalism, Politics, Interference, Corporate Hegemony.*

1. Introduction

Since election fraud and corporate-sponsored campaigns are the main causes of cronyism, eliminating it is the only viable solution to Nepal's protracted political impasse. Politics and business are becoming more and more entwined due to the criminalization of politics and the politicization of crime. Because it encourages corruption and the political industry, cronyism affects all political parties equally. No one is prohibited from entering or leaving the Prime Minister's residence, including those under investigation or those convicted by the courts. Those who break the law end up in Congress. Convicts turn into clergy. Regarding this, Liberto (2023) stated that people who criticize crony capitalism include socialists and other anti-capitalists. They usually assert that one inevitable consequence of any fully capitalist society is crony capitalism. Furthermore, the author (2023) discussed how capitalism originated from European feudalism. In the 12th century, the proportion of people living in towns throughout Europe was quite low. The majority of skilled workers in the city were serfs employed by landed aristocracy, receiving their wages from feudal lords rather than an actual wage. But by the late Middle Ages, urbanization was becoming more prevalent, and cities were becoming important economic centers.

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With the notion updated, the author (2023, October 26) believes that a capitalist economy provides for private ownership and control of capital assets such as mines, factories, and railroads. It also provides for the acquisition of labor at nominal wages, the accrual of capital profits to private owners, and the allocation of capital and labor between competing goals using market pricing. Although capitalism today serves as the foundation of practically all economies, it was one of only two major economic structures for much of the twentieth century. The alternative is socialism, in which the government controls the means of production and state-owned firms put the common good ahead of individual shareholder interests. In this connection, Hall and Soskice (2001) claimed:

Economists classify capitalism into different categories based on a range of criteria. Capitalism can be classified into two groups based on production pattern. Liberal market economies have significant competition and a decentralized production system, similar to free-market capitalism in the US and UK. Coordinated market economies rely on formal structures to control interactions between companies and their suppliers, consumers, employees, and financiers. In Germany and Japan, private information is exchanged through non-market entities such as unions and industrial associations.

Whether it is liberal or coordinated, capitalism may fail due to the same factors that normally drive its success. Governments can only create regulations that control free markets and provide adequate infrastructure, such as roads and highways, to transport people and goods by enacting laws that safeguard property rights. Governments, on the other hand, may be swayed by organized business interests that seek to utilize the power of the law to protect their economic position at the expense of the public interest, such as by repressing the same free market that has propelled their success. The issue of Nepal Electricity Authority vs. Industrialist using dedicated trunk lines reflects the cronyism in Nepal (Nepal Khabar, 2024, August 02).

According to Baumol, Litan, and Schramm (2007), state-controlled capitalism has been recognized by economists as having several drawbacks. This kind of capitalism is initially driven by the desire to support expansion and has a number of disadvantages, such as excessive investment, selecting the wrong winners, being vulnerable to corruption, and having trouble withholding assistance when it is no longer needed.

Rubin (2015) defined "crony capitalism" as an economy in which economic performance is based on close relationships between corporate owners and government officials. This includes favoritism in the allocation of legal permissions, government subsidies, and special tax advantages, as well as other forms of governmental action. According to Merriam-Webster Dictionary.com (n.d.), the term 'crony capitalism' was coined in 1981. Genuine entrepreneurs who succeed in free, competitive markets have the right to make enormous fortunes; nevertheless, crony capitalists who rely on government favors do not deserve our support. In this regard, Sarita Santoshini stated:

While the Indian public market has always been dominated by family-run conglomerates and the country is no stranger to crony capitalism, experts say the scale of Adani Group's growth and asset acquisitions over the past decade has been astounding (The Christian Science Monitor, 2023, February 27).

As a result, Rajan and Zingales (2003) suggest that society must "save capitalism from the capitalists"-that is, take the necessary actions to protect the free market from powerful corporate interests who seek to block its efficient operation. When political interests and the capitalist elite come together, "crony capitalism" can emerge, with nepotism exceeding efficiency. Reducing ownership concentrations in productive assets is necessary to maintain competition. In addition, losers in a competition must receive compensation since there will always be victors and losers. Large interests will be repelled by free trade and intense rivalry for established companies. The public must see the benefits of free markets and reject government intervention that protects affluent incumbents at the expense of overall economic growth. In this regard, Piketty (2014) stated:

Despite capitalism's economic success, inequality remained a major issue. Is it inevitable that private capital expansion leads to a concentration of wealth in a few hands? Or do development, competition, and technical innovation reduce inequality? Economists have used many methodologies to identify the core cause of economic disparities.

Author (2014) also used a rare dataset from the 18th century to highlight major economic and social changes. It shows that in modern market economies, overall growth frequently exceeds the rate of return on investment. If this trend continues, capital owners' wealth will grow far faster than other sources of income, such as wages, eventually overtaking them by a significant margin.

