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NICCI e-Newsflash

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West Seti hydro power: IB, Chinese firm put stamps on revised MoU

Six months after signing an initial agreement, an amended memorandum of understanding (MoU) has been signed on Monday, 27th August, between the Government of Nepal and China International Water and Electric Corporation (CWE) Investment, a fully owned subsidiary company for China Three Gorges Corporation, for driving the construction process of the 750-MW West Seti Hydro Power, one of the largest ever Project forward. With the signing of an agreement, decks have been cleared for the development of the $2 billion (Rs 180 billion) projects. The Cabinet meeting on Monday endorsed the MoU, according to PMO sources.

Chief Executive Officer of the Board of Investment (BoI) Radhesh Pant and the Executive Director of the China CWE investment have signed and exchanged the amended documents.

Earlier, the much-talked-about hydro project had been given a second lease of life when the government and the Chinese company signed an MoU for the construction of the West Seti Project on February 29 this year. However, as the Parliamentary Committee on Natural Resources and Means questioned over the legitimacy and some provisions included in the MoU, the government had asked the China CWE Investment for minor amendments to the MoU.

The project was earlier stalled for 14 long years as its licence holder, the West Seti Hydropower Company Limited, promoted by Australian Snowy Mountain Engineering Corporation (SMEC) failed to manage financial resources for its construction despite 10 amendments to the agreement over the years. The government had issued construction license to the West Seti Hydropower Limited on June 27, 1997, but revoked it on July 27 last year as the company, failed to manage funds for project 14 years.

For this, a team of Nepalese delegation led by the Chief Executive Officer of the Board of Investment Pant had flown to China to negotiate with the Chinese team for proceeding the project ahead nearly two weeks ago.

According to sources at the BoI, both the parties had agreed to move ahead making minor amendments to the MoU during the meeting in China.

As the Executive Director of the China CWE Investment could not come in person, Deputy General Manager of China CWE Investment arrived in Kathmandu on Sunday with the minor amendment and signature from the Chinese side in the MoU, the sources said.

IB CEO Radhesh Pant said the agreement was signed in line with the suggestions put forth by the Natural Resources and Means Committee (NRMC) of the dissolved parliament on the initial MoU between the Energy Ministry and the then China Three Gorges International (now CWE Investment Company).

"This MoU signing has put transparency and national interest on the top," said Pant.

The NRMC had in March suggested making the project a multipurpose one by giving 10 percent stake to the people of the Far West and extracting maximum benefits for the country.

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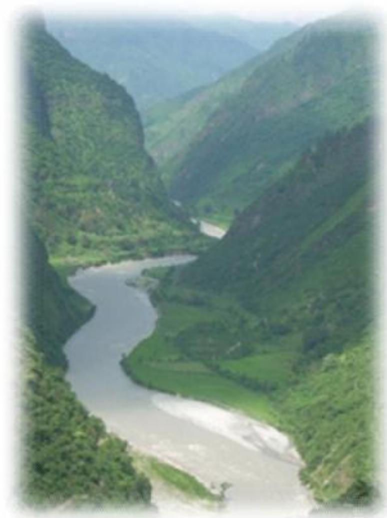
West Seti hydro power: IB, Chinese firm put stamps...

Both the parties have jointly agreed to update the work plan and put into place contracting terms which will help avoid cost overruns and ensure timely completion of the project. The project is expected to be completed by 2020.



According to the IB, the CWE has offered to provide help to secure financial closure on the transmission line project. Similarly, the IB will assist the Chinese company in the implementation of the project, which includes government approval, provision of all available past studies for the project, land acquisition, resettlement and environmental impact assessments.

The agreement has also explored new possibilities of developing an industrial hub in the Far West with technical and financial assistance from CWE's holding company, China Three Gorges Corporation (CTGC). The project will supply 150 MW of electricity to this industrial hub.

"CTGC will either develop the hub on its own or as a joint venture with the Nepali private sector, be it financially or technically," Pant said. An IB source said that a technical team from the CWE will arrive in Nepal to begin further technical study.

Similarly, the Chinese side would help bring in soft loans for the construction of the transmission line connecting the project to a national grid and develop the project as a multipurpose one.

The project is going to be constructed under a Public Private Partnership model with a minimum of 25per cent share of the Nepal Electricity Authority (NEA) and a maximum of 75 per cent of the CTGC.

The project sites will be located in Doti, Dadeldhura, Baitadi, Bajhang, Kailali and Kanchanpur districts. According to previous schedule, the Power Development Agreement (PDA) for the project would be signed by December, 2013 as per the tentative schedule provided by a senior technical officer at the MOE, and the financial closure would be done by October, 2012. However, there has been slight amendment to the earlier schedule, too. The construction is expected to begin in January, 2015 and completed by the end of 2019.

The project will be constructed on a Build, Own, Operate and transfer (BOOT) basis and will be handed over to Nepal 30 years after the issuance of power generation license.

West seti transmission line: IB in talks with CDB for concessional loan

The Investment Board (IB) has started work to arrange a concessional loan to build transmission lines for the West Seti Hydel Project. The IB is conducting negotiations with China Development Bank (CDB) for the funding.

Two CDB officials, Tang Ke, deputy chief of the global corporation division, and Luan Tian Shui, assistant commissioner for international cooperation, arrived in Kathmandu on Sunday to talk with IB officials. "During their stay here, the IB will hold discussions for a concessional loan to build the transmission line," said IB CEO Radhesh Pant.

According to a revised MoU signed on Monday, the IB and CWE Investment will synchronize the completion of the transmission line project and the West Seti hydropower plant.

The visit of CDB officials follows discussions held in Beijing in the second week of August between top government officials and China Three Gorges Corporation (CTGC), where CDB and Chinese Exim Bank had shown interest in providing a concessional loan for the hydro project and the transmission line.

According to the IB, the visiting CDB officials will study the documents related to the West Seti Project and provide the formal approval for the loan. "No agreement will be signed now, but the officials will confirm their approval for the loan," added Pant.

As per the Feb 29 deal with CTGC, the Nepal government is responsible for erecting transmission lines to evacuate power from Western Nepal.

An IB source also said that a high-level technical committee from CWE Investment would come to Kathmandu to study the feasibility of the transmission line and its model. "The IB will conduct a financial and technical study with CWE Investment, and we will formally apply for a concessional loan from CDB with the exact amount," said an IB official.

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West seti transmission line: IB in talks with CDB...

An Energy Ministry source said that no study for the construction of transmission lines to evacuate energy from the West Seti Project has been done so far. Energy Ministry spokesperson Anup Kumar Upadhya said that the low capacity of the power grid in the Western Region would not be able to handle evacuation of the project's energy. "As per a rough estimate, transmission lines of 500 km length and 400 kV capacity would need to be developed to bring the energy to the Eastern Region," said Upadhya. "Similarly, $ 300 million would be required to build sub-stations.".

Pant said that the IB would prepare the ground for a commercial loan from CDB for Nepal's equity for the project's development. "As the government holds a 25 percent stake in the project, it cannot manage the funds alone," he added. According to him, it will approach China Exim Bank for additional resources as per the need.

The Natural Resources and Means Committee of the dissolved parliament had also recommended to the IB to manage a concessional loan for the hydropower project and the transmission line from China Exim Bank.

Kathmandu metro: further updates
NMPL proposes to build Ktm metro for $3b

The Investment Board (IB), entrusted to carry out 14 mega projects including West Seti Hydroelectricity Project and upgradation of the Tribhuvan International Airport (TIA), has received a proposal from Nepal Metro Private Limited (NMPL) to build Kathmandu Metro Railway (KMR) at a cost of US$3 billion.

"The company has submitted a proposal to the IB in this regard," an official at the Ministry of Physical Planning, Works and Transport Management (MoPPWTM), said.

Radesh Pant, CEO of the IB, also acknowledged submission of the proposal. "A detailed study is yet to be done," Pant said on Friday, referring to the proposal which was submitted voluntarily by NMPL. He, however, said the Board will not make any decision without carrying out an extensive study, as "the KMR project is a huge".

The IB, which received the authority to execute the metro project last May, is currently working to hire experts who can go over NMPL´s proposal rigorously. "We don't know if the cost proposed is genuine or not," Pant said. "Additionally, we also have to study the international practice of developing metro in a metropolitan city."

NMPL´s proposal comes at a time when the MoPPWTM has outsourced the work of conducting feasibility study on the project to Korea Transport Institution, Chungsuk Engineering Company, Kunwa Consulting and Engineering Company, Korea Rail Network Authority, and two local companies BDA Nepal Private Limited and EMRC Private Limited. The government has paid Rs 60.5 million to the firms to complete the feasibility study.

"NMPL has promised to compensate Rs 60.5 million if it secures the project," Pant said. "The company has also said it would bear the cost of preparing detailed project report."

According to an official at the Office of the Prime Minister and Council of Ministers (OPMCM), the IB had accepted the proposal from NMPL as it lacks human resources to prepare bidding documents for projects like KMR.

But officials of the MoPPWTM have asked the concerned authorities not to make any decision in haste. "Companies that have been paid to carry out feasibility study should be allowed to finish their task," Tulsi Prasad Sitaula, secretary at the MoPPWTM, said. "Negotiations can be done with NMPL after getting a complete report from Korean and Nepali companies involved in the study."

