



NICCI e-Newsflash

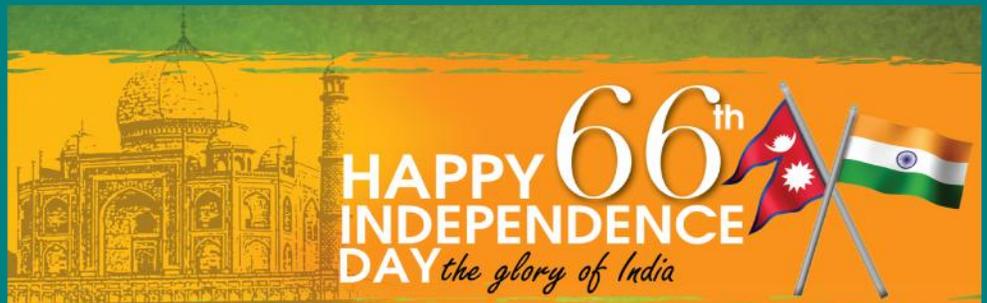
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Wishing you a Magnificent Independence Day & may the bond between Nepal & India continue to be strong.



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Indian decision to operate major ports 24/7 elates Nepali traders

India has decided to operate its customs at leading airports and sea ports, including Kolkata, round the clock throughout the week. The move is expected to speed up clearance of goods in transit to Nepal.

The decision, if truly implemented, is expected to speed up customs clearance, thereby lowering detention and demurrage charges for Nepali traders. Thus lowering of the transit cost can impact the final pricing as well, ultimately bringing some respite to general consumers who have been bearing the brunt of high transit and transportation costs.

"This is really a good decision for us," said Rajan Sharma, president of Nepal Freight Forwarders' Association (NEFFA). "It will ease our day-to-day business and made trading cost effective." He also said decrease in detention and demurrage charges will benefit Nepali consumers.

The Prime Minister's Office of India had decided to facilitate round the clock customs operation at major seaports and airports on Tuesday, 7th August, in a bid to remove the constraints for international trade. It has instructed the customs and

other authority to implement the decision within 15 days.

"In order to remove this customs-related bottleneck, it has been agreed that customs clearances will now be available at seaports such as Kolkata, Chennai, Kandla and Mumbai and airports such as New Delhi, Bangalore, Chennai and Mumbai round the clock in order to facilitate trade services," reads a press release that the Indian PMO issued on Tuesday.

So far, the cargos dispatched to and send out of Nepal were required to wait for days at Kolkata port and airports in India due to the lack of prompt and round the clock clearance facilities.

Along with the customs, the Indian PMO has also asked other agencies such as port and airport authority, drug controller office, Food Safety and Standards Authority of India, quarantine and private players such as custodians to operate round the clock to facilitate international trade.

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Indian decision to operate major ports 24/7

Once the new arrangement comes into force, the customs house agents, banks and transporters also will need to work round the clock to synchronize with the extended work hours.

As Nepal uses only Kolkata port to carry out its imports and

exports, the goods that are imported won't be piled up due to closure of customs clearance during the weekend. "We have to wait for two days to get the customs clearance if it comes on Friday," Sharma said. "We won't have to waste time and money after customs offices at ports started operating round the clock."

ADB, JICA, EIB pledge \$391m for 140MW Tanahun hydel project

With three major donor agencies pledging assistance for the 140MW Tanahun Hydropower Project, the project development is expected to take off soon. Asian Development Bank (ADB), Japan International Cooperation Agency (JICA) and European Investment Bank (EIB) have pledged a collective \$391 million in grants and soft loans for the project, formerly known as Upper Seti Hydropower Project (USHP). THP will be the second biggest storage-type project after Kulekhani.

ADB would provide \$38 million in grant and \$123 million soft loans, while JICA and EIB have promised \$180 million and \$50 million, respectively, in soft loans, according to a source at the Nepal Electricity Authority (NEA), which will develop the project.

Kailash Raj Pokharel, under secretary at the Finance Ministry, confirmed the development and said the donors have shown readiness to provide the funds. "A deal will be signed very soon. The amount under soft loans can rise," he said.

The government has to pay 0.1 percent interest to JICA, while ADB and EIB will charge 1 percent. The government will lend the money to NEA at 5 percent. "In a bid to make the energy generated from the project cheaper, the government is charging less interest from NEA," said the source. Previously, the government used to charge as high as 8 percent interest to NEA while relending soft loans from donors, citing exchange rate risk.

Besides the donor assistance, the government will inject Rs 2 billion and the consultant for the project will put in \$48 million in the project, the NEA source said. A feasibility study

carried out by NEA has estimated the total cost of the project at around Rs 40 billion, which comes to Rs 285.7 million per mw.

An official at Ministry of Energy said separate fact-finding missions from ADB and JICA will inspect the project site and then sign memoranda of understanding (MoU) with the government. "The mission from JICA is coming on Monday, 13th August while ADB mission will come shortly after," said the official. "As ADB has already allotted \$151 million, we will sign the deal with ADB in December. The MoU with JICA and EIB will be signed later."

As per the requests of ADB and JICA, the government is allowing the consultant to invest in the project. The consultant will also have the responsibility of construction and operation of the project.

NEA will hold 74 percent stake in the project, while the consultant will have 26 percent share. Ministry officials said 10 years after the project's operation, NEA will buy out the consultant's share. The project has also announced a tender for a construction contractor. Mahesh Acharya, project chief, said construction work will begin from March, 2014, and commercial energy generation will start from January 2020.

As per the current construction cost of the project, it will have to sign power purchase agreement (PPA) at Rs 7 per unit with NEA. He added that the company recently applied for the construction license to the Energy Ministry and has been preparing a draft PPA. ♦

CTGC, Exim Bank 'interested' on West Seti Hydro

The China Three Gorge Corporation (CTGC) and the Exim Bank of China have expressed interest in developing the 750-MW West Seti Hydroelectricity Project (WSHEP), Nepali officials have said. A three-member Nepali negotiating team is now in China to ensure investment from CTGC and Exim Bank for the project. The government and CTGC have already signed a memorandum of understanding (MoU) for developing the mega project.



the Nepali delegation, said both CTGC the bank showed interest for investing in the project. "It is necessary to develop WSHEP with the Chinese investment as it will help attracting other foreign investors in Nepal's power sector," he said.

He was of the view that the entry of a big company would give positive message to other foreign investors. Thursday's meeting discussed ways to make West Seti a multi-purpose project.

Radesh Pant, CEO of the Investment Board and a member of

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CTGC, Exim Bank

At CTGC's invitation, Nepali delegation left for China on Tuesday, August 7, to talk with senior officials of CTGC and ask the Chinese bank provide soft loans for the construction of a transmission line to evacuate energy generated from WSHEP. The delegation, led by Energy Secretary Hari Ram Koirala, comprises of Pant and Rameshwor Khanal, economic advisor to the Prime Minister. During the negotiation, the Nepali team also

talked about completing both hydropower and transmission line simultaneously so that the electricity generated could be sent to the national grid immediately.

WSHEP received the second lease of life with the signing of the MoU on March 1 after the government scrapped the license of the previous developer Snowy Mountain Energy Corporation (SMEC) of Australia. ♦

Govt to approach ADB for metro DPR

The government is all set to approach the Asian Development Bank (ADB) for the preparation of a detailed project report (DPR) of a metro railway system and feasibility study of a North-South railway link.

The Ministry of Physical Planning, Works and Transport Management is preparing to propose the ADB for this within a week.

In a bid to cater to the demand of mass transport system, the government has planned to a build metro railway system or Mass Rapid Transit System (underground and elevated railway) in the Capital. Korean consulting companies in joint venture with local partners are conducting a feasibility study of the metro railway.

"We will soon be formally proposing the ADB for metro's DPR and in-depth feasibility study of a North-South railway connecting India and China," said a high level official at the ministry. The official said they were working on the study to make it more attractive to prospective investors or seek grant assistance from donors in future for the construction work.

The North-South link is conceived for connecting two neighboring countries as part of Trans-Asia Railway Network. In December last year, Nepal had agreed to be a part of the railway network that will connect the country with railway networks of Europe, enabling uninterrupted movement of people and goods. India and China had also agreed to participate in the Trans-Asia Railway link.