According to Jahan (n.d.), despite the fact that this study has as many proponents as opponents, it has advanced the conversation on capitalist wealth distribution and strengthened the belief of many that public policies and the general public must steer a capitalist economy in the right direction for Smith's invisible hand to continue to benefit society. The dominance of a small number of capitalists destroys the future of the state, rather than capitalism turning into cronyism and beginning to interfere with all state authority and exert undue influences in power and politics, primarily over policy makers and decision makers that do not serve the poor, marginalized, depressed, downtrodden, and disadvantaged but rather a large section of society. A significant portion of the educated and aware public in Nepal has denounced crony capitalism and its excessive influence on the country's politics and government as a result of the aforementioned disadvantages. As a description of the problem of this article, the author attempted to identify the fundamental reasons for the growing meddling of capitalists and industrialists in Nepali policy and decision-making, as well as their infiltration of politics through proportional representatives. Why is crony capitalism gaining popularity in Nepal? is the statement of the problem of this study.

2. Objectives of the Study

This article's main goal is to examine Nepal's general crony capitalism situation. Specifically, the goals are:

- To determine the causes of Nepal's growing role cronyism.
- To evaluate its influence on national politics and governance critically.

3. Literature Review

Socialists and other anti-capitalists are among those who criticize crony capitalism. They frequently claim that crony capitalism is just an inevitable byproduct of any fully capitalist society. According to Jane Jacobs, it is the inevitable result of cooperation between those in charge of trade and power, although Noam Chomsky contends that the term "crony" is unnecessary when discussing capitalism (Walkar, 2008). Brennan Center for Justice (n.d.) has written businesses will unavoidably utilize their authority to influence governments since they generate revenue, and political power is derived from financial resources. The goal of reforming campaign finance in the US and other nations is largely to stop the exploitation of economic might for the acquisition of political power.

As a manifestation of crony capitalism, Ravi Batra claims that "all official economic measures adopted since 1981. He has devastated the middle class" and that the Occupy Wall Street movement should work to repeal them in order to end the super wealth's influence in politics. (Batra, 2011).

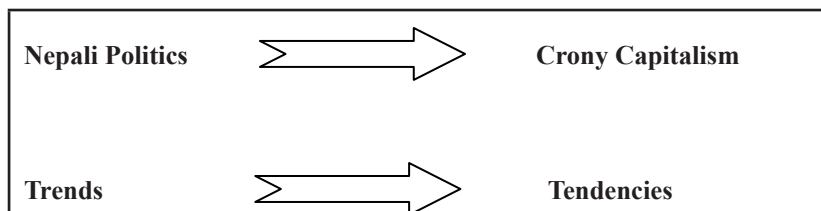
The term has been attacked by socialist economists like Robin Hahnel, who sees it as an ideologically driven attempt to paint what they believe to be the core issues with capitalism as preventable anomalies (Robin, 2006). The phrase is derided by socialist economists as an attempt to justify the shortcomings of neoliberal policies and, more importantly, their understanding of the flaws in market allocation (Dani, 2017).

Kristof (2011) and Stossel (2010) have claimed that the majority of proponents of capitalism also reject crony capitalism. Right-libertarians, neoliberals, and classical liberals who support it also view it as an aberration caused by governmental favors that is incompatible with the free market. From a capitalist perspective, cronyism stems from excessive market intervention, which leads to a toxic mix of government officials and corporations controlling economic sectors. For example, in Vietnam in the 2010s, the Financial Times noted that Communist party officials were the main beneficiaries of cronyism, and they also mentioned the "common practice of employing only party members and their family members and associates to government jobs or to jobs in state-owned enterprises." Shapiro (2011) writes that under order to highlight the fact that the only way to operate a successful business under such a system is to have assistance from dishonest government officials, conservative pundit Ben Shapiro prefers to associate this issue with names like corporatism or Corporatocracy, which he describes as "a modern form of mercantilism". Furthermore, according to Fernando De Soto, mercantilism "is sometimes known as crony" or "non-inclusive" capitalism" (IDL, n.d).

Stossel (2010) opined that the combination of industry and government stifles competition, a collusive outcome known as regulatory capture, even if the original rule was well-intentioned (to curtail actual abuses) and even if the first corporate lobbying was well-intentioned (to decrease irrational restrictions). According to Burton W. Folsom Jr., there are two types of entrepreneurs: those who compete in the market without special government assistance, and those who engage in crony capitalism, which he refers to as political entrepreneurs. Market leaders like John D. Rockefeller, Cornelius Vanderbilt, and James J. Hill were successful because they offered a high

quality product at a reasonable cost.

Figure 1: Conceptual Framework



Source: Empirical literatures

Based on an analysis of empirical literature, the author developed a conceptual framework, meaning that the influence of crony capitalism on Nepali politics was the main emphasis of this study. Because of this, it has turned crony capitalism into a dependent variable and Nepali politics into an independent variable.

