

E-NEWS FLASH

INSIDE THIS ISSUE:

Consumer Price Index	2
Refinery @ Vizag	2
Current Account	3
India-China mining	3
NICCI connects	4

Salient features of the e-News Flash

- Compilation of interesting and relevant news, views and facts
- Well written, informed and authoritative sources
- A quick read
- A completely a-political and an a-industry selection
- Well edited, personal touch

NICCI Newsletter, November Issue

The November Issue of the NICCI Newsletter is on the theme 'Energy, Power & Infrastructure'; a challenge to work on it & a pleasure.

It is not easy to be optimistic of any of the 3 key words in that theme ! The supply of fossil fuels on earth, the number of rivers amenable to damming, the amount of arable land available to generate biomass, the high costs of infrastructure for generation, transmission or power, the capital available for connectivity logistics and the willingness of citizens to accept a shift in the ways they live - all of these have limits.

The demand for energy, power & infrastructure is set to grow rapidly in this decade and governments, businesses and consumers need to make intelligent choices to balance the many variables of their function and place in the ecology of our modern world.

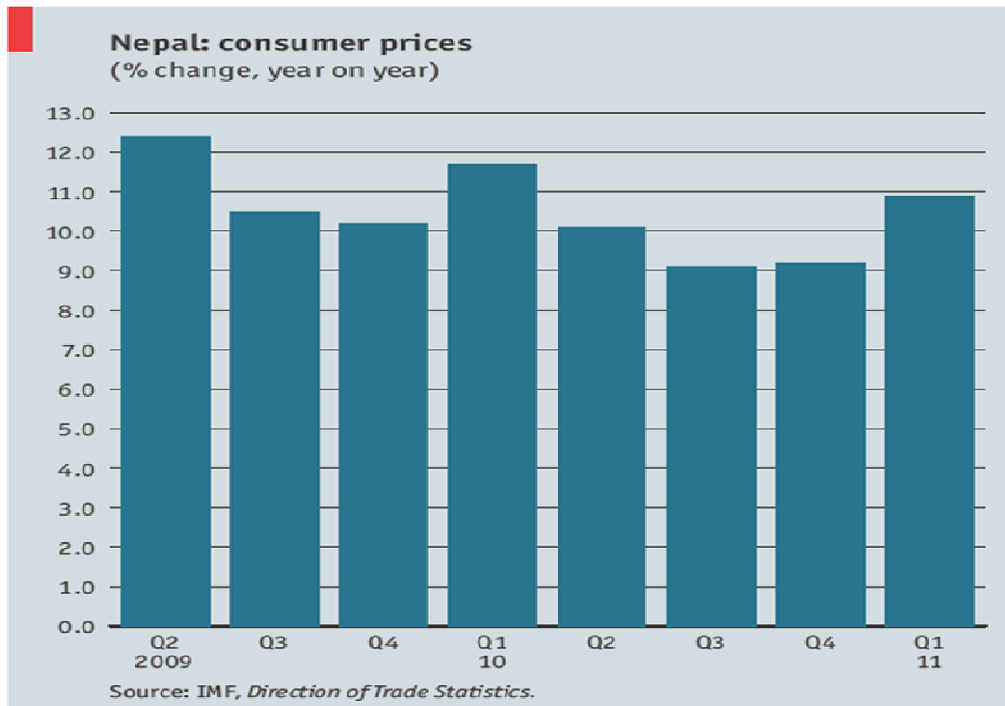
The Newsletter promises to be an interesting read and stimulate debate and direction.



Nepal: forecast summary (% unless otherwise indicated)

	2010 ^a	2011 ^a	2012 ^b	2013 ^b
Real GDP growth ^c	4.6	3.5	3.7 ^a	3.4
Gross fixed investment growth	-4.0	-10.7	7.0 ^a	6.5
Consumer price inflation (av)	10.0	9.2	7.2	7.7
Lending interest rate	8.0	7.6	7.5	7.5
Exchange rate NRs:US\$ (av)	73.15	73.58	76.90	76.17
Exchange rate NRs:US\$ (end-period)	72.15	73.58	76.90	76.17
Exchange rate NRs:¥100 (av)	78.07	83.72	94.07	94.04
Exchange rate NRs:€ (av)	101.90	97.54	104.95	98.64

^a Actual. ^b Economist Intelligence Unit forecasts. ^c Fiscal years ending July 15th.



