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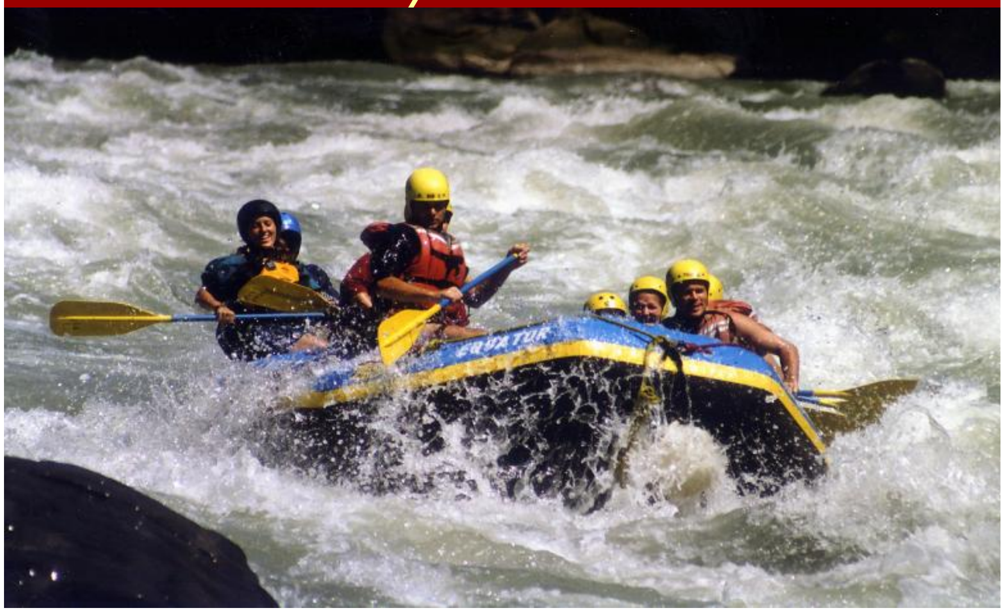
# NICCI e~Newsflash

## Inside this Issue



*Adventurous Nepal*




*Rafting in Sunkoshi.....*

## Govt. constructs access roads to 5 cement factories within 6 weeks

The government is set to complete construction of access roads to five under-construction cement factories at different places in the country within the current fiscal year.

Construction of roads, transmission lines and substations to these factories will be finished in the next six weeks as per the policy of constructing industrial infrastructure, according to the Ministry of Industry. Construction of access roads to five factories will be completed on the basis of investment, time period, physical progress and state of the factory to implement the budget declaration of the current fiscal year. Ghorahi, Rolpa, United, Shivam and Nigale cement factories will be removed from the list of assistance from the next fiscal year as all infrastructure facilities will be provided to them within the current fiscal year.

Industry Minister Karna Bahadur Thapa stated that cement industry has been prioritized as there is huge potential of cement in Nepal. The then finance minister Shankar Prasad Koirala, who was also the industry minister, had allocated a budget of Rs 1.23 billion for construction of industrial infrastructure and announced construction of infrastructure for the five cement factories within the current fiscal year. The budget, stating that the cement industry could not be promoted despite the budget for fiscal year 2065/66 through the Industrial Infrastructure Development Program pointing at a huge potential of cement production, had announced providing physical infrastructure for cement factories established with private investment.

Construction of infrastructure in mines of 16 cement factories has already started in the current fiscal year, according to the ministry. "We have initiated infrastructure development of 16 cement factories as per the multi-year plan. Infrastructure development will be completed in five factories within the current fiscal year while expansion of roads has started in four factories including Maruti Cement in Janakpur, Palpa Cement in Butwal and CG cement in Palpa from this fiscal year," Spokesperson at the ministry Yam Kumari Khatiwada said. Construction of roads to mines of Dang Cement, Rolpa Cement, Ghorahi Cement, and Sonapur Cement has also started. The ministry revealed that construction of access roads to factories of CG Cement (second), Sarbottam Cement, Butwal Cement, Laxmi Cement of Lalitpur, Shivam Cement in Hetauda, Makwanpur and Makalu Cement of Shivapur had already started.