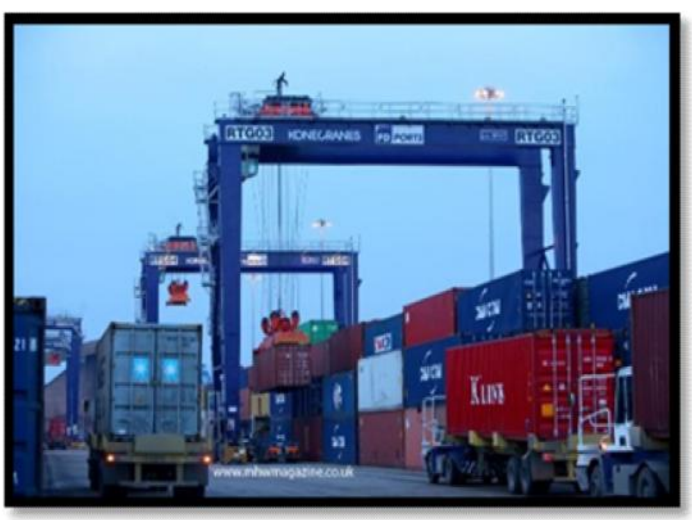
3 CFS planed with modern facilities at 3 strategic locations

The Government owned Nepal Transit and Warehouse Company (NTWC) for Container Freight Stations (CFS) in two strategic locations – Nijgarh of Bara district, Kolkata port and Ministry of Commerce & Supplies (MoCS) and Nepal Freight Forwarders Association (NEFFA) jointly planning for next CFS in Kathmandu.

NTWC has moved the process of construction of Container Freight Station (CFS) with full of facilities in Nijgarh of Bara District. For this, NTWC will present the proposal of such construction of CFS at Ministry of Commerce & Supplies within mid September. Process for procurement the land within 3 KM periphery of proposed Nijgarh international airport has moved forward, said Mr. Yogendra Mahato, executive chairman of the company. Recently a team of company has completed the feasibility study for the construction of CFS, now very soon the construction work will move ahead executive chairman Mr. Mahato said. Mr. Mahato further informed that the process for obtaining the government owned free open land at said place being initiated through Ministry of Commerce & Supplies.

NTWC started preparation for construction of CFS keeping view of under construction Kathmandu-Nijgarh Fast Track and proposed Nijgarh International Airport. Now this company has been preparing for making such structure at company owned land at Kolkata Port also. For the Kolkata Mr. Mahato informed that the Global Tender will be called within mid September.

At the Initial phase, CFS will be build in 340 acres (5 Bigha) of land Mr. Mahato said and Rs 1.3 billion of estimated cost has been assumed. Mr. Mahato informed that for the construction of



CFS, internal source of the company will be mobilized and loans from the donor agencies in coordination of the government will be sought for shortfall amount. 70 numbers of trucks and cranes can be mobilized inside that CFS premises including warehouse and cold storage with modern facilities will also be there accordingly.

Meanwhile, MoCS and NEFFA have started a joint initiative for next CFS will be built in Kathmandu Valley. For the construction of CFS now the land near by 3 km within the Ring road is being searched and if the government sees it is necessary, CFS can be constructed even removing the residence of that area also, said Mr. Rajendra Sangraula, Secretary of NEFA.

CFS will be made on around 255 acres (50 Ropanies) of land

on the initial phase and it requires an investment of around Rs 1 billion, and accommodates 50 trucks/containers, cranes, and modern warehouse thereby augmenting regular and simplified supply system, and also contributes in controlling inflation, Mr. Sangraula said. With such CFS at strategic locations, consignments in container can be handled safely and quickly by cranes, thereby replacing the existing manual handling, also contributing in eliminating labours' problems as well, says stakeholders.

A team of MoCS had inspected the CFS at New Delhi some time back and the team was positive, despite coordination amongst 10 of Ministries is needed, which may delay the process than our expectation, says Under Secretary at MoCS Mr. Laxman Dhakal. Keeping in view the on going projects like Hetauda-Kathmandu tunnel way and Kathmandu-Nijgarh fast track, Kathmandu will be developed as a distribution centre of various goods and for that also there is no alternate than to have a CFS in Kathmandu, President of NEFA Mr. Rajan Sharma said.

As per the the report presented by NEFA, if it is not possible to have a CFS in Kathmandu valley, alternative location has been suggested in Banepa near the IT Park or Dhulikhel of Kavre district. Currently the consignments moved from Birgunj Dry Port are handled at Tinkune of Kathmandu to deliver them at different parts of the countries.

Government to construct 5 new flyovers, first one at New Baneshwor:

Government is mulling to construct 5 overhead bridges at different major junctions of Kathmandu city at a cost of about Rs 3 billion, average cost being Rs 600 million for each, according to Saroj Pradhan, Chief of the flyover division at Department of Roads. Such junctions are New Baneswar, Old Baneswar, Thapathali, Tripureswar and Kalimati. Government plans to construct overhead bridge at New Baneswar at its own cost and other 4 in partnership with private sector. The first flyover at New Baneswar is expected to be complete in 3 years. DPR for other four overhead bridges will be complete in 6 months. Total cost of DPR and feasibility study will cost Rs 60 million.

The Ministry of Physical Planning, Works and Transport Management has said it will soon call a tender for building a flyover at the New Baneshwor junction. The ministry on Sunday asked the consultant—a joint venture of Soil Test and Aviyaan Consulting—to present the final design, cost projection and bid documents within two weeks to speed up the procurement process. The consultant has already submitted the detailed project report (DPR). The ministry plans to build the New Baneshwor flyover as a pilot project and construct other such overpasses in future. "Since this is a model, we will be carrying out this project giving higher importance," said Tulasi Prasad Sitaula, secretary at the ministry.

The overhead will be 5 meters high, for 4 wheelers only along with underground passage for pediatricians below 3 meters of the road. New Baneswar bridge will range between in front of Everest Hotel (276 meter) and earlier trolley bus office (183 meter).

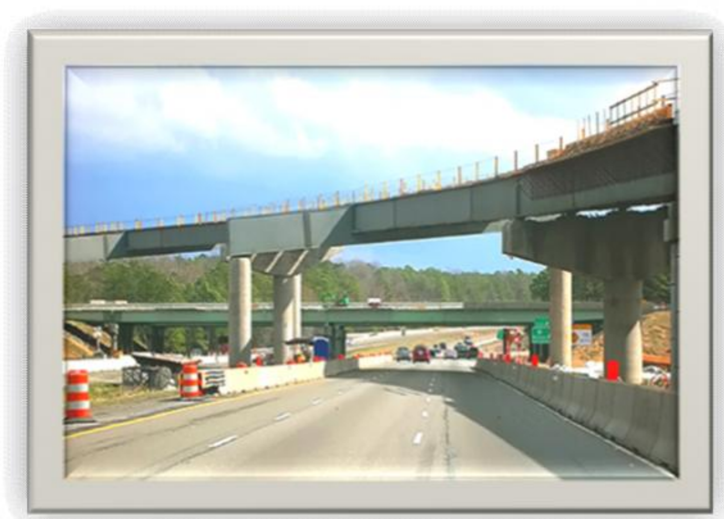
In a bid to gather suggestions and showcase the government plan, the Department of Roads, the implementing agency of the flyover project, on Sunday held a stakeholder meeting. Local residents, representatives from the traffic police, Kathmandu Metropolitan City, NGO, INGOs, transport entrepreneurs, government officials, among others, were present at the meeting.

Madhav Karki, spokesperson for the road department, said they did not receive any objections from locals. He added the consultant would also furnish the final design for the flyover (3.5km) connecting Maitighar-Tripureshwor-Kalimati junctions-the other three busy junctions in the Capital.

The New Baneshwor flyover is estimated to cost Rs 500-600 million, according to road department officials. The intersection was selected for the pilot project as it is easy to carry out construction work there with no build up area on the either side of the road to disturb the government plan. It is also the busiest intersection of Kathmandu with 115,000 vehicles and 55,000 pedestrians crossing the junction every day.

Initially, the government had planned to build five flyovers for the New Baneswor, Thapathali, Tripureshwor, Kalimati and Old Baneshwor junctions to reduce traffic congestion and help motorists reach the Tribhuwan International Airport easily. But later, the government decided to build an overpass at New Baneshwor as pilot project to have some experience and undertake other planned overpasses in future.

However, a department official said the government would not build flyover at Old Baneshwor due to the lack of space. "Construction of a three-lane flyover, as recommended by the consultant, for linking Maitighar, Tripureshwor and Kalimati is also challenging as the distance between the flyover and road side buildings would be just around 4-4.5 metres," the official said.



Apart from these 5, government plans to construct such bridges at other junctions of the Kathmandu valley also.

TIFA meeting by end of October

The second joint council meeting of the Trade and Investment Framework Agreement (TIFA) with the US that has been postponed repeatedly since the start of this year, could take place by the end of October.

"We are planning to hold the second joint council meeting of TIFA by the end of October as the US has sent feelers about holding the meeting soon," said commerce and supplies secretary Lal Mani Joshi.

Earlier, the meeting was expected to take place by September. The government and the private sector have been preparing an agenda for a long time but the meeting has not taken place.

The first joint council meeting — that was held in Washington immediately after the TIFA was signed — had decided to hold the second meeting in Nepal in November. However, the meeting had been postponed for January 2012. The meeting was again postponed for March.

The first meeting was held in Washington, where the US and Nepal discussed and reviewed various issues.

