



NICCI e-Newsflash

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**Season's Greetings & Best Wishes to all
For Good Health and Wealth
On the Auspicious Occasions of
Deepawali, Nepal Sambat 1133 and Chhath festival.**

4 billion investments consensus reached Mistrikhola Hydropower.

At the initiative of Nabil bank Ltd. as lead bank, 6 different commercial banks, financing agency and companies are now ready to invest 4.20 billion in Mistrikhola Hydropwr Project under consortium. Nabil Bank itself will invest Rs. 1 billion. According to Subrat Dhital, Chiarman of the Robust Energy Pvt. Ltd. the promoter company of the project. Company is likely to invest in the project as the construction of project seen appropriate from the financial and technical aspects.



appropriate to invest or not in the project and after having submitted the report by committee saying it is appropriate to invest in such project. With conclusion that it is appropriate to invest in this project we have submitted the report" said Sanjiv Baral, Member

Secretary and Senior Divisional Engineer of the company.

The company's risk assessment committee submitted its report to energy secretary Hari Ram Koirala on Oct 20. "After the project was found to be technically and financially viable, the committee approved the proposal," said Koirala who also chairs the HIDC board.

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*Our next issue will be on
22nd November 2012*

4 billion investments consensus reached

He added that as per the risk assessment report, no risk factor has been found in the Mistri Khola project apart from uncertainty over timely construction of a transmission line to evacuate energy from it. An HIDC official said the company had written to the Nepal Electricity Authority (NEA) about building a power line.

"Despite the fact that there has been relatively little investment from the NEA to construct transmission lines, no project after coming online has suffered from lack of power lines," said the official. "The NEA has promised to make proper arrangements to erect transmission lines once the project goes into the construction phase."

According to officials involved in the risk assessment study, a 48-km transmission line is needed to evacuate power from the project to the national power grid. Two power lines have been planned — a 20-km line linking the project site and Rahughat and another 28-km line connecting Rahughat and Modi.

This is first time ever that the Hydropower Investment and Development Company is likely to invest in the project to be constructed by the private sector. It is first time that the company has been ready to invest in the hydropower project after one and half year of it's establishment. Company will have an investment of Rs. 1 billion in Mistrikhloa.

Likewise the banks which have shown interest to invest are Nepal Investment Bank with 700 million, Nepal Bank with 500 million, Laxmi Bank with 400 million, Clean Energy De-

velopment Bank with 300 million and Karmachari Sanchaya Kosh with 300 million. Estimated project cost is Rs 5.6 billion will be the cost for the construction of project. In the total cost, different companies will invest 4.2 billion as loan investment whereas promoters will have to invest 1.40 billion. "75 percent investment will be provided by banks and financial institutions and 25 percent will be invested by the promoters" said Subrat Dhital, Chairman of the Robust Energy Pvt. Ltd.

The rate of the power purchase agreement signed by the project with the NEA is Rs 5.40 per unit.

Meanwhile, the Employees Provident Fund (EPF) has lately shown interest in investing in the project, but it has made no formal decision in this regard.

Ejendra Luitel, coordinator of the company's management team, said that once the banks finish arranging capital to finance the project, the final financing structure will be set up. "HIDC will then sign a memorandum of understanding with the project."

The project being developed by the Robust Energy Pvt. Ltd. has 42 MW of capacity and this project lies in Myagdi district aiming to complete its construction within June, 2016.

The central bank has allowed HIDC to finance hydropower projects identified by banks as a consortium partner initially while it gains technical expertise. The company recently came into operation with the objective of investing in hydropower projects with a capacity of more than 25 MW.

Sipring Khola Hydropower started production of 10 MW Electricity

Sipring Khola Hydropower Project started 10 MW Electricity production. The construction of this project at Dolkha District has been done by Synergy Power Development Pvt. Ltd. It is said that the preparation work is being done to connect the produced electricity into main national transmission line before this Tihar said Engineer Pushkar Dhungel. He further informed that 1.32 billion was spent for the construction of

this project.

Earlier 2 hydropower project from the private sector (Lower Modikhola Hydropower Project produced 10 MW and Siuri Khola Hydropower Project 5 MW) have already started production of 15 MW and connected into National main transmission line. Production of another 60 MW of hydro electricity is expected in this fiscal year.

Exemplary work at Upper Tamakoshi project -rushing ahead by foregoing holidays

The rapid progress being made by the 456 MW Upper Tamakoshi hydropower project has encouraged the energy sector. The project did not shut down even during the Dashain holidays which has put stakeholders in a buoyant mood. Although most of the projects stopped worked during the festival, tunnelling work at the Upper Tamakoshi project continued at double speed.

According to project officials, the tunnel has been advancing at the rate of 23 m daily, however, workers dug 42 m of



tunnel daily during the holidays. "Construction work at Upper Tamakoshi was not halted during Dashain, and it will not be stopped during Tihar either". During the seven days of the Dashain festival, around 213 m of tunnel was completed," said Bimal Gurung, assistant manager of the project.

Earlier, construction of projects like Kali Gandaki and Chilime used to stop during festivals like Dashain and Tihar besides public holidays.

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Exemplary work at Upper Tamakoshi project

"So far, 6 km of tunnel construction has been completed, and the project is scheduled to be completed by April 2016." The most challenging part of the project has been tunnel construction. Since progress has been moving ahead of schedule, the project will be completed on time, said officials during an interaction programme.

Gurung said that the current achievement was due to the help received from all the stakeholders including the project management, political parties and locals. Sino Hydro of China holds the contract for civil construction of the project located at Lamabagar VDC in northern Dolkha.

Earlier, the project used to maintain offices in Kathmandu and

Charikot. Presently, the office is situated at the construction site and is staffed by officials with decision making powers. Project officials said that civil construction of the hydropower project was running smoothly. Meanwhile, the contract for the hydro mechanical and electrical wing has been signed.

Project officials said that they would not halt construction for even a single day. The only time work stopped was when the project ran out of fuel. Despite being a project of national importance, an incomplete organisational structure, difficulties in importing explosives and inability of the board to take decisions in time 'have been the main challenges in project development'.

Kolkata gives permission for the construction of Container Freight Station

Metropolitan Office of Kolkata has given the permission for the construction of Container Freight Station (CFS) at Kolkata Port. "Though the Department of Custom and Kolkata Port of Government of India had already given the permission for the construction work of CFS was blocked since long time as the Kolkata Metropolitan Office delayed in giving permission for the construction of Container Freight Station (CFS). The Metropolitan Office gave permission after field visit by the Technical Team of Metropolitan Office at the land allotted for the CFS", said TN Dahal, Managing Director of Nepal Transport and Warehouse Management Company (NTWMC). We have received the permission from all the concerned authorities, so now we can finish the task of calling tender within the end of Mangsir (Mid of November 2012) and for that there is a plan to call the global tender at Kolkata itself, Dahal further said. The CFS is likely to build in the total area of 4886 Square Meters.

Initially 150 Million cost has been estimated for the construction of CFS, out of which, NTWMC will bear Rs 40 million (26%) from its own sources and rest Rs 110 (74%) will be borne by GoN, for which process has been already stepped and Dahal is



confident to receive the fund soon as he has been assured by Ministry of Finance.

So far, the Nepali businessmen are using Indian CFS for the storage of their goods due to lack of Nepali CFS at Kolkata port. For that Nepali businessmen have paid several hundreds millions rupees as demurrage charge said Rajendra Sangraula, Secretary of Nepal Freight Forwarders' Association. "If Nepal builds and run it's own CFS there then such expenses would be minimum and international trade will also be much easier" he further said.

"Kolkata Port being smaller compared to the size and volume of import-export consignments there, it has become a compulsion to make own CFS by Nepal" said Dahal. "Due to Kolkata port being a small place there is a provision to remove the goods within a 7 days said Sangraula. To shift and store a container of consignment from Kolkata port to Indian CFS costs about INR. 10,000", he said. Now there are two CFS in operation, one is owned by Indian Government and another one is owned by Petroleum and Natural Gas Ministry. Nepal Government has acquired land with Kolkata Port on lease for 25 years for which Nepal Government has been paying INR. 120,000/- per month.