The government has been working on the metro plan for the last three years. According to the preliminary inception report prepared by consulting firms, the metro system in Kathmandu will have five lines with a combined length of 67km. Four lines are planned to be built inside the Ring Road, with the one running around the Ring Road will be 27.35km long. Chungbuk Engineering Com-

pany, Korea Transport Institution, Kunhwa Consulting and Engineering Company, Korea Rail Network Authority and two local companies— Building Design Authority and Environmental and Research Management Consultant—are preparing the feasibility study report.



ity study report.

"We hope to get the complete feasibility report within two months," said Ram Kumar Lamsal, director general of the Railway Department. He said that the preliminary report has showed that three lines would be elevated and the other two would be built underground.

The proposed metro network will have 31 stations with its main terminal at Ratnapark, according to the inception report. The metro will cover almost all major bus stops such as Kalanki, Satdobato, Koteshwor, Chabahil, Narayan Gopal Chowk, Gongabu of the Ring Road and New Baneshwor, Singha Durbar and Thamel. ♦

PPP hydel projects have 'lowest' production cost

Hydropower projects developed under public private partnership (PPP) have been found to be cheaper than those built by state-owned Nepal Electricity Authority (NEA) or the private sector.

According to an NEA study based on the detailed project reports (DPR) submitted by individual projects that are under construction, costs are lower for projects built under the PPP model. However, none of the seven projects under construction has come into operation.

Projects developed by the NEA had the highest production cost per kilowatt (kw) followed by projects built by independent

power producers (IPPs).

According to an NEA source, the average production cost of hydro projects under the PPP model comes to US\$ 1,236.88 per kw. whereas, NEA projects cost US\$ 2,630.5 per kW and IPP projects US\$

1,481.73 per kw.

PPP model	US\$ 1,236.88 per kw
NEA projects	US\$ 2,630.5 per kw
IPP projects	US\$ 1,481.73 per kw

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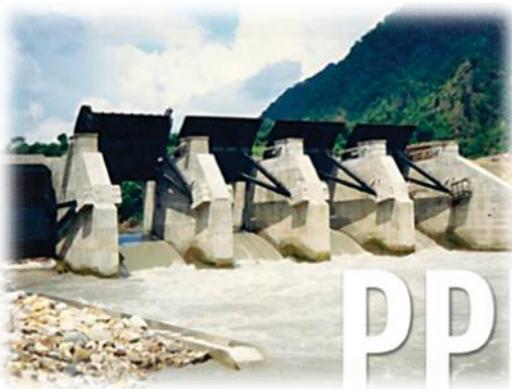
PPP hydel projects have 'lowest'

Ram Chandra Pandey, general manager of the Generation Construction Division at the NEA, said the figures showed that projects based on the PPP model are best for developing countries like Nepal. "Electricity generated by these projects will also cost less for consumers," he added.

According to him, there is risk sharing in the PPP model and work is done in a transparent manner, so it is basically cheaper. He added that despite the success and effectiveness of the projects undertaken by the NEA, they have a very high production cost. NEA officials said the reason was that it had to develop infrastructure like roads and new transmission lines to transmit the energy generated by these projects.

"IPP and PPP projects do not have to build infrastructure or transmission lines," added Pandey. "But the NEA, being a government body, has to do so which adds to the production cost."

A source at the Ministry of Energy (MoE) said as per policy directives, attractive projects are given to the private sector. "As a result, the NEA has to construct comparatively less attractive projects which also impose an additional financial burden to it," he said. "If the cost of transmission lines and



infrastructure is excluded, NEA projects are the cheapest."

Pandey said that as most of the IPPs do not have technical and financial expertise in developing hydro projects, they may not do wise financing resulting in a higher production cost. IPPs, however, claimed that the figure related to PPP projects was not as charming as presented by the NEA.

Subarna Das Shrestha, president of the Independent Power Producers' Association of Nepal (IPPAN), said that though PPP projects claim to have a lower production cost, the actual cost comes to about US\$ 2,000 per kW. "A number of expenses might not be added while doing a DPR, but the cost goes up when the project is being constructed."

He added that it takes some US\$ 2,000 per kW to construct projects by IPPs. He also claimed that projects built by IPPs would cost less if bank interest rates were not that high and the government policy was supportive.

According to the NEA, it is building four projects with a combined capacity of 136 MW while seven projects with a total capacity of 965 MW are being developed under the PPP model. IPPAN sources said that IPPs were building 23 projects which have a combined capacity of 2,300 MW. ♦

Service sector - major income tax payers

The service sector has emerged as the biggest income tax payer to the government even as the manufacturing sector has been reeling due to infrastructure/ labour-related problems.

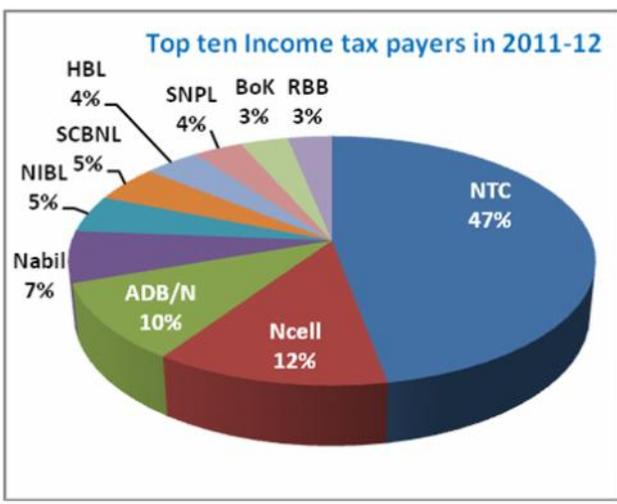
Inland Revenue Department. Ncell came second with the payment of Rs 1.48 billion.



Among the top 10 companies that were the highest income taxpayers last fiscal year 2011-12, only Surya Nepal could make it on highest taxpayers' list this year from manufacturing sector. All the other companies are from the service sector with as many as seven banks and two

telecom operators making the list.

However, the might of telecom giants has dwarfed others by the share size of tax they pay to the government. State-owned Nepal Telecom paying out Rs 5.64 billion is once again the highest income taxpayer to the government, according to the



Anup Ranjan Bhattarai, director at the wireless telephone directorate, said that the NT has been topping list for long due to its widespread customer base and transparency.

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Service sector – major income tax

“We don’t hide income and pay full tax. So, we have long become the top taxpayer,” Bhattarai said. He, however, doubts over the NT holding onto the top position for long unless it urgently acts in bringing a strategic partner. Among the banks, the Agriculture Development Bank came out on top paying out Rs 1.21 billion in income tax, followed by Nabil, Nepal Investment, Standard Chartered, Himalayan Bank, Bank of Kathmandu and the Rastriya Baniya Bank.

Surya Nepal, the lone company from manufacturing sector in the top ten, is in the eighth position, paying Rs 420 million in income tax.

A majority of banks making into the list of top 10 income taxpayers also reflects the progress of the banking sector over the last two decades. Bankers claim that their transparent account compared to other industries resulted in higher tax payment to the government. “As banks are

S.N.	Companies	Short Name	IncomeTax in Bil. N Rs	% out of top ten
1	Nepal Telecom Ltd	NTC	5.640	47%
2	Ncell Pvt. Ltd.	Ncell	1.480	12%
3	Agriculture Dev Bank	ADB/N	1.210	10%
4	Nabil Bank Ltd	Nabil	0.800	7%
5	Nepal Investment Bank Ltd	NIBL	0.580	5%
6	Standard Chartered Bank Nepal Ltd	SCBNL	0.570	5%
7	Himalayan Bank Ltd	HBL	0.480	4%
8	Surya Nepal P Ltd	SNPL	0.420	4%
9	Bank of Kathmandu	BoK	0.410	3%
10	Rashtriya Banijya Bank	RBB	0.380	3%
	Top Ten Total		11.970	100%

more transparent, they are bound to pay the tax that should be paid,” said Ashoke Rana, the president of the Nepal Bankers’ Association. ♦

Shipping code for all 4 Dry Ports

The first step for the Inland Container Depots (ICDs) to be registered with International Shipping Map is to be registered with the concerned government agency of the country with unique shipping code. A process to register unique codes for all 4 dry ports of Nepal in International Shipping Map has been started with registration of the same with Department of Commerce and Supply.