US trade representative Ron Kirk, and then deputy prime minister and finance minister Bharat Mohan Adhikari had signed the Trade and Investment Framework Agreement on April 15, 2011 — to enhance trade and investment between the two countries — replacing the six-decade old bilateral trade and economic pact.

Aimed at providing a forum for bilateral talks to enhance trade and investment, discussing specific trade issues, and promoting more comprehensive trade agreements between the two countries, the TIFA is expected to be a better platform.

The TIFA meeting could be a better platform to discuss about the Generalised System of Preferences (GSP) facility for textiles, said deputy assistant US Trade Representative for GSP and chair of the GSP sub committee of the Trade Policy Staff Committee William D Jackson.

The framework agreement is also expected to help both the countries enter into a trade agreement besides the US-Nepal Council on Trade and Investment that will address a wide range of trade and investment issues like capacity building and technical assistance, intellectual property rights, workers' rights, environmental protection, and removing barriers to bilateral trade.

The council is a permanent body that will hold meetings regularly involving the private sector and civil society.

The agreement is also expected to help Nepal not only attract US investment but also boost exports. Though Nepal does not have a trade deficit with the US, the gap is slowly closing.

"Though the US has been providing Generalised System of Preferences facility for some 4,975 products, it has excluded most textile and apparel products that is one of the key exports of Nepal to the US," said Garment Association of Nepal president Uday Raj Pandey, asking the trade representative's help in providing GSP facility for Nepali textiles.

'Only two' commodities exchanges feasible

Amid a growing number of commodities exchanges in the country, a study by the Securities Board of Nepal (Sebon) has shown that only the operation of two such exchanges is feasible. Currently, six commodities exchanges are in operation in the country and about 50 have registered at the Company Registrars' Office.

The report on the commodities derivative market of Nepal states that commodities exchanges here are profit-oriented, lack good corporate governance and are operating under low capital. According to the study, the six exchanges and agents within them have invested around Rs 250 million.

These exchanges are being operated as private limited companies, bearing in mind the principle of self-regulation without proper infrastructure and minimum standard, says the study. There is no uniformity in commodities being traded, nature of contracts, margin, commission and fees within different exchanges.

The study found promoters of the exchanges themselves involving in investment and trading of commodities. It has also been seen that they are taking advantage of the privileged information which is not available to other general investors. Also, a majority of investors are found unaware of how the commodities market operates.

The Sebon's study has pointed out cut-throat competition among the exchanges and has found investors vulnerable to paramount risk. "There are no provisions at all for the mitigation of the risks that investors are exposed to," reads the report. The study has highlighted the urgent need for a regulatory institution to govern the exchanges — either a new one or assigning the responsibility to existing. It has suggested that commodities exchanges can be regulated by establishing a separate directorate under Sebon.

The study has recommended that commodities exchanges should be classified into three types — unified commodities derivative exchanges, mixed products commodities exchange and local agricultural commodities derivative exchanges, based on the nature of commodities traded in the exchange as well as the size of their paid-up capital. It has recommended a minimum paid-up capital of unified commodities at Rs 500 million, mixed products and commodities at Rs 250 million and local agricultural commodities at Rs 100 million.

NRB to banks: No dividend if CAR is below 11pc

The Nepal Rastra Bank (NRB) has instructed commercial banks against distributing cash dividends to their shareholders if their capital adequacy ratio (CAR) is less than 11 percent. As per the existing central bank directive, the banks are required to maintain CAR at 10 percent.

CAR is the measure of the amount of a bank's core capital (tier one and tier two) expressed as a percentage of its risk-weighted asset. In simple terms, it is bank's capital cushion for the potential losses in order to protect the bank's depositors.

"We have notified the banks to refrain from providing cash dividends if they don't have capital adequacy ratio more than 11 percent," said a senior official at NRB. "The move was taken to enhance lending capacity of banks and their risk absorbing capacity."

With the central bank all set to implement some of the provisions of 'Basel-III' principle that talks about buffer capital, the move was intended at encouraging the banks to keep at least 1 percent buffer of capital adequacy. The central bank had recently held meeting with officials of the Nepal Bankers' Association (NBA) on the matter. "The bankers were also supportive to our move," said the NRB official.

Unaudited financial reports published recently by commercials banks showed that the CAR has remained more than 11 percent in all the banks except Nepal Bank Limited and Rastriya Banijya Bank. The CAR of these banks range from 11.08 percent to 24.39 percent. But there has been a trend where unaudited financial results are changed during the supervision by the regulator, according to an NRB official. Also, since the banks are subjected to take approval from the NRB before distributing dividend, there is high chance that it can bar them from distributing it.

Bankers gave mixed reaction to the issue as some welcomed the move whereas others complained that the NRB is into micro-management. "This is a welcome move by the regulator as it is very essential for the risk management," said CEO of a leading commercial bank. "We are under severe pressure from our shareholders to declare highest possible dividend ignoring the financial health of the bank. NRB's move will help us nullify such pressure."

On the other hand, some bankers argued that the decision on dividend should be vested with the bank's management. "Central bank cannot impose its informal decision on us. If we comply with the NRB's existing regulation and maintain the CAR at 10 percent, it should not deprive us from declaring the dividend," said a senior official of a commercial bank. He went on to add if the central bank is determined to go along with its new move, then it should come in the form of a directive.

Flights into KTM almost booked out for autumn

International airlines serving Nepal are seeing a surge in inbound bookings. Almost every flight into Kathmandu is 90 percent booked for October and November while 75 percent of the seats have been booked for September, said travel agents. They added that the rush for tickets may also encourage carriers to hike fares. Tickets are expected to be 20-25 percent dearer this autumn.

"There is a large number of Nepalis in different parts of the world who will be returning home for the festival season, but they are yet to make reservations." said Bhola Bikram Thapa, managing director of President Travels and Tours. He added that getting a ticket on some routes may be very difficult during the peak season no matter how much travellers are prepared to pay. The September-November period is the high season for airlines as this is when most foreign tourists visit Nepal and migrant Nepali workers and students return home to celebrate the holiday season with their families.

Travel agents said that the Kuala Lumpur-Kathmandu sector has become a very busy route. Nepal Airlines, Air Asia, Biman Bangladesh, Jet Airways and Thai Airways are some of the carriers serving the sector. Malaysian Airlines and Nepali private carrier BB Airways plan to fly on this route by September. The increased number of carriers and resulting competition is expected to start a fare war.

"All the carriers flying the Kuala Lumpur-Kathmandu route report full inbound bookings from the last week of September," said Shyam Raj Thapaliya, managing director of Osho World Travel Nepal. Meanwhile, the London-Kathmandu route has emerged as the busiest sector after Kuala Lumpur with bookings surpassing 95 percent for October. Qatar Airways' London-Kathmandu flights are almost packed from Sept 10 while bookings for October have crossed 95 percent. Oman Air and Gulf Air have bookings of more than 80 percent.

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Flights into KTM almost booked...

Similarly, inbound flights from other European destinations are almost sold out for October. Flights to and from the US are fully booked from Sept 10 onwards.

Inbound from China too has been good. Three Chinese carriers, Air China, China Southern and China Eastern, have modest bookings for September but are sold out for October. Indian carriers Air India, Jet Airways, Indigo and Spice Jet are full after Sept 22. Similarly, Hong Kong-Kathmandu flights are fully booked from mid-September to mid-October while Bangkok-Kathmandu flights are fully booked for October and November.

The rush for tickets has prompted a number of airlines to increase their frequency. According to the Civil Aviation Authority of Nepal, Gulf Air, Air Asia X, Dragon Air and China Eastern have applied to raise their frequency from September.

Among them, Air Asia has been permitted to increase the frequency of its Kuala Lumpur flights to thrice weekly from twice weekly. Gulf Air has applied to increase the frequency of its 12 times weekly Bahrain service by two flights weekly from Sept 11. Dragon Air has applied to double its thrice weekly service to Hong Kong and China Eastern wants to upgrade to five weekly flights on the Kunming sector.

65 firms get permission to export rice to China

The government has permitted 65 firms to export 10,000 tons of rice to China. It decided to open rice exports to China keeping in view the impressive surplus of cereal crops in Nepal and growing demand for rice in the northern neighbor.

The Department of Commerce and Supply Management (DoSM) recently granted permission to those firms. They will export rice to China through Tatopani and Rasuwa customs.

"We granted permission to exporters on first-come, first-serve basis, laying down condition that export must be completed within six months," Narayan Prasad Bidari, director general of DoSM said. "A total of 31 firms have been permitted to export 5,090 tons of rice through Tatopani customs, and another 34 have been permitted to export 4910 tons through Rasuwa customs."

A total of 65 firms had registered expression of interest to export rice to China´s Tibet Autonomous Region through Rasuwa and Tatopani after the government lifted nearly four-year ban on rice exports a few months back.

The government had banned rice exports at the height of global food crisis 2008 after India imposed restriction on exports of non-Basmati rice.

The Ministry of Agricultural Development has estimated food surplus of about 880,000 tons, including 300,000 tons of rice, in 2011/12. The government had reported food surplus of 443,000 tons in 2010/11.

Though the Ministry of Commerce and Supplies (MoCS) had recommended the government to allow exports of up to 50,000 tons of rice, the cabinet had decided to limit exports at 10,000 tons.

Govt to extend deadline for introduction of laminated cement sacks

The government is preparing to pledge additional time to the cement manufacturers to mandatorily package cement in laminated bags after they failed to arrange such bags and adjust their packaging system within 91-day deadline, ending on Wednesday.

