

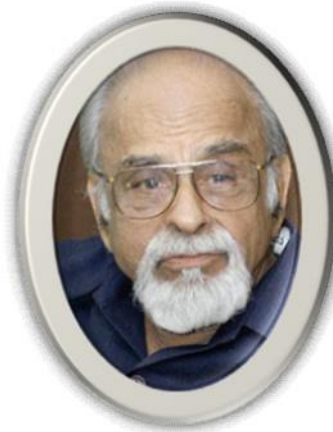
NICCI e-Newsflash

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India's diplomatic politician and former PM IK Gujral passes away

Former Indian Prime Minister Inder Kumar Gujral, who had a special connection with Nepal, and who gave a new impetus to improving India's relations with his popular doctrine of non-reciprocity while dealing with small neighbouring countries, passed away on Friday, 30th November 2012 after a multi-organ failure. The 92-year-old veteran Indian politician was suffering from lung ailments for a long time before he breathed his last in Gurgaon's Medanta Medicity hospital on the outskirts of New Delhi.



Two-time External Affairs Minister (December 1989 and June 1996)—Gujral became India's 12th prime minister when he headed a coalition government in April 1997 till March 1998. Although his term

lasted only 11 months, Gujral made a mark in India's foreign relations by promoting friendly ties with its neighbors, including Pakistan. The Gujral Doctrine took shape when he was Foreign Minister in the 1996-1997 fractious H.D. Deve Gowda government.

He was also the last Indian Prime Minister to pay a formal visit to Nepal. Because of his generous doctrine, he was well-acclaimed not only in Nepal but also throughout the subcontinent.

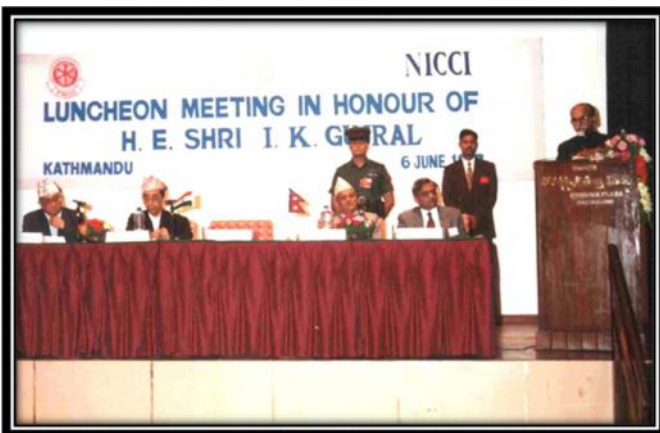
A report—"Non-Aligned Movement 2.0"—prepared by noted Indian experts a few months ago even went on to say that India's aspirations of becoming a global power cannot be achieved until it sorts out problems in its own neighbourhood.

"The basis of Gujral's principles of friendly, mutual relationship still works. It could never be outdated," said the General Secretary of the ruling Nationalist Congress Party, DP Tripathi.

Gujral's connection with Nepal was so deep that he chose Kathmandu as his first foreign stopover after he became the PM in April 1997. His three-day visit (June 5-7, 1997) to Nepal was historical. It was on that occasion he even offered Nepal a 'blank cheque' which was 'an indication for India's alacrity' to resolve outstanding bilateral issues. While in Kathmandu then and rubbing shoulders with his counterpart Lokendra Bahadur Chand, Gujral had said he had given Chand a 'blank cheque.' According to him, he told Chand that he was ready to 'sign any paper that Nepal forwarded to him.' His 'blank cheque' statement was confirmed by former Indian ambassador to Nepal KV Rajan in his article in the book 'Ambassador's Club' that he recently edited. Gujral "genuinely showcased his idea of non-reciprocity when he agreed to Nepal's long standing demand for a transit route through the sensitive chicken's neck strip to Bangladesh," Rajan recalls.

Years after the inception of the Gujral Doctrine, the Indian political and diplomatic spectra feel that Gujral's principles are equally relevant now.

We, the Executive Committee of Nepal-India Chamber of Commerce & Industry (NICCI), on behalf of its members and business community at large in Nepal, pay our homage to the noble soul and pray for eternal peace.



Late Indian Prime Minister I K Gujral with NICCI and its co-organizer in an interactive luncheon hosted in his honour in Kathmandu on 6th June 1997 during his 3 day Nepal visit. (File Photo from NICCI's album)

Government aims to boost export to Rs 100bn

Despite the gloomy external trade scenario, the government has again promised to boost exports to up to Rs 100 billion in the current fiscal year by improving production, processing and packaging of agriculture goods.

