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NICCI e-Newsflash

Happy Greetings & Best Wishes on the occasion of Bada Dashain 2069

Inside this issue:

Our next issue will be on 1st November 2012

Sashi Raj Pandey becomes Acting President of NICCI

President of NICCI and Managing Director of Surya Nepal P. Ltd. Sanjiv Keshava, owing to his transfer from Nepal, has relinquished from the post of President. The Executive Committee meeting of NICCI held on Friday 12th October 2012 approved the resignation.

Consequent upon his resignation, Mr. Sashi Raj Pandey, co-president has taken up the charge as Acting President with effect from the same date. He represents from Shree Investment & Finance Company Ltd as CEO of the company.

Investment Board holds discussions on hydro projects

The Investment Board has launched a formal round of discussions with developers on the legal framework of the Project Development Agreement (PDA) template for large hydropower projects of above 500MW under the purview of the Investment Board.

The board's discussions with SN Power, SJVN and GMR to clarify legal issues on the PDA template went very well on Friday. "Our priority is to ensure that the people and the country's interests are first protected, while ensuring a fair return to investors on any project," said the board's chief executive Radhesh Pant.

The discussion on the four export oriented projects – 650MW Tamakoshi 3,600MW Upper Marsyangdi 2,900MW Upper Karnali, and 900MW Arun 3 — was held to ensure a common understanding of the legal terms in the PDA template, and to listen to and respond to any remaining concerns as a crucial first step towards kickstarting bilateral negotiations tailored to individual projects.

The agreement — drafted by leading global firm Herbert Smith in consultation with Nepali legal counsel — ensures balanced and bankable deals that fully benefit and protect Nepal's interests, while ensuring a fair return to investors. Herbert Smith was recently appointed legal advisers to the Investment Board to assist it in its negotiations of detailed and tailored Project Development Agreements with each of the hydro developers.

Australia-based NRN pledges Rs 6.4b investment

Nepal is expected to see investment of Rs 6.41 billion in the tourism sector soon from a non-resident Nepali (NRN). Shesh Ghale, an NRN based in Australia, on Thursday formally announced his decision to make an investment of 75 million Australian dollars (approximately Rs 6.41 billion) in Nepal through MIT Holdings. "The money would be used to set up a five-star hotel in Kathmandu," Ghale told an audience present during the inaugural session of NRN Day 2012.

The holding company has already bought land near the earlier royal palace and the construction of the hotel will kick start from next year and will complete within the next three to three-and-a-half years, according to Ghale, who made his fortune in real estate in Australia. The 54-year-old millionaire, who owns the Melbourne Institute of Technology, said the promoters are currently negotiating with different international chains to seek affiliation.

Ghale´s investment is coming at a time when many investors are shying away from pouring money into the country due to the fluid political situation and labor-related problems. The community of NRNs, which is scattered all over the world, has long been asking political parties to forge consensus to resolve the political impasse that has hindered all development activities and discouraged potential investors from making new investments in the country.

"The prolonging transitional phase has been a major obstacle facing the development of the country and many potential investors are not interested in making new investments due to political instability," Jiba Lamichhane, president of NRN Association, told the gathering. "We appeal to all the political parties to forge consensus and work together for the country´s prosperity."

Lamichhane also requested the government to play a pro-active role in bringing all parties to a common platform to forge consensus. "We want to work for the betterment of our motherland. It´s a humble request to all the political parties to understand the painful situation of the country."

In response, Prime Minister Baburam Bhattarai said the government was working toward creating an investment-friendly environment. "Establishment of the Investment Board is a major achievement and it´s working on identifying 50 viable projects," PM Bhattarai said. "The government is also working on reducing power cuts and expanding transmission lines between Nepal and India."

He also claimed the political parties would soon reach consensus. "Political parties are holding discussions on what would be best for the country," PM Bhattarai said.

Meanwhile, Suraj Vaidya, president of the Federation of Nepalese Chambers of Commerce and Industry (FNCCI), requested the NRN community to invest in the country. "Nepal is not a poor country, it's only our mentality that is poor as the country offers huge potential that needs to be exploited, he said, asking NRNs to invest and help generate employment in the country. He was of the opinion that political instability and labour problems could create some problems, but Nepal still is a fertile ground for investment as compared to other countries." "Of course there are problems but we should be optimistic and keep pushing for new investments in the country," Vaidya said.

HIDC to invest in Dhalkebar-Muzaffarpur transmission line

Hydroelectric Investment and Development Company (HIDC) has decided to invest in the Dhalkebar-Muzaffarpur cross-border transmission line by acquiring a 14 percent stake in Power Transmission Company Nepal Limited (PTCNL) which will build the Nepali portion of the project. This is HIDC's first investment in a transmission line project after financing the 42 MW Mristi Khola Hydropower Project.

PTCNL was formed three months ago to build a 400 KV transmission line of 140 km length linking Dhalkebar-Muzaffarpur from the Nepali side. The Nepal Electricity Authority (NEA) owns 64 percent of PTCNL while Power Grid Corporation and IL&FS Energy of India will acquire 26 and 10 percent of the company respectively. A parallel company, Cross-Border Power Transmission Company Limited (CPTCL), has been set up in India to manage the development of the transmission line. The NEA also holds a 10 percent stake in CPTCL.

"HIDC will purchase 14 percent of the 64 percent owned by the NEA to develop the transmission line," said Ejendra Prasad Luitel, coordinator of the company's management team. The NEA had asked the company to invest in the transmission line after PTCNL was formed. Another official said that the investment would benefit the company as it would receive a 15.5 percent return on equity.

The government established HIDC to fund large hydel projects and accelerate hydropower development in the country as lack of financial resources had been one of the major stumbling blocks. "The NEA is ready to offer 14 percent of the stock to HIDC to raise cash," said an NEA source. As per the shareholder structural provision, the NEA is permitted to offer 14 percent out of its shares to any bank or financial institution (BFIs). "As HIDC was established to finance hydropower projects, it is an eligible institution to buy equity," the source added.

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Luitel said that HIDC had asked the NEA to send the necessary documents related to the development of the transmission line. HIDC officials said that they would sign an official memorandum of understanding (MoU) with the NEA after studying the documents.

HIDC has Rs 7.5 billion collected as share investment from its share holding authorities. It has deposited most of the funds collected from its promoters in banks with the aim of earning interest while the company prepares to go into business.

A cabinet meeting on July 6, 2011 had decided to allocate Rs 5 billion for the company by obtaining Rs 2 billion each from the Energy and Finance ministries and Rs 1 billion from the Law Ministry. The Employees Provident Fund (EPF), Citizens Investment Trust (CIT) and Rastriya Beema Sansthan had pledged share investments of Rs 1 billion each to take the promoters' stake in the company to Rs 8 billion, according to officials. The company, whose paid-up capital is Rs 10 billion, will issue ordinary shares worth Rs 2 billion.

The Dhalkebar-Muzaffarpur transmission line will facilitate power trade between Nepal and India. The cost of the of 45-km Nepali portion of the project is Rs 2.263 billion, while the Indian portion of 100 km will cost Rs 2.352 billion.

Export of readymade garments to India drops

An unexpected decrease in the export of Nepali readymade garments has shocked the expectations of Nepali exporters of making India its next prime export destination. According to garment exporters, garment exporters are using illegal channels to export their products to India because of problems in legal channel, due to which real figures may be missing from the available original export data.

"We are quite surprised with the changes in the export figures to India," said president of Garment Association – Nepal Uday Raj Pandey, adding that the demand for Nepali readymade garments is good in India. "We had high expectations regarding garment exports to the Indian market but the reason behind the drop is yet to be identified," he said.

According to Pandey, India was identified as 'destination next' for garments and the association was expecting an overall export figure of around Rs 800 million to Rs 900 million in the fiscal year 2011-12. However, annual export figures of Trade and Export Promotion Centre state that in the fiscal year 2011-12, garment worth only Rs 332 million was exported to India.

"We are planning to interact with exporters and concerned authorities to identify the exact reason behind the drop," Pandey said, adding that exporters preferred to export garments through illegal channels because of which the actual data has not been recorded.