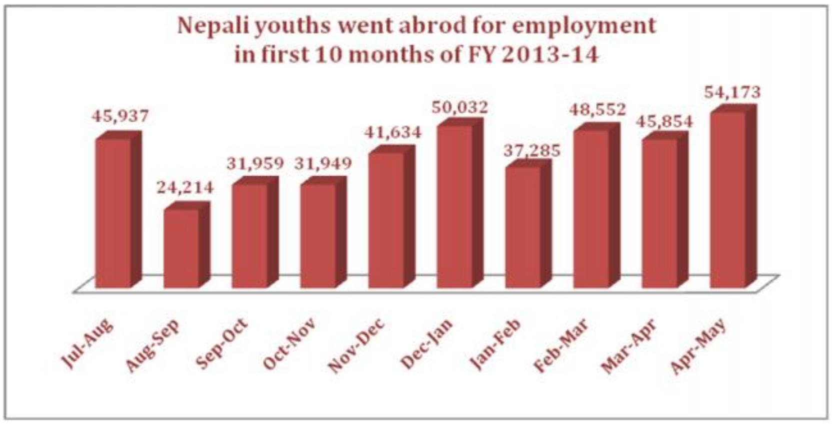
Nepali cement factories will not be allowed to use imported clinkers after mid-April 2016, according to a new government policy.

# 1,748 youths go abroad every day

A total of 54,173 youths went abroad for employment in the 10th month of the current fiscal year, the highest ever for a single month. It is 37.91 percent higher than 39,280 in the corresponding month last year. A whopping 1,748 youths left the country every day taking the 31 days in the month of Baiskah (14th April to 14th May).

| Month (Eng) | Month (Nep) | Number of youth went abroad |
|---|---|---|
| Jul-Aug | Shrawan | 45,937 |
| Aug-Sep | Bhadra | 24,214 |
| Sep-Oct | Aswin | 31,959 |
| Oct-Nov | Kartik | 31,949 |
| Nov-Dec | Marg | 41,634 |
| Dec-Jan | Paush | 50,032 |
| Jan-Feb | Magh | 37,285 |
| Feb-Mar | Falgun | 48,552 |
| Mar-Apr | Chaitra | 45,854 |
| Apr-May | Baishakh | 54,173 |
| | **Total** | **411,589** |

The previous high was 50,453 in the month of Asadh (15th June to 15th July 2013) during the last fiscal year 2069/70. A total of 411,589 youths, a rise of 10.78 percent, went abroad for employment in the first 10 months of the current fiscal year. A total of 45,937 went abroad in the first month of the current fiscal year, 24,214 in the second, 31,959 third, 31,949 fourth, 41,634 fifth, 50,032 sixth, 37,285 seventh, 48,552 eighth, and 45,854 ninth. The number was low in the second, third and fourth months due to Hindu festivals like Dashain, Tihar and Chhath, and Eid of Muslims.




Foreign Employment Expert Ganesh Gurung reasoned that the workers of industries—that have been closed due to energy crisis and labor dispute—have also started to go abroad. "Due to lesser job creation in the country than the job seekers, foreign employment, therefore, has become the only alternative," he said.

Over 90 percent of the youths going abroad go to four major destinations Malaysia, Qatar, Saudi Arabia and United Arab Emirates (UAE), and 64 percent to Qatar and Malaysia alone. The state of human rights is poor in these countries while remuneration is also low. Less than 10 percent of youths have gone to 104 countries opened by the government. The highest number of youths, 158,027, has gone to Malaysia in the current fiscal year, followed by Qatar (103,059), Saudi Arabia (68,364), UAE (44,856), Kuwait (18,007), Bahrain (3,701) and Oman (2,887).

Demand for Nepali workers has been rising in Qatar due to construction of infrastructure for the FIFA World Cup and in Malaysia due to ban on Bangladeshi workers there.

# Project works to restart soon: IBN

Investment Board Nepal (IBN) has assured that works on the Upper Karnali Hydropower Project will soon pick up momementum. The IBN's move to hold consultations at the local level is aimed at creating a conducive environment for the implementation of the project before signing the Power Development Agreement (PDA).

"The development of the project will take off soon," said IBN CEO Radesh Panta, who is currently leading a team to districts affected by the project. "It will be developed honouring the interest of locals in Dailekh, Achham and Surkhet."