Inflation as measured by the consumer price index averaged 7.7% year on year in the early 2011-12 year as compared to the inflation averaging a 9.6% in the last year. A 9.9% year on year inflation in the foods and beverages sector, that has a 46% weightage in overall consumer price index, is the main culprit for this inflation.

The non-food inflation has actually gone down to 5.8% from an earlier 7%. The rising cost of transport is the main contributor to this, rising to a 12.8% from an earlier 8%.

The rate of inflation was fastest in the Hills region (10.3%) followed by the southern Terai plains (6.9%) and the Kathmandu Valley (6.6%).

Wholesale price inflation was up by 5.7% as compared to a 8.5% of last year; Agricultural commodity prices rose by just a 1.9%, domestically manufactured commodities rose by 11.5% and imported commodities price index was up by a 9.9%.

Salaries and wages continue to rise much more rapidly than the consumer price inflation, up by 30.5% year on year. Higher wages among agricultural (36.9%), industrial (25.8%) and construction workers (37.4%) contributed to the wage rate index of 33.8%. Higher salaries in the civil service, private sector, educational institutions (18.7%) and in Banks & financial institutions (42.4%) contributed to the overall salary rate index of 19.1%.

Source: *Economic Intelligence Unit, Country Report, November 2011*

Petro Refinery in Vishakhapatnam

Amerind Petroleum Private Limited proposes to set up a nearly Rs.120 billion petroleum refinery near Visakhapatnam, in joint technical collaboration with US-based American Industrial Corporation (AIC). The refinery to come up in Petroleum, Chemicals and Petro-chemicals Investment Region (PCPIR) near Visakhapatnam, will have an initial refining capacity to process 7.5 million tonnes of crude oil per annum (or 150,000 barrels per day) and will produce the entire range of petroleum products.

The 1st phase of the project, a turn key by AIC, would cost a Rs.25.25 billion. In the 2nd phase, the project would be expanded to a total refining capacity of 15 million tons per annum along with a petro-chemical complex, at an additional cost of Rs.86.11 billion.

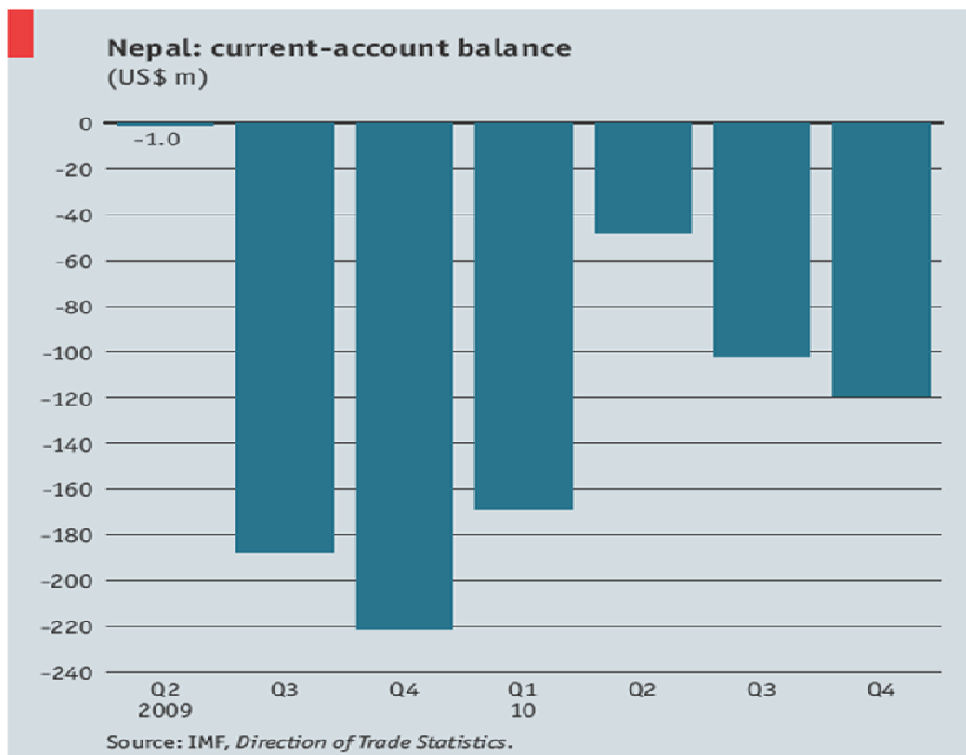
A current account surplus of NRs 727.7m was registered during the early fiscal year of 2011-12, as compared to the deficit of NRs 2.4bn in the same period last year. According to NRB, the country's central bank, an overall balance-of-payments surplus to the tune of NRs 8.3bn has been recorded, as compared to Nrs 1.5bn in the earlier year.