After India's decision to end additional customs duty on 162 Nepali exportable items, garment industrialists were looking forward to more opportunities in the Indian market. However, due to unidentified reasons, garment industrialists of the country are now worried about the failure of Nepali readymade garments to pick up pace in the Indian market, where demand for Nepali garments has always been high.

"The removal of additional customs duty has definitely benefited the garment industry, but to make Nepali garments more competitive we are also asking for a removal of the countervailing duty of four per cent which is imposed on products that are under excise in India," said Pandey.

Besides traditional markets like America and Europe, the Nepali readymade garment industry has also identified Australia and South Africa as promising destinations.

Govt ready to privatize Nepse

The board of directors of Nepal Stock Exchange (Nepse) has formed a taskforce to formulate a strategy on divestment of shares held by the government in the stock exchange, so as to pave the way for entry of new investors. The taskforce, which has been given two-month period to complete the work, has also been asked to lay recommendations on capital and management restructuring.

The taskforce was created upon instruction of the Ministry of Finance. The formation of this team has formally laid the groundwork for privatization of the stock exchange - an issue which was frequently disused in the past but had never taken off.

Nepse, which has a paid-up capital of Rs 200 million, is currently 58.66 percent owned by the government. Nepal Rastra Bank holds another 34.6 percent stake in the stock market operator, while NIDC Development Bank and members brokers own 6.12 percent and 0.62 percent shares, respectively, in the company.

The company, which was operating as a non-profit making company during its establishment years, had converted into profit-oriented establishment in 2007/08.

Govt forwards list of items for zero-tariff facility

Nepal has forwarded to Bangladesh a list of 100 agricultural products seeking a zero tariff facility on exports and an additional list of items that it wishes its second largest South Asian trading partner to consider for preferential trading. The duty-free list includes items like lentils, various seasonal and off season vegetables, citrus fruits like orange and lemon, among others. Basically the list includes items which Nepal truly can export in significant volumes and are in high demand in Bangladesh, said a senior official at Ministry of Commerce and Supplies (MoCS).

The MoCS forwarded the list as Bangladesh, during a bilateral talks held on July 30, had agreed to provide duty-free entry facility to 100 agro-products and promote business through preferential trading arrangement. A final decision on the list will be taken after further talks between the two countries.

"We forwarded a draft memorandum of understanding (MoU), including the list to Bangladesh recently. Hopefully, we will receive the good news soon," said Lal Mani Joshi, secretary at the MoCS. The MoCS officials said that the two sides would finalize the MoU by holding the talks at the joint secretary level soon. "The meeting will be held in Dhaka, but its date has not been fixed yet," said a source.

Apart from duty free facility, Bangladesh has also agreed to facilitate Nepal´s bilateral and overseas trade by operating transit carriage of cargoes through Chittagong and Mongla Port of Bangladesh by December this year. The two sides also hope to finalize their operations modality when their joint secretaries meet in Dhaka.

The meeting would also attempt to finalize the groundwork for setting up a uniform quality benchmark, harmonizing quarantine system and health related criteria for agri- and other product. "Establishing a uniform quality rule and harmonization of quarantine are crucial if we are to ensure smooth trading of those goods," said the source.

Bangladesh is the second largest trading partner of Nepal in South Asia. According to Trade and Export Promotion Center, the volume of Nepal-Bangladesh trade stood at Rs 4.08 billion in 2011/12. During the review year, Nepal had imported goods worth Rs 1.5 billion from Bangladesh and exported goods worth Rs 2.58 billion.

Melamchi Project: Half a dozen int'l companies jostling for tunnel work

As the Melamchi Water Supply Development Board (MWSDB) is preparing to call a fresh bid to recruit new contractor for resuming the tunnel construction work at Melamchi Drinking Water Project (MDWP), more than half a dozen international companies have showed willingness to take over the task.

So far eight international companies including, Hyundai Constructions (South Korea), Impregilo (Italy), VINCI Construction (France), IL&FS (India) and China Water and Engineering (China), have approached the board to take over the tunnel construction works at the project. Similarly, some other companies from Singapore, Japan and the UK are also making queries as regards the remaining construction works at the project, according to board officials.

"This is really a positive sign for a successful implementation of the project," said Krishna Prasad Acharya, director general of the MWSDB. The board is preparing to call a bid for new contract after the termination of the contract with the Chinese contractor, China Railway 15 Bureau Group. In its action plan made public a week ago, the government had rescheduled the project's completion date to March 2016. It was supposed to be completed by 2015 as per the earlier estimate.

The MWSDB has called all the interested companies for a meeting on October 30, according to Acharya "We have also asked these companies to make a site visit of the project and suggest us if the project needs any revision in its design," he went on. "After collecting their suggestions, we will float a new expression of interest on November 9." MWSDB, the project implementing agency, has already asked more than 15 companies to make the visit of the project site.

"Representatives from some of the companies have come to meet us, while others have been inquiring over email and telephone," said a board official. "Some companies have also been requesting the board to award them the tunnel construction tasks on the basis of mutual agreement." The board also has uploaded information on the project's status on its official website as well as those of the Asian Development Bank (ADB) and the association of international tunnel constructors.

The board said that it would sign a contract with a new firm on Jan 7, 2013 to resume the task. The signing of a new contract means the project will be further delayed, resulting in a spiraling cost which is expected to rise as much as by $ 100 million. Both the MWSDB and project's major donor ADB are committed to select the better contractor to ensure the completion of the project within the newly scheduled date.

Carpet exporters devising new strategies to boost exports

In a bid to breathe new life into the country´s carpet industry, producers and exporters of hand-knotted woolen carpet are soon coming up with a new set of strategies, which, among others, cite steps they will take to build good labor relation at home and promote Nepali products abroad.

The entrepreneurs took the initiative mainly after persistent slowdown in demand for hand-knotted woolen carpets - a leading exportable product - in the European countries and weakening supply capacity after labor shortage and unrest started taking toll on the industry.

"The (carpet) industry is suffering from twin problems: weakening of supply capacity and drop in demand from major international markets. We have no option but to come up with promotional activities to regain our lost market and boost our capacity to maintain supplies," Anup Bahadur Malla, president of Nepal Carpet Exporters Association (NCEA) said. "So, we are working out new strategies in consultation with experts and the government officials."

Under the promotional strategy, Malla said the NCEA was establishing a research and analysis wing at the association, setting up Nepali carpet pavilion in international fairs, developing new attractive designs and diversifying carpet markets."We will set up Nepal pavilions in leading international fairs like Domotex that is organized in Hannover of Germany," said Malla.

So far Nepal´s participation in international fairs was limited to small stalls. "We are also prioritizing creation of attractive designs by maintaining our genuine identity," he said. Malla further added that NCEA will soon make efforts to create production environment and ramp up the supply capacity to regain overseas market.

The association is also holding talks with trade unions to keep carpet industries free from labor unrest. "This will strengthen our supply capacity," added Malla.

Bijay Bahadur Shrestha, executive member of NCEA and a leading exporter of Nepali carpets, said some carpet entrepreneurs were already making individual efforts, including creation of new designs, to regain the lost markets.

"Some exporters are creating new designs to participate in trade fairs in major international markets," said Shrestha. He also said some exporters will unveil their new designs at the Domotex carpet fair that is being organized in January, 2013 in Hannover, Germany.

Despite rise in carpet exports in US and Chinese markets in recent years, exports of hand-knotted carpet to Europe declined last year due to eurozone crisis. Data compiled by Trade and Export Promotion Center (TEPC) shows carpet exports dropped in more than 70 percent of total 25 major overseas markets, which mainly include European countries, in 2011/12.

Hand-knotted Nepali carpets are popular in Germany, the UK, Belgium, the Netherlands, France, Switzerland, Italy, Austria, Turkey, Sweden and Denmark, among other European countries.

However, carpet exports to China increased by nine-fold during the review year. Total value of carpets exported to the world´s second largest economy also grew by more than five times over the year.

During 2011/12, Nepal exported 684,440 sq meters of hand-knotted carpet worth Rs 6 billion. The country had imported a total of 833,410 sq meters of carpets amounting to Rs 4.92 billion in 2010/11.