The manufactures of the key construction ingredient had formally pleaded with the Ministry of Environment, Science and Technology (MoEST) for extension of its enforcement timeline last week. In a bid to exert pressure on the government to extend the duration, they had even announced stopping supply of cement in the market from Wednesday.

“We are extending the deadline since the industrialists could not manage laminated sacks for packaging cement,” Krishna Gyawali, secretary at the MoEST told Republica. However, the Ministry is yet to decide on the duration of extension.

The MoEST took initiatives for the extension after Ministry of Industry (MoI) formally approached it for the change. “We will set the new enforcement deadline based on what MoI has mentioned in its letter and also what the manufacturers say,” said Gyawali.

Currently, cement marketed in Nepal are packaged in unlaminated sacks made of polymer. But MoEST in May said use of these sacks was sub-standard practice as it causes seepage and inflicts net loss to consumers. "The cement manufacturers, hence, are asked to mandatorily switch to laminated sacks within 91 days or halt supply of cement," its notice read.

But manufacturers said they found complying with the new rule impossible because there was no laminated sack manufacturing unit in the country. “Setting up the new laminated sack manufacturing industry and also adjusting our packaging system will take at least 15 to 18 months,” Atma Ram Murarka, president of Cement Manufacturers´ Association of Nepal (CMAN) said.

Basu Dev Golyan, president of the Nepal Woven Fabric and Sacks Manufacturers´ Association (NWFSMA) too said that some Rs 1.2 billion per year will fly abroad since there is not even a single factory which can produce laminated sacks in the country. "It costs Rs 600 million to install the technology that produces laminated sacks,"”Golyan said.

Referring to the investment and time required to sufficiently produce laminated sacks locally, the cement and sacks manufactures have requested the government to extend the deadline by 3 years. "Hopefully, the government will respond to our request positively,"”said Murarka said.

Nepal Satellite Telecom will focus on rural areas: TeliaSonera

TeliaSonera, the parent company of Ncell, has said its investment in Nepal Satellite Telecom (NST) is aimed at delivering better telecom services at lower costs. Addressing a press conference here on Monday, TeliaSonera President and CEO Lars Nyberg said NST would focus on rural areas.

Nyberg, along with other top TeliaSonera officials, were in Nepal to give a boost to its telecom business, including the new NST venture. TeliaSonera recently indirectly acquired NST through its subsidiary TeliaSonera Asia Holding BV. TeliaSonera Asia bought 49 percent stake in Airbell Services which owned 75 percent stake in NST.

During their one-day stay in Nepal, Nyberg and his team met top political leaders. According to Nyberg, TeliaSonera will explore legal and technical possibilities on sharing infrastructure of both the operators—Ncell and NST—for service expansion.

With NST’s acquisition, TeliaSonera now has two brands in Nepal. According to Nyberg, it is very typical for TeliaSonera to have more than one brand in a market. “I think this is a sign of market maturing,” said Nyberg. Norway, Sweden and Estonia are the other countries where the company has more than one brand.

On concerns that TeliaSonera’s investment NST may create monopoly, TeliaSonera Eurasia President Tero Kivisaari, said: “We are not creating a monopoly.”

“We understand and have full respect we will have competition in the telecom market. We believe competition is the best way to ensure good quality and have affordable prices for the population,” Kivisaari added. “Our ambition is not to have 100 percent market share in Nepal.”

According to TeliaSonera, NST will be a complementary asset for Ncell. Kivisaari added it is a must for NST to offer good quality at competitive price and maintain a good image among customers. TeliaSonera, however, did not unveil any big plan for NST’s expansion. It said it will first concentrate on reaching areas outlined by the government in the operating licence of NST.

NST last month signed a contract with China’s ZTE Corporation for network expansion and is also planning to relaunch its Hello Nepal brand.

EURO III emission standard: Govt to allow dealers to import booked vehicles

With the Euro III vehicle emission standard already in place, the government has said it will temporarily allow automobile dealers to import vehicles built under old standards that have already been ordered. This relaxation will be applicable to imports for which letters of credit have already been opened.

The Ministry of Environment, Science and Technology on Tuesday said it would soon reveal a date until which dealers could import such vehicles. "We allow traders to import vehicles that are in pipeline as per their request," said Krishna Gyawali, secretary at the ministry, at an interaction here on Tuesday.

Two weeks ago, the government introduced the Nepal Vehicle Mass Emission Standard 2012, which bars the import of vehicles that do not comply with Euro III, and the National Ambient Air Quality Standard 2012, publishing them in the Nepal Gazette.

European emission standards define the acceptable limits for exhaust emissions of new vehicles. For the last 13 years, Nepal had been importing vehicles based on Nepal Vehicle Mass Emission Standard 1999 (Euro I). Now, all vehicles, except for heavy equipment vehicles, entering Nepal require compliance with Euro III.

Currently, there are over 1.3 million registered vehicles in the country and the number is increasing an annual rate of 10-20 percent.

At the interaction, automobile dealers asked the ministry to implement the new emission standard only after a year so that they could train their mechanics and set up additional 'hi-tech' workshops for vehicle servicing and after-sales services.

Nepal Automobile Dealers Association (NADA) Vice-president Shekhar Golchha said although the government had good reasons for introducing the new emission standard, it was necessary to know whether the fuel being imported support Euro III vehicles and what is to be done with the existing, old vehicles.

NADA has said the government enforced the new system without preparations, neglecting its impact on the domestic automobile business. According to NADA, all vehicles, besides public and heavy equipment vehicles, being imported are already in compliance with Euro III.

Lack of sufficient 'hi-tech' workshops, delay in bringing vehicle fitness test centres into operation, shortage of trained work force, adulterated petroleum products and lack of capacity with the Department of Transport Management are some major hurdles for the effective implementation Euro III.

"Euro III vehicles need servicing through advance workshops run under computerised systems, which we do not have in a sufficient number," said Gopi Nepaune of NADA.

With the complication in implementation of the new rule immanent, the Environment Ministry has decided to form a committee under its Joint Secretary Udav Prasad Baskota to help the government implement the new standard. The committee will comprise officials from the Environment Ministry, Finance Ministry, Department of Transport Management, Department of Customs and representatives from NADA and Clean Air Network Nepal.

NRB fixed IC exchange limit at IRs 3m for importers

The central bank has placed a limit on the amount of Indian currency (IC) that can be exchanged by importers in a bid to control misappropriation. Nepal Rastra Bank (NRB) has allowed banks and financial institutions (BFIs) to provide exchange facility of up to IRs 3 million at a time for importing goods or services from India. The new provision has made it mandatory for firms to get prior approval from NRB if they want to exchange more than the limit.

According to NRB, this provision was brought to control misappropriation of IC which is rampant in the country at present. "Earlier, there was no limit, but a large number of cases of IC misappropriation have forced us to issue such a directive," said Lila Prakash Sitaula, executive director of NRB. "However, this directive will not bar genuine importers from getting larger amounts if can produce the proper paperwork."

NRB said that the directive would not only control misuse of IC, but also help the central bank to assess its requirement more precisely. "Implementation of this directive will also help us to know about the stock of IC in our financial system," said Sitaula.

Industrialists, however, are not very happy at the latest move by the central bank. "We should be allowed to get the desired amount of IC from BFIs upon producing genuine documents," said Sahil Agrawal, joint director of the Shankar Group. "Now, NRB has already brought the directive. So the process of getting approval should be hassle free."

But there is some good news for importers. The central bank has allowed them to import goods from sole distributors and agents while importing goods from India against convertible currency. Earlier, goods could be imported only from the producers. The foreign exchange department of NRB issued the directive to facilitate imports, according to a senior NRB official. "Importers were facing problems when importing products like special automobile parts and special construction equipment as they are not exported by the producers directly," said Sitaula. "For some goods, it was almost impossible to import them and it was necessary to create such a rule."

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IC exchange limit fixed at IRs 3m ………

According to NRB, the earlier policy allowing imports only from the producers was implemented to combat possible misappropriation of foreign currency. “When importing from other parties, there was a possibility of irregularities in pricing,” said Sitaula. “But these days there is a provision whereby exporters in India have to fill ARE1 forms for export clearance.” He added that such a provision had made it easier to know the exact price and had minimized possible irregularities.

Industrialists welcomed the NRB decision and said that it would be very helpful to them. “Not all the producers in India are involved in trading. Instead, they appoint authorised distributors,” said Agrawal. “This decision by NRB will contribute to streamlining imports of certain products.”

Recently, NRB also increased the limit on imports in convertible currency which are done through draft or telegraphic transfer.

NRB asks travellers to carry TC,DC,CC and other currencies

Nepal Rastra Bank (NRB) has asked travellers to obtain the currency of the destination countries in exchange of the Nepali currency.

Most travellers get US dollar exchanged for its universal convertibility, but in recent times the dollar in cash seems to have become scarce in Nepal, so the central bank has asked the travellers not to exchange dollars unnecessarily and rather use other foreign currency payment instruments issued by the banks.

“This being an off-season for tourists, the amount of dollars in cash in the market has declined but our dollar reserve is worth Rs 35 billion,” said spokesperson for NRB Bhaskar Mani Gyanwali. NRB has urged travellers to get most of the foreign exchange in secure instruments such as traveller’s cheques, pre-paid cards and credit cards, and carry a minimum amount in cash.