Kulayan to substitute import of battery for Motor Bike

Kulayan Battery Industry, recently the manufacturer of UPS, Inverter and Solar Energy, with installation of the new plant at a cost of Rs 400 million and a after successful test production recently, will manufacture annually 2 Lac 40 thousand pieces batteries of motorbike and likely to bring products in market from the Mangsir this year said Rajendra Bahadur Karki, Managing Director of Industry.

This is the first time ever that the industry has manufactured batteries of motorbikes in Nepal. Its daily production capacity of the industry is 1000 pieces in 1 shift. In the beginning we will

bring 4 different types of batteries with 2.5 to 9 Amp.

Source said that Kulayan will stop import of motorbike batteries and also export to India. Within a 8/9 months from the start of production, it is planning to export motorbike batteries expanding its capacity.

With installation of 4 different plants to produce 4 types of batteries, the best quality batteries can be produced in less time. For this, Industry has been importing lead oxide from India and other raw materials will also be imported from 7/8 Gulf countries, Karki said.

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Kulayan to substitute import of battery

Now Industry has provided direct employment to 100 people and planning to provide employment upto 150 people increasing its capacity.

"Recently in Nepal, around 300,000 units of motor bike batteries are consumed annually. To export the batteries to third countries 40 percent tax should be paid. But since there is no

tax to be paid on the batteries to be exported to India in which raw materials imported from India are used and that is being easier" Karki Said. Likewise in Nepal, 15 percent tax has to be paid while importing batteries from different third countries. Now in Nepal batteries used in motorbikes are being imported from India, China, Bangladesh, Korea and Thailand.

MoU signed for "Greater Lumbini"

The Lumbini Development National Directive Committee of Nepal (LDNDC) and the Asia Pacific Exchange and Cooperation Foundation (APECF), a Hong-Kong based NGO, on Wednesday signed a Memorandum of Understanding (MoU) for for the development and preservation of all aspects of 'Greater Lumbini'.



The project aims to build infrastructure surrounding Lumbini in Nepal to attract Buddhist pilgrims. According to the MoU, the birthplace of Gautam Buddha will be developed into a 'world peace city.' LDNDC Chairman Pushpa Kamal Dahal and APECF Executive Vice-chairman Xiao Wunan signed the MoU amid a programme in Kathmandu on Wednesday evening.

Addressing the function, Dahal said a strategic partnership should be formed between Nepal, India and China through Lumbini. "The three countries can and should join hands for a strategic partnership through Lumbini for the development of the whole of Asia," Dahal said.

Chairman Dahal said, "During my visit I have found international community very keen to see the birth place of Lord Gautam Buddha as international peace city." He said the agreement was important not simply to bring financial assistance but to maintain peace and stability in Nepal and the whole region.

"China, India and Nepal can come together through Lumbini as we all share cultural and religious similarities," he said that the agreement was going to create positive atmosphere amongst the three countries and the entire world.

Xiao said the project will benefit Nepal, South Asia and the whole world. He added that improving the infrastructure in Lumbini and other areas around it is the main target of the project. Speaking at the MoU signing ceremony, he said further investment in Lumbini depended on the political leadership of Nepal. "We are positive to support it, but it will depend upon the policy of Nepal's government," said he.

He further said the foundation was enthusiastic to implement the project and he was happy to receive the support from various international organizations including the United Nations. "The MoU is going to be an important step to maintain peace and development between the two countries and the world," he said.

APECF officials said an estimated 3 to 5 billion US dollars will be spent in the project based on investment in infrastructural development, including roads, bridges, star hotels, airport and tourist destinations. Xiao said his team will seek support from the Middle East in building hotels in the Lumbini area. He, however, did not elaborate about the agreement.



Vice Chairman Xiao said APEC won't be investing in the project, but will support fund collection from international banks, organisations and support groups. He did not say

when the project would begin. Asked whether the Chinese government would invest, he said it was "possible".

Both Dahal and Xiao said they had moral support from the UN and its sister organisations including UN HABITAT in advancing the project. Dahal also said UN Secretary General Ban Ki-moon, in his official capacity as well as personally, was supportive.

Speaking to the press later, Wunan said that although the major target of the project was to develop Lumbini, the foundation was positive to diversify its investment across the country.

The LDNDC, a Cabinet-formed committee that has a four-year mandate, has members from the Nepali Congress and the CPN-UML as well. A few months ago, the government had formed the LDNDC under Dahal to garner internal support for the development of a Lumbini project.

Nepali Congress leader Minendra Rijal, a member of the LDNDC, said he was not informed of the MoU. "No discussions on the MoU were held in meetings of the LDNDC. I am surprised to know that the two institutions signed the agreement," he said. Ministers and government officials were not invited to Wednesday function.

Lonely Planet enlists Nepal in 6th position for Best Value Destination for travel in 2013

Lonely Planet's Best Value Destination has enlisted Nepal at top 6th positions in its top ten lists. 'With visitor numbers steadily rising, Nepal remains a tremendous option for cheap travelers. After all, the numbers of countries where you can live on the price of a Starbucks latte or two are diminishing rapidly,' it announced on Tuesday.



Though costs rise once you enter national parks, if you're up for trekking on your own and staying in teahouses, Nepal is not only the best-value spot for Himalayan hiking, it must be a contender for offering the most astonishing rewards for the least upfront investment of anywhere in the world, the plant said while ranking Nepal in the sixth position in Best Value Destination across the world.



The plant has enlisted Rio de Janeiro of Brazil as its top one and Gothenburg of Sweden in top second list.

"While the choices are not the cheapest destinations on the planet in every case, they're great options for travellers who want to visit somewhere new and interesting without draining their bank account," he added.

Earlier, the pride of Nepal, Mount Everest, was enlisted in Forbes' Ten Stunning Travel Destinations around the world.

Mt. Everest has been defined by Forbes as nature's most mag-

"Production of Jute could be tripled if provided cash incentive in Indian currency"

Nepal Jute Mill Association proposed that if the cash incentive provided in Indian currency the production of jute will be increased by triple. Proposal was sent to Ministry of Finance last year but no hearing so far said Champa Lal Rathi, Former President of Association. He further said that we have requested to provide cash incentive in Indian currency for jute industries only. He said to form a high level team, visit and study the Jute market in Bangladesh and India prior to provide the cash incentives. India and Bangladesh is the 80 percent market of Nepali Jute. Now Government has been providing cash incentive in exportable goods being exported in third countries.



If the forthcoming budget covers the suggestion/issues raised by the association, Jute Industries can give good production for long term said Prakash Mundada, Vice President of Nepal Jute Mill Association. He said if the issues raised by the association covers in the budget then semi operational and new industries can be brought into operational. Now the total production capacity of Nepali Jute Mills is 100,000 MT per annum and Rs. 10 billion has already been invested in Jute Industries in Nepal, said Mundada. Association said since last 1 year they have done

a several dialogues with ministry of finance.

Chief of industrial facility section at Department of Industry Rishikesh Dhungel said "Recently the cash incentive in Indian Currency cannot be provided. However, there are possibilities of providing incentive for such production if there is a demand in bulk as per the size of export, but association has not proposed us for providing such facility in bulk" said.

All the Jute industries currently running are producing 60 percent of its total capacity and they have produced and exported



the jutes worth 4.5 billion last year said Rathi. Industries after having increased of production of sacks along with Sweater, bags and clothes, overall production have been increased - said

Govind Bajgain, Administration Chief of Arihant Multifibers. He further said if the government provides necessary facilities to farmers for jute farming then industries can be run in full fledge. 30 percent of raw materials being used by the jute industries are Nepali and rest 70 percent are imported from India and Bangladesh, said Mundada.

It is said that 18,000 people have been provided employment by the jute industries in Nepal.

NBSM lab close to obtaining international accreditation

A lab of the Nepal Bureau of Standards and Metrology (NBSM) is in the final stages of receiving international accreditation which will allow Nepali products to obtain internationally recognized quality certification.

One of the bureau's departments that looks after management is also in the process of getting international accreditation which will enable it to issue ISO 9001:2008 certification. Nepali exporters presently rely on labs in India to obtain certification particularly for agricultural products.