China firm to build 30-MW solar project

Nepal Electricity Authority (NEA) signed a Memorandum of Understanding with the Chinese solar energy firm Hunan Yueer Solar Energy Technology Co. Ltd. on 12th October for installing a 30-Megawatt solar station in the country. It would be the largest ever solar energy project in Nepal.

The MoU stated that that a solar company would be established in Nepal and NEA will buy and sell electricity produced from the solar station. The site of the installation is yet to be decided.

NEA will be responsible for providing space for installing the solar panels whereas the total investment will come from the Chinese firm. "Actual cost of production and other details are yet to be finalized but for now we have agreed to produce 30 MW of electricity from solar power; this would be a major demonstration project for the country," said Sher Singh Bhat, director at NEA´s Department of Power Trade.

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China firm to build 30-MW solar ……………..

"It has also been agreed that the feasibility study is to be completed within four months. If found feasible, the installation could be done within two years from the date of construction contract, which will be entered into after the feasibility study and the establishment of the company in Nepal. NEA will be connected directly to the national grid." The company will sell the electricity to NEA for 35 years and then hand over the system to the government.

The Chinese company will hold 92 percent share of the solar company to be established within the next six months. NEA will have an 8 percent share. However, the company will be responsible for installing the system and will bear the cost of the installation in full.

A joint team will be formed immediately for the preparatory work and it will negotiate various technical issues as well as identify the installation site.

"It is technically feasible to generate that amount of power but the electricity will be more expensive than hydropower," said Mukesh Ghimire, solar energy expert at the Alternative Energy Promotion Center under the Ministry of Environment, Science and Technology.

According to Ghimire, if all the electricity generated to date across the country by small solar panels at individual homes is added up, it would amount to about 13 MW. So, the installation of such a big project would be a milestone for solar energy development in the country.

A few weeks ago, NEA had signed a power purchase agreement (PPA) for the solar energy project at Sundarighat that generates 650 KW, a first such agreement for solar power. The PPA rate was Rs 5.1 per unit.

Experts say that Nepal has a potential of about 21,000 MW of electricity from solar power at present. "It depends on how we install but there is a huge potential for solar energy and it could be harnessed if big projects are also launched and connected to the national grid, " added Ghimire.

Chinese team starts studying West Seti project site

A technical team of experts from Beijing´s CWE Investment Corporation (CWEI), a subsidiary of the China Three Gorges Corporation that has agreed to develop the 750 MW West Seti Hydropower Project, has initiated preliminary study of the project site. "A joint team consisting of three representatives from the Nepali government and eight from CWEI are currently on a preliminary visit of the proposed West Seti hydropower project area," said Radhesh Pant, CEO of Investment Board of Nepal (IBN).

According to him, the objective of this visit is to develop first-hand understanding of the technical and financial feasibility of the 750 MW-capacity project. Through the visit, the CWEI technical team is scheduled to assess the project´s hydrology, geology, migrant planning, project hydraulics, and engineering, among others. Its finding will lay down a ground for the execution of the project development.

IBN said the field visit is being done as part of an agreed work plan that it and CWEI jointly developed following the signing of the memorandum of minutes (MoM) in Beijing in August.

Going by the MoM, CWEI and government will jointly develop the project with equity investment of 75 percent from CWEI and 25 percent from the government. The government says it will invest in the project by securing concessionary financing from the Chinese government.

IBN officials, nonetheless, clarified that the fresh MoM has taken into account all the recommendations made by the last Parliamentary Natural Resources and Means Committee and set a framework for due diligence on feasibility. "I am hopeful that the Chinese team´s findings will be positive," a statement of IBN quoted Pant as saying.

Pant further stated that efforts are currently underway from Nepal´s side on laying the groundwork for the national master transmission plan to evacuate power from the project to the domestic market.

West Seti is one of the government´s top priority projects. It aims to supply up to 150 MW of electricity to the western industrial corridor, while the remaining power would go for fulfilling domestic power demand.

New cheque standards

Nepal Rastra Bank (NRB) has introduced Cheque Standards and Specifications guidelines to bring uniformity in cheques issued by financial institutions. "For electronic cheque clearance system to work effectively, cheques issued by different financial institutions need to be uniform, so NRB has amended the cheque specifications to suit electronic clearance," said spokesperson for NRB Bhaskar Mani Gyanwali. Nepal Clearing House started operations from February 2012, providing automated cheque clearing service which used to earlier be performed manually at NRB. "Moreover, these specifications will also strengthen the security features of the cheques to avoid any instances of fraud," added Gyanwali.

PE Board suggests leasing out Janakpur Cigarette to pvt sector

Once upon a time, Janakpur Cigarette Factory (JFC) was one of the best performing public enterprises in the country. But, it has remained closed for the past one and a half years due to lack of working capital.

Established in Jan 1965 with the support of the Russian government, the factory once used to make famous brands of cigarettes like Yak, Gaida and Deurali. But after its near-monopoly in the tobacco market ended following entry of Surya Tobacco, it started losing its market share. And by the year 2010/11, the company had accumulated a cumulative loss of Rs 170.80 million.

According to the PEB, Janakpur Cigarette has not been running well for a long time, and it has been closed for a year and a half, resulting in losses of Rs 381 million in fiscal 2011-12. The factory lost Rs 218 million in the previous fiscal year.

The factory's liabilities to the government, banks and suppliers stand at Rs 2.5 billion. It owes Rs 1.39 billion in salary, medical allowance, gratuity, retirement benefit and provident fund to its staff. It has not paid retirement benefits of Rs 650 million and medical benefits of Rs 270 million to its employees. Likewise, it owes Rs 70 million to tobacco suppliers in India, Rs 350 million to different banks and financial institutions and Rs 210 million to Rastriya Beema Sansthan in insurance premiums. It also owes the government Rs 300 million in outstanding loans, according to the PEB report.

But it is one of the richest public enterprises in terms of the value of its physical assets. The Public Enterprise Board (PEB), which has been studying how the company can be brought back to life, has estimated the value of its fixed assets at Rs 10 billion.

According to the PEB, Janakpur Cigarette owns land and buildings in 18 locations in the country from Biratnagar in the east to Mahendranagar in the far west. The largest plot of 33.5 bighas is situated in Janakpur. It also owns land in Nepalgunj, Butwal, Dhangadhi, Dang, Surkhet, Gaighat, Narayanghat, Mahendranagar in Dhanusha, Birgunj, Pokhara, Galkot, Baglung, Kusma, Parbat, Dadeldhura, Jomsom and Musikot of Rukum. Last year, it sold its property at Naya Baneshwor, Kathmandu to the Citizens Investment Trust (CIT) for Rs 722 million, but the money was not enough to get the factory back on its feet.

There have also been attempts to seek assistance from Russia, with whose aid the factory to reopen it. As per the recommendation of the factory management, the Industry Ministry had even prepared a proposal and sent it to the National Planning Commission and the Finance Ministry to ask Russia for help. They rejected the plan as it also involved massive government investment.

Meanwhile, the Public Enterprises Management Board has recommended leasing of assets and management of JCF to the private sector as the only option to revive the state-owned tobacco company. The suggestion is laid in a report that the Board - an advisory body to the government on functioning of public enterprises - is soon forwarding to the Ministry of Finance. The recommendation made by the Board will be implemented only if the finance ministry and the Cabinet extended green signal.

"The option of leasing out the factory to the private sector was given as we believe the government should not be involved in production of goods like cigarette, which is harmful to human health," Narayan Bajaj, a member of the Board and also a chartered accountant, said.

"We also believe it is high time for private sector involvement in running of the factory as the government has failed to generate profits and lost significant chunk of market share to private companies while steering it on its own." The terms and conditions on leasing out the company to the private sector would be finalized once the Cabinet approves the recommendation extended by the Board, according to Bajaj.

Construction expo in the offing

Nepa Construction Exhibitions (NCE) is organizing 1st Nepa Construction Expo 2012 from November 30 to December 4 for the first time. The five-day event, which is being organized with the objective of promoting construction sector, will be held at Bhrikuti Mandap exhibition hall.

According to the organizers, contractors, business firms, building designers, architects, manufacturers and distributors of construction materials, construction equipment and machinery importers, bank and insurance among others, will be participating in the expo.