NRB allows Nepalis visiting abroad to obtain foreign exchange facility of up to $ 2500 for each trip against the testimony of a visa. Class ‘A’ commercial banks and ational level class ‘B’ development banks are allowed to issue foreign exchange instruments.

Sebon recommends new stock exchange

Despite doubts regarding the viability of another stock exchange, the capital market regulator is pushing for another stock exchange after Nepal Stock Exchange (Nepse) failed to get privatised or to find a strategic partner.

A study conducted by Securities Board of Nepal (Sebon) – capital market regulator — has recommended the operation of another stock exchange as an urgent need to stimulate the Nepali capital market. However, in a market of Nepal’s size and with weak regulators, the smooth operation of more than one exchange is difficult to comprehend.

“The report says that establishing a new stock exchange is viable as it will provide better trading infrastructure, diversified instruments, and will even pull down transaction cost for investors,” said director of Sebon Nabaraj Adhikary.

Nepse had been pursuing privatisation for the last three and a half years, and the Ministry of Finance had even asked it to find a strategic partner so that the government could divest or transfer its shares. However, nothing concrete has happened so far while Nepse’s trading system has become old and is falling behind in innovations.

“Nepse is frozen in terms of innovation and is unable to cater to online trading. It is not compatible even for new instruments — mutual funds, market makers, debt instruments and stock derivatives, among others, so a new stock exchange is the only answer as Nepse is not contributing to the development of the market,” pointed out Adhikary.

Likewise, Nepse also being within the government’s ambit, the regulatory body has found the imposing regulations a bit difficult causing the regulators to desire for a competitor to strip away Nepse’s monopoly in stock trading. Sebon had received applications from three separate groups interested in opening a new stock exchange three years back.

“It is absurd that Sebon is supporting the idea of a new bourse, instead of coaxing Nepse to introduce a better trading system and instruments,” said former chairman of Sebon Dr Chiranjibi Nepal. He pointed out that the existence of another stock exchange will bring about distortion in prices, especially in a market like Nepal, where the regulator is not strong enough. “Stock exchanges worldwide are opting for mergers due to the high operation cost and to bring homogeneity in pricing,” he added.

But, despite the intentions of the regulator, the Nepali capital market might not be able to shoulder another stock exchange when investors are not very interested in the existing one, as seen through the transaction volume.

Last fiscal year, Nepse’s total transaction stood at Rs 10.26 billion, which is half of the transaction of fiscal year 2008-09. “The situation regarding market turnover, technological requirements and cost suggest that another stock exchange is not viable,” said general manager of Nepse Shankar Man Singh. He also expressed that there is no guarantee that another bourse will inspire Nepse to function better due to competition.

Nepal Stock Exchange still has not given up hopes on privatisation and has formed a committee to work out the details by early-December.

India opens doors further for Pakistani investors

India and Pakistan have come to close recently after allowing foreign direct investment from Pakistan.

India has also approved reduction of 30% (264 tariff lines) from the SAFTA Sensitive list for Non Least Developed Countries (NLDCs) allowing the peak tariff rates to reduce to 5% within three years, as per agreed SAFTA process of tariff liberalisation on August 17, 2012, according to a press statement issued by High Commission of India in Islamabad. This shall reduce India's sensitive list for Pakistan from 878 to 614 tariff lines.

The bilateral trade dialogue with Pakistan resumed in April 2011. Sustained discussions at various levels resulted in the drawing of a roadmap for an uninterruptible and irreversible trade liberalisation process. India has also agreed upon a liberalised visa regime and opened Integrated Check Post to encourage two-way trade.

Both countries have held huge exhibitions in each others countries in a bid to boost trade. Official bilateral trade between India and Pakistan is just $2.7 billion annually. But Indian and Pakistani business community have estimated that up to $10 billion worth of goods are routed illicitly, carried by donkeys through Afghanistan or shipped by container from Singapore and Dubai.

The Reserve Bank of India decided on August 22, 2012 that a Pakistani citizen may, with the prior approval of the Foreign Investment Promotion Board of India, purchase shares and convertible debentures of an Indian company, under Foreign Direct Investment Scheme. Such company should not engage in sectors pertaining to defence, space and the atomic energy, adds the statement.

The neighbours also agreed to allow banks from both countries to open cross-border branches. State Bank of Pakistan and Reserve Bank of India had recently met and finalised a deal to open up banking outlets in each other's country which would reduce the transaction cost of exporters.

MFN status will mean India can export 7,500 tariff lines to Pakistan, up from around 2,000 at present, and the countries aim to lift bilateral trade to $6 billion within three years, officials have said.

Similarly, the information technology (IT) industry of Pakistan on Monday welcomed the decision of Indian government for allowing investments from Pakistan, saying it's a positive sign towards development of information and communications technology (ICT) companies of both countries.

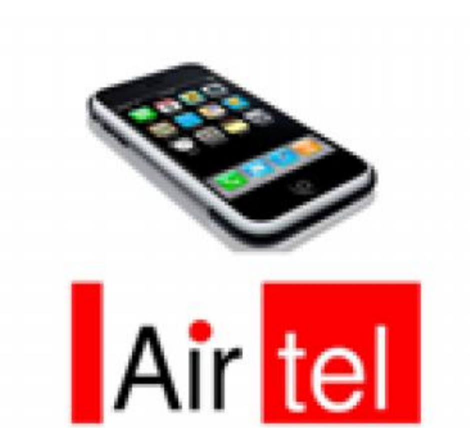
People in the IT industry said the Pakistan and Indian governments should practically take steps towards development of better trade ties through their removal of barriers equally on both sides besides encouraging private sector.

They said that Pakistan's government should reciprocate Indian investors as well whereas they will be allowed by Indian government to invest in Pakistan too for building confidence in business relationship.
Indian step is a good sign particularly for ICT companies of Pakistan wishing for exploring Asian markets with joint ventures and collaboration, said Pakistan Software Houses' Association for IT and ITES (P@SHA) President Jehan Ara.

Similarly, she added, Pakistan can be a good market for Indian IT companies which are looking for outsourcing their business to companies of different countries in the particularly sector. -Agencies

Airtel to sell Microsoft's Office 365 via cloud

In a sign of the increasing role being played by telecom operators in the emerging cloud computing ecosystem, India's largest telco Bharti Airtel has tied up with Microsoft to sell the software giant's office productivity suite to small and medium businesses in India.



For Airtel, the partnership will help boost its intent to derive a larger portion of revenue from data services and for Microsoft, the tie-up will give it easy access to a large pool of potential customers in India who prefer to pay for software based on what they use instead of the traditional model of high upfront investment for licences.

Currently, data services (excluding SMS) accounts for only 4.3% of Airtel's revenues of $7.5 billion. Telcos around the world, like Etisalat in Dubai and China Telecom in China, are looking at such partnerships to drive data revenues. Microsoft has also inked similar arrangements with AT&T, Verizon, Telstra in US and Australia.

"There are 30 million small and medium businesses in the country. About 10 million of them use PCs, which gives us a ready market for Microsoft's Office 365 and other products," said Sanjay Kapoor, CEO of Bharti Airtel.

As part of the contract, Microsoft will sell its Office 365 Software - Word, Excel, Powerpoint, OneNote - as a service, with the actual software hosted on from Bharti Airtel's data centres. ET Bureau- NEW DELHI

Sikkim aims to become fully organic by 2015

GANGTOK, the north eastern hill state Sikkim, which started eco-friendly farming from a small area of land about a decade ago, is set to become a fully organic state by 2015, a senior state official has said.

"The entire state will be converted into a certified organic state by 2015. Our schemes and policies are well tuned to realize that goal," Sikkim Agriculture Secretary Vishal Chauhan said.

According to him, structured organic farming started in the state in 2003 when the government set up the dedicated Sikkim State Organic Board to promote farm techniques that prohibit the use of manufactured synthetic fertilizers and pesticides.
"Our chief ,minister, Pawan Chamling, had also introduced a resolution in the assembly seeking to convert entire farming in the state to organic. Now, our farming relies on techniques such as green manure, compost, biological pest control and crop rotation."

Over 8,000 hectares of land was covered under organic farming between 2003 to 2009. In a bid to make the state fully organic, various state government agencies have been working in coordination.

The state government has completely stopped lifting of quota of chemical fertilizers extended by the Government of India since 2006-07 and all sales points for chemical fertilizers in public and private sector have been shut.

Sikkim government has also promoted large-scale use of bio-fertilisers and provides certified manufactured organic manure to farmers as an alternative to their chemical substitutes, Chauhan said.

In order to provide alternatives to farmers, 24,536 rural compost units and 14,487 vermi-compost units were constructed in farmers' fields till 2009.

The bio-village programme was also adopted in 2003 and around 400 villages were adopted by the state government till 2009 to benefit some 14,000 farmers and 14,000 acres of land in four districts of the state.

"We have also launched the comprehensive 'Sikkim Organic Mission' as a nodal agency to implement and monitor the programme in time-bound manner. A state-level apex body with the chief minister as its chair oversees the implementation," the official said.

"Under the new initiative, the government has set a target to implement fully-organic farming technique by 2015. Organic products sell at a premium, which will benefit over 50,000 families in the state and promote organic agro-tourism."

According to latest data, Sikkim produces some 80,000 million tonnes of farm products, including 45,890 million tonnes of ginger, 3,510 million tonnes of large cardamom, 2,790 million tonnes of turmeric, 4,100 million tonnes of buckwheat, 3,210 million tonnes of urad daal and 20,110 million tonnes of mandarin oranges. Significant portion of these products are already organic.