4. Research Methodology

This is a qualitative piece that draws from ideas, opinions, or firsthand accounts that were investigated through the collection and analysis of non-numerical data from sources such as printed books, journal articles, audio files, films, and websites. By working at a desk and using analytical and descriptive approaches to evaluate the data, the task has been finished. Due to the qualitative nature of this study, the author has used descriptive and analytical methods to interpret information and figures based on the title of the article. To gather the required data, the author used library research as well as a range of print and electronic media sources, including tweets, interviews, opinion pieces, viewpoints, ideas, scientific publications, and more.

5. Results and Discussion

When the word "crony capitalism" is used, it describes an economy where the success of corporations depends on the intimate relationships that exist between companies and public authorities. According to Merriam-Webster Dictionary.com (n.d.), crony capitalism, also referred to as cronyism, is an economic system in which businesses thrive by cooperation as opposed to free enterprise. A typical definition of capitalism is an economy where market prices are determined freely by supply and demand in a way that benefits society and where individual actors own and control property according to their interests. Profit-seeking is a fundamental feature of capitalism. The father of modern economics, Adam Smith, famously observed, "We expect our dinner not from the goodness of the butcher, brewer, or baker, but from their regard for their own interests." (Goodreads, n.d.)

Moreover, Bhatta (2017) stated that syndicates are another form of crony capitalism. It is the practice of forming alliances with suppliers in order to further one's own goals while preventing others from influencing pricing, quantity, or both. It limits the government, society, and other competitors in a certain self-interested group's business by rules, legislation, practice, lobbying, influence, or other ways.

While discussing the practice of crony capitalism in the words Forbes magazine writes that Mattala Rajapaksa International Airport in Sri Lanka is the "world's emptiest international airport". Although it was designed to be a second international airport capable of handling large amounts of traffic, it is instead used as a tourist resort for visitors to the nearby animal parks. Similarly, the BBC referred to Mozambique's Nacala International Airport as "the luxurious ghost airport in one of the world's poorest countries". Despite being expected to become the region's transit hub and second busiest airport, it today operates at only 4% capacity. The \$200 million should have been spent elsewhere. The examples of these two airports may be enough to explain crony capitalism. In the context of crony capitalism in Nepal, Bhatta (2017) claimed:

Allowing substantial foreign investments in Nepal raises issues about the project's country, business, and location, rather than its cost, value, social impact, and viability.

For example, international airports in Bhairahawa and Pokhara were built at a high expense, but neither performs well, and the projected Nijgad airport in Bara district has caused a stir in national and international environmental and economic forums. Without upgrading and expanding within the existing territory at Kathmandu Airport, establishing another huge international airport in Nijgad may be similar to the situations of Sri Lanka and Mozambique (Bhatta, 2017).

Fortunately, Nepal's Supreme Court has issued a "historic announcement," ordering the government not to develop a contentious international airport in the country's south. The judgment comes four years after justices halted the \$3.45 billion Nijgad International Airport Project in response to a petition brought by environmentalists raising environmental concerns because such high-cost projects are not feasible for a country like Nepal, whose economy is incredibly small. However, savvy capitalists are using their close political links and political parties as leverage for their massive charitable contributions made during election campaigns. This is the result of crony capitalism's influence on Nepal's politics and government.

Why is crony capitalism gaining popularity in Nepal? In its response, critics have stated that populist nationalism is the first step toward crony capitalism; development initiatives that promote crony capitalism and defend the syndicate in the name of people and populism can never be sustainable. Such behavior may appear to promote development in the short term while resulting in considerable long-term costs. Thus, the legal and practical abolition of syndicates and crony capitalism is a necessary precondition for long-term success. Nonetheless, if it is further preserved by citing reforms, the market economy's existing benefits may be lost. In Nepal, cronyism has a significant impact on politics. The tax dispute involving Ncell and the ease with which tradesmen can enter and hold political positions in place of honorable and committed cadres and leaders are among its most notable instances of crony capitalism in Nepali example

5.1 Crony Capitalism in Nepal

This is thought to be the most prevalent kind of capitalism in Nepal. Agentocracy is another name for it. This is a capitalist paradigm in which people profit from businesses because of their political connections. The crony capitalism model is straightforward. This paradigm states that even those

who have yet to demonstrate their financial and professional abilities can wield political power. They get commercial permits and significant contracts by joining political parties in government or by buttering up or stroking the palms of influential members of those parties. They are also influential enough to persuade the government to grant tax breaks or complete exemptions. They are more commonly known as 'dalals or agents,' and they earn hefty commissions for awarding contracts to others (The Record, 2017). Representative issues of crony capitalism's impact in Nepal are the dedicated and trunk line disputes between Kulman Ghising, the CEO of the Nepal Electricity Authority, and tradesmen and industrialists who are refusing to pay for the electricity their industry consumes while lobbying political parties and their preferred leaders for cost exemption and the Ncell tax issue. In this scenario Lamsal (2018) claimed that:

The fact that bureaucrats, like politicians, strive to win over politicians or their operatives in order to receive promotions, foreign travel privileges, and other perks, is one humorous aspect of crony capitalism. The media, the so-called fourth estate, civil society, and the three arms of government-executive, legislative, and judicial-are all so intertwined in crony capitalism that no one else is able to gain from or get services from the state.