The NBSM applied for certification to the National Accreditation Board for Testing and Calibration Laboratories (NABL), India some two years ago. "We have recently completed restructuring the setup as recommended by the NABL during its final auditing and submitted the documents to them," said NBSM Director General Ram Adhar Sah. "We are hopeful of receiving certification soon," he added.

After the NBSM receives approval for system certification, it will be able to issue ISO 9001:2008 to companies for better performance in management. "ISO 9001:2008 indicates that the company has maintained a good database management system and it has the capability to fulfill the given responsibility," said Sah.



Similarly, product certification will assure the quality of both food and non-food items. According to Sah, the certification will provide assurance that the products comply with the norms of the global quality standard set by the World Trade Organisation. "Although our quality certification will be accepted globally, domestic companies may have to fulfill additional requirements in particular importing countries," he added.

Meanwhile, the NBSM is also in the process of receiving accreditation for another lab related with testing and calibration. According to Sah, the lab is under construction. The United Nations Industrial Development Organisation and the government under its Nepal Trade Integration Strategy 2010 are providing technical and financial support to set up labs of international standard. Upgradation of the labs is part of the government's programme to boost exports by removing non-tariff barriers to trade, according to Sah.

Recently, the Department of Food Technology and Quality Control received accreditation for testing the quality of food from the same Indian accrediting agency. Similarly, state-run Central Seeds Testing Laboratory and a private company Zest Laboratory have acquired international certification to test seeds of agro products and medicinal products respectively.

Transit facility to help intra-regional trade

Experts on Tuesday called for a change in the mindset that transit facility to landlocked least developed countries (LLDCs) is a one-way concession but will be a benefit to coastal countries too, and enhance corridor development concepts — suggested by various regional think tanks — besides concluding a regional transport agreement including international instruments.

"A World Bank study has revealed that a median landlocked country like Nepal experiences 42 per cent higher transport cost than a median coastal country," said former commerce secretary Purushottam Ojha, addressing the 'National Consultation on Transit Transport Cooperation in South Asia' organised by the Association of Former Career Ambassadors of Nepal, and South Asia Centre for Policy Studies in Kathmandu on Tuesday.

Though, the SAARC Regional Multimodal Transport Study has suggested to develop 10 road corridors, five railway corridors, two inter-water transport corridor, 10 maritime gateways, and seven aviation gateways in the region to expedite trade within and out of the region, the non implementation of the study has hit Nepal's capacity to trade within and out of the region, he said, adding that the Almighty Programme of Action — that lobbys for LLDCs right to free transit — has, however, increased the call for promoting trade facilitation in

the region.

Among the suggested SAARC road corridors, corridor-2 connecting Kathmandu to Kolkata/Haldia via Birgunj, corridor-4 connecting Kathmandu to Mongla and Chittagong via Fulbari-Banglabandha, corridor-7 connecting Kathmandu to Karachi via Nepalgunj-New Delhi-Lahore, and corridor-10 connecting Kathmandu-Bhairahawa-Lucknow, will connect Nepal to other countries in South Asia.

Likewise, out of the five railway corridors, two railway corridors, one connecting Birgunj with Kolkata/Haldia, and the other connecting Birgunj with Mongla-Chittagong via Katihar-Rohanpur could provide connectivity for Nepali transit traffic.

"Lack of transit transport cooperation is a major bottleneck in regional economic integration in South Asia," said executive director at South Asia Watch on Trade, Economics and Environment Dr Ratnakar Adhikari.

"Although LLDCs like Nepal are the major losers, coastal countries too suffer a huge cost of non-cooperation," he said, adding that LLDCs suffer due to their dependence on transit-providing countries as it is a sticky issue despite its potential for facilitating intra-regional as well as extra-regional trade.

Transit facility to help intra-regional ...

Syndrome of mistrust among the countries in the region, security-first mindset of governments, and apathy towards enhancing regional economic integration coupled with poor connectivity, have hurt coastal countries too, Adhikari added.

Empirical studies have revealed that a 10 per cent fall in transaction costs at borders in South Asia can increase a country's exports by around three per cent. Similarly, a 10 per cent fall in transportation costs will increase bilateral trade by 5.7 per cent, according to studies that have called for more connectivity in the region.

Successive SAARC summits have focused on regional integration to ensure the free flow of goods and people to increase trade and tourism in the region, said SAARC secretary general Ahmed Saleem.

Member countries of the South Asian Association for Regional Cooperation had agreed in principle to establish road and railway links with each other to bolster regional economic cooperation in December, 2009.

Nepal to push building power lines at Energy Group meet at Thimpu

The Energy Ministry has said that it will lobby for construction of high-voltage transmission lines linking Nepal with other South Asian countries at the meeting of the Energy Group under the South Asian Sub-Regional Economic Cooperation scheduled to be held in Bhutan. Energy secretaries of four South Asian countries —Nepal, Bhutan, Bangladesh and Sri Lanka —will attend the two-day meeting to be held from Nov 9-10.

Energy secretary Hari Ram Koirala is leaving for Thimpu on Nov 8 for the meeting. Koirala said that the meeting would be significant in building a consensus on how to realize cross-border energy connectivity and reaping benefits from it. He added that Nepal would present three major topics at the meeting —construction of cross-border high-voltage power lines, development of mega projects in Nepal and Nepal's trading of hydro electricity with neighbouring SAARC countries.

"Despite Nepal's having abundant potential in hydro power generation, investors so far have been unwilling to invest in the

hydro sector due to a restricted market," said Energy Secretary Koirala.

"In this context, Nepal should be able to enhance its relationship with other SAARC countries so as to export hydro electricity for which construction of high voltage transmission lines linking SAARC countries are a must," added Koirala.

Apart from Koirala, two officials from the Energy Ministry and one official from the Nepal Electricity Authority (NEA) will represent Nepal at the meeting. Ministry officials said that the team would make an effort to construct cross-border transmission lines with Bhutan, Sri Lanka and India separately.

The meeting will also focus on developing measures to minimize energy crisis in the SAARC sub-region and get optimum benefits from its energy resources.

Construction of Hetauda tunnel to start in Feb

Nepal Purbadhar Bikas Company (NPBC) has said that it will start construction of a tunnel road linking Kathmandu-Kulekhani-Hetauda from February as the detailed project report (DPR) of the proposed priority route under the "four P" concept — public, private, people partnership, was at the final phase of preparation.

NPBC vice-chairman Lal Krishna KC said the preliminary report and environment impact assessment of the underground pathways had been submitted to the concerned authorities and 95 percent of the DPR preparation has been completed.

NPBC aims to bring the highway, which is estimated to cost Rs 20 billion, into operation within three and a half years. The much-talked about route will provide a one-hour link between Kathmandu and Hetauda via Kulekhani. Currently, travellers have to take the 133 km Tribhuvan Highway or the roundabout Kathmandu-Mugling-Hetauda route that is 227 km long.

Speaking at a programme organized by NPBC in Hetauda on Saturday, KC said, "We are using advanced technology and equipment from domestic and foreign companies."



Unveiling the technical and progress reports of the project at the event, he informed that three tunnels with a combined length of 4,670 m have been proposed for the project. According to KC, a 360-m tunnel will link Chobhar and Kulekhani. Similarly, two tunnels, 3,690 m and 620 m long, will connect Kulekhani and Bhimphedi and Bhainse and Tri-

handi respectively.

Shareholders of NPBC include the Federation of Nepalese Chambers of Commerce and Industry, the Federation of Contractors Associations of Nepal, non-resident NepalIs and 50,000 locals from 26 village development committees in Kathmandu, Lalitpur and Makwanpur districts.

The company has acquired 87 hectares of land along the proposed route. NPBC chairman Kush Kumar Joshi said they planned to compensate landowners with shares in the company. He emphasized that the route would be built. The tunnel project has been bandied about for the last two decades.

Nepal-India meet discuss railways

Industry Organisation Morang on Monday organized a discussion programme with Indian representatives regarding railway service.