Amid uncertainty over the project that has faced the wrath of some prostesting parties since couple of year and again couple of months back, the IBN team visited Dailekh to solicit suggestions from the locals for a project development agreement (PDA) with the developer, GMR Energy Limited. "We will hold talks with the GMR while considering the interest of the government as well as the locals," said Khagendra Prasad Rijal, under secretary at the IBN.
The IBN has stated that it will complete the PDA agreement with the GMR within two months. Before that the two parties have to agree on nine points in principle. Once the PDA agreement is signed, the company will manage funds within two years and complete the construction work within eight years. The IBN on Monday held interaction with leader of political parties, party cadres and locals in Dailekh, on Tuesday the interaction was held in Aacham and on Wednesday last week in Surkhet. During the interaction with the IBN team, locals demanded they be given first priority for employment, guarantee of electrification, among others.

During the programme held at the dam site of the project, Upper Karnali Hydropower Protection and Struggle Committee handed over a 13-point demand to the IBN.

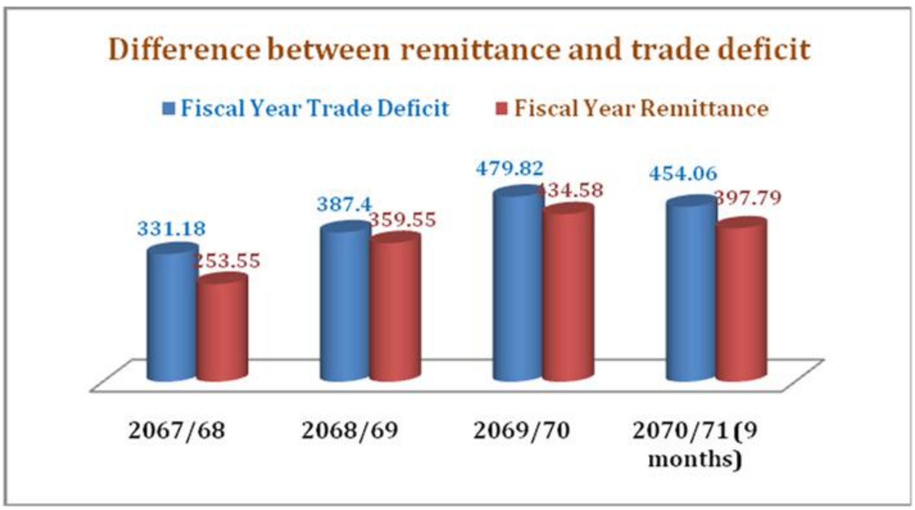
The project that lies in Dailekh and Achham districts is estimated to cost Rs 139.50 billion. GMR has agreed to provide 108 MW (440 million units a year) of free electricity to Nepal once the project comes into operation and free equity of 27 percent. GMR will have to hand over the project to the government after 25 years from the date of the completion.

# Trade deficit 14% higher than remittance

The difference between remittance sent by Nepali workers abroad and trade deficit is widening with the trade deficit higher than remittance by 14 percent in the first nine months of the current fiscal year, according to the Nepal Rastra Bank (NRB).

The country has received Rs 397 billion in remittance in the first nine months of the current fiscal year while trade deficit has increased to Rs 454.60 billion. Trade deficit has increased by 29 percent this year in comparison to the corresponding period last year. Remittance has increased by around 31 percent. The country has imported goods worth Rs 522 billion while export has been limited to just Rs 68.12 billion in the period. Remittance has been increasing in recent years due to the rising number of people going abroad and appreciation of US dollar in comparison to the Nepali rupee. But trade deficit has also been rising due to weak export in comparison to import.

| Difference between remittance and trade deficit | | | |
|---|---|---|---|
| **Fiscal Year** | **Trade Deficit (Rs in blns)** | **Remittance (Rs in blns)** | **Difference (in %)** |
| **2067/68** | 331.18 | 253.55 | 30 |
| **2068/69** | 387.40 | 359.55 | 7 |
| **2069/70** | 479.82 | 434.58 | 11 |
| **2070/71 (9 months)** | 454.06 | 397.79 | 14 |




