



NICCI e-Newsflash

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Mahashivaratri.....



Elegant ariel view of Pashupati area

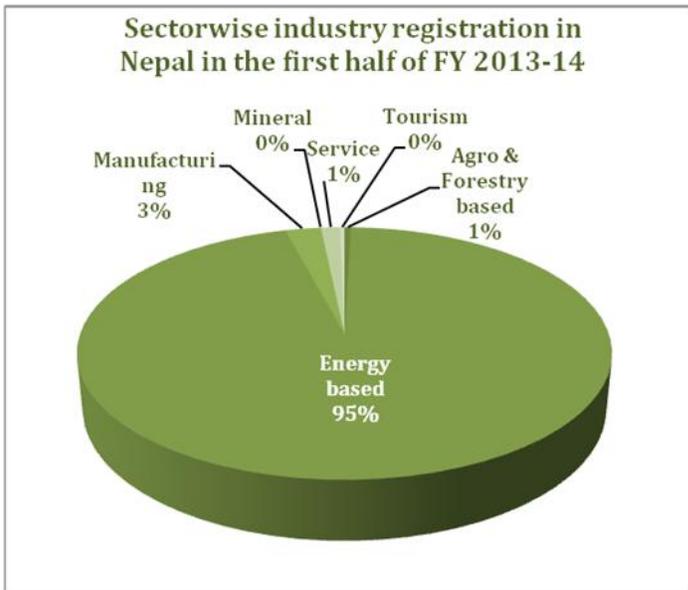
Domestic and FD Investment Commitment in Energy Sector Surged in first half of FY 2013-14

A Comparative Sector-wise Summary Sheet of Industry Registered with Department of Industry in the first half of FY 2012-13 & 2013-14

CATEGORY	First half of FY 2013-14			First half of FY 2012-13		
	NO. OF INDUSTRY	TOTAL CAPITAL (NRs in million)	NO. OF EMPLOYMENT	NO. OF INDUSTRY	TOTAL CAPITAL (NRs in million)	NO. OF EMPLOYMENT
Agro & Forestry based	31	844.00	1,106	29	816.61	991
Energy based	18	174,286.76	3,075	30	22,036.50	2,114
Manufacturing	36	4,544.78	3,256	49	6,596.74	5,419
Mineral	1	75.00	50	1	50.00	55
Service	37	2,413.00	1,356	50	4,010.03	2,082
Tourism	24	556.11	1,005	53	4,323.49	2,546
TOTAL	147	182,719.65	9,848	212	37,833.36	13,207

Domestic and FD Investment Commitment.....

As soon as country concluded the election for the second Constituent Assembly, domestic investment commitments in Nepal in the first half of the current fiscal has surged to 182 billion Nepalese Rupees (as total capital) in 147 industries. The figure in the last year for the same period was NRs 38 billion. However the numbers of industries have been decreased from 212 during the same period last year. This year, the investment commitment surge was in the sector of energy. It has surged to 174 billion from NRs 22 billion during the same period last year. In the agro and forestry and mineral sectors, number of industries and investment pattern remain same where as number of industries in manufacturing, service and tourism sectors have been decreased during the



first half. During the review period, energy sector attracted 95% of total Investment and 5% is distributed among other 5 sectors.