States where large private firms take control of the government to increase their profits are known as "crony capitalism." In an economy based on free markets, the government acts as an impartial regulator. However, breaking the law, buying off politicians and bureaucrats, and disobeying conventions and laws are not anomalies in a crony capitalist state; rather, they are fundamental components of the system. Recent occurrences in Nepal demonstrate that the nation is a crony capitalist state. The Tax Settlement Commission (TSC) fraud is the most recent example, in which the government granted hundreds of prosperous corporations' tax benefits totaling billions of rupees while the majority of the population continued to live in poverty. Additionally, this is the biggest purported corruption.

Based to The Record (n.d.), Chudamani Sharma, the country's senior tax officer, was imprisoned for suspected corruption while cheating taxes. Sharma was a member of the Tax Settlement Commission (TSC), which was formed in 2015 by former Finance Minister Ram Sharan Mahat, a well-known Nepali Congress politician who has held the position six times and is a strong proponent of privatization. Two additional teammates are on the run. In addition, this is the most serious example of purported corruption in Nepali history. Are elected officials above the law?

The scale of the crime is massive. TSC was founded to collect tens of billions of rupees in unpaid taxes and fines owed by thousands of private firms. The TSC 'negotiated' with 1069 businesses to reclaim 30.5 billion rupees in tax revenue, but only recovered 9.5 billion rupees, leaving hundreds of Nepalese enterprises, including distilleries, automobile importers, banks, and media outlets, with the remaining 21 billion rupees. Except for public institutions and small fish that may legitimately require tolerance, this is money stolen from the people. The CIAA, the country's anti-corruption agency, indicted Sharma and two other TSC members for stealing 10 billion rupees the case has been heard by the Supreme Court, and the entire bench will decide whether the CIAA has jurisdiction to investigate the fraud.

One important feature of this complex strategy is unknown: the role of then-Finance Minister Ram Sharan Mahat. The CIA disregarded him, and the "big media" declined to investigate his role. This absence throws into question the press's independence since it is unwilling to upset influential politicians. Their silence is perplexing, given that Mahat not only founded and picked the members of TSC, but also defended its formation even after the level of corruption was revealed.

5.2 Politics -Business Synergy

Examples of Cronyism

Sudan scam

A major corruption case in Nepal is the Sudan Scam. By "turning themselves in within two months of their conviction," the police officers who appeared in court on Wednesday will be spared twenty percent of their punishment.

Following an investigation, the State Affairs Committee of Parliament found that contractors from Nepal and the UK, along with politicians and senior police officials, embezzled Rs 310 million of the Rs 445 million allotted for the purchase of armored personnel carriers. (The Kathmandu Post, 2017)

The tax scam continues the long-standing pattern of politicians avoiding the reach of the law, comparable to the "Sudan scam," which resulted in no charges being filed against any political officials. It is unimaginable that such widespread corruption takes place without the knowledge and implied consent of the politicians who eventually govern these organizations. On these topics, the opposition CPN-UML's lips are as tightly closed as the ruling coalitions. With graft charges regarding Maoist cantonments and Ncell share transfers still uninvestigated, the three major parties are aware that any breakthrough in this area could expose them. There is only one explanation for their silence: the three parties are working together with the business elite to divide the country.

Ncell tax scandal

Following the announcement by Axiata, a Malaysian company, that it had sold 80 percent of its Ncell stake to Satish Lal Acharya's new company, Spectrolite UK, at a relatively low price, the public has been critical of the government and politicians from all parties for their role in yet another corruption scandal. The shares were sold for a low price—possibly to avoid paying taxes—without notifying Nepal's regulatory bodies, but with approval from influential politicians.

The selling of Ncell shares is attributed to Ganga Dahal, the daughter of Prime Minister Pushpa Kamal Dahal. Axiata paid just Rs. 6.5 billion for its 80% ownership in Ncell, which it had acquired for Rs. 143 billion (US\$ 1.365 billion) in 2016. Many people are suspicious that influential politicians may have been involved given the exceptionally low sale price. When Axiata purchased shares from Telia Sonera in 2016, avoiding a RS. 66 billion tax, Prime Minister Dahal and previous Finance Minister Krishna Bahadur Mahara were embroiled in scandal earlier in the year. Mahara was then charged with aiding in tax evasion. (Source: People's Review, 2023)

Private enterprises that have neglected their tax obligations bear equal responsibility. Companies inherently encourage tax avoidances such as these. There was legal abuse in TSC proceedings, according to the Auditor General's Office's most recent annual report. During Chudamani Sharma's

hearing, a Supreme Court justice even questioned why the private corporations had not been sued. The main sources of power in the nation, affluent entrepreneurs and influential parties, have practically destroyed the rule of law.