The difference was seven percent in the fiscal year 2068/69 and 11 percent in 2069/70. Import of petroleum products, vehicles and spare parts, threads and hot-rolled sheets and others from India has increased at a high rate in the period while import of raw soybean oil, betel nuts, silver and telecom equipment from other countries has also increased. Export of zinc sheets, cardamom, stones, pebbles, sand, juices and others to India has increased while that of woolen carpets, readymade garments, medicinal herbs, pashmina and others toward other countries has increased in the period. "Trade deficit has increased as we have not been able to increase export in comparison to import. The difference between remittance and trade deficit, therefore, has been rising," former secretary at the Ministry of Commerce and Supply Purushottam Ojha said. He advised to focus on production, branding and marketization of products to increase export as we cannot reduce import of consumer goods. "Remittance income has been raising import of consumer goods further. We now have to pay attention toward export now," he added. He advised to raise production of goods with comparative benefits.

Spokesperson of NRB Bhaskar Mani Gyawali revealed that there is, however, surplus in balance of payments (BOP) though trade deficit is rising more than remittance. "Foreign currency is entering the country through expenditure in tourism sector, financial assistance, and foreign debts," he reasoned. ●

# Hydropower attracts foreign investment in Nepal: India

A senior Indian official has stated that foreign investment can go elsewhere if Nepal fails to immediately work for development of hydropower sector that has immense potential.

Indian Commerce Secretary Rajeev Kher warned that investors cannot wait for too long despite the immense potential of foreign investment in hydropower sector of Nepal if works were not done at a fast pace. "Hydropower sector definitely provides maximum returns but such invaluable resource is flowing toward sea for nothing," he said during a meeting with the six-member team led by Nepali Industry Secretary Krishna Gyawali in New Delhi. He cautioned that foreign investment will go elsewhere if Nepal were to fail to attract investment even in the next three-four years. He hinted that India will not keep on waiting if Nepal fails to generate electricity.

Stating that hydropower generation is the only alternative for complete transformation of Nepal, Kher said Nepal should also reap benefits from foreign investment like neighbors India and China are doing. He said that we cannot even imagine development in lack of electricity now and urged Nepal to create environment for that. He stated that export of electricity is the best way of reducing the ballooning trade deficit of Nepal.

Secretary Gyawali stated that Nepal has learned a lesson from the past and said the country is waiting to sign Power Trade

*Continued on page 4*

## Hydropower attracts foreign investment....

Agreement (PTA) with India and prioritizing generation of hydropower through Power Development Agreements (PDA). He added that the government has also been prioritizing energy generation in recent times.

Joint Secretary at the Ministry of Commerce in India Arvind Mehta during the meeting also stated that hydropower is the appropriate sector to attract foreign investment for Nepal and can play a major role in reducing the country's trade deficit.

The country's trade deficit stands at Rs 455 billion in the first nine months of the current fiscal year with a deficit of Rs 306 billion with India alone.

GMR of India has been contracted to develop Upper Karnali (900 MW) and Upper Marsyangdi II (600 MW), Bhilwara Group Likhu IV (120 MW) and Balefi (50 MW), and Sutlej Arun III (900 MW) but the companies have yet to start construction. Nepal has been producing just 770 MW of hydroelectricity until now despite potential for generation of 42,000 MW commercially. The current peak demand in Nepal is 1200 MW and the country was suffering from power cuts of 12 hours a day until a few days back.

The Energy Ministry will need Rs 55 billion for bio gas, bio mass, solar and wind energy, and repair and maintenance of hydropower projects to reduce load-shedding in the next fiscal year.

## Use of shipping lines cuts costs for traders

A number of foreign shipping companies have started showing interest in transporting containers containing imported goods from Kolkata port, India to the Inland Container Depot (ICD) in Sirsiya, Birgunj. Hiring shipping companies is expected to reduce the cost of transporting import and export cargo.


Recently, Maersk Line, a Danish vessel operator, has started ferrying goods imported from third countries to the ICD. Two other companies including European Liner and American President Lines are getting ready to transport containers to the ICD, said Himalayan Terminal which manages the dry port.RB Ra uniar, director at Himalayan Terminal, said they had been accepting invoices of the Maersk Line since the last few weeks.

These companies have offered their services at a time when there is increased traffic of containers at the ICD. Presently, it has been handling 40-45 wagons (90 containers) that arrive every other day. Compared to a decade ago when the ICD started operations, container traffic has swelled 452 times, according to the Nepal Intermodal Transport Development Board (NITDB).