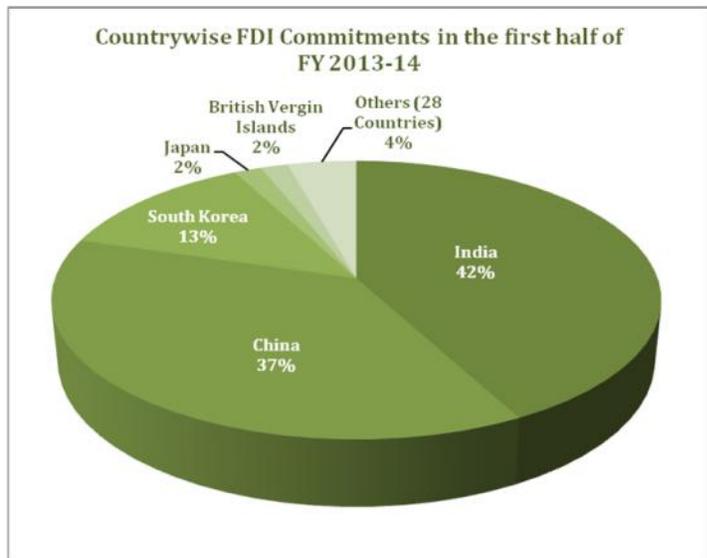
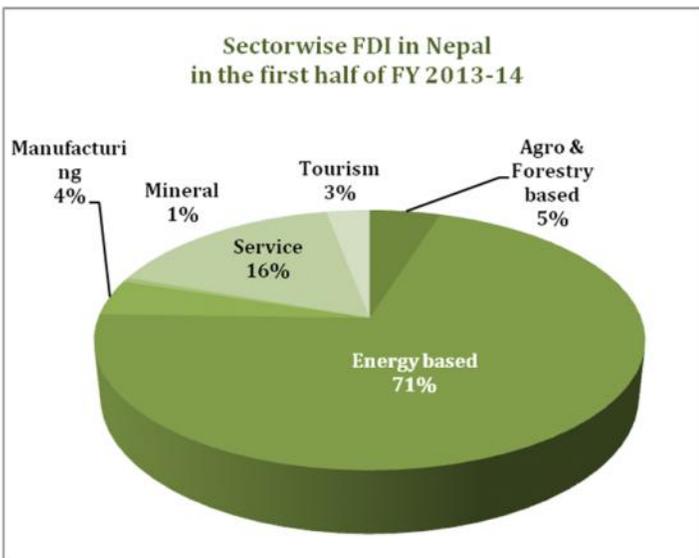
The investment in the country is apart from the industries registered with the Department of Cottage and Small scale industries. As per existing provisions, the cottage and small industries with 100% domestic investments are registered with Department of Cottage and Small Industries, and only large and medium industries are registered with Department of Industries. As per existing Industrial Enterprise Act 1992, domestic

investment up to NRs 30 million is considered as small scale industries. However, industries including FDI commitments, large, medium and small industries are registered with Department of Industries.

FDI

Similarly, towards FDI, the energy sector attracted the largest commitments amounting to Rs 10.3 billion which is 36 percent of total project cost NRs 28.8 billion in energy sec-

tional commitment was in the sector of energy. FDI in other sectors except Agro & Forestry was less than in the first six months of last fiscal year.



tor. In totality, energy sector accounts for 71 percent of total FDI commitment NRs 14.6 million. Number of industries registered with FDI this year is less than last year during the review period of first six month, however, FDI commitment is 50 percent more than last year commitments. This addi-

Regarding country-wise FDI, India continues to be the biggest contributor, which accounts 42 percent, followed by Chinese and South Korean commitments of 37 percent and 13 percent of the total FDI commitment respectively.

Continued on page no 3

Domestic and FD Investment Commitment.....

SECTOR-WISE SUMMARY SHEET OF FDI COMMITMENTS IN NEPAL

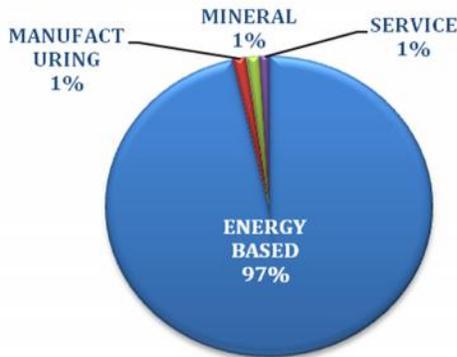
FROM 2070-04-01 TO 2070-09-30 (16TH JULY 2013 TO 14TH JAN 2014)

CATEGORY	NO. OF PROJECTS	TOTAL PROJECT COST (Rs. in millions)	TOTAL FIXED COST (Rs. in millions)	TOTAL WORKING CAPITAL (Rs. in millions)	TOTAL AMOUNT OF FOREIGN INVESTMENT (Rs. in millions)	FDI Commitment Percentage in Total Project Cost	NO. OF EMPLOYMENT
Agro & Forestry based	30	720.00	652.80	67.20	714.00	99%	922
Energy based	7	28,831.01	27,414.95	1,416.05	10,283.03	36%	863
Manufacturing	12	649.00	450.80	198.20	643.00	99%	897
Mineral	5	108.80	79.90	28.90	81.41	75%	292
Service	42	2,461.65	573.52	1,888.13	2,411.65	98%	1,505
Tourism	28	1,491.91	1,399.90	92.01	436.95	29%	852
TOTAL	124	34,262.37	30,571.87	3,690.49	14,570.05	43%	5,331