"The expo is organized with the objective of promoting the entire construction industry and infrastructure sector of the country," Ramsharan Deuja, one of the directors of NCE, said. The expo will have a total of 81 stalls, including 16 stalls outside the exhibition hall. It will have a separate pavilion for heavy equipment.

The organizers hope the expo will be a good platform for building designers, professionals, contractors, industrialists, project managers, government authorities, wholesalers, town and urban planners, construction materials manufacturers, architects and construction sector players, among others.

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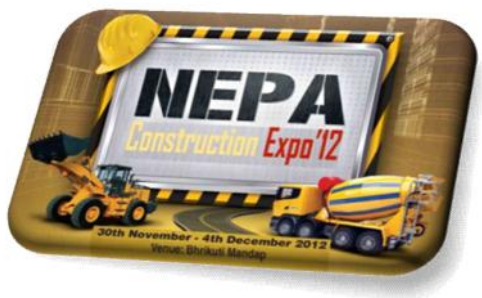
Construction expo ………………..

Federation of Contractor´s Association of Nepal, Nepal Engineer´s Association, Society of Consulting Architectural and Engineering Firms, Society of Nepalese Architects, Diploma Engineer´s Association of Nepal are also participating in the expo.

During the expo, seminars and workshops on different topics related to construction industry will also be organized for the technicians.



"As the expo is generally targeted for those involved in the construction sector, we will be inviting 30,000 visitors involved in the sector. We will be charging a nominal entrance fee for general visitors," Lal Chandra Gautam, another director of the NCE, said. "The amount collected from gate fee will be spent on a social cause."

Stakeholders urge publicity of quality assurance certification

Nepal Bureau of Standards and Metrology (NBSM) felicitated three business firms with NS Quality Award on the occasion of at a programme to mark the 43rd International Quality Day on Sunday.

Bhagwati Steel Industries received the award under the category of large scale industries for its GI pipes, while Panchakanya Plasts received the award under medium industries category for its UPVC fittings and pipes. Similarly, Himalayan Spring Water Inc received the award in small industries category for its Himalayan Mineral Water, and Asian Thai foods for its fast foods.

Laxman Prasad Bhattarai, acting secretary of Ministry of Industry, distributed the awards to the representatives of the respective companies.

NBSM -- the national standards body - awarded Nepal Standard (NS) Mark to 12 products manufactured by nine different companies during the fiscal year 2011/12. The products receiving the quality mark include electrical equipment, paints, iron rod, pipes, cement, milk, drinking water and LPG regulators.

According to NBSM, power transformer manufactured by Nepal Ekarat Industries; plastic emulsion, cement primer and road marking paint manufactured by Berger Jenson and Nicholson; TMT iron rod manufactured by Laxmi Steels; HDPE pipes, rotational molding water storage tank manufactured by Dakshinkali Plastic Industries; and PPC cement manufactured by Siddhartha Cement have received the NS Mark.

Similarly, sweetened condensed milk produced by Hetauda Dairy, mineral water produced by Kanchanjunga Food and Beverage and LPG regulators manufactured by Pashupati Filter and Pentax have also received the NS Mark.

Speaking on the occasion, Ram Adhar Shah, director general of NBSM, said the NS Mark was provided only to the companies that met the criteria set by the national standards body. NBSM has provided NS Mark to a total of 144 companies so far.

As per the Nepal Standards Act, manufacturers of PPC cement, iron rod, GI wires, dry cell and batteries, corrugated sheets, LPG cylinders and regulators must get NS Mark before taking their products to the market.

"Despite this mandatory provision, some companies are selling these products without getting NS Mark," Shah said, adding, "We are intensifying market monitoring to take action against these companies."

In the program, stakeholders have urged that the government and the private sector increase publicity of the quality assurance certification, including the Nepal Standard, to promote consumption of quality products. Last fiscal year, the Nepal Bureau of Standards and Metrology (NBSM) granted the Nepal Standard certificates to products of nine factories. So far, such a certification has been given to 144 factories. The bureau issues certification in 863 product areas, including foods and beverages, soil, drinking water, chemicals, cement and energy and system management.

NBSM Director General Ram Adhar Sah said such publicity would make people aware about the quality of products available in the market. "It will also help boost exports, minimising the technical trade barriers," said Sah at the programme.

Pashupati Murarka, vice-president of the Federation of Nepalese Chamber of Commerce and Industry, stressed on the need for making people aware that such standard represents quality.

President of Nepal Chambers of Commerce Suresh Basnet said the government needs to supervise stickers and expiry dates of imported goods to ensure quality of goods.

Currently, NBSM issues quality assurance certification, including Nepal Standard and ISO certification of international standard, in eight areas. It recently started providing system certification called ISO 9001. The department is also installing an internationally accredited laboratory that can certify goods for exports.
According to Sah, they are in the final stages of receiving certification from the National Accreditation Board for Certification Bodies India for the lab. "NBSM also plans to expand its service of quality assurance in additional goods and services, besides the accredited lab," said Sah.

'NT partner should invest at least Rs 30bn'

The committee which was formed to recommend the government about the process of bringing a strategic partner at Nepal Telecom (NT) has concluded that the new partner should invest at least Rs 30 to Rs 40 billion.

The partner must invest Rs 30-Rs 40 billion based on share value of NT at present, said coordinator of the committee and joint secretary at finance ministry Baikuntha Aryal. Bringing in a strategic partner for NT is not easy, he said. “However, government must divest its shares to make the company more competitive and effective in the days ahead.”

The government and the strategic partner must not be allowed to transfer their shares until after five years of acquiring the shares, the committee has said.

The report has suggested the government to calculate the share value of the company based on the premium valuation method. It has also suggested that the strategic partner should have an experience in operating telecom services in at least three countries including a country from the G22 group.

The aspirant partner should have an experience of handling at least 20 million subscribers in PSTN and mobile service, the report said, adding that the partner company should not directly or indirectly invest in other telecom service providers in the country.

The report has asked government to bring in only those firms whose yearly income is more than $ 1 billion. It has asked the government to include a representative from the company which will come as a strategic partner in the executive board of Nepal Telecom.

It has suggested all concerned parties to keep the option of retirement schemes open to make the company more competitive.

NT to launch two hi-speed net services

Nepal Telecom (NT) is set to launch two new services internet protocol-based code division multiple access (IP-CDMA) and worldwide interoperability for microwave access (WiMax) within two months. The state-owned telecom utility is currently in test phase for new services to be introduced.

The IP-CDMA has been focused on providing quality voice and data service with speed up to 3.1 Mbps. Huawei Technologies, a Chinese telecom equipment vender, is working in the project having two million lines that will be implemented in two different phases. Similarly, NT’s WiMax project is being carried out by Airspan, an American company, with a target to introduce the cheapest broadband service in the country.

“Both projects are in their final stage,” said Guna Kesari Pradhan, spokesperson of NT, adding that they were planning to launch the WiMax data service in Kathmandu within a month, followed by the IP-CDMA service shortly.

As per NT’s original plan, the IP-CDMA service was supposed to come into operation last year itself. However, both the IP-CDMA and WiMax projects had been delayed due to NT’s slow vendor selection procedure and convergent billing system.

The $ 10 million WiMax project aims at taking the high-speed internet service to all 3,915 VDCs of the country within a year. As a preparation to introduce the service, the NT has submitted to the Nepal Telecommunications Authority a list of proposed tariffs for different packages, ranging from 5 GB to 30 GB. The 5 GB package service will cost Rs 650, while the NT will charge Rs 2,700 for 30 GB, according to the NT’s tariff plan.

The NT has so far completed the installation of 46 WiMax sites in the capital which will enable customers to exchange data at a speed of up to 27 mbps. The company has targeted to distribute 50,000 lines in Kathmandu and Butwal this fiscal year. The project will be carried out in two parts, with the building a network having capacity to cover 1,923 VDCs and 24 municipalities in the West in the first phase.

And in the next phase, another network will be built in the East covering 2,092 VDCs and 34 municipalities.