During the meeting, difficulties about the train service were discussed where Manager of Jogbani-Katiyar Train Service, AK Sharma, Acting chairman of Industry Organisation, Morang, Bhim Ghimire, Coordinator of Eastern Regional Federation of Chamber of Commerce and Industry, Kishor Pradhan and media persons were present.

Manager Sharma said that they will resolve problems faced by people during travel through railway. Chairman of Morang Commerce Association, Abinash Bohara, urged Sharma to make necessary arrangements to bring goods to be imported from third country to Jogbani via Kolkata of India.

President of Morang branch of Federation of Nepali Journalists (FNJ), Bikram Niraula, stressed that the railway service should be more effective.

Subsidized Rice import thru Pashupatinagar banned

The import of Indian rice through Pashupatinagar and Manebhanjyang entry points has been prohibited since Friday (November 2).

"We have banned on the import of rice from India through Pashupatinagar as there has been an increasing tendency of importing the rice being sold at subsidized rates to its citizens by the Government of India for selling in Nepal," said Janardan Acharya, Section Officer at the Customs Office at Pashupatinagar.

Nepali traders, in close cooperation with their Indian counterparts, were found importing the Indian rice illegally in order to make higher profits. The rice is also banned for sale in India. The decision regarding the banning on the import of Indian rice was taken by the revenue leakage control committee. A meeting of the committee was held under the chairmanship of the Chief District Officer of Ilam Baburam Khatiwada.

"Since it is illegal to sell such rice, we have banned on the import and sale of the in order to discourage unlawful activities," Acharyasaid.

New frequency policy within a week

The government has said it will bring the new frequency policy within a week, which will pave the way for the auctioning of telecom frequency.

On Sunday, the Radio Frequency Policy Determination Committee held a meeting on the new frequency policy and discussed the proposed draft of the policy prepared by the Ministry of Information and Communications. The meeting, however, could not take a decision, with some members putting forth their suggestions and asking the ministry to prepare a 'clear' draft.

"We discussed making the new policy revenue generating, transparent and beneficial for operators too by adopting an auctioning provision as suggested by the now-defunct Public Accounts Committee (PAC)," said Surya Prasad Silwal, secretary at the Communications Ministry and a member of the committee.

Silwal added the committee would bring the new Telecommunications Radio Frequency Distribution and Pricing Policy within a week with necessary changes.

The PAC, following its investigations into telecom issues such as frequency assignment and pricing, had directed the government to scrap the existing policy and devise a new one that could generate revenue through the auctioning of the scarce recourse.

After the endorsement of new policy, the government will scrap the Telecommunications Radio Frequency Distribution and Pricing Policy 2011 endorsed by 14th meeting of the fre-

quency committee last year.

Secretary of the Ministry of Culture, Tourism and Civil Aviation Yajna Prasad Gautam, who is also a member of the frequency determination committee, said they have asked to rewrite the draft as it was not clear as per changing technology. "The Communications Ministry is likely to finalise the policy soon based on our suggestions," he said.

The draft of the new policy talks about re-farming of high-value cellular and mobile

broadband frequency and allocation of such airwaves only through auction. However, there will be no auction of VSAT and microwave frequency that carry less economic value.

The PAC study had showed that the government's failure to auction 3G frequency had cost it around Rs 7-10 billion. The government had allocated the lucrative 3G frequency to Nepal Telecom and Ncell without charging any fee.

As per the draft policy, the government will also set the minimum and maximum spectrum limit for operators. The new policy is expected to end the practice of allocating extra frequency to a single company.

The policy will also decide on using the digital dividend (the spectrum to be freed after switching from analogue TV broadcasting to digital) for mobile and broadband service. The digital dividend, also known as 700 MHz band, is currently being used for television broadcasting purpose in analogue technology.

PMO asks more funds for Valley road expansion drive

The Office of the Prime Minister and Council of Ministers (OPMCM) has instructed the Ministry of Finance (MoF) to instantly disburse Rs 590 million to different government agencies in order to speed up the road expansion drive in the Kathmandu Valley.

The disbursement was ordered mainly after Nepal Electricity Authority (NEA) informed that it would need Rs 210 million to relocate the electricity poles and wires, Kathmandu Upatyaka Khanepani Limited (KUKL) demanded Rs 40 million for realigning the drinking water pipelines and District Development Committee (DDC) Kathmandu and Lalitpur asked for Rs 240 million and Rs 100 million respectively to smoothly execute the road expansion program.

Following such assessment, Prime Minister Baburam Bhattarai on Saturday instructed the MoF to arrange and disburse the budget immediately to those agencies so that 'tangible output' could be seen in the road expansion drive in the Valley.

"It is important to disburse the budget to speed up the progress of road expansion program," said Krishna Hari Baskota, secretary at the OPMCM. "Hence, we have instructed the MoF to disburse the budget without ado."

A team of OPMCM had conducted a field study and inspected the status of road expansion program under the leadership of Baskota. The team had later briefed on their findings to Bhattarai.

According to a press release of OPMCM, the inspection team had visited road stretches of Gyaneshwor-Baluwatar-Dillibazar-

Charkhal, Gyaneshwor-Lazimpat, Sano Gaucharan-Sifal, and Mitrapark-Jayabageshwori, among others.

Under the drive, the government has been expanding roads stretching along the 180 kms in 100 different road sections in the Valley.

"Under the drive, we found that 10 households in Lainchaur-Maharajgunj section were losing their entire property," said Baskota, adding that following such finding the team reported to Bhattarai that the government should duly address concerns of those families.

During the field visit, the team also instructed all concerned agencies such as KUKL, Nepal Telecom and NEA to work in close coordination so that relocation or fresh installation of water pipes, communication cables and electricity lines and expansion of roads goes hand in hand. "The lack of coordination among line agencies too has been causing delay in achieving the tangible result of road expansion program. We have strongly asked them to work together," Baskota said.

After hearing the findings of the inspection team, Bhattarai asked all the agencies involved in the program to work in a coordinated and effective way. "All the agencies must work in an integrated way since the road expansion leaves crucial long-term impact," said PM Bhattarai.

"The construction of road also should be in the same speed as the expansion of road." He further added that the people have suffered a lot due to unmanaged dusty road. "Please speed up and complete the task at the earliest," he said

Nepalese Business delegation leave for New Delhi

A 25 member delegation Nepalese business community from Federation of Nepalese Chambers of Commerce and Industry (FNCCI), Confederation of Nepalese Industry (CNI), Nepal-India Chamber of Commerce & Industry (NICCI) and other southern border area Chambers of Commerce and Industries left for Delhi on Tuesday to participate in a 5 days program organized for Nepali industrialists.

The delegation is scheduled to visit Maruti Suzuki Plant at Gurgaon, Jaipur Texweaving Park Ltd. and agricultural warehousing at Jaipur, and will also have business to business meetings with private sector leaders from India. Businessmen from the two countries will also discuss the prospects of joint venture investment in areas such as tourism and manufacturing sector.

Govt to launch pilot program on universal health insurance in 5 districts

The government is launching pilot program on universal health insurance in five districts of the country to check the viability of the plan to provide subsidized health care services to the public.

The Ministry of Health and Population, which is leading the task, said the insurance programs would be initially rolled out in Ilam, Sarlahi, Baglung, Banke and Kailali districts. "The pilot program would cover all the people living in the five districts," Kavi Raj Khanal, under secretary at the ministry said.

Although the date of the launch of program has not been fixed yet, the government, according to Khanal, has already started designing insurance schemes which would provide cover to

individuals of five selected districts.

"This will enable those insured in the selected districts to claim for expenses made on medical services," Khanal said, informing, "the program would be extended throughout the country within five years of its commercial launch, when enrolment in the scheme would be made mandatory for every family."

The ministry's latest announcement comes three months after introduction of a draft on National Health Insurance Policy 2012 - a key document based on which health insurance schemes would be gradually rolled out in the country.

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Govt to launch pilot program on universal health insurance

The government has been trying to introduce universal health insurance for the first time in the country to increase people's access to affordable healthcare services.

The government is currently spending millions of rupees every year to provide free treatment against various diseases. Yet these subsidized programs have not been effective as they do not incorporate treatment of new diseases. "This is increasing healthcare spending, which is pushing moderate income generating families to the verge of poverty, while compelling members of poor families to remain incapacitated on their deathbeds," the draft of health insurance policy reads.