L&T to sell plastics machinery business to Toshiba Machine

Engineering conglomerate Larsen & Toubro said on Monday that it will sell its plastics machinery business to Japan's Toshiba Machine as part of its strategy to exit non-core business and rationalise its portfolio.

The company refused to divulge the financial consideration for the sale of its subsidiary L&T Plastics Machinery, which clocked gross revenue of IRs 206 crore and net profit of IRs 11 crore in 2011-12.

"We have indicated before that we want to exit non-core businesses and this sale is part of it. We have identified some more businesses for divestment but it's too early to reveal details," K Venkataramanan, chief executive officer and managing director of L&T said. "We don't see the point in deploying resources and use senior management's bandwidth on businesses which are not key to our core competency," he added.

As a strategy, L&T has in the past, sold its non-core businesses such as petrol pump vending machines and cement businesses. It has also exited joint ventures such as L&T-CASE Equipment Private and Voith Paper Technology India.

L&T Plastics Machinery manufactures and markets injection moulding machines, and caters to different sectors such as the automotive, packaging, and stationery sectors. It has manufacturing units in Japan and China, and primarily caters to the Asian and North American markets.

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L&T to sell plastics machinery business...

L&T said Toshiba's acquisition of L&T Plastics Machinery was aimed at expanding its footprint in developing countries.

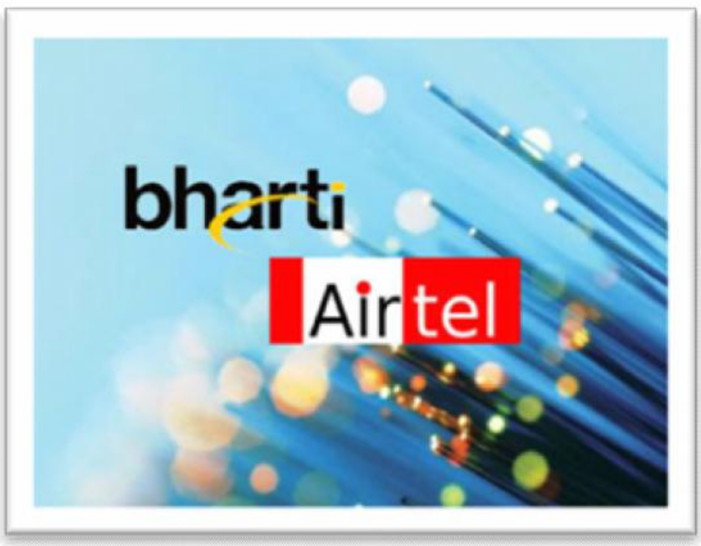
The deal is likely to be completed by September and would entail the transfer of 250 employees of L&T Plastics Machinery, said S Raghavan, senior vice president & business head (machinery & industrial products).

L&T Plastics Machinery was initially set up as a joint venture between L&T and Germany's Demag Ergotech in 2000. In 2009, L&T acquired the German company's equity holding and made the company a fully-owned subsidiary.

Analysts said that the plastic machine unit was a very small part of the IRs 71,000 crore company's business and would have no significant impact on its financials. It just reiterates L&T's stance that it wants to exit non-core operations, analysts said.

Separately, on Monday, 27th August, L&T announced bagging two orders worth a total of iRs 2,051 crore. These orders include a IRs 749-crore order from the ONGC, and another order worth IRs 1,302 crore order from Petroleum Development Oman. ET Bureau- MUMBAI

Bharti shortlists bank for $750m tower biz IPO'



Bharti Airtel has shortlisted banks, including Standard Chartered and JPMorgan, to manage a share flotation for its telecoms towers unit to raise more than $750 million, two sources with direct knowledge of the matter said.

The biggest Indian mobile phone carrier has also shortlisted Bank of America Merrill Lynch,HSBC, UBS and India's Kotak Mahindra for the initial public share offer (IPO), the sources said on Friday. Bharti may file a prospectus for the IPO with the Indian market regulator next month, said the sources, declining to be named as they are not authorized to speak to the media. The unit, Bharti Infratel, is eyeing a listing in the first half of 2013, the sources said.

Bharti declined to comment. Bharti Infratel, which has more than 33,000 mobile phone masts or towers, also holds a 42% stake in joint venture Indus Towers, which is the world's biggest telecoms mast company, with about 110,000 masts.

Tower companies get their revenue from leasing infrastructure to network operators but they are going through a tough time in India currently as a Supreme Court order to revoke the regional operating licences of eight mobile phone companies in the 15-player market has weighed on demand for masts.

Bharti Airtel owns 86% of the Infratel unit, with the remainder held by investors including Temasek Holdings, Kohlberg Kravis Roberts & Co, Goldman Sachs, Macquarie Group, Citigroup, Investment Corporation of Dubai and AIF Capital. Bharti Airtel said this month it was considering a sale of up to 10% of Infratel in the IPO.

Bharti Airtel, which in 2010 acquired in a $9 billion deal the mobile operations in 15 African countries of Kuwait-based telecoms group Zain, had net debt of about $12 billion at end-June.

Karnataka's next Global Investors Meet scheduled for 2014

Karntaka's minister for large and medium industries, Murugesh Nirani, has said that the third edition of GIM (Global Investors Meet) would be held on June 5 and 6, 2014. Addressing members of industry body FKCCI on Monday, the minister said that an advisory committee comprising of members from various trade bodies would be set up to advise the government on investments in to the state as well as look at the implementation of these investments. Trade bodies such as FKCCI, Bangalore Chamber of Industry and Commerce and CII have been mooting such a move, post the conclusion of GIM 2, which was held in June this year.

-TNN- BANGALORE

Economy is in need of rescue: Adi Godrej

The economy is in need of rescue, Adi Godrej, president of industry chamber CII said in Bangalore on Monday, 27th August. Godrej said the current macro-economic conditions were grimmer than what they were in 2008-09, the peak of the last downturn.

"One of the biggest problems that the country is facing today is the declining growth rate of our GDP. Last year we had a 6.4% growth rate, and in the last quarter of the year (January to March), it was even lower at 5.4%," said Godrej. In 2008-09, the country's GDP growth was 6.7%. "We were able to come out of that (2008-09) global financial crisis quite well because we were provided with a strong fiscal and monetary stimulus," said Godrej, adding that the biggest single reform that could solve a fair amount of macro economic issues at present, is the introduction of the goods and services tax (GST).

"We expect the introduction of GST would increase the GDP growth rate by 1.5 percentage points, with other things being equal. It would be a tremendous macro-economic stimulus which could help reduce the fiscal deficit and could help contain inflation," he added.

He also recommended opening up sectors such as aviation, defence, multi-brand retail, and insurance to FDI. Godrej said, "The perception about investments in India is not good, particularly post the retrospective amendments that came with the budget, which has been identified even by the Prime Minister as one of the reasons for negative perceptions."

The recent labour incident at Manesar and the grid failure have also created a negative perception, he said. Investments have suffered because of the high interest rates too, he said.

TNN- BANGALORE

Fortunes for Indian Ambassador carmarket hit pothole

Losses at Hindustan Motors, maker of the Ambassador car — easily India's most recognisable vehicle — have been mounting, raising questions about the company's survival.

The snub-nosed Ambassador once ruled India's roads, but last week Hindustan Motors reported that losses widened in the last fiscal year to IRs 429 million ($9.5 million) from IRs 378 million the previous year. In addition, India's oldest automaker said its net worth has tumbled by over 50 per cent and it must now report to the state-run Board for Industrial and Financial Reconstruction — part of India's socialist-style bureaucracy that oversees revival of "sick firms" as financially troubled firms are known.

But the company remains upbeat, insisting the future appears much brighter, helped by an improving outlook for sales which took a hit during the financial downturn. "Our operations are looking up," Ravi Kathuria, Hindustan Motors' senior vice president said, adding that the company has extensive land assets "which can be leveraged." "We're not in a bankruptcy situation," Kathuria said.

In a boost to the company's spirits, the Ambassador also has been chosen as the official car to ferry athletes around at the October Commonwealth Games. But analysts are doubtful about longer-term prospects for the company, whose shares have nosedived.

The woes engulfing Hindustan Motors come as the rest of India's vehicle industry booms with firms such as automaker Maruti Suzuki doubling profits in the world's fastest-growing automobile market.

Hindustan Motors, flagship company of the CK Birla Group, joined forces with Japan's Mitsubishi Motors in the 1990s to manufacture Lancer sedans and Pajero sports utility vehicles (SUVs). But it has never returned to its glory days in the 1970s when "the Amby," as it was affectionately known, held a market stranglehold of around 70 per cent.

For much of independent India's history when the economy was closed to foreign manufacturers, "the joke was you could buy any car in India so long as it was an Ambassador," Hormuz Sorabjee, editor of automobile magazine Autocar, said. The Ambassador was muscled out by sleek new cars that made its plump contours look dowdy when India began opening its markets to the world.

Kathuria said he sees a rebound in demand for the Ambassador, with sales expected to double to 1,000 units a month in the coming year, but this represents just a fraction of India's total annual car market of 1.53 million units.

The Ambassador's bulky design, based on the 1950s British-built Morris Oxford, has changed little since it first rolled off the assembly line in 1957, although the engine is now more powerful. For years the Ambassador was the only car driven by senior government officials and people always knew when a "power do" was on in the national capital because of the fleet of Ambassadors outside. AFP-New Delhi

China leads Asias push into green technology, says UN

China is leading a push by Asia-Pacific nations into green technology, which could be their ticket to sustained growth and reduced reliance on Western markets, the United Nations said.