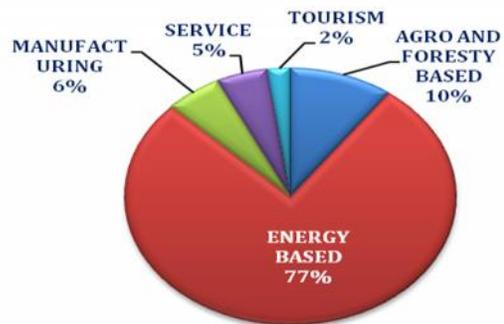
Japanese and British Virgin Island FDI commitment stands at 2 percent each followed by 4 percent commitments from other 28

countries. Country-wise sector-wise FDI commitments from top five countries and 28 other countries appears as follows :

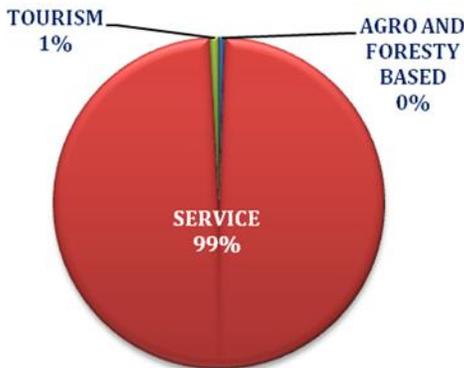
Sectorwise FDI Commitments from India in the first 6 months of FY 2013-14



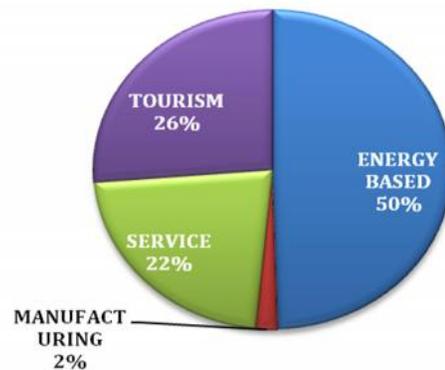
Sectorwise FDI Commitments from China in the first 6 months of FY 2013-14



Sectorwise FDI Commitments from South Korea in the first 6 months of FY 2013-14



Sectorwise FDI Commitments from Japan in the first 6 months of FY 2013-14



Domestic and FD Investment Commitment.....

TOP FIVE COUNTRY-WISE & SECTOR-WISE SUMMARY SHEET OF FDI COMMITMENTS IN NEPAL

S.NO.	COUNTRY		NO. OF NO. OF PRO-JECTS	TOTAL PROJECT COST (Rs. in millions)	TOTAL FIXED COST (Rs. in millions)	TOTAL WORKING CAPITAL (Rs. in millions)	TOTAL AMOUNT OF FOREIGN INVESTMENT (Rs. in millions)	FDI Commitment % in Total Project Cost	NO. OF EMPLOYMENT
1	INDIA (42.29%)	ENERGY BASED	3	7,651.01	7,233.45	417.55	5,944.53	78%	822
		MANUFACTURING	2	79.00	57.00	22.00	79.00	100%	415
		MINERAL	5	108.80	79.90	28.90	81.41	75%	292
		SERVICE	4	56.65	39.15	17.50	56.65	100%	204
		INDIA TOTAL	14	7,895.46	7,409.50	485.95	6,161.59	78%	1,733
2	CHINA (37.39%)	AGRO AND FORESTRY BASED	18	550.00	500.20	49.80	550.00	100%	583
		ENERGY BASED	2	19,900.00	18,910.00	990.00	4,206.00	21%	0
		MANUFACTURING	5	300.00	222.10	77.90	300.00	100%	237
		SERVICE	13	270.50	226.00	44.50	270.50	100%	366
		TOURISM	6	121.50	105.10	16.40	121.50	100%	217
		CHINA TOTAL	44	21,142.00	19,963.40	1,178.60	5,448.00	26%	1,403
3	SOUTH KOREA (12.70%)	AGRO AND FORESTRY BASED	1	10.00	8.50	1.50	10.00	100%	32
		SERVICE	4	1,840.00	78.37	1,761.63	1,826.00	99%	119
		TOURISM	2	15.00	12.70	2.30	15.00	100%	59
		SOUTH KOREA TOTAL	7	1,865.00	99.57	1,765.43	1,851.00	99%	210
4	JAPAN (1.70%)	ENERGY BASED	1	1,270.00	1,265.50	4.50	122.50	10%	0
		MANUFACTURING	1	5.00	4.00	1.00	5.00	100%	22
		SERVICE	4	55.00	46.00	9.00	54.90	100%	160
		TOURISM	2	620.00	600.00	20.00	65.00	10%	60
		JAPAN TOTAL	8	1,950.00	1,915.50	34.50	247.40	13%	242
5	BRITISH VIRGIN ISLANDS (1.68%)	AGRO AND FORESTRY BASED	1	5.00	4.50	0.50	5.00	100%	16
		MANUFACTURING	1	240.00	150.00	90.00	240.00	100%	95
		BRITISH VIRGIN ISLANDS TOTAL	2	245.00	154.50	90.50	245.00	100%	111
TOP 5 SUB-TOTAL			75	33,097.46	29,542.47	3,554.98	13,952.99	42%	3,699
Others 28 countries (4.24%)		Total	49	1,164.91	1,029.40	135.51	617.06	76%	1,632
GRAND TOTAL			124	34,262.37	30,571.87	3,690.49	14,570.05	43%	5,331