Once the insurance program is launched, it is expected to reduce the burden posed by often huge healthcare bills, which tends to put a dent on household spending in education, good nutrition and other forms of consumption.

As per the health insurance policy introduced by the government in August, every family in the country can enroll in the program upon paying annual premium of Rs 2,000. This

amount will provide healthcare coverage of up to Rs 50,000 per year per family. This means every family that makes an annual payment of Rs 2,000 would be entitled to healthcare services worth Rs 50,000 per year from hospitals and health service providers approved by the government.

But targeted groups and people living below the line of poverty would be exempt from the service charge. Besides, healthcare services that are currently being offered for free will continue to remain free.

To launch these schemes, the government has also proposed formation of an autonomous National Health Insurance Fund, which will be affiliated to the health ministry.

The Fund, which will also work as the Insurance Pool, will among others, mobilize and allocate resources, develop healthcare packages and claim settlement mechanism, rope in service providers in the scheme, monitor implementation of schemes and settle disputes. The Fund will also oversee different insurance units created in district, municipality and village development committee levels.

Tax Day on Nov 16, taxpayers to be felicitated

The government has decided to mark November 16 as National Tax Day and felicitate leading taxpayers and best-performing revenue staff in a bid to recognize the taxpayers for contributions they have been making in national treasury and country's development.

A decision to this connection was taken by a recent cabinet meeting. "And we are holding a special function next Friday, immediately after the Tihar festival, in which we will be honoring the taxpayers," said Tanka Mani Sharma, director general of Inland Revenue Department (IRD). [bnreak]

IRD has formed a main Tax Day Organizing Committee and three sub-committees to develop programs, nominate taxpayers to be felicitated and publicize the programs that will be held throughout the country.

Under its program, IRD would be felicitating small, medium and large taxpayers. But as the Department is still yet to finalize its programs, officials did not disclose how many taxpayers would be felicitated under different categories.

Officials, nonetheless, hinted the government could also announce special facilities to the firms and individuals being felicitated on the day.

"This is the first time we are hosting such a program. But what we would like to assure is we would continue to felicitate taxpayers, recognizing them for contribution they have been making in the society by genuinely complying with the tax laws," Sharma said.

Going by the cabinet decision, he elaborated that the country would mark Mangsir 1 (which falls on November 16 this year) as the National Tax Day every year, and would carry out various programs to build trust and cordial relationship between revenue officials and taxpayers.

The day would also mark the start of the Tax Week, during which IRD and its offices across the country would carry out tax awareness campaigns.

In the Tax Week, Sharma said the revenue officials would provide taxpayer services opening counters in different places, organize taxpayers education and awareness campaigns and encourage consumers to take VAT bills while purchasing anything.

Private sector representatives at a program organized by the IRD to brief them about the National Tax Day welcomed the government's decision.

"It is good thing that the government has finally realized taxpayers are people worthy of recognition. But, we would like to request the IRD to make sure the program is continued for years to come," said Ramesh Shrestha, a representative from Nepal Liquor and Cigarette Manufacturers Association, referring to a program on 'Commercially Important Persons (CIPs)' that the government started but failed to give continuity.

Under the CIP scheme launched almost a decade ago, the government had been felicitating top exporters and importers, entitling them with special facilities at airport and other places. However, the scheme lasted only for three years.

Malaysian firms cut workforce following wage hike decision

Nepal is receiving fewer job offers from Malaysia as companies there are reducing workforce in a bid to contain their operating cost after the Malaysian government hiked minimum wage for workers.

Issuing the Minimum Wage Order 2012 recently, the Malaysian government increased minimum wage for workers to 900 Ringgit (excluding overtime allowances) for Peninsular Malaysia.

Similarly, it has set minimum wage at 800 Ringgit for Sabah, Sarawak and the Federal Territory of Labuan effective from January 1, 2013. The new wage structure will come into effect from January 1, 2013. Small firms employing five or less workers must implement it by July 1, 2013.

"Minimum wage payable to employees may not be reduced by more than 30 percent during the probation period," states the order.

Minimum salary for migrant workers, including Nepalis, in Malaysia currently stands at RM 546 per month (excluding overtime allowances).

Nepali workers who are currently earning around 1,000 Ringgit (including overtime and other allowances) per month will be able to earn 1600-1800 Ringgit per month after the new wage structure comes to effect.

Kumud Khanal, first vice-president of Nepal Association of Foreign Employment Agencies (NAFEA), said Malaysian firms have started to cut down the number of workers and lower the demands for workers for new recruitment.

"Our client China Press in Malaysia has reduced the demand for Nepali workers from 100 to 50, citing minimum wage hike by the Malaysian government," Khanal said. "We will lower number of demands for Nepali workers as local employers are worried about the possible rise in their operating cost following the review in minimum wage,"

China Press is not the only Malaysian company to reduce number of job offers. According to Khanal, other Malaysian firms are also reducing the demands for workers to contain their operating cost. "Some companies are planning to reduce their workforce."

He, however, said the fresh hike in wage will not affect overall remittance inflow from Malaysia.

Around 300,000 Nepalis are working in different Malaysian companies. They are estimated to send home around Rs 50 billion a year.

Officials at Nepali embassy in Kuala Lumpur also expect the demand for Nepali workers to drop after the new wage structure comes to effect. "Malaysian employers are planning to reduce their workforce to contain their operating cost. We also expect the demand for Nepali workers to drop which will eventually affect remittance inflow to Nepal," Amal Kiran Dhakal, labor attaché at Nepali Embassy in Malaysia said on Monday.

Malaysia, the most popular job destination among Nepalis, received 40,633 workers during the first quarter of the current fiscal year 2012/13.

Telecom penetration reaches 66pc

Telecom service penetration rate has reached 66 percent as of the first month (mid-July to mid-Aug) of the current fiscal year. The total number of telecom subscribers in Nepal has now increased to 17.60 million, according to the Nepal Telecommunications Authority's (NTA) latest statistics.

Of the total users, 15.62 million users are subscribed to mobile services being provided by two big operators—Nepal Telecom and Ncell. With this, cell phone service has reached to 58.7 percent of the estimated population of 26.62 million, according to NTA.

Fixed line and satellite/limited mobility services are available to 3.15 percent and 4.48 percent, respectively, of the Nepal's population.

Although the number of total telecom subscribers has increased, telecom operators added less number of new subscribers in the first month of this fiscal year compared to a year ago. A total of 320,000 individuals subscribed to telecom services in the review period, against 350,000 new users in the same period last year, according to NTA.

For the whole last fiscal year, telecom operators had added more than 4 million new subscriptions, with a majority being

mobile users.

Alongside the voice service, internet penetration rate has also increased to 19.32 percent, with growing subscription to mobile GPRS service. There are 4.7 million users who have subscribed to GPRS mobile internet. "Voice service is still in high demand in rural areas with urban areas nearing saturation levels," said Ananda Raj Khanal, director at NTA, adding the demand for internet service would increase further in coming days due to the convergence of voice and data services.

As of mid-Aug, the country's total internet users' base stands at 5.1 million. In the wake of increased demand, Nepal Telecom is preparing to launch an internet service based on WiMax and IP-CDMA within this December. The state-owned telecom company has also included 3G and 4G lines in its 10 million mobile lines project keeping in mind the future demand.

Currently, Nepal Telecom has 2.16 million users in its GPRS, dial-up, ADSL and CDMA 1X internet services. Ncell's GPRS service is used by 2.82 million people. Similarly, United Telecom Limited (UTL) and other internet service providers have 78,388 and 74,140 subscribers, respectively.

Food security in South Asia worsening

Increasing food prices is pushing more of the population in South Asia to poverty, according to Food Price Watch.

Global food prices increased by 10 per cent between June and July with prices of staple diets like wheat increasing by 25 per cent, it said, adding households — in South Asia — who previously were living not far above the poverty line are likely to have fallen into poverty as the result of higher food prices.

The crisis continues to have effects on food and nutrition security across South Asia. "Bad weather, trade curbs, oil prices and bio-fuel diversions have all led to higher food prices, which destabilises the incomes and food security of millions across the region."