The country had exported merchandise worth Rs 74.26 billion in the last fiscal year.

"We have to lay emphasis on goods featured in Nepal Trade Integration Strategy (NTIS)," said the secretary at the Prime Minister's Office and Council of Ministers Krishna Hari Bas-kota while evaluating the performance of the Ministry of Commerce and Supplies, adding that all the 19 goods and services should add to over Rs one billion.

NTIS has identified seven agricultural, five industrial, and seven service sector goods as export potential, though the

government's repeated promises of boosting their exports has fallen flat due to the energy crisis and labour troubles that have arisen due to political backing.

"The government is ready to facilitate the export process by simplifying cash incentive, unhindered transportation facility for containers, and attracting investments in the production sector," he said, adding that the agricultural sector has a huge potential for export.

Last year, industrial production — iron and steel — worth Rs 10 billion was exported from the country. Similarly, around Rs four billion worth of pashmina was exported, following the registration of the 'Chyangra Pashmina' trademark in 40 countries. "We will soon add seven countries," he said. The country has also exported musuro pulse worth Rs 3.34 billion, and large cardamom worth Rs 2.21 billion.

Nepal second largest remittance receiver among LDCs

Nepal, Bangladesh and Sudan accounted for 66 percent of the total remittance (\$27 billion) flowing into 48 LDCs from 2009 to 2011, according to the Least Developed Countries Report 2012 released by the United Nations Conference on Trade and Development (UNCTAD) on Thursday. Their share was 44 percent in 2001.

Bangladesh topped the charts, receiving 44 percent of the total remittance, followed by Nepal and Sudan. The report says from 2009 through 2011, Nepal received more foreign exchange from remittances than from exports. Also, Nepal is among the nine LDCs where remittance inflows exceeded receipts of both foreign direct investment (FDI) and official development assistance (ODA) from 2008 to 2010.

Remittance has played a key role in reducing poverty in LDCs over the years, but has ambiguous effects on inequality, according to the report. "Before remitting, one needs to migrate and migration has costs. Therefore, only moderately poor citizens of LDC can migrate, whereas the poorest of the poor

cannot migrate," says the report. "It contributes to the inequality."

Despite contributing around 22 percent to the GDP, remittance has not been utilised for the country's development. With 80 percent of total remittance being spent for consumption, it has not contributed to capital formation—a much needed requirement to increase investment and attain economic growth.

"Of the total remittance, a meager 2 percent is being utilised for capital formation in Nepal," said Basudeb Guha Khasnobis, senior economist at UNDP. However, with a huge chunk of remittance entering the country through formal financial channels, it has provided enough liquidity to banks and financial institutions. "At present, around three-fourth of the total remittance comes from formal channels," said Khatiwada.

The governor said the country should not solely rely on remittance and should think about alternatives to finance imports. "We successfully withstood the global crisis in 2009, but a similar crisis might not be of the same nature in future," he said.

Govt's agricultural development strategy ready

The government has readied a draft policy options report of the Agricultural Development Strategy (ADS) with targets to achieve a significant growth in land and labour productivity, contribution of agribusiness to gross domestic product (GDP) and agri-food exports.

The report is the third phase of the ADS project to prepare a long-term vision with a concrete action plan for the development of the agriculture sector. The government has sought inputs and feedbacks from stakeholders on the draft.

The Ministry of Agriculture Development prepared the draft in coordination with a dozen of donor agencies, government agencies concerned and farmers' coalition.

According to the draft policy, it aims to increase land productivity to \$5,000 per hectore from the current \$1,600 a hectore. By improving governance, the draft targets to achieve 5 percent average annual growth in agriculture from the current 3 percent annualised growth.

The new strategy will also increase the contribution of agribusiness in the GDP to 20 percent from current 10 percent. Currently, the overall agriculture sector contributes 35 percent to GDP.

As per the report, ADS will help boost agriculture growth through four strategic components — improve governance, productivity, profitable commercialisation and competitiveness.

NICCI bids warm farewell to Sanjiv Keshava, former president



Nepal-India Chamber of Commerce & Industry (NICCI) hosted a reception to bid warm farewell to Mr. Sanjiv Keshava, former President of NICCI on 3rd December 2012. Consequent upon his transfer to parent company from Surya Nepal P Ltd, he relinquished from the position of the President of NICCI 5 months before completion of his tenure as President at NICCI.

In the farewell reception, Acting President Sashi Raj Pandey talked about the contributions and support he had extended to NICCI for further augmentation of NICCI and extended best wishes for further success in his new assignment in India.