ICD	Code
Kankadvitta	NP KBI
Biratnagar	NP BRI
Birgunj	NP BSI
Bhairahawa	NP BBI

According to the Nepal Multimodal Transport Development Board, codes for Birgunj, Biratnagar, Bhairahawa and Kankadvitta Inland Container Depots have been registered

with Commerce and Supplies Department recently. The registered codes are NP-BSI for Birgunj, NP-BRI for Biratnagar, NP-BBI for Bhairahawa and NP-

KBI for Kankadvitta.

In order to be registered with International Shipping Map, United Nations Economic Commission for Europe situated at Switzerland allocates unique codes (called “United Nations code for Transport Location) for each port with identification of country and location. Now, Nepal is preparing to propose the codes with the Commission.

So far, since ICDs of Nepal, in absence of such International shipping codes, are dependent with the traditional Kolkata port and Nepalese importers have to transport consignments in containers up to Nepalese territory from Kolkata. After being registered in International Shipping Maps, clearing of consignments can be possible from ICDs of Nepal directly, with huge reduction in handling and transportation cost of consignments bound to Nepal, and this was the core objective of establishment of those ICDs in Nepal. ♦

Two companies bid to run Mechi Dry Port

Two private companies have expressed interest to operate the Mechi Dry Port. Himalayan Terminal and Trans Nepal Freight Services have applied to operate the port in response to its third tender invitation. Himalayan Terminal operates the dry port in Birgunj.

The port has asked the two candidates to submit their technical proposals. “After we finish evaluating their technical proposals, we will ask them for their financial proposals,” said Hemendra Mohan Shahi, chief of the port.



government reduced the minimum leasehold fee to Rs 40 million for 10 years. Earlier, the minimum fee had been fixed at Rs 160 million which kept away potential bidders who said it was too high. The rental had been set on the basis of the contracts made by Bhairahawa and Biratnagar ports.

Construction of the Mechi Dry Port has been completed and it was handed over to the government three years ago. However, it has not come into full operation.

He added that the companies submitted their offers after the

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Two companies bid to run Mechi

"There were no takers until we reduced the fee that was fixed according to the agreement made with the Asian Development Bank (ADB)," said Shahi. "So, we had to cut the fee to attract private companies."

The Intermodal Development Transportation Development Committee under the Commerce Ministry has been operating the port for the past six months.

The one-window system has not been operational as the port could not be operated fully. The port was constructed with Rs 340 million loan from ADB. According to the loan pact, it has to be given to a private company to operate.

The private sector has been managing the dry ports at Birgunj, Biratnagar and Bhairahawa as per the stipulation. ADB has forwarded the clause that the management will have to clear the debt within 25 years, based on its expectation of transaction of 160 containers everyday. However, the Mechi border has been witnessing transaction of less than 60 con-

tainers a day. Sharad Bikram Rana, officiating director of the Inter-modal Transport Development Committee said the hurdles along the Fulbari-Banglabandh route was reducing trade with Bangladesh and Bhutan.

Rana also said that the committee would reassess the agreement with ADB based on transaction of loaded containers.

Dry ports at Birgunj, Biratnagar and Bhairahawa are already under operation. Birgunj dry port, which was constructed with aid from World Bank, is only the port linked by a railway.

Meanwhile, government is constructing a dry port at Lar-cha of Sindhupalchowk this year with aid from China. It is expected to be constructed within two years with an investment of more than Rs. 2 billion. The government is also planning to construct dry ports in Rasuwa and Krishna Nagar of Kapilvastu. ♦

RBB plans to up loans by 25 percent with focus on agriculture, hydro

State-owned Rastriya Banijya Bank (RBB) has planned to increase loans by 25 percent this fiscal year, with half of the increase going to agriculture and hydropower development. As the country's largest bank, it has been lending almost half of its total deposits for the last few years.

RBB has planned to expand its investments from Rs 40 to Rs 50 billion this year. "We will divide half of the increase between agriculture and hydropower," said Krishna Prasad Sharma, CEO of RBB. By issuing credit worth Rs 5 billion each to these two sectors, RBB will be fulfilling its obligation to increase lending to them to 10 percent of its total lending as per Nepal Rastra Bank's (NRB) directive. In the previous year, its credit issue grew by Rs 4 billion



to Rs 40 billion.

With RBB lending through micro-finance institutions (MFIs) to meet its deprived sector lending requirement, it will now lend to the poor sections of society directly. "We have directed our 85 branches to lend Rs 770 million directly to the deprived sector," said Sharma.

He added that direct lending by the bank will allow its customers to get loans at a relatively lower interest rate. "We hope to provide them loans at 10-11 percent interest as they pay a far higher rate of interest while borrowing from MFIs," said Sharma. However, the bank will continue to lend through MFIs too. ♦

Reinsurance company soon

The Insurance Board (IB) has initiated preparations for transforming its existing Insurance Pool, an emergency insurance fund, into a reinsurance company. A senior IB official said the reinsurance company will be set up within a couple of months. Currently, a team led by Bhoj Raj Sharma is undertaking an audit which is expected to complete within a month. After the completion of the audit, the company will be registered at the Company Registrar Office.

After the registration, IB will issue an operating license to the company. "Then, the company will start its operation," said Binod Aryal, executive director at IB. "Nevertheless, there will be massive restructuring in the company—mostly in the ar-

eas of human resources and capital structure."

As of now, EIF has a total fund of around Rs 1.4 billion. According to Aryal, the paid-up capital of the reinsurance company will be Rs 5 billion. "State-owned enterprises like Employees Provident Fund, Citizens Investment Trust and some BFIs have shown interest to be shareholders of the company."

He added that the company will also seek joint-venture partnerships with reinsurance companies abroad. "Such a joint venture will bring added expertise," he said. ♦

IB mulling agro insurance strategy

The Insurance Board (IB) has been mulling introducing agro insurance in a bid to cover agricultural businesses and farming to help commercialise agriculture. According to senior IB officials, the scheme will be formulated considering certain agro businesses popular in the country like fishery, dairy, poultry and cultivation of cash crops, among others.

The strategy, which is expected to be issued by the end of the second quarter of the fiscal year, will broadly determine the premium, the extent of the coverage and the different sub-sectors that will be covered.

"Although 80 percent of the country's workforce is engaged in agriculture, commercial farming is yet to happen in the country," said Binod Aryal, executive director of the IB. "Launching such an insurance scheme will help insurance companies by developing new products besides increasing investment in agro businesses."

The IB will also be introducing a micro insurance strategy which provides insurance coverage up to Rs 100,000. The IB has sent the proposed scheme to the government. The cabinet is yet to give final approval.

The proposed insurance protection will not cover other agricultural production, especially commercial production. Deposit and Credit Guarantee Corporation has, however, given insurance coverage to the loans provided to small farmers by banks and financial institutions.

Businesses have been citing lack of agricultural insurance as the reason behind their reluctance to venture into the agriculture business. They have repeatedly pointed out that the risks associated with agricultural production needs to be mitigated through insurance in order to lure investments in the sector. Similarly, banks and financial institutions have said that lack of agricultural insurance has prevented them from extending loans to the sector.

Meanwhile, a 2009 study carried out by the World Bank (WB) pointed out that stagnation in the agricultural sector was the major reason behind the underdevelopment and poverty in the country and identified the need for innovative financial products to assist farmers in the management of agricultural production and thus contribute to increasing farm productivity.

The study entitled Agriculture Insurance Feasibility Study in Nepal has stated that insurance can facilitate access to agricultural credit on better terms as it increases the creditworthiness of farmers and other agents of the farm sector. Aryal said that the regulator was aware of the problems bedeviling the farm sector, therefore, they were keen to introduce the insurance guidelines.

IB chairman Fatta Bahadur KC said a high level-team led by the agriculture secretary was also preparing a procedure for agricultural insurance. "It will be drafted in such a manner that insurance companies will be interested in introducing different products under it," said KC. ♦

Vegetable farming with new technology

The integrated insecticide management programme, which has been experimented in three districts of Nepal, seems fruitful, reveals a primary result. The five-year programme has been implemented in Lalitpur and Kaski since 2009 and in Rupandehi for the past few months.

It is informed that IDE Nepal is working as a local partner for the project being implemented with the assistance of USAID. Under the project, farmers have been encouraged to use fertilizers sans insecticides and also provided technical assistance to produce hygienic fruits and vegetables, said Programme In-charge at IDE Nepal, Bishnu Kumar Gyawali.

