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Amazing Nepal

***Gokyo Lakes** are oligotrophic lakes in Nepal's Sagarmatha National Park, located at an altitude of 4,700–5,000 m (15,400–16,000 ft)*

Govt rolls back new export rule upon pressure from business sector

Bowing down to the pressure from freight forwarders, the government rolled back a new provision that made it mandatory for exporters to export goods to countries from where the payment was made.

The latest provision was introduced by the Department of Customs (DoC) on Thursday without holding consultations with traders and line ministries. This automatically gave discontinuity to the earlier practice of sending goods to any destination across the world irrespective of the location from where the payment was made.

As the government introduced new export provision, air cargo clearance works came to a halt at the Tribhuwan International Airport (TIA) on Thursday. "However, on Friday the government decided to ditch the new rule and give continuity to the practice of allowing exporters to export goods to any destination in the world no matter from where the Letter of Credit was issued," Rajan Sharma, president of the Nepal Freight Forwarders Association (NFFA), said Saturday. With the rollback of plan, airlines started carrying cargos stuck at the TIA from Friday.

Nepali exporters had denounced the government´s latest policy as they said many importers ask them to make delivery in one country by issuing letters of credit in another country.

Meanwhile, Nepali freight forwarders are initiating talks with shipping companies that are denying to waive demurrage charges imposed on them for delaying delivery due to disruption of cargo clearance works at Kolkata customs. Goods clearance was disrupted at Kolkata customs for more than two weeks after the Central Bureau of Investigation (CBI) arrested some of its staff. "We can´t pay the fines for mistakes that were not committed by us. Nepali freight forwarders will individually deal with shipping firms and request them to waive detention charges on containers carrying Nepal-bound goods," said Sharma.

Nepali consulate in Kolkata is also negotiating with concerned shipping companies to exempt Nepali importers from demurrage charges. Sharma said shipping companies are levying up to US$ 105 per container per day as demurrage charge for the delay in clearance of goods. Shipping companies have been given 10-14 days of grace period for the shipment of goods from the destination port.

The Indian government has recently added staff at the customs to speed up container clearance works. According to Sharma, customs officials are clearing around 70 Nepal-bound containers per day since Wednesday. Around 15 shipping companies currently bring in goods to Nepal via Kolkata.

Labour Law - Govt to regulate informal sector

The government is building a legal ground to regulate the informal sector as the outsourcing business has been growing in the country. The growing informal sector has become a headache for the government, so we are incorporating the informal sector in labour laws and policies, said secretary of the ministry of labour and employment Suresh Man Shrestha.

The ministry has been implementing a project to identify the informal sector to incorporate it in the labour law since 2012. "We are taking a challenge to bring the informal sector into labour laws and social security net. All stakeholders must support the drive," he said, adding that garments and carpets could be the potential sectors to address at first.

The International Labour Organisation and the Japanese government have been supporting the project that started exploring the informal sector from 2012 and which will last till 2017, and bring the informal sector into the legal framework. The ministry has been executing the project with a budget of $ one million (Rs 8.5 million).

Leader of Nepal Trade Union Congress-Independent Laxman Basnet said that Japan should share its best trade union practices with Nepali trade union leaders and industrialists to minimise disputes. "We can learn a lot from Japan," he said.

According to the Labour Force Survey 2008, about 11.7 million Nepalis are physically active and more than 400,000 Nepalis enter the labour market every year. But the formal sector of the country has not been able to provide jobs to them, therefore foreign employment and the informal sector are the only options for the workforce.

Every year about 350,000 Nepali youths opt for foreign jobs and the remaining join the informal sector. It is believed there are about six million workers in the informal sector including 2.2 million home-based workers.

"There is no other option in the country, so the informal sector is growing," said joint secretary of the ministry Purushottam Poudel presenting his paper on informal economy. ♦

Lentils of Nepal, world's 6th largest producer, prominent to reduce trade deficit

Nepal is in the sixth position among the world's largest producers of lentils. The country grows nearly 5 percent of the world's lentils. The common variety grown in Nepal is Masoor. It has brown skin and is orange inside. However, Nepal has slipped to sixth position from fifth last year despite a 36.31 percent rise in output in 2011.

According to the Food and Agriculture Organization (FAO) of the United Nations, Nepal produced 206,869 tonnes of lentils in 2011 to take the sixth place behind Canada, India, Turkey, Australia and the US. In 2010, Nepal produced 151,757 tonnes of lentils and was placed fifth.

Meanwhile, the area under lentil cultivation increased to 207,591 hectares in 2011 from 187,437 hectares in 2010. With this statistics, Nepal's lentil productivity has increased from nearly 0.81 MT to 1 MT per hector and cultivated land increased by 10.75 percent.