A sharp deceleration in the growth of trade deficit, a service account surplus and a substantial increase in the workers' remittances made up the current-account surplus. Workers' remittances have gone up by a 23.6% year on year to NRs 21.9bn, a great upsurge from the 6.5% of the previous year.

The value of merchandise exports rose by a 17.9% to Nrs 6.1bn as compared to the decline in the previous fiscal year. Exports to India of textiles, cardamom and wire & zinc sheeting, along with a 20.9% increase in exports to other countries of wool carpets, pashmina, readymade garments, paper, paper products and tea contributes to this turnaround. The rate of increase of the merchandise import bill slowed dramatically.

The total trade deficit in mid-August 2011 stood at Nrs 26.6bn, up by a 5% from the earlier year and shows a contraction of the trade deficit with India by a 8.7% in a contrast to the widening gap of a 41% registered during the same period of 2010-11. However, trade deficit with other countries has increased by 32.5% compared to the growth of 17.7% in the year-earlier period.

Source: Economic Intelligence Unit, Country Report, November 2011



India-China trade can touch a \$100bn

Creating a favourable macro-environment in the area of iron ore trade and co-operation in the field of mining exploration can help achieve the ambitious India-China trade target of \$100 billion by 2015, says Economic and Commercial Counselor of the Embassy of China Peng Gang at a Conference on International Iron Ore & Steel Making Raw Materials held in Goa. The \$1 trillion thrust in India's 12th Five Year Plan on infrastructure development would open up new opportunities for development of mines in India, however the uncertainty in the mining sector as well as a potential ban on iron ore exports from Goa needs to be taken into account.

Both the countries would strengthen investment with each other in mining supporting transport, logistics, ports construction and necessary infrastructure for enhanced trade.



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NICCI connects

In a recent working meeting & workshop on Cross Border Transmission Networks Integration organized by South Asia Regional Initiative for Energy (SARI/Energy) at Hotel Radisson, where the DG was invited, NICCI connects with the stakeholders from India, Sri Lanka, Pakistan, Bhutan and Bangladesh. Representatives of the Indian Energy Exchange, PTC, IL&FS and the Delhi based SARI/E offices were introduced to NICCI, its objectives and direction.



Dr Bhupendra Kumar Singh, Deputy Director, Energy Security, CII, Delhi. He was here for a 2 day visit as a part of the above program. As the DG had already met him on an earlier visit to the CII, this was a good opportunity to reconnect. NICCI also introduced him to the First Secretary-Commerce at the Embassy of India.

Ms Mayumi Murayama, Deputy Director –General, of the Institute of Developing Economies (IDE-JETRO), Japan. Here for her study on Challenges of Regional Trade, NICCI organized a factory visit and extended information and co-ordination.

Mr Indranil Chatterjee & Mr Venkat Raman of the ABP Group, Kolkata who were here to invite participants for the Infocom 2011. The Invitation has been mailed out to all sector-related Members.