IDE-Nepal Programme Coordinator Karuna Pradhan said farmers have been excited with the positive results from vegetable

and fruit farming. With the experimental use of organic fertilizers and insecticides in vegetables, bitter melon and brinjal, farmers in the Terai district have harvested good yields of the crops, Pradhan added.

Now 40 households in Rana village of Lalitpur have adopted this technology in tomato farming while 30 households are using this in cucumber farming. Likewise the technology is taking its root in different places of Kaski district.

The National Agriculture Research Council (NARC) has also started this programme on pilot basis in different districts after the technology was getting successful and popular. ♦



Dedicate at least one district for organic farming: NOF

Nepal Organic Foundation (NOF) has called on the government to dedicate at least one district for organic farming, citing such agricultural technique improves soil quality, while generating products that are not hazardous to health.

The call was made at a time when the country is facing acute shortage of chemical fertilizers, which has seriously affected plantation of various kinds of crops throughout the country.

"Since fertilizers and pesticides used in organic farming can be generated locally using inexpensive common things like food and human waste, livestock manure and urine, and ashes, it is high time the government promoted organic farming in the country," Deepak Prakash Baskota, president of Nepal Organic Foundation, told a workshop on 'Current Agricultural Practices and Prospects of Organic Farming for Sustainable Agricultural Development' organized jointly by World Neighbors and Asia Media Forum in Kathmandu on Friday, 10th August.

Baskota also suggested that the government, take the initiative to launch a pilot project on organic farming in at least one district of the country and extend required subsidy to farmers who wish to migrate to organic farming.

Acknowledging the benefits of organic farming, the government last fiscal year started subsidizing fertilizers for organic farming by allocating Rs 100 million for internal purchase of organic fertilizers. But the amount fades in front of Rs 3.06 billion in subsidy extended to purchase chemical fertilizers in that year.

"Is this allocation of budget sufficient if the government truly wants to promote organic farming in the country," questioned Puran Bista, president of Asia Media Forum.

The country imported 153,000 tons of chemical fertilizers in the last fiscal year ended July 15, up from 43,000 tons in previous fiscal year. The imported fertilizer, however, fell

short of the national demand which stands at 800,000 tons.

If the country were to extend subsidy on the total amount of fertilizers that the country needs, the government will have to fork out Rs 15 billion every year, Baskota said, questioning whether the country can afford such a huge cost. "This makes the case for the need to immediately promote organic farming even stronger."

In addition to this cost, chemical fertilizers and pesticides that are laced with toxic components pose serious threat to human health and environment due to which the country's spending on healthcare and environment protection is said to be soaring.

Although Nepal so far has not conducted a detailed survey on impacts of use of chemical fertilizer and pesticides, it is said farmers often use more pesticides than needed to protect agricultural products.

"This practice is even followed by farmers who have undergone training, while lack of a body to monitor these activities is making the situation worse," Bista said. "Worse, there are instances of importing low-grade and banned pesticides into the country through porous Nepal-India border."

However, Shambhu Khatiwada of Nepal Agricultural Research Council said many farmers may not be able to immediately migrate to organic farming as use of chemical fertilizers and pesticides has raised agricultural productivity.

"A hectare of field can now grow around three tons of paddy these days as against two tons around two decades ago," he said. "Besides, improved and hybrid seedlings that are being widely used these days require chemical fertilizers." ♦

Nepal to sign farm commercialization pact with 5 countries

Nepal is to sign new agreements with two countries and renew its existing agreement with three others including China and India to enhance supply capacity of agricultural product by commercializing the sector. Officials at the Ministry of Agriculture Development (MoAD) are busy finalizing the agendas to be incorporated in the deals that are crucial to increase farm production in Nepal and enhancing expertise in agriculture sector.

Prabhakar Pathak, spokesperson of the MoAD said the ministry was preparing to sign new agreement with Turkey to exchange cooperation in agriculture research, soil and water management as well as enhance Nepal's farm technology. Turkey proposed to support Nepal in agriculture research and farm commercialization as well as measures to cope with impact of climate change and strengthen food security in Nepal.

"We have accepted the proposed draft of the agreement from

Turkey. Besides, we have also asked Turkey's support to standardize Nepali exportable foods, food quality control, and commercialization in hybrid maize in Nepal. We will fix the date for Memorandum of Understanding (MoU) immediately after we finalize the scope of cooperation between the two countries," Pathak said. He also said a joint working committee comprising agriculture officials of the both countries will be formed to implement the agreement.

In an effort to bring in coffee production technology and food security policies from Brazil, the government is also preparing to sign a pact with the world's largest coffee producing country. In 2010 the South American country produced 3.27 million tons of coffee. "We are preparing a draft agreement in which we are going to seek Brazil's

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Nepal to sign farm commercialization pact

support for the commercialization of coffee and replicating Zero Hunger Agriculture Policy applied there," he added.

Besides, the fresh agreements with Turkey and Brazil, the government is also renewing existing agriculture agreements with India, China and Israel.

According to him, the Joint Agriculture Working Committee Meetings with Chinese and Indian officials will be held in Kathmandu soon to renew the existing pacts with the two close neighbor that are achieving technical and commercial advancement in agriculture sector. The bilateral agreement on agriculture cooperation with India in 1991 needs to be renewed every ten years.

"We are preparing a proposed draft that includes Indian support in development of human resource, exchange of agriculture related information and joint research by Indian and Nepali scientists to enhance our capacity," he added.

In the pact to be inked at the agriculture secretary level meeting, both sides will agree on strengthening cooperation in controlling infectious farm diseases, upgrading Nepali lab standard for international quality certification and effective quarantine procedures in the customs while importing birds and animal products.

Similarly, Nepal and China are renewing existing bi-lateral

agreement on agriculture cooperation soon. The second meeting of Nepal-China Agriculture Joint Committee held in Lhasa of Tibet in 2010 had decided to hold the next meeting in 2011 in Kathmandu. However, the meeting was delayed by one year due to 'technical reason'.

"We have formed a committee to renew the existing bi-lateral agreement," he said. He further stated that Nepal would ask for Chinese support in conducting feasibility study for a proposed fertilizer plant in Nepal.

Besides, Nepal is also requesting China to sell chemical fertilizers to ensure smooth supply during the crisis period. Nepal has been sourcing fertilizers from India and overseas markets to fulfill the partial demands for fertilizers in the domestic market.

"Chinese cooperation in technology transfer for dairy development, animal feed production in Nepal will also be incorporated in the proposed agreement," he said. During the meeting Nepali officials are scheduled to discuss simplification of quarantine procedure for Nepali animal and poultry products consigned for China.

Likewise, Israeli and Nepali officials are also setting for dialogue to strengthen cooperation on modernization of Nepal's agriculture. ♦

10 million GSM lines project of NTC

Nepal Telecom (NT) and ZTE Corporation are at loggerheads over the installation of infrastructure for adding 5.2 million mobile lines to NT's network. Both the sides have been in negotiation for the last three months, but are yet to reach a conclusion. ZTE has already accepted the letter of intent (LoI) issued by NT.

ZTE is asking NT to consider hidden costs such as those associated with the transportation of equipment to remote areas. The Chinese company was selected to supply and install telecom equipment to enable NT to add 5.2 million mobile lines in the eastern, mid- and far-western regions and the central region outside the Kathmandu valley under the package 'A' of NT's mega project of expanding 10 million GSM lines.

Another Chinese company Huawei Technologies has been awarded the package 'B' contract to support NT's plans to add 4.8 million lines in the Kathmandu valley and western development region. Despite quoting the lowest, Huawei was not awarded both the packages as per NT's policy of awarding two packages to two different companies.

ZTE had quoted the second lowest, but it was asked to accept the package 'A' contract at price quoted by Huawei. However, ZTE, despite accepting the LoI, is uncomfortable with the bid amount which it says is too low.



ZTE 中兴

"ZTE has been saying that it will not be able to work at the cost proposed by Huawei for package 'A' — which is around \$122 million. ZTE had quoted \$155 million," said a source at NT, adding that ZTE has also been asking some additional time, saying that its needs to be clear about NT's requirements for the implementation of the project.

Recently, NT had issued a warning letter to ZTE, asking it to sign the agreement within two weeks. It says the delay in signing the agreement might have a negative impact on the whole project that is targeted to meet the demand for until 2015.