“IP-CDMA project will provide high speed data service to rural areas along with voice service,” said Anoop Ranjan Bhattarai, chief of Wireless Service Directorate of NT. He added that NT would be distributing around 700,000 CDMA lines.

In August 2011, Huawei had signed a contract with the NT for the implementation the IP-CDMA project in two phases. In the first phase, the NT will distribute 1 million lines in the Eastern and Central Development regions. The remaining 1 million lines have been set aside for the Western, Mid-Western and Far Western regions.

DRI planning to bring regulation

The Department of Revenue Investigation (DRI) is all set to finalise the draft of Revenue Leakage (Investigation and Control) Regulation within a week.

Revenue Leakage (Investigation and Control) Act was formulated more than 15 years ago, said director general at DRI Janmajay Regmi, adding the department has been facing procedural hurdles in absence of regulation.

The department will forward the draft to the Finance Ministry and the ministry will forward it to the Ministry of Law, Justice, Constituent Assembly and Parliamentary Affairs for its consent, he said. The draft will be forwarded to the cabinet once it has been approved by the concerned ministries, he added.

Government has made a budgetary provision to formulate it, said Regmi. Similarly, DRI has included the drafting of the regulation in its yearly programme.

Action against culprits have been ineffective due to the lack of a guiding legal framework, he said, adding that the regulation will provide clear guidelines to initiate action based on the Act. The Act describes all procedures in brief, and it is a regulation that comprehensively describes the legal procedures based on the Act, according to Regmi.

DRI has already organised a consultation meeting with concerned parties on the preliminary draft of the regulation, he said. “Traders and firms who are directly connected with the tax regime have already provided feedback to draft the regulation,” he informed, adding the Finance Ministry, and Ministry of Law, Justice, Constituent Assembly and Parliamentary Affairs have also given a go-ahead.

Use local resources in donor-funded projects: Chief secy

Given the huge administrative cost and unsatisfactory performance of donor funded projects at the Ministry of Agriculture Development (MoAD), Chief Secretary Leela Mani Poudyal has instructed officials concerned to adopt the practice of utilizing scientists and experts at the ministry instead of hiring external consultants for the projects.

“Donor funded projects are found to have been hiring foreign or domestic consultants, paying them handsome salary. We have to end such practice and utilize experts available in the ministry as much as possible so that administrative cost will not go up unnecessarily,” said Poudel, while instructing chiefs of different divisions, departments and projects under the MoAD on Sunday. MoAD´s record shows the donor funded projects were among the low performing programs during the fiscal year 2011/12.

Poudel also expressed dissatisfaction over the duplication of programs supported by the government and non-governmental organizations and urged the officials to adopt one-window channel for the project fund. “Instead of dispersing budget, we should fund only the result-oriented programs,” Poudel said. Poudel also instructed the officials to come up with programs to boost production of export-quality agro produces.

“We can utilize experience of overseas job returnees to boost farm production in the country. This will also help us retain overseas seekers here,” he added. He also urged the officials to put national interest first while accepting donor-funded projects.

Bankers want no base rate on old loans

Bankers have demanded old loans be exempted from the base interest rate that the central plans to introduce soon. The Nepal Bankers’ Association (NBA) made the demands in its official suggestion submitted to the central bank on Sunday.

Base rate is the minimum interest rate that banks should charge on lending. Once introduced, the banks are not allowed to extend loan to borrowers below the base rate.

Lending below that rate would be infeasible for the banks as it is fixed based on minimum cost of fund. Bankers argue that some projects, to which they have lent, are carrying low risk and it would be unfair to hike the interest rate on their loans. “The central bank must seriously consider this demand,” said an NBA executive member. Some bankers, however, dismissed the demand as illogical saying that the NBA had sent the suggestion under the pressure from a couple of commercial banks. The Nepal Ratra Bank (NRB) is yet to decide on whether to allow banks to continue with the older rate for the older loan.

Similarly, the commercial banks have asked the central bank to allow them to charge interest rate below the base rate for loans disbursed against the special collateral such as cash and government bonds, fixed deposit and foreign bank guarantee. “Such collateral makes the loan less risky. As they are highly liquid, a bank can recover the loan amount easily even if it is defaulted,” said the banker.

According to the NRB, bankers have been asked to consider pure cost of fund, cash reserve ratio, statutory liquidity ratio, operating cost and minimum predetermined return on investment before calculating the base rate.

Banks are required to maintain six percent of CCR, which means the amount stays idle in the NRB vault. They also have to maintain 15 percent SLR by investing in government treasury bills and bonds, and maintain cash reserve in their own vault.

Development of Kathmandu Metro to cost Rs 330b

The construction of Kathmandu Metro Railway (KMR) would cost Rs 330 billion (around US$ 3.88 billion) and the project can be developed in 10 years, a preliminary finding of feasibility study report of the KMR said.

A consortium of five Korean and two local companies that carried out the feasibility has tagged government´s involvement in the KMR as mandatory if it seriously wishes to successfully develop and operate the KMR.

"The study team has proposed numerous modality of its development. But no matter which modality the government adopted, the team helds the view that government´s subsidy would be crucial to successfully implement the project," Rajeshwore Man Singh, superintendent engineer at the Department of Railway (DoI) said.

The feasibility team that shared the preliminary findings of the study with the senior government officials on Monday has further outlined that it would cost Rs 20 to Rs 30 per commuter to travel in the Metro. It did not shed light on recovery of investment though.

"The complete feasibility report is yet to come. but the government has targeted to develop the KMR in ten years period after analyzing the feasibility report," said Singh.

The government some 10 months ago had appointed Korea Transport Institute, Chungsuk Engineering Company, Kunwa Consulting and Engineering Company, Korea Rail Network Authority and two local companies - BDA Nepal Private Limited and EMRC Private Ltd - to conduct the feasibility study of the KMR. It paid Rs 60.5 million to those firms for completing the task.

The feasibility study report has, furthermore, indicated that total length of the KMR would be around 77 kms, which is some 11 kms longer than what the preliminary inception report reckoned. There would be a total of five railway lines of which one will encircle the existing ringroad, while others will traverse through the Kathmandu city in four directions.

The study has suggested the government to develop two railway lines underground and remaining three lines in ´elevated´ form, that is above the ground. "Elevated lines have been suggested mainly considering two factors: unsupportive underground soil features and heavy cost emanating from necessary land acquisitions," said Singh.

The 27.35 km long Ring Road line, which connects different locations between kalanki, Satdobato, Chabhil and back to Kalanki, will be elevated as per the feasibility report study. Similarly, the lines that connect Maharajgunj and Satdobato and Kalanki to Koteshwore and Gongbu to Kalanki will be elevated. "Rest of the other lines will be underground," Singh said.

The preliminary inception report that was approved by the government in March, 2012 too had outlined five major lines to connect the entire Kathmandu through a mass rapid transport system, Metro Railway.

According to the inception report, Line 1 follows the Ring Road, Line 2 goes from Kalanki to Sinamangal, Line 3 connects Koteshwore and Gongabu, Line 4 stretches from Satdobato to Maharajgunj and Line 5 links Balkhu and Chabhil.

The government has planned to develop KMR under build-own-operate- and transfer model, inviting foreign investment. The project has been handed over to the Investment Board of Nepal for speedy development.

Ministry to raise threshold of large taxpayers

The Finance Ministry has approved a five-year long strategic plan, allowing the Inland Revenue Department (IRD) to introduce a double threshold for large taxpayers. The department will endorse Rs 400 million as another threshold to list large taxpayers, said deputy director general at the department Bishnu Prasad Nepal, adding that currently, companies with more than Rs 250 million are recognised as large taxpayers.

In the five-year strategy paper, the department has planned to categorize banking and financial institutions, insurance companies, and contractors with a transaction of Rs 250 million every year as large taxpayers, said Nepal, adding that the other category of companies and firms must have a transaction of more than Rs 400 million to be listed as large taxpayers.

The provision is aimed at systematizing large taxpayers. The government had listed companies with transactions of more than Rs 50 million as large taxpayers from 1997 to 2000. Similarly, it had raised the threshold to Rs 100 million in 2000, Rs 150 million in 2004, and Rs 250 million in 2005.