It said environmentally friendly industries could provide export-dependent regional economies with new sources of growth to help make up for weakened demand in crisis-hit United States and Europe.

"The impact of the crisis has revealed the vulnerability of the region to external shocks," the United Nations Economic and Social Commission for Asia and the Pacific said in its annual economic and social survey of the region. "Asian and Pacific countries therefore need to find new sources of domestic and regional demand to help sustain their dynamism and allow for a gradual unwinding of global imbalances."

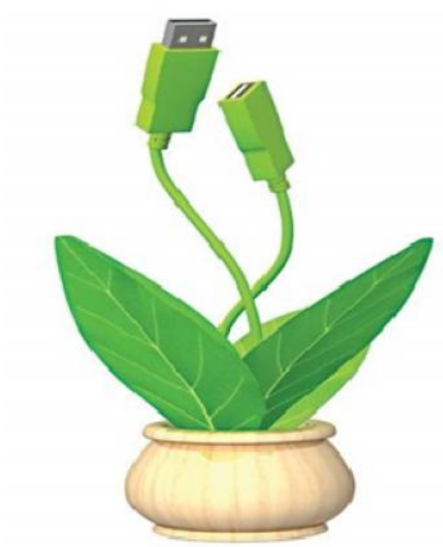
The UN praised efforts by China and South Korea for their "significant initiatives" to promote green technology as well as shift domestic consumption and production patterns to a more "environmentally sustainable path".

Government-backed investment in "energy and material-saving innovations" could see "greener" industries and businesses become drivers of growth as well as provide more affordable products for the poor, the report said. But it was essential developed countries share their green expertise with poorer nations who cannot afford the technology, Aynul Hasan, head of macroeconomic policy and development, told a news conference.

"That technology should be shared," Hasan told reporters. "This is where regional cooperation as well as the support of developed countries will be very, very important."

China invested $34.6 billion in clean energy in 2009, up more than 50 per cent on the previous year — making it the world's biggest investor in energy-efficient technology, it said.

South Korea plans to inject $84 billion in environmentally friendly industries over the next five years, the report said. "China is playing an important role in terms of promoting green technology dealing with the environmental issues," said Hasan.

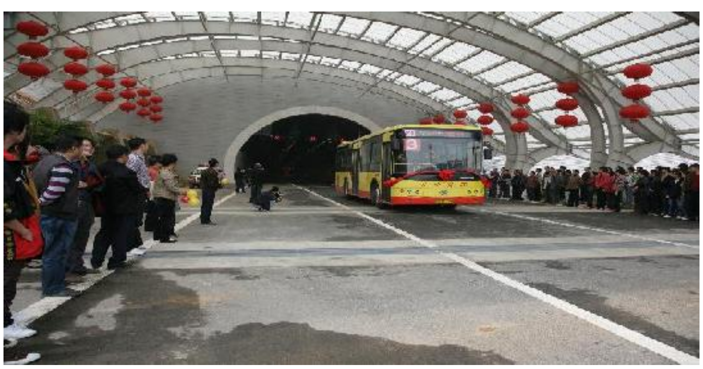


While China was expected to continue leading the Asian recovery from the financial crisis, much depended on Japan, the world's number two economy, where domestic demand and business investment remained weak, the UN said.

Another major threat to the recovery was growing inflationary pressures and asset price bubbles as "excessive liquidity from developed economies finds its way to emerging economies in Asia", Hasan warned. "It's a major challenge for these countries to control inflation without hurting the growth momentum."

The UN also called on regional leaders to strengthen their social safety nets and give more people access to basic financial services.

China begins to build $ 949 m undersea tunnel



A coastal Chinese city last week started building a $ 949 million undersea tunnel linking Xiamen's downtown island with its major industrial district. The 9.03 km tunnel will link downtown Xiamen with Haicang District, the largest Taiwanese investment zone in the Chinese mainland in terms of size, when it is completed in 2016, local officials said.The bottom of the tunnel will be built 72.6 meters below the ocean surface, state-run Xinhua news agency reported.

Zhang Canmin, vice mayor of Xiamen, said the tunnel is key to building a network of highways to improve logistics in the economically robust region, which has been a focus of Taiwanese investment over the past three decades.

Xiamen was one of the first special economic zones China set up in the late 1970s and early 1980s to test market-oriented economic reforms. Business used to be centered in the city's downtown island but has gradually expanded to its mainland districts.

The Chinese mainland's first undersea tunnel, linking downtown Xiamen with the city's mainland Xiang'an District, opened to traffic in April 2010.

Asian cities to become top finance centres by 2022

Top UK bankers believe that an Asian city will take over as the world's dominant financial centre in 10 years, according to a poll by headhunters Astbury Marsden. Nearly two-thirds of 450 British investment bankers surveyed said Hong Kong, Shanghai or Singapore would be the top global financial centre by 2020.

"A fast growing, low tax and bank-friendly environment like Singapore stands as a perfect antidote to the comparatively high tax and anti-banker sentiment of London and New York," Mark Cameron, operations chief at Astbury Marsden, was quoted as saying in *Reuters*.

The annual *Preferred Location Survey* also found Singapore as the city where British bankers would most like to live, claiming 31% of the votes, up from 27% last year. New York was second with one out of five votes while London slipped to third with 19% of the votes compared to 22% last year.

"Financial centres in the West have taken a real battering since the start of the financial crisis," said Cameron. "Cities like Singapore and Hong Kong have been quick to capitalise on setbacks in London and New York, courting investment banks and reacting to demand from expats."

Reuters- LONDON

Asia gets fastest undersea data cable system

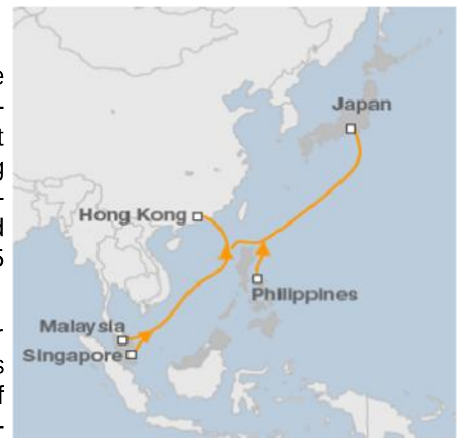
A new 7,800 km undersea data cable has opened to traffic in Asia linking Japan, Malaysia, Singapore and the Philippines, which could aid in financial trade. The Submarine-cable Express (ASE) transfers data via an optical fibre system at 40 gigabits per second, and is three milliseconds faster than any other cable between Singapore and Tokyo, the *BBC News* reported.

The gain in speed may sound small, but could prove critical to financial trades made out of the region.

The so-called "high frequency trades", controlled by computers, involve making what may be hundreds of thousands of transactions in less than a second — all determined by a programme that tracks market conditions.

With banks and hedge funds competing against each other, the size of the profit or loss can come down to a matter of beating the competition by a fraction of a second, explained Ralph Silva, a strategist at Silva Research Network. "High frequency trading is basically computer trading — you programme a set of rules and as events happen — the computer decides to buy or sell commands," he was quoted as saying by the *BBC*.

"As all incoming data is received by all banks at the same time, and because the computers are all the same with the same speed of processors, the length of time the command takes to get to the exchange makes a big difference," he said. "Three milliseconds in computer time is an hour in human time," he added.



The route for the new cable was chosen to be as straight as possible, reducing the time to get information from one end to the other to 65 milliseconds.

The data transfer capacity of 40 Gbps is the equivalent of downloading a high-resolution DVD in about two seconds. The new facility adds to a web of undersea cables in the waters around Japan.

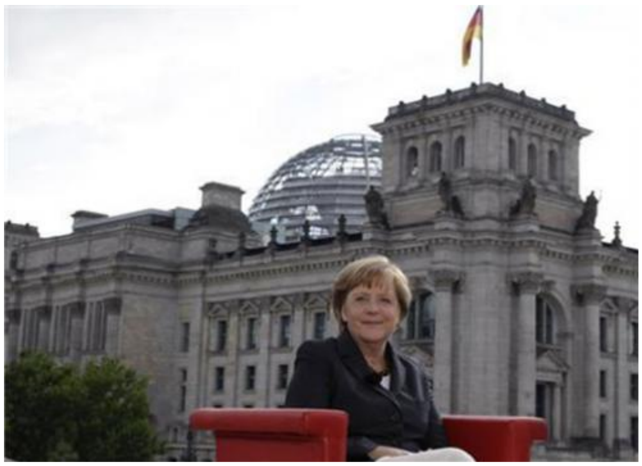
These include the ones run by Australian operator Telstra International; Taiwan's largest phone operator Chunghwa Telecom; and the global telecommunications service provider Pacnet, based in Singapore and Hong Kong.

Many were damaged by a powerful earthquake near Japan's northeast coast in March 2011. The problems helped influence where the new cable was laid, said Japan's biggest telecommunications provider.

Markel tries to calm storms over Greece, ECB policy

Angela Merkel tried to calm a growing storm over euro zone crisis strategy on Sunday, 26th August, after the Bundesbank likened ECB bond-buying plans to a dangerous drug and a conservative ally of the German leader said Greece should leave the currency bloc by next year.