The entry of the foreign shipping companies, according to Rauniar, will reduce the transportation cost for Nepali traders. By using their services, importers will have to pay the charge for using the containers only until the goods are unloaded at the ICD. "From the day we issue the cut off bills, it becomes the liability of the shipping companies to deliver the empty containers back to Kolkata port."

Earlier, importers had to pay the cost of dispatching the empty containers back to Kolkata. "This two-way container detention charge has now been reduced to just one-way," said Rauniar. Apart from reducing the cost for two-way traffic, the new provision is also expected to minimise demurrage, the fee that importers have to pay to service providers for delayed consignments.

According to the NITDB, a container normally takes 28 days to arrive at the ICD from Kolkata port. In addition to the normal duration, importers are given a grace period of two weeks when there is no extra charge. However, if any container takes longer than that, traders have to bear the extra cost.

The NITDB's Executive Director Sarad Bikram Rana said that traders had been paying billions of rupees annually in demurrage and freight charges to send the empty containers back to Kolkata port. Traders encounter delivery delays a number of times annually due to many reasons including construction work in India and labour strikes at Kolkata port. "Now the traders are not affected by such unfavourable situations."

Rana said the provision of using shipping lines for transporting imported goods was just a short-run solution to reducing the cost of imports. He sought effective implementation of the transshipment provision that the Indian government has agreed in principle during the bilateral talks held in December.

The dry port accounts for a major share of the country's total customs revenue. An estimated 65 percent of Nepal's imports from third countries come through the Birgunj ICD. According to the NITDB, the government has been receiving a minimum rental of Rs 75 million annually.

## Dry port to be expanded to handle various types of containers

The Nepal Intermodal Transport Development Board (NITDB) is enlarging the capacity of the Inland Container Depot (ICD) in Sirsiya, Birgunj to be able to accommodate various types of containers and end congestion.

The board issued a notice for land acquisition on Tuesday. It plans to acquire another 10 bighas to expand the area of the ICD. The dry port is presently spread over 38 hectares.

NITDB Executive Director Sarad Bikram Rana said they planned to acquire land in the west of the ICD where there is now a warehouse.

According to him, the expanded ICD will facilitate unloading of bulk cargoes that come in open wagons, refrigerated wagons and flat wagons. These wagons are used to transport products like cement clinker, iron and steel and coal apart from bagged cargoes.

At present, the ICD only handles unloading of closed and container wagons. Last year, the ICD handled 20,000 containers and a number of bagged cargoes. As of mid-March this year, 25,600 containers have passed through the ICD. It now accommodates six railway lines. Rana said the ICD would be able to handle two more railway lines with its expanded capacity.

Presently, the ICD can barely handle 40-45 wagons (90 containers) that arrive every other day. Around 14 wagons have to be left outside the warehouse when freight trains arrive at the ICD. This has increased the cost for importers. During the rainy season, there is the risk of cargo being damaged by water.

The board moved to increase the capacity of the ICD following growing complaints from traders about congestion. Compared to a decade ago when the ICD started operations, container traffic has swelled 452 times, according to the board.

As per the Nepal-India Rail Service Agreement held last year in Nepal, the Indian government has agreed in principle to allow additional railway tracks for the expanded ICD. The World Bank-funded Nepal-India Trade and Transport Project is investing $ 1.6 million to lay the extra railway lines. The Nepal government has agreed to pay for the land acquisition.

Meanwhile, the NITDB has been assessing the proposals of three Indian companies for the management contract for the ICD, said Rana. The lease term of the current lessee Himalayan Terminal, a Nepal-India joint venture terminal management company, ends on July 28.

The dry port accounts for a major share of the country's total customs revenue. According to the NITDB, the government has been receiving a minimum rental of Rs 75 million annually. ●

## Govt to introduce policy on hybrid, electric vehicles

The government is preparing to introduce a policy to promote the use of electric and hybrid vehicles.

The proposed policy has been aimed mainly at reducing air pollution by reducing the use of fossil fuel-based vehicles. It also envisions converting petrol- and diesel-run vehicles into electric vehicles by introducing appropriate rules.