Inland Revenue Department will formulate a separate action plan based on a five-year long strategic plan, said joint secretary at the finance ministry Shanta Raj Subedi, adding that it will help the government manage taxpayers in a more scientific manner

Meanwhile, the Finance Ministry has projected that the growth rate in revenue collection for the fourth month of the current fiscal year (mid-September to mid-October) will be around 25.5 per cent.

The projected collection for the month is Rs 17.40 billion, said Subedi. "But we are expecting the collection to reach Rs 18.50 billion," he said.

Similarly, the IRD has said that in order to check the trend of avoiding taxes by professionals working with international and national non-government organizations are yet to come under the tax net, said director general at the department Tanka Mani Sharma, adding that the department is mulling options to bring them into the tax regime.

Government to ease vehicle import soon

The government will ease vehicle imports, correcting some technical mistakes in the emission standard after it adopted the Nepal Vehicle Emission Standard III (NVES-III) on August 13. The standard is popularly known as Euro III among Nepalis.

The Ministry of Environment, Science and Technology — concerned ministry — has made a correction to the standard. “There were some technical mistakes and we are rectifying them,” said undersecretary of the ministry of environment, science and technology Rajendra Kharel in a programme today. “It will ease the import of vehicles.”

About 2,000 vehicles — from buses, trucks to small cars — have been stranded at customs points for the last two months due to the new emission standard. The problem arose because of technical mistakes in its publication in Nepal Gazette.

“All concerned people have agreed to the standard, so there will not be any problem in implementing it after the mistakes are rectified,” said Kharel. According to him, due to the absence of arithmetic signs like plus, minus, and equal in the standard, it confused customs authority in allowing the import of vehicles with Indian emission standards — Bharat Stage III and IV.

Nepal Automobile Dealers’ Association said that it will welcome the decision. “We are not against Nepal Vehicle Emission Standard III, but it should not create a hurdle in the import of vehicles,” said vice-president of the association Shekhar Golchha.

Nepal Vehicle Emission Standard III is a 21st century standard that permits low emission in vehicles. For example, dust particles emitted by vehicles should not be more than 0.5 per cent. Similarly, the standard seeks low carbon and sulphur emission.

Consumer activists had urged the government to be strict about the vehicle emission standard. “The government must enforce Nepal Vehicle Emission Standard III, but at the same time it must not discourage Nepali traders and entrepreneurs,” said the president of National Consumer Forum Premlal Maharjan. People prefer mass transportation and not small cars because they cannot afford private vehicles, he added.

The country lacks an efficient mass transport system, so people are attracted towards smaller vehicles for commuting, said minister for physical planning, works and labour management Hridayes Tripathi. “Therefore, the government is planning to introduce a mass transport system for Kathmandu valley,” Tripathi said, adding that the government has been studying the possibility of operating a metro rail system in Kathmandu.

110 companies apply to set up liquor factories

The government has received 110 applications to set up liquor factories within three months of the ban on new licenses being removed.

According to the Department of Industry (DoI), the applicants include the country’s leading business houses, and their combined proposed investment amounts to more than Rs 18 billion. The Cabinet scrapped an 11-year-old ban on setting up new liquor factories three months ago.

DoI director general Dhruba Lal Rajbanshi said that the capital of the companies applying to open liquor factories ranged from Rs 50 million to Rs 2 billion. “We have submitted the applications to the Industrial Promotion Board,” said Rajbanshi, “It will give the go-ahead to the companies fulfilling the standards set by the DoI.”

As per the DoI criteria, investors cannot establish liquor factories within a 500 m radius of religious or cultural sites, educational or health institutions, national parks and other sites determined by the government. Similarly, the successful applicants are required to implement their projects on a fast track basis.

Bhaskar Raj Rajkarnikar, senior vice-president of the Federation of Nepalese Chambers of Commerce and Industry (FNCCI) and a member of the Industrial Promotion Board, said that the next meeting of the board would study the documents submitted by the applicants. “The names of the selected companies will be made public within two months,” he added. He said that it was high time the government relaxed restrictions on new permits and allowed existing companies to expand output.

As per the Nepal Liquor Manufacturers’ Association (NELMA), the country imports liquor products worth Rs 4 billion annually while domestic output is worth Rs 11.70 billion. There are 15 large and medium-sized liquor factories registered at the DoI, 10 of which are operating. In October 2001, the Cabinet decided to halt issuing licenses to new liquor manufacturers following strong pressure from the UCPN (Maoist). Since then, the government has also forbidden existing factories to increase output.

NBF to simplify cash incentive procedure

Nepal Business Forum (NBF) has formed a working committee under the coordination of National Planning Commission to prepare a simplified working procedure for the cash incentive process.

The working committee consists of the governor and secretaries from the Ministry of Industry, Ministry of Commerce and Supplies, and Finance Ministry. "We are hopeful that the committee will soon prepare a simplified procedure for the cash incentive process," said exporters. They also said that though there is a working committee, it has not yet organised a single meeting to discuss on its major task, which is the simplification of the cash incentive procedure.

Various exporter associations have repeatedly urged the government for a simplified cash incentive process. According to them, the government should either fix a cash incentive for particular products, or should allow two per cent cash incentive for non-value added products and four percent cash incentive for value added products.

Currently, the Department of Industry (DoI) recommends cash incentive of two, three and four per cent depending on the value addition of the products. "We have been receiving applications and the verification process is taking place, but at the moment we have stopped the recommendation process for some time," said spokesperson at the department Ram Sharan Chimariya.

The government had allocated a budget of around Rs 300 million for the cash incentive programme. DoI has currently stopped the recommendation process as there is no additional budget for further recommendation. In last fiscal year, it recommended cash incentives of more than Rs 100 million for around 45 industries that were eligible for the cash incentive facility. Meanwhile, DoI has asked for a budget of Rs 400 million for the current fiscal year for the cash incentive facility

According to industrialists, the current procedure to receive cash incentive is quite complicated as it is difficult to show the value addition in some products though they are manufactured using domestic raw materials.

Six agriculture products to be promoted

The Department of Food Technology and Quality Control is developing a plan to enhance the quality of six agriculture products for better exports. It is developing a plan to promote six products included in the Nepal Trade Integration Strategy (NTIS), said spokesperson of the department Promod Koirala. According to him, the department is working on improving the quality of ginger, honey, masuro (red lentil), tea, large cardamom and noodles. "We are developing our standards according to major foreign markets," he said, adding that export of these products will change the lives of thousands of farmers for the better.

It is developing an improved processing mechanism for honey, ginger, tea and large cardamom. Similarly, the department is enhancing the capacity of its laboratory to test for pesticides, other harmful particles, and diseases in export items. "Actually, we are improving the quality of NTIS goods by encouraging farmers to follow good agriculture practices," he said. The good practices include organic system of production. "We are discouraging the use of chemical fertilisers and pesticides," he said, adding that this step will vastly increase the chances of exports.

The department's study had found residue of chemical fertilisers and pesticides in tea. The residue of lead and pesticides were higher in Jhapa-based tea but it was not above the consumption level. The residue was nominal, Koirala added, explaining about the study conducted two years back.

The department is providing training to farmers and exporters to improve the quality of the products. For example, we are encouraging farmers and exporters to export processed ginger, said Koirala.

The country exported five of those agriculture goods worth Rs 8.86 billion, excluding honey, last year. According to Trade and Export Promotion Centre, the country had exported large cardamom worth Rs 3.50 billion followed by masuro (Rs 2.68 billion), tea (Rs 1.57 billion), noodles (Rs 603 million), and ginger (Rs 507.6 million) in fiscal year 2011-12.

Coffee output grew 20 percent to 482 tonnes last fiscal year

Nepal's coffee production is estimated to have increased at least 20 percent in the last fiscal year. According to preliminary data collected by the Nepal Tea and Coffee Development Board (NTCDB) in association with the Nepal Coffee Producers' Association (NCPA), coffee output has reached more than 482 tonnes compared to 401 tonnes in 2010-11.

"We have collected statistics from more than 90 percent of the coffee producers so far which shows that production has grown at least 20 percent from last year," said Prem Acharya, planning officer at the NTCDB.