"Food prices increased sharply in July," said senior economist at World Bank José Cuesta, adding the effects on poverty can reach up to 20 per cent and the impact on the performance of children in school, their development and growth are not only transitory but can last a lifetime.

"The poverty and nutritional impact of food price spikes on

the poor is significant since they spend a larger fraction of their income on food than relatively better off individuals," said chief economist of the South Asia region of World Bank Kalpana Kochhar.

A report, 'Food Price Increases in South Asia: National Responses and Regional Dimensions' found households who were previously living not far above the poverty line are likely to have fallen into poverty due to higher food prices.

To combat such trends in South Asia, resources have been made available in 2012 for bank's Global Food Price Crisis Response Programme (GFRP) to mitigate worst of these shocks.

In Nepal, for instance, a GFRP project has provided food to approximately 940,000 people through food and cash for work programmes. Some 94 per cent of beneficiaries reported an increase in food security and an average of 5.5 months of self-sufficiency; 52 per cent of respondents reported eating more meals each day; 45 per cent reported an increase in the variety of food consumed; and 30 per cent reported eating larger meals.

License fee payable in installments

The MoIC is planning to allow operators obtaining a unified licence in the future to pay the Rs 20 billion licence renewal fee in instalments. The Telecommunications Radio Frequency Determination Committee has inserted this provision in the new frequency policy.

"For the first three years, operators will have to pay smaller instalments for the licence fee," said Silwal. He added that the instalments would increase annually, and that by the final year, operators would have to complete the payments to get the licence renewed.

Speaking at a meeting of the committee held on Sunday, the secretary of the Home Ministry suggested increasing the annual instalment saying it was too low. An official at the Communications Ministry said that they had proposed a provision for paying Rs 7 billion in annual instalments and clearing the remaining Rs 13 billion in the final year.

Telecom service providers United Telecom Limited and Smart Telecom have been showing interest to obtain the unified licence. It allows operators to operate multiple telecom services including GSM mobile service. Nepal Telecom and Ncell are the only providers of GSM mobile service in the local market.

Performance based incentive in foreign employment soon

The government is planning to introduce a performance based incentive system in the foreign employment sector to curb bribes and financial irregularities. The Ministry of Labour and Employment has approved the incentive plan proposed by the Department of Foreign Employment.

The department has developed an incentive plan to provide better service to migrant workers, said director general of the department Purna Chandra Bhattarai. "The plan was developed according to the suggestions of the committee led by Dr Ganesh Gurung," he said. The government had, last September, formed a high level committee under Dr Gurung to suggest necessary reforms in foreign employment for safe migration. The committee had suggested a 30-point reform plan for immediate action.

"We have implemented most of the suggestions. Now we are looking at providing incentives to employees and building a service friendly office," Bhattarai said. According to Bhattarai,

incentives will encourage employees towards fair financial behaviour and better service. According to the incentive plan, employees providing timely service to migrant workers will get 60 per cent benefit and an additional 40 per cent for speedy service. "Employees who provide services promptly and according to law will get the benefit," said a section officer of the department Lavraj Joshi.

"We have different performance criteria for employees according to the nature of their work," Joshi said, adding that different performance measures have been set for nine sections of the department. We have planned a unit based incentive calculation formula for it, Joshi added. For instance, according to the civil charter, the department should issue a foreign job permit in three days, but employees who issue the permit in two days are entitled to get 15 per cent incentive for quick service.

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Performance based incentive in foreign

Similarly, employees providing the same service in one day will get 30 per cent incentive. About 300 outsourcing agencies and foreign job aspirants visit the department every day. Providing services is difficult due to poor physical facilities. Therefore, the department is also exploring a new place to build its building in Kathmandu.

Currently, the government has been providing similar incentive schemes to civil servants working in revenue and employees of Civil Servants' Personal Record office. They get 200 per cent and 150 per cent incentive, respectively.

New service

Department of Foreign Employment is planning to open an express service for outsourcing agencies and foreign job aspirants. The department is studying the possibility of express service for those who can pay an additional fee for the service, said director general of the department Purnachandra Bhattarai. According to him, the financial principle 'pay for service' will be applied in the express service.

Currently, the Ministry of Foreign Affairs has applied the principle while issuing passports. Any person who wants to get a passport earlier than the prescribed time has to pay twice the amount. The department's express service will be similar to it, but we don't have details now, he added.

'EPS needs complete overhaul'

Former diplomats and Nepalis employed in South Korea have urged government to revise the Employment Permit System (EPS) to make it worker friendly. The process needs a complete overhaul to reduce negative impacts and provide maximum benefit to workers, they said in an interaction held by Nepali Migrants Solidarity Centre.

South Korea is a dream destination for Nepalis, but the hiring process needs to be reformed to make it worker friendly, said a returnee Sushila Joshi. "The EPS training/orientation is not enough to tackle the workload in the field, and needs to be practical," she said, expressing her grievances with her work in the agriculture sector in the destination.

"I had to work for 12 hours without adequate rest," she said, adding that her employer also cheated her regarding salary. I just got Rs 18,000 for three months, she said, "When I asked for my salary, the employer terminated my job."

Nepalis working in South Korea believe that the Test of Proficiency in Korean is also irrelevant. According to them, the job place requires hardworking people, but educated and inexperienced people have also been taking the language test — the iron gate to a lucrative job in South Korea. It should be simplified so that hardworking people who are not literate are attracted towards it, they said.

Nepalis working in the manufacturing sector also have the

same stories —being cheating in salary, poor living conditions, and abuse by employers or managers — to share. South Korea has better labour laws as compared to other popular destinations — Gulf countries and Malaysia. "But there is not a single agency to support it. Nepali embassy in Seoul has remained a silent observer," said migrant worker Gopal Sangraula.

Former ambassador to South Korea Kamal Koirala accepted the blame. "The diplomatic mission in Seoul is not in a position to listen to the grievances of all the workers because of the limited budget and the absence of a labour attaché," he said. He urged the government to increase the number of staff including the appointment of a labour attaché and increase the budget to support Nepali migrants in difficulties.

There are about 18,358 Nepalis working in South Korea, and of them, 15,000 are EPS workers. The workers have been sending about Rs 17.58 billion remittance to the country. "They are sending significant amount of remittance, but are being ignored by the government," said president of Federation of Nepali Journalists South Korea chapter Raghu Tripathi.

According to him, about 30 Nepalis have committed suicide since the EPS process began in 2008. Currently, about 60 Nepalis are in various hospitals following accidents at the workplace. Their situation is miserable, he added.

Toshiba launches full HD Smart TV in Nepal

CG Electronics, the authorized distributor of Toshiba home appliances for Nepal, has introduced Toshiba's full HD 3D Smart TV in the Nepali market.

The Toshiba VL20 LED has a slim swivel stand design that complements living space and can adjust in small area, according to Kusum Lama Yonjan, senior market executive at CG Electronics. The



46-inch Smart TV set costs Rs 216,990 and is available in all multi-brand showrooms and selected networks across the country. "The launch of the VL20 3D TV series is a testimony of Toshiba's continuous endeavor to innovate and our commitment to consumers for an unmatched quality and reliability." She said.

India to showcase Aakash tablet at U.N.

India, which assumed this month's rotating Presidency of the Security Council, will showcase its low-cost Aakash tablet at the United Nations, highlighting the country's innovation involved in the "most competitively priced" tablet computer.



India's Permanent Representative to the U.N. Hardeep Singh Puri said a presentation on the tablet will be held on November 28 at the world body's headquarters here to which UN Secretary General Ban Ki-moon will be invited.

Suneet Singh Tuli, CEO of Canada-based Datawind, which had won the Indian government's tender for making and supplying the tablets, will also be present on the occasion.

Aakash has been "described as the most competitively priced tablet computer by an Indian-origin entrepreneur," Mr. Puri said at a news conference on Friday to outline the Council's monthly agenda under India's presidency.



He said while the tablet would be called "frugal innovation" in UN terminology, it is a "competitively priced innovation."

Later talking to PTI, Mr. Puri said the Indian mission to the UN took the initiative to showcase the tablet at the world body and other UN member states as well as media persons will be invited to the event.