The comments, from central bank chief Jens Weidmann and a senior figure in the Bavarian Christian Social Union (CSU), Alexander Dobrindt, point to mounting unease in Germany with the policies being used to combat the three-year old debt crisis.



Domestic criticism has narrowed Merkel's room for maneuver at a time when Greece is in dire need of more aid and policymakers are scrambling to prevent contagion from enveloping big countries like Spain and Italy.

Two days after Greek Prime Minister Antonis Samaras visited Berlin and made an impassioned plea for politicians there not to talk up the possibility of a Greek euro exit, Merkel herself sent a warning to allies who have said the euro zone would be better off without its weakest link.

"We are in a very decisive phase in combating the euro debt crisis," Merkel told public broadcaster ARD in an interview. "My plea is that everyone weigh their words very carefully."
Dobrindt, whose party is preparing for a regional election in Bavaria and the federal vote next autumn, told top-selling German daily Bild he expected Greece to leave the euro zone in 2013. His comments drew a swift rebuke from Foreign Minister Guido Westerwelle who said "bullying" of euro members must stop.

In addition to Greece, policymakers have been sparring over European Central Bank President Mario Draghi's plans to buy up the bonds of Spain and Italy.

The ECB is assuming a greater role in the crisis while governments negotiate legal and political hurdles to coordinating a longer-term response. The bank's Italian head is expected to detail his plans after a September 6 meeting of its 23-member governing council.

Merkel gave her tacit support to Draghi on a trip to Canada earlier this month and reiterated in the ARD interview that she believed the ECB's policies were in line with its mandate to ensure stable prices in the bloc.

Greece will not leave eurozone : Juncker

Greece will not leave the eurozone, Eurogroup chief Jean-Claude Juncker was quoted as saying Saturday, last week, ahead of his talks in Athens, which reportedly may seek more time to implement austerity cuts. Speaking ahead of a week that will also see Greece's prime minister meet with the leaders of Germany and France, the head of the eurozone finance ministers group also called current Spanish and Italian bond yields "totally off the mark."

"No, I don't think it will happen," Juncker, who is also Luxembourg's prime minister, told the Tiroler Tageszeitung Austrian daily when asked whether Greece might leave the troubled currency bloc. "It won't happen. ... If Greece refused budget consolidation and structural reforms outright then we would have to consider this question (of a Greek exit).

"But because I believe that Greece will try to redouble its efforts to meet its targets there is no reason to expect this exit scenario will become relevant," he told the local paper in an interview. Juncker is due to meet Greek Prime Minister Antonis Samaras in the Greek capital on Wednesday amid reports that Athens will seek more time to implement the austerity cuts promised in return for two huge bailouts.

Greece, having already implemented deep and unpopular spending cuts, needs to find another 11.5 billion euros ($14 billion) in savings over 2013-14 as a prerequisite to receiving the next tranche of outside funding needed to keep the economy functioning.

Greek daily Ta Nea on Thursday quoted government sources as saying that Samaras intends to discuss spreading out the cuts but would not make an official request. The Financial Times said he wanted the cuts spread out over four years. Merkel's spokesman Steffen Seibert said in Berlin on Wednesday last week that for the German government "the agreed memorandum of understanding which states what the Greek obligations are remains the basis of all aid decisions."

Greece will not leave eurozone...

"A Greek eurozone exit is not part of my working hypothesis," Juncker said. "I have said that an exit would be manageable, by which I meant that it would be technically manageable but that it would be politically impracticable." "The risks are incalculable. It makes no sense to fantasise in public about exit scenarios," he said, dismissing as "unnecessary" any contingency planning for Greece becoming the first state to leave the eurozone.

A much bigger worry for the eurozone however is whether painfully high current borrowing rates on financial markets for Italy and Spain, the bloc's third- and fourth-biggest economies, will force Rome and Madrid also to seek bailouts. "There is no reason to doubt the readiness of Italy and also of Spain to make savings. Both countries have embarked on major cuts, but they are being treated by financial markets as if they were doing nothing," Juncker said. "Bond yields of more than seven percent are totally off the mark. They do not do justice to the actual situation."

New NRDC report: America trashes 40% of its food supply

Americans throw away 40 percent of their food every year, waste worth roughly $165 billion annually, according to a new study by the Natural Resources Defense Counci and released on Tuesday, 28th August. In a time of drought and skyrocketing food prices, NRDC outlines opportunities to reduce wasted food and money on the farm, in the grocery store and at home.

"As a country, we're essentially tossing every other piece of food that crosses our path — that's money and precious resources down the drain," said Dana Gunders, NRDC project scientist with the food and agriculture program. "With the price of food continuing to grow, and drought jeopardizing farmers nationwide, now is the time to embrace all the tremendous untapped opportunities to get more out of our food system. We can do better."

Key findings include:

- *Americans trash 40 percent of their food supply every year, valued at about $165 billion.*
- *The average American family of four ends up throwing away an equivalent of up to $2,275 annually in food.*
- *Food waste is the single largest component of solid waste in U.S. landfills.*
- *Just a 15 percent reduction in losses in the U.S. food supply would save enough food to feed 25 million Americans annually.*
- *There has been a 50 percent jump in U.S. food waste since the 1970s.*

NRDC's issue brief — "Wasted: How America is Losing Up to 40 Percent of Its Food from Farm To Fork to Landfill" — analyzes the latest case studies and government data on the causes and extent of food losses at every level of the U.S. food supply chain. It also provides examples and recommendations for reducing this waste.

The causes of losses in the food system are complex, but there are notable problem areas. At the retail level, grocery stores and other sellers are losing as much as $15 billion annually in unsold fruits and vegetables alone, with about half of the nationwide supply going uneaten.

In fact, fresh produce is lost more than any other food product — including seafood, meat, grains and dairy — at nearly every stage in the supply chain.

But consumers are also a major contributor to the problem, with the majority of food losses occurring in restaurants and household kitchens. A significant reason for this is large portions, as well as uneaten leftovers. Today, portion sizes are two to eight times larger than the government's standard serving sizes.

Wasted food also translates into wasted natural resources because of the energy, water and farmland necessary to grow, transport and store food. About half of all land in the U.S. goes to agriculture; some 25 percent of all the fresh water consumed in this country, along with 4 percent of the oil, goes into producing food that is never eaten. Moreover, uneaten food accounts for 23 percent of all methane emissions in the U.S. — a potent climate change pollutant.

Increasing the efficiency of the country's food system is a triple-bottom-line solution that requires collaborative efforts by businesses, governments and consumers, the analysis said.

Europe is leading the way in reducing food waste. In January 2012, the European Parliament adopted a resolution to reduce food waste by 50 percent by 2020 and designated 2014 as the "European year against food waste." -Reuters

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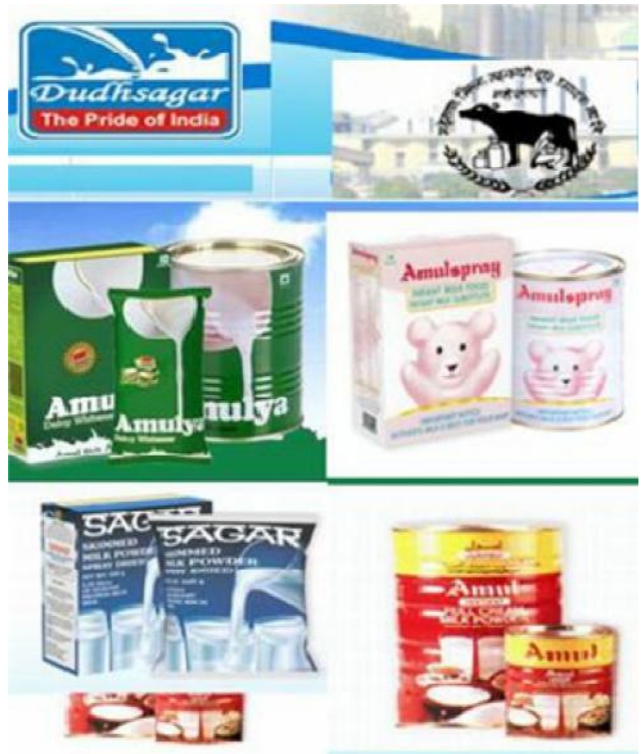
Gujarat to launch '90-day-fresh' milk

Gujarat now offers a solution to those who do not have a refrigerator and want to store milk for three months. They can buy specially packaged milk by shelling out an extra Rs 4 per litre.



What is more, one can buy milk for three months at one go and use it safely!
The Mehsana District Co-operative Milk Producers' Union Ltd, popularly known as the Doodhsagar Dairy, has introduced this packaged milk on August 15.
Other dairies are also likely to follow suit, Mr Choudhary said, adding some of them have already put in orders for importing machinery.

Branded as 'Sagar Moti', the milk packaged in five-layered pouches that will keep the milk fresh for three months even if it is stored at room temperature.

"For this, we have installed new packaging machinery imported from Europe. Since it would be packaged after subjecting milk to ultra-high temperature (UHT) conditions, it would be free of any bacterial activity until opened," Mr Vipul Choudhary, Chairman, told Business Line on Monday.

Slowly the dairy will shift all its milk packaging to the new technology, he said. But, for now, both normal and specially-packaged pouches will be available.

The price of the UHT milk will be higher by about IRs 4 per litre to cover the cost of the pouch. But it will be safer and cheaper to transport, deliver and store it as refrigeration costs will be eliminated, he said.

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