Suitable weather along with increasing maturity of the coffee plants has been cited for the rise in coffee production. NCPA president Shyam Prasad Bhandari said that the growing maturity of the coffee saplings planted in the past was the main reason behind the increasing production. According to him, a coffee plant reaches maturity in three years after which up to 6 kg of coffee can be obtained from a single plant.

Of late, many local farmers have been attracted to commercial farming of Arabica coffee, popularly called green beans. Besides the NTCDB, INGOs like Helvetas, Winrock and PACT Nepal have been supporting farmers to grow and market coffee. According to the NCPA, the area under coffee cultivation reached 2,100 hectares in the last fiscal year, up from 1,752 hectares in the previous year.

Conventionally, Syangja, Palpa, Lalitpur, Ramechhap, Ilam and Gulmi are among the major coffee producing districts in the country. According to the association, a number of farmers have started commercial farming of coffee in Pyuthan, Surkhet and Jajarkot districts too from this year.

The NCPA consists of 27,000 coffee producing farmers. There are 1,470 coffee producers' groups and 32 primary cooperatives engaged in commercial farming of agro products. Similarly, three cooperative unions in Lalitpur, Syangja and Kavrepalanchok districts are also engaged in the sector.

Demand for high-altitude Arabica in the international market outstrips supply. Europe, the US, Japan and South Korea are the major importers of Nepali coffee. According to the NCPA, there is growing demand for the product from South Korea which imported an estimated 105 tonnes of coffee last year.

'Allo can generate huge employment'

Utilisation of half of the Allo — from collection and processing to sales — will not only generate huge employment in rural hilly areas but also help create business worth billions.

"If we are able to utilise even half of the total Allo found in 58 districts of the country, it will not only generate employment for over 100,000 people, but also help create business worth billions of rupees," said National Programme Manager of Micro Enterprise Development Programme (MEDEP) Dr Lakshman Pun, addressing a stakeholders workshop on 'Allo value chain', in Dhulikhel today.

Allo — Girardinia diversifolia — is a non-timber forest product that is found at an altitude between 1,200 metres to 3,000 metres, and has a huge potential for exports too, he said, adding that the current forestry policy has to facilitate the business which is one of the major tools for reducing poverty in rural hilly areas and especially for women of the indigenous community.

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The Allo plan t is harvested in autumn and winter from community and government owned forests. Indigenous communities like Magars and Rais have been using the Himalayan nettle — commonly known as Allo — as a weaving thread for shawls, blankets, bags and clothes since long, but with modern textiles replacing traditional natural fabrics, the age-old practice is on the verge of extinction.

However, many women from the hills are pursuing the enterprise after the UNDP MEDEP, in 1999, identified Allo as a potential raw material for starting an enterprise. The stem bark of Allo contains natural fibres with unique qualities, said Pun. "With product diversification, around 370 types of products can be made from Allo."

But lack of marketing and quality, besides lack of technology, has hit the production of products from Allo, entrepreneurs said, asking help from the government and MEDEP to upgrade the quality of products that could help increase market competitiveness.

India to see 242,000 millionaires by 2017: Report

India is expected to see a substantial jump in the number of millionaires in the next five years as the total tally for the super rich in the country is likely to touch 242,000 by 2017, a report says.

According to a Credit Suisse Research Institute's Global Wealth Report, the number of millionaires in the country in 2012 stands at 158,000, which is likely to swell to 242,000 by the year 2017, registering an increase of 53 per cent.

The report also highlighted the stark inequality in the country as almost everyone in India (95 per cent) has wealth below USD 10,000 (about Rs 5,30,000), while at the other end a very small proportion of the population (just 0.3 per cent) has a net worth over USD 100,000.

"While wealth has been rising strongly in India, and the ranks of the middle class and wealthy have been swelling, not everyone has shared in this growth and there is still a great deal of poverty," the report said.

According to Credit Suisse, India has 237,000 members of the top 1 per cent of global wealth holders. There are 1,500 UHNW individuals with wealth over USD 50 million and 700 with more than USD 100 million.

In the period under consideration from 2012 to 2017, the number of millionaires worldwide is expected to increase by about 18 million -- reaching 46 million in 2017 from 28 million in 2012.

Though the number of millionaires in emerging economies is still well below the level in the USA (16.9 million) and Europe (15.4 million), "it is expected to increase substantially in the next few years", the report said.

China could see its number double by 2017, raising the total to almost two million. A substantial increase in the number of millionaires in Brazil is also expected and it could add 270,000 millionaires by 2017, Credit Suisse said.

Others in the emerging market economies, which are likely to see a large addition in the number of millionaires include Mexico (a rise of 112,000) and Indonesia (103,000). Singapore is expected to add 93,000 millionaires, while India will see an addition of 84,000 millionaires.

Moreover, the number of millionaires in transition economies is predicted to rise substantially over the next five years, reaching more than 200,000 in Russia, 78,000 in Poland and 40,000 in the Czech Republic. PTI– NEW DELHI

Nagarjuna Oil refinery start-up delayed for a year: S Ramasundara

Nagarjuna Oil Refinery Ltd has pushed back the start-up date of its 120,000 barrels-per-day (bpd) refinery to end-2013 or early 2014 from earlier plans to open by late this year, its Managing Director S Ramasundaram said on Monday.

"It was hit by a cyclone on December 30," Ramasundaram told reporters at the Petrotech energy conference. He added the company plans to double the capacity of the refinery by early 2016.

Oil trader Trafigura bought a 24 per cent stake in the planned refinery in April, investing up to $130 million and replacing BP as NOCL's crude supplier.

Nagarjuna's planned plant in southern India will be India's third privately owned refinery after Essar Oil and Reliance Industries' world-leading complex.
REUTERS– NEW DELHI

RIL plans to raise refining capacity at Jamnagar refineries

Reliance Industries said on Monday that it plans to raise capacity at its twin refineries at Jamnagar in Gujarat as part of the company's plans to double profit in 4-5 years.

"Our Chairman (Mukesh Ambani) has said (that) Reliance will be doubling (operating) profit. Downstream (oil refining and marketing) are very much part of this plan," RIL CEO (Refining & Marketing) Tony Fountain told reporters at the Petrotech 2012 conference here.

RIL operates 33 million tonne domestic-tariff area or DTA refinery that sells most of its products to domestic market, and 29 million tonne only-for-exports or SEZ unit.

"We are very much looking at all sorts of plans (for expanding refining capacity)," he said. "We are looking at (expansion) options at both DTA and SEZ refineries."

Ambani had on June 7 announced investments of $12 billion in the company's core petrochemical and oil and gas businesses as well as in the new sectors of retail and telecom, to double operating profits in 4-5 years.

India has 25 oil refineries with a crude oil processing capacity of 215.066 million tonne. This will rise to 264.966 million tonne by 2015-16 as fuel demand grows. Diesel consumption grew by 7.8 per cent in 2011-12 and by 10.2 per cent in the first quarter of current fiscal. This does not take into account the possible expansion by RIL.

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RIL plans to raise refining capacity …………

Indian Oil Corp, the India's largest oil firm, plans to raise its refining capacity by 36.5 per cent to 74 million tonne. It will raise Koyali refinery capacity to 18 million tonne, from current 13.70 million tonne besides building a new 15 million tonne unit at Paradip in Orissa.

Hindustan Petroleum Corp Ltd (HPCL) plans to raise its Mumbai refinery capacity from 6.5 million tonne to 8.20 million tonne and de-bottleneck its Visakhapatnam unit to increase capacity to 9 million tonne, from 8.3 million tonne.

Similarly, Bharat Petroleum Corp Ltd (BPCL) is planning to de-bottleneck its Mumbai refinery to raise its capacity from 12 million tonne to 13.5 million tonne and hike Kochi unit capacity to 15.5 million tonne, from 9.5 million tonne.

Mangalore Refinery and Petrochemical Ltd (MRPL) will raise capacity to 16.5 million tonne, from 15 million tonne.

In private sector, Essar Oil will hike capacity of its Vadinar refinery in Gujarat to 30.80 million tonne, from 18 million tonnes by 2015-16.