In accordance to The Record (n.d.), the three accused crisis culprits stand a fair chance of avoiding prosecution. The CIAA has weakened its case by limiting their investigation to elementary mathematics and going overboard with Sharma's bail and prison sentence. The CIAA's leadership has previously been involved in corruption, as have numerous Supreme Court judges. Given the dubious character of the Panchayat-era statute that governs TSC, the Court may determine that the CIAA lacks authority to investigate the case.

Nepal's political stagnation stems from cronyism, which can only be eradicated by addressing its root cause: rigging elections and business-backed campaigns. The criminalization of politics and the politicization of crime make it increasingly difficult to separate business from politics. No party is immune to cronyism, which promotes corruption and the business of politics. Those under investigation or convicted by the courts, as well as criminals on the wanted list, are permitted to enter and exit the prime minister's home. Lawbreakers become lawmakers. Gangsters are becoming ministers.

After 1990, there were numerous ways to go into politics: student union leaders and dropouts became full-time politicians; retired bureaucrats tried their luck by joining parties, and so on. Idealism has degraded into a fairytale. Politics is conceivable without ideals, but politics without money is impossible. Integrity in politics has become an oxymoron. Politicians, regardless of how popular or honest they are, cannot win elections without financial support. And the funds come from businesses seeking a solid return on investment.

Idealism has degraded into a fairytale. Politics is conceivable without ideals, but politics without money is impossible. Integrity in politics has become an oxymoron. Politicians, regardless of how popular or honest they are, cannot win elections without financial support. And the funds come from businesses seeking a solid return on investment. There are two ways to gain a return on investment in politics. First, make a direct payment, or bribe, to a politician running for office, and then demand your pound of flesh. The second alternative is to give an even higher 'campaign contribution' in order to be nominated as an MP by that party without ever running in an election.

The constitutional provision ensuring proportional representation for excluded groups has become a backdoor for tycoons to seize control of the country. The constitutional provision providing proportionate representation for marginalized groups has become a backdoor into the House chambers for oligarchs. Umesh Shrestha, an education entrepreneur, was elected as a Member of Parliament by proportional representation and later became the state minister of health. This was one of Sher Bahadur Deuba's first cabinet choices after entering office two weeks earlier, and he did so without consulting his party or coalition members, generating intense criticism.

Shrestha is a self-made, wealthy individual who has indicated that he will not be compensated as minister. He may be less enticed by small rewards than politicians. In contrast, putting someone in

command of a chain of private hospitals is like to putting a fox in charge of the chicken coop. The conflict of interest has sent a clear message to the public: in Nepal's crony capitalism, everything is possible.

Following the second Constituent Assembly election in 2013, Deuba appointed Shrestha as an MP from the Nepali Congress reserve quota, and the private school operator sat on the Education Committee of the legislature. The prime minister has been unable to provide a coherent rationale for selecting Shrestha, and in response to widespread criticism, he declared vaguely: "It won't happen again." Shrestha is certainly being rewarded for being an enormous party donor. The Ministry of Health, helmed by a new businessman-turned-state minister, announced this week that private companies can import Covid-19 vaccinations. How does this make sense given that G2G agreements have been signed, COVAX dosages are on their way, and private importers will compete with the government for vaccinations from the same global supply chain?

We can give Shrestha the benefit of the doubt and conclude that the boy who traveled from Bhojpur to Kathmandu in flip-flops to build a business empire is better at administering healthcare services than the dumb and corrupt politicians who have previously served as ministers. In fact, if anyone is to blame, it should be an expensive system that allows greedy political actors to elevate their friends to high positions in government.

In the opinion of Mulmi (2022), the Batas group's close relationship with the Deubas is another example of crony capitalism in Nepal. After all, the Batas group is just one of countless business entities that have affected negotiations to their benefit. The Yeti Group, Omni Group, Vaidya Organization, and HC Dugar Group have all faced similar claims. In his memoirs, Nepal's lone dollar billionaire admits that proximity to power centers has helped his organization expand since the Panchayat, confirming that this is not a new occurrence for the state.

Furthermore, Sharma (2017) reports that the Nepali Congress (NC) has selected Binod Chaudhary, the country's first and only billionaire, as its candidate for federal parliament under the proportional representation (PR) system. This is a big coup for the NC, which is aiming to challenge a left alliance of the CPN-UML and the CPN (Maoist Centre), because the businessman-turned-philanthropist was previously elected to the first Constituent Assembly under the UML's PR quotas. This is a clear example of crony capitalism, with ethnic and underprivileged people unable to obtain MP quotas but wealthy and savvy businessmen did.