Huawei has already signed the agreement for 4.8 million mobile lines at Rs 6.74 billion last June. Under the package 'B', Huawei will supply, install the required equipment and make the service operational in the Kathmandu Valley and the Western development region, according to NT.

"ZTE may withdraw from this project if it finds it hard to undertake," said the source. "But at the same time, it also does not want to irritate a big customer like NT." Around 80 percent of NT's existing network is said to have been covered by ZTE equipment. ♦

China ready to support Nepal bring down trade deficit

China has expressed readiness to support Nepal to bring down the ballooning trade deficit with the world's second largest economy. Responding to Nepali concerns during Nepal-China Consultative Meeting on Monday in Kathmandu, Chinese officials were positive to support development of infrastructure, facilitate market access for higher number of Nepali goods, simplification of customs procedures by improving customs facilities, among others, said a foreign ministry official.

"Both sides discussed a gamut of issues, especially economic and trade issues subsisting between the two countries. We are encouraged by the positive responses from the Chinese officials to support us to narrow down our trade deficit with our northern neighbor," a high level source at the Ministry of Foreign Affairs (MoAC) told Republica on Monday.

During the fiscal year 2010/11, Nepal recorded its highest ever trade deficit with China which rose to Rs 44 billion. Foreign Secretary Durga Prasad Bhattarai and Chinese Deputy Foreign Minister Fu Ying led their respective teams. Officials from finance, agriculture, energy, industry, commerce, health, home, local development, education, tourism ministries and National Planning Commission were present at the meeting. "During the meeting we also reviewed the implementation of various projects supported by China and explored the potential sectors for increasing Chi-

nese investment in Nepal," said the source.

Nepal had imported goods worth Rs 45.63 billion from China against the export amounting Rs 746 million during the fiscal year 2010/11.

Chinese side had expressed interest to import more Nepali agriculture products as well as Nepali handicrafts which are gaining popularity there. Nepal has been exporting cement, iron rods, noodles, refined flour, handicrafts, carpet, pashmina, silver ornaments, incense and medicines, among others to the world's second largest economy. Similarly, electronics, garments, electrical goods, shoes, beverage and vehicles are the major imports from the northern neighbor.

Nepal has been exporting only around 360 goods to China though the world's second largest economy has been providing zero tariff access to 4721 items of goods from Least Developed Countries including Nepal.

Source also said both sides extensively reviewed bi-lateral issues on development of infrastructure and hydropower, resumption of Kathmandu-Lahasa bus service, simplification of visa to Nepalis to visit China, direct flight between major cities of both countries, extension of ring road, Trishuli A hydropower and construction Pokhara International Airport as well as better investment climate in Nepal. ♦

China willing to support Lumbini development: Fu

Visiting Chinese Vice Foreign Minister Fu Ying on Sunday, August 12, said China is ever willing to help Nepal in developing Lumbini, the birthplace of Gautam Buddha. Accompanied by Chinese Ambassador to Nepal Yang Houlan and other Chinese delegates, Fu took a guided tour of Lumbini, including the Mayadevi Temple and the Chinese Buddhist Monastery, on Sunday.

The Chinese vice minister inquired with representatives of the Lumbini Development Trust about the Lumbini Masterplan and the development work underway. With help from the Buddhist Association of China in 1996, China started constructing a Chinese Monastery in Lumbini. Officials said the Chinese side "positively supports the programme of 'Advancing the vision for Lumbini's Development'".

During the Kathmandu visit of Chinese Premier Wen Jiabao in January, the Chinese side had responded positively to Nepal's request to extend its railway line from Tibet to Kathmandu and ultimately establish a link with Lumbini. Wen had told Prime Minister Baburam Bhattarai that Beijing would consider Nepal's request "seriously and positively."

Sources indicated that the northern neighbour will again express its willingness to assist Lumbini in the ninth meeting of the Nepal-China Consultative Mechanism to be held

on Monday in Kathmandu.

A plan by a little known Chinese NGO, APEC, to develop Lumbini as world class heritage and pilgrimage site with an investment of US\$3 billion was dragged into controversy. It was later shelved.



In recent times, Lumbini has seen a surge in the flow of Chinese tourists. Ambassador Yang has also been saying that the Chinese government and the private sector is ready to assist the development of Lumbini.

Earlier, the Chinese private sector had agreed to inject Rs 8 billion to construct a 100-metre tall Buddha statue and carry out some new constructions and renovations.

"Of late, we have not seen much progress on this," said an official at the Ministry of Culture. The Beijing-based Zhongtai Jinghu Investment Company led by former Chinese ambassador to Nepal Li Debiao is leading the project, sources said.

During a meeting of the High-Level Lumbini Development National Steering Committee held last December, Yang said that "in recent years, the amount of Chinese tourists to Lumbini is increasing" and that more Chinese companies are interested in developing the place. ♦

Special unit at commerce ministry to facilitate Nepal-China trade

The government has set up a technical unit, a special cell, at the Ministry of Commerce and Supplies (MoCS) in a bid to promptly address technical problems, concerns and other confusions faced by the traders doing business with China.

The unit has been formed after Nepal-Tibet Trade Facilitation Committee (NTTFC) - an inter-governmental special mechanism between Nepal and China - decided to set up the unit in the commerce ministries of both the countries to facilitate direct communications and prompt solution to technical problems.

"The cell has been developed to resolve problems that traders face from day to day," Naindra Prasad Upadhyaya, joint secretary at MoCS told Republica. "We have already informed the Chinese government about its establishment and hope to receive a positive news from them as well."

Going by the cell's operation guidelines, traders involved in exports and imports from China can directly file their complaints at the cell if they face any problems.

The officials deputed at the cell are entrusted to promptly communicate their problems to the Chinese authority in Nepal as well as officials of similar cell in the Chinese commerce ministry

and suggest solutions to resolve them.

The officials had been strongly raising this issue mainly as more Nepali traders were filing complaints at the ministry in recent years over various problems at the customs due to language barrier, lack of proper disclosure of tariff and procedures, among others.

Upadhyaya, who is also the focal person of the unit, said that the unit will stay in close touch with the traders and coordinate with the Chinese government agencies to solve problems.

However, officials said that the success of the cell will depend on how promptly the concerned Chinese officials respond to Nepal's queries and explanations. "Given the type of bureaucracy and procedures China follows, we will have to wait for the time being to be sure it will deliver the desired result," said a source.

If the unit did work in the manner Nepali traders wish, they believe it will greatly facilitate and ease trade between the two countries, mainly exports. Data of Trade and Export Promotion Center (TEPC) shows, Nepal suffered trade deficit of Rs 46 billion with China in 2010/122. ♦

Seven Nepalese Pharmaceuticals' products approved for exports

Drugs Administration Office of the Government of Nepal has ultimately granted permission to seven Nepalese allopathic pharmaceutical companies with "certificate of pharmaceutical products" to export their products at the first phase.

According to the Department, the seven companies obtaining permission are Nepal Pharmaceuticals Laboratories, Deurali Janta Pharmaceuticals, Lomus Pharmaceuticals, Time Pharmaceuticals, Vijaydeep Laboratories, National Healthcare and Magnus Pharmaceuticals. Initially, they target to export 20 varieties of pharmaceutical products to India, Bhutan, Sri Lanka and Philippines. As per pharmaceutical companies receiving permission, they are now in the process of agreement with importers and can start exporting within one year as they have to go through separate process and formalities of con-



cerned importing countries. According to Gajendra Bahadur Bhujju, Senior Drug Manager of Department of Drugs Administration, all these companies getting export permission are producing pharmaceutical products as per WHO GMP (World Health Organization, Good Manufacturing Practice) norms from the last 4 years.

According to the Department, now 42 companies are manufacturing allopathic medicines and out of them, 29 are producing as per WHO GMP norms. "Any importer of the world can import medicines manufactured by all these 29 companies.

Medicines of these companies were successful in the Laboratory test of different countries including India, Bhutan, and Sri Lanka" Bhujju said. ♦

Industrial Districts being safer with PTZ Camera

Government of Nepal is mulling for pan tilt zoom close circuit (PTZ CC) camera in government run 4 industrial districts. PTZ is a kind of CCTV camera with a capacity to snap clear pictures and video even in nights more than 500 meters distance, moves in all round 360 degree and can be stores visuals up to 40 days and can be controlled by remote device.