Mr. Tuli would make a presentation to the UN audience on Aakash, which was launched in October last year by the Indian government to make available computing devices to students at subsidised rates.

The Indian mission intends to distribute a limited number of Aakash tablets to some member states.

Datawind had won the tender in 2010 to supply one lakh Aakash tablets for a price of around \$49 per unit. The project had run into controversy following the Indian Institute of Technology at Rajasthan rejecting the devices manufactured by Datawind.

A new version of the tablet PC, featuring one Ghz processor, four-hour battery time, capacitive screen and Android 4.0 operating system, is expected to be launched in India on November 11.

The Indian mission will also organise a cultural event at the UN on November 26 featuring the Shahi qawwals, who will be flying in from Ajmer for a Sufi music concert at UN on occasion of India's presidency.

Govt of India plans to reduce fiscal deficit to three percent by 2017: Chidambaram

Finance Minister P Chidambaram last week unveiled a five-year road map for fiscal consolidation to promote investments, contain inflation and reduce fiscal deficit to about three percent to take India onto the high growth trajectory. He said that the government will continue its efforts to restrict fiscal deficit in the current financial year to 5.3 percent of the Gross Domestic Product (GDP) and reduce it to three percent by 2016-17. The fiscal deficit was 5.8 percent in 2011-12.

"As fiscal consolidation takes place and investors' confidence increases, it is expected that the economy will return to the path of high investment, higher growth, lower inflation and long-term sustainability," Chidambaram said. Economic growth slipped to nine-year low of 6.5 percent in 2011-12 and it is expected to fall further this fiscal. Referring to fiscal consolidation in 2012-13, Chidambaram expressed the confidence that government would be able to raise Rs 30,000 crore from disinvestment and Rs. 40,000 crore from sale of spectrum.

On revenue targets, he said: "Every effort will also be made to realise the revenue budgeted under tax receipts. Government also expects to be able to contain and economise on expenditure, both on Plan and non-Plan side. While funds will be made available for essential expenditure, especially capital expenditure, every effort will be made to avoid parking or idling of funds."

The government had budgeted the fiscal deficit for 2012-13 at 5.1 percent. However, as per the consolidation roadmap, it is expected to be 5.3 percent of GDP.

Chidambaram said, "5.1 percent was very challenging. After looking at all the factors, we think 5.3 percent is do-able, and we intend to work hard and achieve that. "This plan is necessary, this plan must be implemented and government is very serious about implementing this fiscal consolidation plan," he added.

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Govt of India plans to reduce fiscal deficit

The roadmap follows the recommendation of the Vijay Kelkar-headed Committee which had suggested that the government should undertake reform initiatives, go ahead with disinvestments and reduce subsidies, without which fiscal deficit could shoot up to 6.1 percent in 2012-13.

Chidambaram said the government is determined to address the twin challenges of current account deficit (CAD) and fiscal deficit. He said the CAD is expected to come down to USD 70.3 billion or 3.7 percent of GDP in the current fiscal, from USD 78.2 billion or 4.2 percent in 2011-12.

When asked about the introduction of the amended Direct Taxes Code (DTC) Bill, Chidambaram said, it is under review and would be presented to Parliament after taking into account the recommendations of the Standing Committee.

"A quick review of DTC Bill will be done. We are looking at the Bill that was introduced, at the standing committee's recommendations. We are also looking at current economic situation and therefore final version of bill that will be introduced in Parliament will reflect all these. By and large we will have to abide

by Standing Committee recommendations," he said. Chidambaram said the work is in progress on both the DTC and the Goods and Services Tax (GST).

On lowering government holdings in state-owned firms, he said the Disinvestment Department has already obtained Cabinet approval for stake sale in 8 PSUs-HCL, NALCO, SAIL, RINL, BHEL, OIL, MMTC and NMDC.

Chidambaram said the government would rely on Aadhaar enabled direct cash transfers of subsidies to eliminate duplication or falsification. He said that the slowdown in the world economy, lower growth in India, higher inflation, lower tax receipts and increased expenditures led to considerable fiscal stress in the 2011-12 financial year. The fiscal deficit, the gap between overall expenditure and revenue, rose to 5.8 percent on GDP in 2011-12.

Chidambaram said that if immediate corrective steps were not taken then the economy could go into a cycle of low growth, high inflation and high deficit. (ANI -New Delhi)

Tamil Nadu set to attract Rs 1L cr investments

With a dozen companies committing to invest more than \$4 billion towards the creation of fresh capacities in and around Tamil Nadu, the southern state of India, the overall business sentiment is starting to look up. The twelve companies, which includes names such as Nokia, Hyundai, Danfoss, Amway, Saint-Gobain, Tube Investments and TVS Group, signed memorandums of understanding (MoUs) with the state government on Monday to invest Rs 20,925 crore.

Chief minister J Jayalithaa also said the state government would introduce policy reforms that include a new industrial policy, a biotechnology policy, automobile and auto parts policy and an aerospace industrial policy. "For instance, in the automobile and auto parts policy to be shortly released, I have set a goal to make Chennai the world's largest auto hub," she said, after signing the MoUs for the investment, which also entails employment to around 36,855 persons.

The state government recently unveiled its solar energy policy 2012. "My government is committed to catapulting Tamil Nadu to higher growth orbit and developing the state to be on a par with middle income countries like Malaysia, Thailand and South Korea. My government is confident of attracting over Rs 1 lakh crore of new investments in the manufacturing sector," Jayalithaa said.



However, the chief minister opposed foreign direct investment (FDI) in retail stating that it would destroy small businesses. "The recent decision of the Government of India to open up our retail businesses to FDI is one such example fraught with the danger of destroying our small business ventures that provide jobs to millions of people. My government has already opposed this and declared that we will not permit such FDI in retail in Tamil Nadu," Jayalithaa said.

The Tamil Nadu Vision 2023 document envisaged investment in infrastructure to be Rs 15 lakh crore over the next 11 years. "The major part of financing for infrastructure has to be obtained from non governmental sources. Investments in the pipeline in Tamil Nadu stood at Rs 9,25,285 crore in September 2012 as against Rs 7,50,579 crore at the end of March 2011. This implies that Tamil Nadu has attracted an incremental investment of Rs 1,74,706 crore during the last 18 months. This includes a substantial amount of investments in infrastructure projects such as power generation, healthcare and education and port development. All these will substantially improve the quality and reliability of our infrastructure and strengthen our competitive advantages in attracting investments in the manufacturing sector," Jayalithaa said.

Bihar milk cooperative joins Amul in race for DMS

It's turning into a contest between Bihar and Gujarat for control of the loss-making Delhi Milk Scheme, the central entity that controlled supply in the capital a few decades ago.

Days after the Gujarat Cooperative Milk Marketing Federation (GCMMF)-owned Amul submitted a proposal to the Centre to acquire DMS, the Bihar State Cooperative Milk Producers' Federation (Comfed), that owns the Sudha dairy brand, on Monday also threw its hat into the ring.

"We still have to put a formal business proposal in front of them but the initial stages of negotiations are on. By the end of this month, things will be clearer," Comfed managing director Harjot Kaur said.

Sudha, which currently procures close to 14 lakh litres of milk in Bihar and Jharkhand, has over 98% of the market share in the two states. The company procures three lakh litres milk in Uttar Pradesh, Orissa and West Bengal and announced its plans to enter the Delhi and NCR markets on Monday to cash in on the large packaged milk market in the region.



While industry sources said that DMS has been incurring losses for several years, Comfed said the proposed acquisition will give it a wider distribution network as DMS has close to 350 outlets in the capital with a production capacity of nearly 5 lakh litres a day.

"It is a promising proposition for anybody. We have already been supplying bulk milk to DMS. In fact DMS had approached us to market our products first

but then we wanted our products to be sold under Sudha brand only," Kaur said. With the real estate costs in Delhi being high, Kaur said the DMS outlets, especially in central Delhi, would enable better marketing for the Sudha brand.