The Record (2017) adds that none of this is new. Prime Minister K P Oli also promoted his cronies, appointing industrialist Moti Dugad as minister. According to Republica (2021), Dugar is a veteran industrialist who served as State Minister for Industry, Commerce, and Supplies from November 2019 to December 25, 2020. Dugar is the head of the MV Dugar Group, Nepal's top business group. Cronyism was also on display in the Gandaki Province incident last month: Dobate Biswakarma was supposed to be the province's lone Dalit minister, but he was unceremoniously replaced by Bindu Thapa, a Deuba loyalist rewarded for his significant contributions to the party.

Politics provides two opportunities for a return on investment. First, pay a straight bribe in polite

terms to a politician running for office before demanding a pound of flesh. The second option is to increase your 'campaign donation' in order to be nominated as an MP for that party without ever running in an election. When sand mining magnates, quarry tycoons, and infrastructure contractors fuel Nepal's growth, it's no surprise that politics has been outsourced. This is why politicians describe 'prosperity' as highways, bridges, and view tower contracts, rather than decent schools, affordable health care, and meaningful jobs for young Nepalis.

Kharel (2021) stated that during the 2017 Nepalese elections, an inquiry revealed that up to 40% of elected local government representatives were contractors who now rent out their own excavators and tipper trucks. This explains the current increase in hazardous road development and unrestricted natural resource extraction. To stop the rot, Nepal's wealthiest businesspeople must be prevented from using the quota for indigenous and ethnic minorities to become unelected ministers.

Shakya (2021) explains that when you look at the campaigns of the various party leaders at the various conventions, it's clear-it's all about the personalities and pals around you. So you're either with me or against me, and it doesn't matter. It was simply a pamphlet released by a Nepali Congress politician to promote economic transformation. It's all about winning and eating, promising posts, and getting favors in return, just like any other association, chamber, Rotary, Lions, or other social organization election. Following the implementation of federalism in 2017, politicians discovered that money does flow down, although in little amounts. As a result, local leaders, who are unknown in Kathmandu, may run for key posts because they understand what it takes to be on the right side of a \$35 billion deal.

People are still preoccupied on the elections. The media is reporting it liberally because it is far easier to publish what people say and gossip about than to write something that requires extensive research and analysis. So Nepalese are getting what they want-talking about people rather than ideologies, what they will deliver, and how it will affect Nepal's future in a society and culture that is becoming more individualistic as personal devices and social media spread. Since 1977, when a communist coalition assumed control of West Bengal, India, people have realized that hanging out with politicians' increases their chances of getting a better education than doing something practical. As a result, the state and Kolkata, once the capital of the British Empire, have experienced significant migration to other areas of India and the world. I keep drawing parallels with Bengal since our communism evolved there as well. The communists were kept alive through institutionalized graft, and those who defeated them followed the graft rule book (Shakya, 2021).

With \$10 billion in government spending, Nepal's yearly graft potential ranges between \$1 and \$1.5 billion. Shakya (2021) People's lives that were close to politicians have changed dramatically in just a decade and a half. If the source of funds became a big issue when purchasing land, houses, gold, jewelry, or spending on children's education, the markets could implode. The stakes escalate, and graft becomes more acceptable since no politician wants to take on this responsibility because everyone is involved. Furthermore, the global community's lack of care about who they collaborate with has given politicians a great deal of courage.

Ineffective leadership spans from the legislative and executive branches to the courts. Regulations are irrelevant. Working as a peon or guard at a government office or linked institution is worth hundreds of thousands of dollars since it allows one to have a little outlet, such as a tea shop, for their families, which can eventually become a property with the right connections. Similarly, Nepali citizens are unconcerned about the control of cafes or shops, the compliance of businesses with government rules, or the movement of traffic. Why should I care about governance when everyone else is leveraging their political connections? Kul Chandra Gautam believes that the pandemic of inadequate governance will have a far higher impact than the COVID-19 epidemic.

Moreover, one of the most noticeable features at these conventions has been the presence of businesspeople who are also politicians. People have seen how some business people in politics may influence legislation and institutional functioning; now they want to bypass the middlemen's (mainly male) fees by securing a seat on the gravy train. They have also understood that if you are not directly active in politics, no one would help you in times of need, thus it is vital to defend your business by being involved in politics.

According to a poll performed by the Nepal Economic Forum, a significant proportion of the large businesses that have grown in the recent decade and a half have done so through political connections. Furthermore, by preventing foreign direct investment and multinational corporations from doing business in Nepal, contacts performed directly or through political groups they support, have protected their interests. In the most recent local elections, more than one-third of voters were company entrepreneurs who became politicians.