With installation and of the equipment and monitoring of the activities in entire area, security at the industrial districts is expected to be strengthened. Also call security camera, initially, such cameras will be installed at 4 different places of all 4 government run industrial districts (Balaju, Patan, Pokhara and Hetauda). Government plans to install these cameras by the end of this fiscal year. ♦

NRB permits export loan in foreign currency

Exporters can now obtain pre-shipment and post-shipment loans from financial institutions in foreign currency.

The central bank has allowed commercial banks and development banks to lend \$ 1 million or its multiple as pre-shipment and post-shipment loans to export-oriented industries that earn foreign currency. The borrowers need to pay both the principal amount and interest in foreign currency.

The central bank already allows banks to provide exporters and hydro projects loans in foreign currency. The move comes in line with the monetary policy for this fiscal year that had announced such a facility to encourage export industries as they need to make payments for raw materials in foreign currency and then receive payments in foreign currency.

Nepal Rastra Bank (NRB) has fixed a maximum of 2.25 per cent addition to LIBOR. LIBOR stands for London Inter Bank Offer Rate which is fixed by leading London banks and is the

benchmark for bank rates all over the world.

Moreover, NRB will also provide refinancing to the financial institutions for such loans at LIBOR plus 0.25 per cent interest rate for six months against the collateral of good loans, according to the circular published today. The banks need to pay back the refinanced loans in foreign exchange.

Last fiscal year, the central bank had allowed licensed hydropower companies to issue foreign-currency debentures in Nepal. The hydro power projects that generate income in foreign currency can raise needed funds for developing a project by issuing foreign-currency bonds through the subsidiary merchant banking arm of commercial banks and development banks. Himal Power Company has already undertaken preliminary steps to issue \$ 60 million worth debentures in the domestic financial market. ♦

NTB to propose new destination

Nepal Tourism Board (NTB) is planning to identify Brazil, Russia, India, China and South Africa (BRICS) as an emerging tourism market for Nepal.

"We are planning to propose BRICS as a promising tourism market at the NTB board meeting," said an official at NTB.

Among the five countries, India and China are already established tourist markets for Nepal. However, the number of tourists from the other three countries — Brazil, Russia and South Africa — does not have an overwhelming tourist arrival figure. Nepal hardly gets around 500–1000 tourists annually from Brazil, Russia and South Africa, claimed NTB.

Total visitor arrivals by air posted a growth of 18.5 per cent on aggregate to reach 332,472 for the period between January and July 2012, as compared to the same period the previous year, according to data compiled by Nepal Tourism Board.

Out of the total 332,472 visitors in the seven months of 2012, Indian visitors numbered 112,165, which is one third of the total tourist arrivals. In July total tourist arrivals from India increased by 24.3 per cent while total tourist arrivals from China increased by 27.2 per cent.

"We are trying to focus on these countries as they are emerging economies and can be a great tourist market," he said.

Paragliding reaches new heights in Pokhara

Seven more paragliding companies in Pokhara have been given operating licenses in the last one year as a testimony to the fast rising popularity of the adventure sport. According to the Civil Aviation Authority of Nepal (CAAN), there are now 17 paragliding companies operating in Pokhara. CAAN charges US\$ 1,280 (excluding taxes) to issue an Air Operators Certificate and US\$ 56.50 per flier as flight permission fee. The permit is valid for 15 days.

However, the NTB board meeting needs to give a positive nod for the marketing and promotion for new destinations.

The top five countries contributing to tourist arrivals in Nepal during 2011–2012 were India (20 per cent), China (8.4 per cent), Sri Lanka (8.1 per cent), USA (5.7 per cent), and UK (five per cent), states the Economic Survey 2011–12.

Meanwhile, Nepal Tourism Board is waiting for its next board meeting to forward its list of proposals regarding tourism promotion and campaigns at international destinations. "The Supreme Court has given its verdict regarding the appointment of three members of the board," said director of planning and monitoring Kashi Raj Bhandari. It is about to be a month since the Supreme Court gave a verdict to reinstate the three members — Pampha Dhamala, Phurba Gyalgen Sherpa and Tika Ram Sapkota. "We are waiting for a written information from the Supreme Court regarding the final verdict of the reinstatement of three new board members at NTB," said member of NTB Dhurba Narayan Shrestha

He also added that as soon as the NTB board gets its members, it will organise its regular board meeting and start tourism promotion and marketing. ♦

CAAN said that one company is allowed to operate six-seven flights per day depending on the weather. The route Sarangkot-Toripani-Dhikikhola has been fixed for paragliding. "More than 90 flights are conducted on the Sarangkot-Toripani-Dhikikhola route daily, and it can accommodate a few more flights," said CAAN director Madhav Prasad Dahal.

Contd on pg 13

Paragliding reaches new heights

"However, we need to think of alternative routes if more companies apply for an operating license." According to him, CAAN has the authority to shift paragliding companies to other areas if the space becomes congested.

The popular season for this adventure sport among thrill seekers is September-November. However, operators said that paragliding was becoming popular as an all-season activity among visitors. They added that the sport has been attracting Nepali fun seekers too of late. A paragliding company handles 2,500-3,000 fliers annually, and 60 percent of them are foreign visitors.

"Paragliding is not limited to certain seasons these days, and almost all the paragliding companies have year-round bookings," said Samjhana Thapa, sales executive of Sarangkot Paragliding. "Unlike in the past, customers nowadays have to make pre-bookings," she



added. She said that all the hotels and tour operators include paragliding in their packages.

Aerial sports began in Nepal in 1996 with Sunrise Balloon and Avia Club offering hot air ballooning and ultra light flying respectively. Paragliding started to take off in 2007. According to travel trade entrepreneurs, Nepal has tremendous potential in adventure tourism with paragliding being identified as one of the fastest growing segments.

Nepali paragliders are charged Rs 5,000 for a 30-minute flight while the price for foreign tourists is US\$ 100. As paragliding is a relatively new adventure sport in Nepal, tour operators said that there was little information about it in tourist guidebooks. Paragliding in Pokhara involves flying over villages, lakes and jungles.

CAN SofTech from Sept 13

The Computer Association Nepal (CAN) is organising CAN SofTech 2012 in Kathmandu from September 13 which is expected to create awareness about software among masses and expand the market for software and related services.

It is the fifth edition of CAN Soft Tech that started in 2008. Unlike past, CAN this time is managing separate pavilions for software and ICT services solution segments. Software pavilion will have stalls of companies related to software sales and development, anti-virus, e-Governance, access control, BPO and cloud computing.

ICT services will include companies related to networking solutions, mobile solutions, security solutions, ISPs, telecom, broadband and cable TV service providers, product launch, wireless solutions, banking solutions, education and training among others.

This time, visitors will also find different mobile applications made in Nepal, according to CAN. An IT company, which is the title sponsor of the event, is unveiling its new products —

Wealth and I-office — which are designed to manage an organisation's portfolio and financial transactions.

The event will also showcase Fibre to Home (FTH) technology which makes possible video, voice and data travel through a single broadband connectivity. Similarly, picovico.com, a Nepal made software which converts photos into video online, will launch its applications for iPhone.

Sureshkumar Karna, president of CAN, said the exhibition will help develop essential policies to introduce Nepal as an alternative destination for software development and IT services. The event is expected to gather policy makers, users, students and entrepreneurs concerned with the computer software and information technology.

According to the organiser, the exhibition will have 51 stalls from different participating companies with around 60 percent of the stalls already booked. The exhibition is expected to gather around 49,000 visitors.

Soaltee bags 'Best Intl Business Hotel' award

Soaltee Crowne Plaza Kathmandu — a preferred destination for business meetings, leisure and all celebrations — has won the prestigious Today's Traveller Award 2012 for Best International Business Hotel in Nepal, a statement of the hotel said. The hotel had received the award for best business hotel in the year 2008 as well.

"I am immensely delighted to receive this award on behalf of all my dedicated team members and it is yet another proud achievement for our hotel," the statement quoted general manager of the hotel Nalin Mandiratta as saying. Today's Traveller is India based travel and tourism industry awards.

Reputed for its architecturally stunning exteriors, mountainous surroundings, comfortable rooms, state-of-the-art meeting facilities, impeccable service and world class amenities, the iconic Soaltee Crowne Plaza Kathmandu had also been the proud recipient of Today's Traveller Nepal's Best Business Hotel Award for 2008.