Nagarjuna Oil Corp Ltd's 6.10 million tonne refinery at Cuddalore is likely to be commissioned by 2015-16. PTI -NEW DELHI

Supreme Court of India refuses to stay FDI policy in retail; asks RBI to amend FEMA

The Supreme Court of India on Monday refused to stay the Centre's decision to allow Foreign Direct Investment (FDI) in retail sector.

A bench of justices R M Lodha and A R Dave, however, said that the policy suffers from "curable" irregularity of want of legal sanction and asked the RBI to amend the Foreign Exchange Management Act (FEMA) regulations to allow implementation of the government's policy.

The bench said the RBI should have amended the FEMA regulations before the implementation of FDI policy and asked the banking regulator to take steps to remove the lacunae in the way of giving a final shape to the policy.

The court observed that the regulations should have been amended before the Centre issued the notification, but clarified that the irregularity can now be cured with RBI amending FEMA regulation.

"At least it can be said that it is an irregularity that is curable and as soon as amendment is brought, it would be cured," the bench said. During the argument, the court said the policy cannot be stayed just because of this irregularity. Attorney General G E Vahanvati submitted that he would talk to the RBI Governor to take immediate steps for bringing amendment in the FEMA regulations.

The bench after hearing his submission adjourned the matter for further hearing on November 5.

The court was hearing a PIL filed by lawyer M L Sharma, who has said that RBI's nod was missing from the Centre's policy allowing FDI in retail sector.

The apex court on October 5 had sought the assistance of top law officers in hearing the PIL filed by Sharma against opening the multi-brand retail sector to the FDI saying there was a need for clarification since some link is missing pertaining to the RBI regulation on the issue.

Sharma has said in his petition that that retail trading is strictly prohibited under the law of FEMA under which the power to come out with a circular is vested with the RBI which has not issued any regulation after 2008. He has alleged in his PIL that the Centre's notification was issued without the authority of law as approval of neither the President nor the Parliament was secured.

The apex court had, however, rejected the allegation saying "this assumption that the policy has to be in the name of the President is flawed and unfounded." "The Constitution does not provide that the policy should be in the name of the President." It further said a policy is never required to be placed before Parliament. PTI -NEW DELHI

JK to get 1320 MW thermal power project

Taking a leap forward towards making Punjab a power surplus state, the Chief Minister Parkash Singh Badal has directed the Punjab State Power Corporation Limited (PSPCL) to expedite the process of setting up a new thermal power plant of 1320 MW capacity at Mukerian in Hoshiarpur district over an area of 900 acre involving an investment of nearly Rs 8000 crore.

Presiding over a meeting of the top brass of the state government and delegation of the PSEB Engineers Association, the Chief Minister said that keeping in view the huge demand of power in the current scenario concerted efforts were required for augmenting the power supply in the state, for which this project has been conceived by the POWERCOM.

Badal said with the work on Thermal Power projects at Talwandi Sabo (1980 Mega Watt), Goindwal Sahib (540 Mega Watt) and Rajpura (1400 Mega Watt) was already going on war footing and once the generation from these plants starts, the state would be able to get 3920 MW of additional power which would help the state to become self sufficient in power.However the Chief Minister said that as the state government was vying to herald a new era of progress in the agriculture and industrial sectors, more power was required to achieve this gigantic task due to which need of the hour is to speed up the process of setting up public sector power plant at Mukerian. REUTERS -CHANDIGARH

EU summit mulls eurozone redesign

EU leaders will go into a brainstorming session on Thursday in the first of three summits being held before Christmas in the hope of ending the year with a deal on a stronger economic and monetary union.

Although pressure on the euro has eased in recent weeks, European Union leaders have to contend with a deepening recession and social unrest as well as divisions between Europe's major powers on how to ensure the euro single currency can survive the debt crisis.

One of the hot-button issues is the plan for a single European bank regulator, the first step towards allowing the new eurozone rescue fund, the European Stability Mechanism, to directly help ailing lenders.

The 17 eurozone states largely support the proposal, although serious differences over timing remain, but their non-euro peers are uneasy that their banks operating in the bloc might face new regulation without their say so.

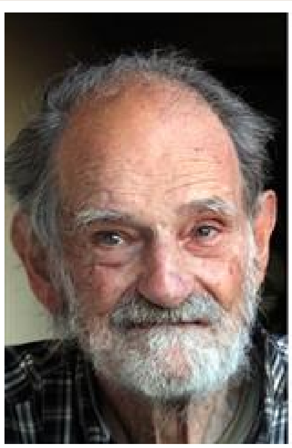
Berlin has made clear that an idea for a single bank supervisor, agreed at a breakthrough June summit, needs to go slower and be less ambitious than some, including France, would like.

Britain in turn opposes any measure that could harm the interests of the City of London, one of the world's biggest financial markets.

Meanwhile, there is little expectation of a breakthrough on Greece's long drawn-out bailout at the two-day summit, where Spain's financial and political woes will be high in leaders' minds.

Many investors and analysts eventually expect a request for some form of bailout from the eurozone's fourth biggest economy. AFP-BRUSSELS:

US duo win Nobel Economics Prize



US scholars Alvin Roth and Lloyd Shapley won the Nobel Economics Prize for their research on how to match different agents as well as possible, the Nobel jury said.

The two were honoured for "the theory of stable allocations and the practice of market design," it said. Their work can be used to help match donors of human organs with patients in need of a transplant, or students with universities, or Internet search engines that auction out space for advertisers.

The pair worked independently of each other but "the success of their research is due to the combination of Shapley's theoretical results with Roth's insights into their practical value," the committee said.

Roth, 60, is a professor at Harvard Business School in Boston, Massachussets, while Shapley, 89, is a professor emeritus at the University of California.

The two laureates will receive the prize, consisting of a Nobel diploma, a gold medal and eight million Swedish kronor ($1.2 million), at a ceremony in Stockholm on December 10, the anniversary of Swedish industrialist and prize creator Alfred Nobel's death.

Last year, the prize went to US researchers Thomas Sargent and Christopher Sims for research on the causal relationship between economic policy and different macroeconomic variables, such as GDP, inflation, employment and investments.

Monday's economics prize wraps up the 2012 Nobel season.

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Self-Driving Cars Available by 2019, Report Says

Forget flying cars. The next innovation will be vehicles you don't even have to drive. But would we actually put our lives in the hands of a computer-controlled car? Google is known for setting ambitious targets for itself, and it's apparently making no exception for self-driving cars.

"I see driverless [cars] as being the most transformational technology that will impact roadway transportation," said Lawrence Burns, head of research and development for General Motors from 1998 to 2009. Burns now consults for Google's pioneering self-driving car program, and he is confident that some of the technology is only five to ten years away from being mass produced.

Gov. Jerry Brown has signed a bill regulating vehicles such as Google's Toyota Prius self-driving car, shown above. Google, Caltech and other organizations have been working to develop such vehicles, which use radar, video cameras and lasers to navigate roads and stay safe in traffic without human assistance.

The Google cars use on-board cameras, lasers, radar and other sensor equipment to monitor road conditions and operate themselves. Proponents say the use of computers and other equipment will make them safer than having humans drive, since people sometimes make errors, lose concentration, fall asleep or drive drunk.

Forty thousand Americans and 1 million people worldwide are killed in automobile accidents every year, Brin said.

"I expect self-driving cars are going to be far safer than human-driven cars," he said.

Still, autonomous vehicles will face a lot of scrutiny before they are allowed on the road, and there's still a lot of work to be done, he said.

Google's cars have done about 300,000 miles of road testing, but not without incident, Brin said. The most the cars have achieved without "safety-critical intervention" -- or a driver needing to take control -- is about 50,000 miles, he said.

"That's not good enough, and we're continuing to work to go beyond that," he said.

"Safety is a huge challenge for us. That's one of the most difficult things that we undertake from a technology point of view, because there are never enough 'nines' in terms of getting things right," Brin said, using a reliability term from the computer industry.

"What happens when a computer breaks down, or when the tire blows out or something unexpected happens? We spend night and day fretting about all sorts of rare possibilities, and I'm optimistic that we're going to be able to solve [these issues]," he said.

A self-driving car made by Autonomos Labs makes its way through Berlin, Germany.

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