They believe that you cannot be president of the United States unless you have a war chest of campaign funds. This also applies to a wide range of other positions. Nonetheless, billionaire Donald Trump has showed the ability to transform politics to one's liking. This has prompted hundreds of entrepreneurs around the world to seriously ponder why they should not enter politics to achieve their objectives. It is a combination of power and money, not simply money.

Shakya (2021) believes the gatherings functioned as a teaser for the next film. Tonnes of plastic flex were discarded, and billions of dollars were spent on inappropriate drinking, dining, and entertainment. However, it's possible that it simply reflects the society we live in. To stop the rot, Nepal's wealthiest businesspeople must be prevented from using the quota for indigenous and ethnic minorities to become unelected ministers. The voting box is not a cash box, and the next election must prohibit votes purchased with notes for Nepal's equal advancement.

Kharel (2021) asserted that none of this is new. Prime Minister K P Oli also boosted his close friends and appointed entrepreneur Moti Dugad as minister. Cronyism was also on full display in the Gandaki Province drama last month: Dobate Biswakarma was on course to become the province's first Dalit minister, but he was unexpectedly replaced by Bindu Thapa, a Deuba loyalist rewarded for significant party contributions.

The Chief Whip of the Nepal Communist Party (NCP), Dev Gurung, blamed crony capitalism for the government's failure to deliver peop was abolished after a protracted battle, but its remains can still be seen in many forms, including feudalism and capitalism. These elements have ham-

pered the government's efforts to meet people's expectations."

Speaking at a pleasantries exchange program held by the party in Lamjung today, Gurung stated, "Elements such as crony capitalists still have a strong influence in the country. They are responsible for the emergence and support of factionalism inside political parties. But we are dedicated to moving forward together by holding internal conversations and correcting ourselves," he said, expressing optimism that the country will see progress under the NCP-led government. (The Himalayan Times, 2018). Baburam Bhattarai tweeted that crony capitalism has wrecked the capital market.

In a capitalist economy, labor is bought for monetary wages, capital gains go to private owners, and prices divide labor and capital between competing uses. Capital assets, such as mines, factories, and railroads, can be privately owned and managed. Even though almost all economies today are built on some variant of capitalism, for the most of the 20th century, this approach to economic organization was only one of two main ones. Socialism is a system in which the government controls the means of production and state-owned businesses prioritize the welfare of the people before personal gain.

Rajan and Zingales (2003) so contend that society must "save capitalism from the capitalists" by taking the necessary actions to defend the free market against strong private interests that aim to obstruct its smooth operation. When the capitalist class and political interests come together, "crony capitalism" could develop, where efficiency is not as profitable as nepotism. To maintain competition, the concentration of ownership of productive assets must be restrained. Furthermore, losers must receive compensation since competition produces winners and losers. Strong competition and free trade will also keep powerful interests at bay and force existing enterprises to change. In order to safeguard strong incumbents at the price of general economic development, the people must be made aware of the benefits of free markets and be opposed to government involvement in the market.

Even while capitalism has produced significantly more economic growth than previous economic systems, inequality is still one of its most divisive features. Does the concentration of wealth in fewer hands result from the mechanics of private capital accumulation, or do growth, competition, and technical advancement act as counterbalancing forces to lessen inequality? Different methods have been used by economists to identify the cause of economic disparity. In order to identify important economic and social trends, the most current study examines a special set of data that dates back to the 18th century (Piketty, 2014). It concludes that the rate of return on investment often exceeds overall growth in modern market economies.

If that difference continues, compounding will cause the wealth owned by capital owners to grow significantly faster than other types of earnings-wages, for example-until it eventually surpasses them by a significant amount. Despite having as many supporters as detractors, this study has advanced the discussion of capitalism's wealth distribution and strengthened the notion held by many that, in order for Smith's invisible hand to continue to operate in society's best interests, a capitalist economy needs to be guided in the correct direction by public policy and governmental initiatives.

Nepali politics is highly influenced by crony- capitalism. The tax deceivers are being praised

by government and being awarded political positions especially Member of Parliament through proportional representation quotas. In this regard Shrestha (2022) writes:

Concerns have been raised about the possibility that more than two dozen contractors may use their power to sway legislation and policies to their advantage if they are elected to the House of Representatives and provincial assemblies. Since the country adopted a system of proportional representation (PR), richer segments of society have allegedly tried to buy their way into the legislature. (Para 2)

As many as thirteen members of the Federation of Contractors' Associations of Nepal (FCAN), a coalition of builders and contractors, were running for seats in the federal parliament, while fifteen more were contested for seats in the provincial assemblies. Moreover, richer people are becoming more involved in electoral politics, according to observers, because they have more money to spend. "Mayoral candidates in metropolitan cities spent up to Rs100 million on campaigning in the May local elections, while the average spending of such candidates was around Rs30-40 million," stated economist Binod Sijapati, who is in charge of organizing a study on campaign finance for the poll observer body Election Observation Committee Nepal. According to this, seats at the federal and provincial levels are getting harder for regular people to get (Shrestha, 2022).