Today's Traveller is India's most respected travel and tourism industry award incorporated in 2007 with the objective of recognising exceptional achievers and contributors, who have inspired all the players in the travel and tourism industry.

Yamuna Expressway : realty booster, also cuts travel time from Delhi to Taj to 150 minutes

The 165-km Yamuna Expressway connecting Greater Noida with Agra is finally open for the public. It was inaugurated on Thursday, 9th August, by Chief Minister Akhilesh Yadav by way of a video conference from Lucknow.

The \$2.4 billion, signal-free Yamuna Expressway opened its toll gates promising to cut the travel time between New Delhi and Agra, the city of the Taj Mahal, by nearly half to around two-and-a-half hours.

The 165km expressway will squeeze the distance between Agra and Delhi to around 211km, reducing the travel time between the Capital and the tourist hotspot to 150 minutes, and a mere 90 minutes from Greater Noida.

There are six interchanges, 70 underpasses, 75 cart track underpasses, 41 minor bridges and 182 culverts.

Built by infrastructure major Jaypee Group, a return drive the same day on the 165-km, six-lane highway will attract a toll of Rs.510, with the state government approving a maximum levy of Rs.2.10 per km for a passenger car, one-way. The toll came into effect Aug 16 after a six-day celebratory waiver.

Developers however view it not just as a traffic enabler, but a magnet for real estate growth.

"The Yamuna Expressway is conceived with the idea to not only reduce travel time between New Delhi and Agra but also open up avenues for industrial and urban development of the region and provide the base for tourism and other industries," the Jaypee Group said.

Officials said the six-lane highway is built under the public-private partnership model and is the biggest such project in the country. Jaypee Infratech, the company that has built the project, has a 36-year concession (rights) over the it.

The expressway has also brought cheer to the area's developers and property prices in its neighbourhood have touched Rs.30,000 per square yard, because of the combination of infrastructure that measures up to global standards, the spin-offs of the Formula One track, the opening of educational institutions and the expected growth of industries around it.

"Opening of the Yamuna Expressway will certainly give a boost to real estate development in the region," says Sameer Gaur, Joint MD of the Jaypee Group and the man who brought F1 to India. "Proximity to the F1 track and world-class infrastructure are the major draws for the home buyers."



The Jaypee Group, promoters of the expressway, is coming up with five integrated townships over 500 hectares each at Noida, Jaganpur, Mirzapur, Tappal and Kuber along the expressway.

And it is not alone. The state government has already acquired land and

allotted 21,000 plots off the expressway to individuals. The projects coming up in the area, along with the schools and universities opening at a fast clip, the areas will be not only more affordable than Noida and Gurgaon, but also more provided for.

At five places the Expressway promoter Jaypee group will develop integrated townships on 500 hectare land each at Noida, Jaganpur, Mirzapur, Tappal (Aligarh) and Kuber (Agra), official sources said.

The company said the initial feasibility studies showed a potential for 20,000-40,000 vehicles each day. Jaipur in Rajasthan, Agra in Uttar Pradesh and the national capital of New Delhi constitute what is called the golden triangle for tourism in India.

Jaypee Group deputy chairman Manoj Gaur said during the inauguration function in Lucknow that his company will also build a 100-bed hospital near the expressway spread over five acres under the Yamuna Expressway Social Upliftment Trust.

Some key points of the expressway project:

- 1- Touted as India's longest access-controlled concrete expressway
- 2- Provision to expand freeway to eight lanes, against current six lanes
- 3- Toll at three plazas with 16 gates on each side to make the process swift
- 4- Medical facilities like vans, stretchers, bed and medicines on call
- 5- Tie-up with two major hospitals, with air ambulances for emergencies
- 6- Fuel stations, ATMs, small convenio and public convenience facilities soon
- 7- Talks with known brands for food courts along the expressway
- 8- Two-wheelers also allowed with a speed limit of 60 km per hour
- 9- Speed limit for heavy vehicles also fixed at 60 km per hour ♦

Amway India to set up an R&D centre in India

Amway India Enterprises is setting up a dedicated R&D (research and development) centre in India, in a bid to further explore the opportunity of launching innovations specifically for the Indian market.

Currently, Amway has two major R&D centres globally. One is at its headquarters in the U.S., at Grand Rapids, Ada, Michigan, while the second one is in Shanghai, China. The one proposed for India will thus be its third R&D centre globally.

"The proposed R&D centre in India would compliment our other two centres, work on our global brands, but mostly focus on developing 'new' and innovative products, specifically for India, that eventually might be sold globally," William Pinckney, MD & CEO, Amway India Enterprises told TOI.

The company has already announced an investment of around Rs 450 crore in setting up a manufacturing facility in India. We would hope to bring the R&D centre on line in India about the same time that we commission our new manufacturing facility (late 2014 or early 2015)," said Pinckney.

He, however, said it was difficult to estimate exact costs at this point as the company is yet to identify exactly where it would

build the R&D centre, what equipment will be included and how many scientists might staff it. But I would think we would need an initial investment of at least Rs 50 crore to start with and then we would build on that," said Pinckney.

Amway India Enterprises is a leading direct selling company with a turnover of around Rs 2,100 crore. Amway's share in the Indian direct selling market is around 45%.

For the consumer in India, Amway has tweaked its global strategy to offer options in terms of different price points for the first time. Very important to point out here that Amway India, even in the absence of a dedicated R&D centre, has already developed many new and innovative products in India and launched them successfully into the market place. Some of those are already being considered internationally. So in reality we have the competence to do this. The actual 'bricks

and mortar' will just formalize R&D for Amway in India and take it to the next level," said Pinckney.

The firm is present in categories such as health and nutrition, beauty, home care and personal care. ♦

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Air India to resume flights in international route

Air India will have all its Boeing 777s pressed into service and flights restarted to important destinations like Hong Kong, Seoul, Frankfurt and New York to regain lost international market share.

The airline has eight 777 LR (long range) and twelve 777 ER (extended range) which were grounded during the 59-day strike that crippled the carrier's outbound operations and caused an estimated revenue loss of

Rs.620 crore. "We were most badly hit in the East Asia sector. Hong Kong was the worst hit. We had very good passenger loads and revenue coming in from this sector which mainly accounts for tourists and business travelers; that's why reactivation of these services had become a priority for us," a senior Air India official said.

"Our 20 aircraft of 777 type will be activated on routes like Hong Kong, Seoul and Osaka in the first phase starting Aug 21, 2012. This will be followed by operations to New York, Frankfurt and Paris," said the official in New Delhi.



After East Asia, services to Europe will be restored first to Frankfurt on Sept 1, 2012, and then New York from Sept 4, 2012.

According to the official, the restoration of services and low fare offer will see Air India's bottom line improve.

The airline is offering a return fare of Rs.12,000, exclusive of taxes, between New Delhi and

Hong Kong. It will start offering return tickets to New York, Frankfurt and Paris at the minimum price of Rs.30,000 per ticket.

The airline would also increase the frequency of its New Delhi-Paris and Mumbai-London flights, making them daily services.

The airline is confident of maintaining the new schedule as nearly 230 pilots have joined back and efforts are on to take back the sacked 101 pilots. ♦

India business confidence down, says CII

Most in India Inc. expect stagnancy or decline in their business activities in July-September period due to high cost of borrowings, unfavourable macro-economic condition and the government's inability to push forward the reforms process, a survey revealed.

According to a business outlook survey conducted by the Confederation of Indian Industry (CII), majority of business houses witnessed stagnancy in their overall sales, new orders, value of production, inventory levels and employment in the first quarter of 2012-13 financial year.

For the second quarter of the current financial year, the business confidence has declined further, indicating that the situation is likely to worsen further.

CII Business Confidence Index for July-September 2012 fell by 3.7 points to 51.3, after rising to 55, in April-June 2012 from 52.9 in the previous quarter.

"The falling index value is reflective of low business sentiments that has been prevailing for the last few quarters," Chandrajit Banerjee, director-general, CII, said in a report.

The survey revealed that stagnancy in reforms is the top concern of most firms, followed by slackening consumer demand

and high interest rates.

Rising input costs continue to be a major worry for firms. Majority of the firms recorded an increase in raw material costs, electricity and fuel cost and cost of wages and salaries during April-June period as compared to the previous quarter. Expectations for the quarter ending September 2012 show that a majority of firms still expect these costs to increase though the proportion of respondents expecting an increase is lower than in the first quarter.