The Ministry of Physical Infrastructure and Transport (MoPIT) will soon table the final draft of the policy to the Cabinet. "We have already compiled suggestions from various stakeholders," said Nabin Pokhrel, under secretary at MoPIT.

"The final draft will be first forwarded to the Law Ministry for its approval before sending it to the Cabinet." The ministry had taken feedbacks form line ministries, including environment, finance, urban development and industry. It also took suggestions from the Federation of Nepalese National Transport Entrepreneurs and the Nepal Electricity Authority.

According to officials at the Department of Transport Management, the draft has incorporated issues like customs duty waiver, areas of operation of such vehicles, operation of trolley bus, standards of charging stations, conversion of old vehicles into electric and route permits, among others.

Although the proposed policy has provisioned incentives and excise and customs duty waivers, it is to be seen how it would encourage people to own electric vehicles amid acute power crisis.

The promotion of electric vehicles is expected to reduce petroleum imports. Nepal imported petroleum products worth Rs 98 billion in the first nine months of this fiscal year. In the entire last fiscal year, the imports were more than Rs 100 billion.

The imports this year are excepted exceed last year's figure amid increasing automobile imports and use of diesel for electricity generation.

According to the data of the Department of Transport Management (DoTM), a total of 1.66 million automobiles have been registered in the country as of mid-January 2014. The number of electric vehicles is estimated to be just 2,200, including 630 Safa Tempos, 50 four-wheelers and 1,500 two-wheelers. ●

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## BJP Govt readies plan for IRs 2.5 trillion national waterway

The newly formed BJP government in India has drawn up an ambitious Rs 25,000-crore plan to create a national waterway grid linking Ganga, Brahmputra, Mahanadi and Godavari rivers.

"The plan is ready....We will soon move a formal proposal," a senior shipping ministry official said, adding that the underlying objective is to enable water from big perennial Himalayan to flow into peninsular ones generally have strong seasonal flows.

Nitin Gadkari, the new minister for roads and shipping in the BJP government, has given an in-principle clearance to the eight-year project, which aims to ensure high water levels in rivers through the year, improving their role in crop irrigation and making them navigable. The waterway grid will also help control floods.

The proposed grid will have road linkages to ports to facilitate faster movement of cargo. According to the ministry's estimates, transportation of goods on this network could lead to savings of about Rs 300 per tonne. "It will create a network of passageways in a large part of the country in rivers that are navigable," the official added.

In 2002, the NDA government under Atal Bihari Vajpayee had set up a task force to look into inter-linking of rivers. The same year, the Supreme Court ordered the constitution of a committee to take the idea forward. The plan, however, could not take off in earnest. The shipping ministry has also readied Cabinet notes for a coastal shipping policy aimed at cheaper and faster movement of cargo among the nine coastal states. On its part, the Inland Waterways Authority has written to state governments to plan roads keeping in view waterways falling in their states. ●

ET Bureau

## India world's second largest textiles exporter: UN Comtrade

India has improved its ranking to emerge as the second largest textile exporter in the world beating competitors like Italy, Germany and Bangladesh in calendar year 2013, with China retaining the top position, according to data released by UN Comtrade.

Currently, India exports textiles worth $ 40.2 billion, while the total global textiles exports stand at $ 772 billion, with India commanding 5.2 per cent of the share.

The rise in textiles exports from India is largely attributed to the growth in the apparel and clothing sector as these accounts for almost 43 per cent of the share.

"Despite having slow recovery in our biggest traditional markets -- the US and EU, prevailing global slowdown and the sustained cost of inflationary inputs, we made the best possible efforts to reach here".

"Government's policy of diversification of market and product base helped us and we ventured into the newer markets, which paid huge dividends," Apparel Exports Promotion Council ( AEPC) Chairman Virender Uppal said.

India has also improved its ranking by two notches in the Apparel exports from eighth position in 2012 to sixth position in 2013. The country's Apparel exports stood at $ 15.7 billion in 2013 as against $ 12.9 billion in 2012.

Among the top five global clothing suppliers except for Vietnam, India's Apparel Exports growth was the highest rising 21.8 per cent during 2013. India's Apparel exports account for 3.7 per cent share in the global readymade garment exports. ● PTI Jun 2, 2014,

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