In the program, Arun K Chaudhary, IP President lauding him as a professional who endeavored to bring a change in NICCI and its activities, he said NICCI would be benefited if Mr. Keshava could

continue at NICCI for further period.

Keshava expressed pleasure to be in the beautiful country like Nepal and to work with friendly Nepali people. He also expressed thanks to all at NICCI for supports extended to him during his period and wished for active role of NICCI in promotion of trade and overall relationship between Nepal and India.

Founding President Prabhakar SJB Rana, executive committee members, members from Indian joint ventures graced the evening.

At the program, acting president Sashi Raj Pandey presented a memento as a token of appreciation and gratitude. Shyam Poudel, Secretary General of Eastern Region Chapter of NICCI at Biratnagar also presented a token of love from eastern region.



IFC helps Nepal scale up PPP schemes

International Finance Corporation (IFC), a member of the World Bank Group, is supporting the government in scaling up public-private partnership (PPP) programmes to implement projects that will help advance basic infrastructure and accelerate economic development in the country.

IFC will assist the government by helping it lead efforts in public-private partnership projects to develop airports, roads and tourism, a priority for Nepal. IFC will assist in identifying projects and setting transparent standardized bidding procedures in consultation with stakeholders.

Additionally, the initiative aims to improve the enabling environment, developing a regulatory, institutional and policy framework for implementing public-private partnerships effectively.

Most infrastructure projects in Nepal so far have been funded out of the national budget. Private sector participation in such

projects can help address critical infrastructure gaps cost-effectively. According to a white paper by the National Planning Commission, the government has accepted public-private partnerships as an alternative source of building assets.

"This initiative should help unlock the huge potential of public-private partnerships in Nepal," said Val Bagatsing, IFC resident representative for Nepal. "IFC's global expertise will help to overcome the challenges in doing this."

"IFC's expertise will enable us to better structure private participation in the upcoming public infrastructure projects," said Radhesh Pant, chief executive officer of the Nepal Investment Board. "We need to tap into such partnerships more proactively."

IFC offers advisory services to national and municipal governments on structuring public-private partnerships for basic amenities such as infrastructure, health and education.



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India likely to emerge as 2nd most competitive manufacturing economy

NEW DELHI: India is likely to emerge as the second most competitive economy in the world after China in terms of manufacturing competitiveness in the next five years, a report has said. As per the 2013 Global Manufacturing Competitiveness Index compiled by Deloitte Touche Tohmatsu and the US Council on Competitiveness, five years from now, emerging economy nations would surge to occupy the top three spots.

"India is rated this high mainly because of its huge talent pool, its strong domestic demand and the incredible geographic position," Deloitte Global leader Manufacturing Timothy P Hanley commented on the finding of the study. Hanley added that the expertise India has in services can be replicated in manufacturing as well provided challenges like education and infrastructure development are addressed. Regarding India, the report said, "India's focused and comprehensive national manufacturing strategy, democratic governance and infrastructure development over the next five years may unlock the potential for CEOs around the world to see this rising star."

The five developed economy nations that were ranked in the top 10 today include -- Germany (ranked second), the US (third), South Korea (fifth), Canada (seventh) and Japan (tenth), while five emerging economy nations were also ranked in the top 10 today: China (first), India (fourth), Taiwan (sixth), Brazil (eighth), and Singapore (ninth).

Brazil's jump from eighth to third is the largest jump expected over the next five years. And Vietnam moves into the top 10 as the tenth most competitive nation. This study gathers data from more than 550 CEOs and senior manufacturing leaders and rank the 38 countries in terms of their manufacturing competitiveness at present and in the next five years.

Major roads in Delhi to have dedicated emergency lanes

NEW DELHI: Almost all major roads in the city will soon have a dedicated emergency lane and driving on them during time of any disaster will be a punishable offence. The Delhi Government has identified 162 roads in which emergency lanes will be reserved on the extreme right for plying of ambulance, fire-tenders and other emergency services vehicles.

"In case of a disaster, sirens will be blown and immediately the dedicated lanes will have to be left for vehicles under the emergency response system," the officials said. The emergency lanes will be

painted blue and during normal days there will be no restrictions on plying of vehicles in them.

Officials said countries like the US, the UK, Canada and Italy have similar emergency lanes and Delhi Government has decided to go for them as part of efforts to strengthen the disaster management system in the city.

They said the government plans to put in place the entire system by first part of next year. Separate lanes on arterial roads were kept during Commonwealth Games in 2010 for transporting players and officials.



***We solicit suggestions/feedback from all members and readers for NICCI e -Newsflash at
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