Data Source : Department of Industries, GoN.

CII Delegation to visit Kathmandu

A CII delegation led by President-Designate Mr. Ajay S. Shriram, Chairman of DCM Shriram Consolidated Ltd is visiting Kathmandu with CEOs Mission to participate in the Nepal Economic Summit 2014, which is being organized by FNCCI on February 24-26, 2014 in Kathmandu. The CII CEOs Mission is participated by the Past President Mr. Rajive Kaul and Director General Mr.

Chandrajit Banerjee of CII along with other CEOs. During their visit to Kathmandu, the mission is also participating FNCCI-CII JEC Review Meeting on 25 February 2014. The meeting will review the progress after the last meeting held on 30 January 2013 at CII Headquarters, New Delhi.



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Online investment guide for foreign investors

The Department of Industry (DoI) has launched a comprehensive online investment guide targeting prospective foreign investors to Nepal. Industry Secretary Krishna Gyawali on Thursday unveiled the website <http://www.theiguide.org/public-docs/guides/nepal>

It provides an array of information about the procedures that foreign investors need to go through to set up a company in Nepal. This includes a list of officials that can help, operating costs, wages, rent, labor, taxation, investment sector, investor rights and laws. The information portal was developed jointly by DoI and United National Conference on Trade and Development (UNCTAD).

DoI Director General Dhruva Lal Rajbansi said the website will be very useful to the prospective investors. Jamie McGoldrick, the UN Resident Coordinator for Nepal, said the website will be important in making business plans for prospective foreign direct investment.

The site also includes accounts of experiences of current investors in Nepal. UNCTAD issued a statement saying iGuides replaces UNCTAD's previous practice of publishing paper investment guides for different countries, allowing significant saving of cost and time and enabling governments to get the right information closer to the intended investor audience. DoI will keep updating the information.

RBI allows MSEs to sell stake to foreign investors

The Reserve Bank has allowed micro and small enterprises (MSEs) who have de-registered their small scale industry status to sell stake to foreign investors to help them attract funds. It has been decided that such companies may issue shares or convertible debentures to a person resident outside India, RBI said.

"a company which is reckoned as Micro and Small Enterprises (MSE)... may issue shares or convertible debentures to a person resident outside India, subject to the limits prescribed." It also allowed industrial units not into MSE to issue shares in excess of 24 per cent of its paid up capital with approval of the government. "any Industrial undertaking, with or without FDI, which is not an MSE,...may issue shares in excess of 24 per cent of its paid up capital with prior approval of the Foreign Investment Promotion Board," RBI said

Small scale units are not allowed to engage in banking, financial services, civil aviation, petroleum, housing and real estate development for investment, venture capital, investment in infrastructure and service sector, atomic energy/related projects, defence, agriculture, print media, broadcasting and postal services.

As per extant RBI rules, small units may issue shares or convertible debentures to a person (other than a citizen of Bangladesh or Pakistan or Sri Lanka) or an entity outside India up to 24 per cent of paid-up capital if it has given up its small scale status. They can also issue shares or debentures if they are not engaged in manufacturing of items reserved for small scale sectors. The RBI decision will help small units finance their expansion programme in the allowed sectors. PTI-MUMBAI

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