Table 1: Increasing Cronyism in Nepali Politics

Candidate	Constituency	Party
Dambar Khadka	Ilam-2	Nepali Congress
Ramdev Sah Teli	Saptari-1	Nepali Congress
Purna Bahadur Tamang	Ramechhap	Nepali Congress
Mohan Acharya	Rasuwa	Nepali Congress
Raju Thapa	Syangja-1	Nepali Congress
Resham Bahadur Lama	Kavre-1	UML
Prem Tulachan	Mustang	UML
Krishna Kumar Shrestha	Bara-4	Unified Socialist
Dhan Bahadur Budha Magar	Dolpa	Unifies Socialist
Bikram Pandey	Chitwan-3	RPP
Lal Bahadur Ghising	Ramechhap	RPP
Jaya Prakash Thakur	Saptari-2	Loktantrik Samajba
Kishori Sah (Kamal)	Dhanusha-1	Janamat Party

Source: Shrestha, 2021

Table no. 1 shows that while all political parties are guilty of cronyism, the Nepali Congress is particularly susceptible of it, while the recently formed Loktantrik Samajbadi and Janamat party have also nominated contractors. We should caution political parties against nominating so-called tradesmen and corrupt wealthy individuals if they do not listen to our aspirations. It is our fault that we do not take the effects of cronyism in politics seriously, but we do vote for candidates who use their black money to buy political positions and then exploit the nation after obtaining position.

6. Conclusion

Post-1990, there have been numerous routes to enter politics: student union leaders and dropouts become full-time politicians, retired bureaucrats try their second chance by joining parties, and the very brilliant take the shortcut to become lawmakers and ministers without even running for office. They haul-up their way to the top. Idealism has become a fairy tale. Politics without principles is feasible, but politics without money is unthinkable. Political integrity has become an oxymoron. Without financial backing, no politician, no matter how popular or honest, can win an election. And the funds come from firms looking for a good return on investment.

There are two approaches to seeking Return on Investment (ROI) from politics. First, make a direct payment, or bribe, to a politician seeking for office, and then demand a pound of flesh later. The second option is to make an even larger 'campaign contribution' in order to be directly nominated as an MP from that party without ever running in an election by misusing the provision of Proportional Representation System adopted by Nepal with second mass uprising 2006. In contrast, the constitutional clause assuring proportionate representation for poor populations has become an illegal pathway for millionaires to enter legislative chambers. Umesh Shrestha, an education entrepreneur, was elected MP by proportional representation and became the state's minister of health by the grace of the Nepali Congress, as depicted in the popular Nepali satire as donation / charity given to political party and being nominated under proportional representation (*Partylai Sahayog Gareko Samanupatikma Pareko*).

Following the second Constituent Assembly election in 2013, Deuba appointed Shrestha as an MP from the Nepali Congress reserve quota, and the private school operator served on the legislature's Education Committee. The prime minister has been unable to provide a clear justification for choosing Shrestha, and following considerable criticism of the decision, he stated ambiguously, "It won't happen again." Shrestha is clearly benefiting from his status as a significant party donor. In fact, if anyone is to blame, it should be a costly system that permits greedy political actors to elevate their cronies to high-level posts in government. Prime Minister K.P. Oli also promoted his preferred buddies, appointing entrepreneur Moti Dugad as minister. Cronyism was also on full display in the Gandaki Province drama last month: Dobate Biswakarma was on track to become the first Dalit minister in the provincial cabinet, but he was abruptly replaced by Bindu Thapa, a Deuba loyalist rewarded for his substantial contributions to the party.

It's hardly surprising that politics is outsourced when sandy mining magnates, quarry tycoons, and infrastructure contractors fund Nepal's development. This is the reason why politicians describe "prosperity" more in terms of view tower contracts, highways, and bridges than they do in terms of good schools, affordable healthcare, or fulfilling jobs for young people in Nepal. It is said that this investigation, which was conducted after the 2017 elections, discovered that up to 40% of elected local government officials are contractors who use their own tipper trucks and excavators for hire. This explains the recent surge in harmful road construction and unchecked natural resource abuse. To cure this rot, Nepal's richest businessmen must stop using the quota for indigenous and ethnic minorities to become unelected ministers. The voting box is not a cash box, and for Nepal's equal

advancement, the next election must prohibit votes purchased with notes. Due to the impact of crony capitalism in Nepali present-day politics, civilians have become dissatisfied with the major political parties. As a result, Rabi Lamichhane-led Rastriya Swatantra party and alternative political forces are eagerly waiting, as well as the regressive force of Nepali politics, Rastriya Prajatantra party, is also raising its head. However, Loktantrik political forces should be aware of such frustrating interventions by cronies in a timely manner; else, so-called big political parties and the current political system will crumble.

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