Almost all firms reported either an increase or no change in the cost of credit and a majority continue to expect no change in the second quarter. Reflecting the grim domestic policy scenario, investment sentiments have weakened considerably.

However, on a positive note, the survey showed that 56.1 per cent of the respondents expect domestic investments of their companies to rise in the second-quarter of 2012-13 compared to the first quarter, while 39.5 per cent expect it to show a decline or no change.

Over 42 per cent expect international investments to show a decline or no change in July-September quarter, while 34.7 per cent of respondents expect it to record any increase. ♦

Reliance Capital to globalise operations: Anil Ambani

Industrialist Anil Ambani has said his group's financial services arm Reliance Capital plans to globalise its operations in the next 3-5 years and expand its customer base 2.5 times to 50 million in this period.

"We have drawn up exciting growth plans for the next three to five years," Reliance Capital Chairman Anil Ambani said in his annual letter to shareholders.

The plans include increase in Reliance Capital's customer base from 20 million to 50 million, expansion of distribution reach from five thousand to 25 thousand cities and towns and increase in the number of business partners from half a million to one million, he said.

Ambani further said Reliance Capital would globalise operations by leveraging its domestic experience and capabilities to expand its asset management and wealth management businesses in emerging markets across the world.

"Together these initiatives will further accelerate our growth and lead to substantial value creation for all," he said.

Ambani further said that Reliance Capital, which is present in businesses like insurance, mutual fund, brokerage, commercial and home finance and investment banking among others, maintained its focus towards improving operating performance in 2011-12 despite a backdrop of slowing economic growth in the country and tough global environment.

"Our company is India's one of the largest non-banking financial services company... the Reliance Group touches the life of one in every five Indians, every single day," he said.

Besides financial services, Ambani-led Reliance group is present in businesses like telecom, power, infrastructure, media and entertainment.

Ambani further said that Reliance Capital's total income rose 21 per cent to Rs 6,627 crore in the last fiscal, while net profit rose 57 per cent to Rs 458 crore.

Its total assets rose 10 per cent to Rs 35,343 crore, while net worth grew by 50 per cent to Rs 11,697 crore in 2011-12. ♦

Olli Rehn warns of 'decisive juncture' in eurozone as he reveals 'economic and monetary union 2.0'

Olli Rehn, the vice-president of the European Commission, has warned that the eurozone is at a "decisive juncture" as he revealed his plans for "Economic and Monetary Union 2.0".

Olli Rehn revealed that a 'specific and time-bound roadmap' for a stronger euro will be in place by the end of the year.

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Olli Rehn warns of 'decisive juncture' in eurozone

Despite the "imbalances" in the single currency posing "a formidable challenge", Mr Rehn also maintained that the European Central Bank "will remain an anchor of stability throughout the crisis".

Writing in the Wall Street Journal, the commissioner for economic and monetary affairs and the euro argued that the economic problems of today are rooted in the beginnings of the European project 13 years ago.

"The eurozone is at a decisive juncture - not only in its three-year-old debt crisis but in its 13-year-old history," he wrote. "And the two are inextricably linked: The short-term symptoms of this crisis have their roots in long-term ailments.

"Europe is undergoing a correction of the macroeconomic imbalances that built up before the financial shock of 2008. Over the past decade, Europe's integrated financial market channeled savings from countries with sluggish domestic demand to countries where demand was thriving, credit was booming, and wages and prices were increasing."

Revealing that a "specific and time-bound road-map" for a



stronger euro will be in place by the end of the year, Mr Rehn reiterated the need for a joint pooling of debt for the 17 members and for the European Stability Mechanism (ESM), the eurozone's permanent firewall, to be given the power to recapitalize banks directly.

Both measures have so far been resisted by German Chancellor Angela Merkel, who fears that the financial weakness of countries such as Greece will harm stronger countries should they share debt. However, Mr Rehn said such risks needed to be shared if the single currency was to thrive.

"While building 'Economic and Monetary Union 2.0', leaders have also agreed to explore the conditions under which it would be rational for European countries to issue debt jointly. The guiding principle has to be that a further mutualisation of economic risk will require a parallel deepening of integration in budgetary decision-making."

ECB president Mario Draghi's has previously stated that the way out of the current crisis is "more Europe", a view that Mr Rehn reinforced.

"The ECB will remain an anchor of stability throughout the crisis," he wrote. "At the same time, Europe is committed to building a genuine economic union to complement and strengthen our existing monetary union. ♦

New York Beats London In Tourism Even Without Olympic Games

New York may have lost the summer Olympics bid to London for the just-ended event, but that didn't translate to a dip in tourism for the Big Apple. The conventional wisdom is that the Olympics bring tons of tourists to the host city, but New York showed the world once again it can't be beat.

"New York is so powerful that it doesn't need the Olympics to succeed," NYU Urban Policy professor Mitchell Moss told WCBS 880's Alex Silverman. "We continue to actually out-draw London without the games," by more than 100,000 tourists a day, Moss said.

As Olympics host, London had to build new arenas to accommodate all the events, at a high cost.

"And what we did is we got the best of this. We got all the Olympic facilities, many of them, but we didn't have the city disrupted. We had the city flourish as a tourist mecca while London actually lost tourists during the Games," Moss told Silverman.

A survey of 250 tourism-related businesses in all of Britain showed an overwhelming drop in visitors and profits compared with the same time last year. Nearly 9 in 10 businesses reported losses, and visitor numbers were down 10% to 30%, according to the survey conducted by trade group UKinbound.

"In part because so many people in London decided to come to America, come to New York, rather than be there because there were warnings about gridlock and traffic jams," Moss said.

London theater saw a 30% drop and hotel occupancy was down 12% versus the same period last year.

"Additional tourist attractions like the Tower of London and the British Museum, they had a 20-30% decline during the Games," Moss said.

Professor Moss said he doesn't think that would have happened had New York been awarded the Games. "I think New York is actually much better equipped to handle big events," he told Silverman. Moss said it's important to keep the momentum going to help strengthen the city's economy. "Tourism is one of our great anchor industries now," Moss told Silverman.

The official number of visitors who were in Britain during the Olympics will not be released until next month. ♦



Olympic Rings At Parliament In London

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Anil Ambani cuts pay package to Rs 5.5 cr in 2011-12

Industrialist Anil Ambani has taken a huge cut in his total remuneration from four main companies of Reliance Group in 2011-12 as it was about Rs 5.5 crore, lower by nearly two-third from the previous year.



Ambani's cumulative remuneration as Chairman of these four companies — Reliance Communications (RCom), Reliance Power (RPower), Reliance Infrastructure (RInfra) and Reliance Capital (RCap) — stood at over Rs 17 crore in 2010-11.

Ambani does not take salary from any of these companies, but gets sitting fees for attending the meetings of the boards and other committees. Besides, he is entitled to commission payable to directors, as per the rules of the respective companies.

As per the latest annual reports of these companies, Ambani did not even take any commission from three companies — RPower, RCap and RCom — during the last fiscal.

At RCom, Ambani had waived his commission for 2009-10 and this was the third consecutive year in 2011-12, when he did not take any commission from this company.

Industry experts say many top executives of Indian companies have volunteered for pay cuts, and even no salaries, in the past few years as talks of austerity measures have gained momentum amid adverse economic conditions.

Among other leading industrialists, Sunil Bharti Mittal as Chairman and MD of Bharti Airtel, took a 22 per cent pay cut with a total remuneration of Rs 21.3 crore in the last fiscal.

IT giant Wipro's chief Azim Premji's remuneration also nearly halved to Rs 1.9 crore in 2011-12.

Anil's elder brother Mukesh Ambani had capped his annual pay package as Reliance Industries Ltd Chairman at Rs 15 crore a year for four years now.

An analysis of remuneration details in the annual reports of Reliance Group companies shows that Anil Ambani was paid sitting fees of Rs 80,000 at RPower, Rs one lakh each at RInfra and RCap and Rs 2.6 lakh at RCom during 2011-12, resulting into a total of about Rs 5.4 lakh.

At RInfra also, Ambani's remuneration for 2011-12 included only sitting fees of Rs one lakh, while he did not get any payment towards salary and perquisites or commission for the year. ♦

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