GCMMF too had expressed interest in acquiring DMS in September this year to better leverage its existing infrastructure and exploit its full business potential. GCMMF, which is still in talks with the ministry, said that the initial response has been positive and that the two groups are discussing the purchasing offer. GCMMF, which has a procurement capacity of 125 lakh litres, is aiming to increase it to 200 lakh litres by 2020.

Jet Airways to repay \$600 million debt by March

The Naresh Goyal-led Jet Airways on Monday said it will retire USD 600-million debt by this fiscal end by way of sale and lease back of some of its aircraft.

"We have been steadily repaying our debt, both working capital and working capital loans. By March, we expect our debt to come down to USD 1.96 billion from the current USD 2.3 billion and we would have repaid over USD 600 million of our debt this fiscal," Jet Airways chief financial officer Ravi Shankar G told analysts in a post-earnings conference call on Monday.

The total debt on the company's balance sheet stood at Rs 12,000 crore by the end of the September quarter against USD 2.4 billion in the June quarter, he said. "We are looking at more sale and lease back options in the current quarter in addition to those done in the previous two quarters. This will result in cash surplus and consequentially reduction in the working capital loan as well as lowering of interest cost going forward," Ravi Shankar said.

With Business Class load factor going up, the company is looking at reconfiguring some of its 162-seater aircraft to add more business class seats, he added. Jet Airways is looking at more full service operations in lieu of Jet Connect for the peak season, Ravi Shankar added.



The company also said it will soon lease out some of its A330s, which are currently grounded after the airline pulled out from certain international routes. "We are looking at leasing some of the A330s, which are grounded, over the next few weeks for 12-18 months period. These aircraft are expected to fetch a rental of USD 1 million per aircraft per month,"

company's vice-president for commercial strategy and investor relations KG Vishwanath said.'

Besides, the airline is also exploring options to further lease some of its five Boeing 777s, which are currently leased to Thai Airways and will come back next year after the expiry of the contract, Vishwanath said.

Jet Airways raised USD 42 million by way of outright sales, and sale and lease back of seven Boeing 737s in the previous quarter, which helped it reduce debt as well as working capital loans, he said. Meanwhile, Ravi Shankar said the airline's ancillary revenue rose to 20 per cent year-on-year after the introduction of pre-seat booking charges, enhanced on-board offerings, sale of merchandising and other offerings on its website.

"We expect the ancillary revenue, which currently stands at USD 8 per ticket per passenger, to go up significantly in the coming quarter," he added.

US auto sales strong despite Sandy hit

Chrysler and General Motors posted their best October numbers since the 2008 financial crisis as US auto sales extended their steady gains Thursday despite taking a hit from Hurricane Sandy.

Total industry sales rose 6.9 percent from October 2011 and set an adjusted annualized pace of 14.3 million units, down from 14.9 million in September, according to Autodata.

Ford estimates that the deadly storm prevented dealers across the industry from selling about 20,000 to 25,000 vehicles in the final days of the month and knocked about 300,000 units off the annualized pace.

Those sales will likely simply be postponed, not lost, and sales will climb even further as people replace vehicles damaged in the storm, Ford sales chief Ken Czubay said.

"I would expect we'll see a lot of them in November as people quickly need to get back on their feet," Czubay said in a conference call.

Several automakers have already launched incentive programs aimed at helping storm victims replace their damaged vehicles at a lower cost. But while those replacements could result in a brief uptick, automakers said the real growth is coming from an improving economy and pent-up demand.

"Economic fundamentals are pointing to modest economic



growth with signs of a better housing recovery ahead," Ford economist Jenny Lin said.

That's good news for the auto industry, GM sales chief Kurt McNeil said.

"Year over year, the light vehicle selling rate has increased for eight consecutive quarters without a tailwind from the residential housing sector, but that is starting to change," McNeil said.

"If these trends continue, housing may be the final piece of the puzzle that lifts sales above 15 million units on an annual basis just as GM prepares to launch even more new cars, crossovers and trucks."

Ford sales were up 0.4 percent at 168,456 vehicles in October and have climbed five percent for the year to date to 1.9 million vehicles.

GM posted its best October since 2007 as sales rose five percent to 195,764, pushing sales for the first 10 months of the year up four percent to 2.2 million vehicles.

Toyota said its sales rose 16 percent to 155,242 vehicles in October with sales up 30 percent for the year to date at 1.7 million vehicles.

"Despite the impact of Sandy, October was a solid month for Toyota and the industry, and we look for the market to remain strong in the months ahead," said Bob Carter, head of US automotive operations at Toyota.

Apple sells 3 million iPads in new launch

Apple said Monday it sold three million iPads in the first three days of its launch of the iPad mini and fourth-generation model of its original format iPad.

The tech giant said demand for iPad mini "exceeded the initial supply," meaning some orders will be delayed until later this month.

Apple did not break down precise sales of the mini -- the 7.9-inch (20 centimeter) tablet which joins several other small-format tablets -- and the new iPad, which has a 10-inch (25 centimeter) screen.

"Customers around the world love the new iPad mini and fourth-generation iPad," said Tim Cook, Apple's chief executive, in a statement.

"We set a new launch weekend record and practically sold out of iPad minis. We're working hard to build more quickly to



meet the incredible demand."

Both iPad mini and the new fourth generation iPad were launched Friday in 34 countries.

The iPad mini weighs 0.68 pounds, 53 percent lighter than Apple's third generation iPad. It is 7.2 millimeters (0.28 inches) thick, 23 percent thinner than the original iPad and thinner than a pencil

The iPad mini with Wi-Fi connectivity and 16 gigabytes of memory costs \$329, the 32GB model sells for \$429 and the 64GB version for \$529. It is more expensive than rivals from Google, Amazon and other makers.

Apple's senior vice president for marketing Phil Schiller helped unveil the iPad mini, insisting that it was an entirely new design and not "just a shrunken down iPad".

Like later versions of the original iPad, the new Apple tablet features rear- and front-facing cameras, and also has stereo speakers.



**Nepal-India
Chamber of Commerce & Industry**

*Text /Compilation /Dissemination
Marshal Rathour*

*Concept/Text / Research / Analysis/
Design /Edit
K M Singh*

**GPO Box 13245
Ace Apartments,
Narayanchaur, Naxal
Kathmandu, Nepal.**

**Phone: 977-1-4444607
Fax: 977-1-4444608
Email: secretariat@nicci.org**

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www.nicci.org***

Indebted Japanese city puts its name on sale

A debt-ridden Japanese city is offering to rename itself after the highest bidder, an official said Thursday. The city in the western prefecture of Osaka -- currently called Izumisano -- owes its creditors well over 100 billion yen (\$1.25 billion), the official said, adding the presence of nearby Kansai International Airport was partly to blame. "The city spent a lot of money building roads and other infrastructure because the airport was built in this relatively remote place," he said on condition of anonymity.



"The mayor believes the city government needs to seek new ways to make profit." Izumisano, which is known mainly for its towel-making industry and proximity to the airport, is looking for a sponsor prepared to stump up at least a billion yen.

Many of Japan's regional governments are saddled with enormous debts after decades of infrastructure projects of sometimes dubious value. A rapidly ageing society means an increasing number of pensioners need to be supported by a dwindling workforce and a shrinking tax base.

North Korea's 'Hotel of Doom' to finally open 26 years after construction first began

The 105-storey hotel which dominates the skyline of the North Korean capital, Pyongyang, may open next year, 26 years after construction began. The pyramid-shaped building has become known as the "Hotel of Doom". It is the 47th tallest building in the world, at 330m (1,100ft), and has the fifth greatest number of floors, 105 and have multi-storey car park.

The chief executive of the Kempinski group, which will manage the Ryugyong hotel, said only 150 rooms on the top floors would be used as a hotel. Reto Wittwer said shops, restaurants and offices would eventually open on the lower levels.



3,000 hotel rooms and three revolving restaurants have been greatly scaled back.

Construction on the building began in 1987.

It was scheduled to be completed in 1989 in time for the 13th World Festival of Youth and Students. But construction was abandoned in 1992 when North Korea suffered an economic crisis.

It is reported to have spent \$180m (£112m) on finishing the hotel's facade. Mr Wittwer said the hotel will "partially, probably" open for business next year. But original plans for

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