"The increase in production and land under cultivation shows that farmers are shifting towards pulses particularly lentils due to their high value and export potential," said Tek Prasad Luitel, co-spokesperson and senior agro economist at the Ministry of Agriculture Development. "An increase in the cost of production and expensive fertilizers could be the major reason why farmers are moving towards lentils." According to him, farmers have to pay Rs 1,200 per hour to get their fields ploughed, so they are shifting towards lentils from wheat. Rising prices of chemical fertilizers like urea too have upset farmers. Meanwhile, chemical fertilizers and ploughing are not necessary to grow lentils. "Good quality lentil seeds do not need any special treatment like other crops." He said.

Meanwhile, Nepali lentils have been well received in the international market. According to the ministry, Bangladesh is the largest buyer of Nepali lentils followed by India, Singapore, the UAE, and Bahrain. Nepal exported 33,151 tonnes of lentils worth Rs 2.67 billion in 2011-12. Bangladesh alone procured 29,579 tonnes worth Rs 2.45 billion while exports to India stood at Rs 193 million.

> ***Nepal could boost its lentil exports to more than Rs 25 billion annually if the government does proper research, provides improved seeds and improves links with the international market and we could reduce our trade deficit significantly from this single product.***

Traders said that lentils have massive prospects, but the government does not have any special programme to boost production. Ministry officials said that Nepal could boost its lentil exports to more than Rs 25 billion annually if the government does proper research, provides improved seeds and improves links with the international market and we could reduce our trade deficit significantly from this single product.

Lentils are produced in all the districts in the country except Manang and Mustang. Commercial production, however, is concentrated in the Tarai. More than 90 percent of the lentils grown in Nepal come from this region because of its favourable climatic and soil conditions. ♦

Govt likely to offer better PPA rates for storage projects

The government is mulling to fix two different power purchase agreement (PPA) rates for hydro power projects based on run of the river (RoR) and storage-type. The Ministry of Energy (MoE) said that a new provision is being devised to offer relatively higher PPA rate to the storage-type projects as they are relatively expensive than the RoR projects.

"We cannot offer same PPA rate to all sorts of projects at a time when construction of storage projects are expensive," said Energy Secretary Hari Ram Koirala.

Ministry officials said that the attempt was made after the private sector developers demanded higher PPA rate, calling on the government to provide more outcome for the investors making higher investment in the storage projects. According to a rough estimation of the Nepal Electricity Authority (NEA), it costs around Rs 150 million per MW to construct an RoR project and the construction of a storage-type project requires some 15 percent more investment per MW.

He added that there is a high chance that the ministry might offer the storage projects an increase of somewhere between 12 to 15 percent on the PPA rate provided to the RoR projects. There is, however, no possibility of revising the PPA rate for RoR projects.

The ministry had revised the PPA rate for RoR projects last year, setting it at Rs 8.40 per unit during the winter and Rs 4.80 per unit during the wet season. However, the ministry has not fixed the PPA rate for storage-type project so far.

MoE spokesperson Sri Ranjan Lackoul said that the provision was being made so as to attract the private sector investment in the storage-type projects. "The government has realised the importance of storage-type project lately so as to ensure regular power supply, especially during the dry season," he said. According to him, the task force will submit its report within a week and then the ministry will seek approval of the new proposed PPA rate for storage-type projects from the Finance Ministry and the Cabinet.

The state-owned power utility has also identified 10 storage-type hydropower projects with a combined capacity of 2,652MW to carry out a feasibility study in September, 2012 under the assistance of Japan International Cooperation Agency (JICA).

The projects are Madi Khola (199 MW), Lower Jhimruk (142 MW), Nalsinghgadh (400 MW), Chehera-I (149 MW), Naumure (245 MW), Dudhkoshi (300 MW), Sunkoshi-III (536 MW), Khokhajor (111 MW), Adhikhola (180 MW) and Lower Badhigad (380 MW). *(for more, see vol 2 issue 28 newsflash)*

Apart from the Kulekhani project, no other storage-type projects has been developed in the country so far. Hence, the NEA has been urging the government to prioritise on the construction of reservoir type hydropower projects as a long-term solution to the ongoing power crisis in the country. ♦

NEA preparing modality to let private sector erect power lines

The Nepal Electricity Authority (NEA) has started preparing a modality to facilitate construction of transmission lines by the private sector. Presently, it is the only entity permitted to build power lines in the country. Two weeks ago, the NEA formed a committee to prepare the necessary documents as per the instruction of the Energy Ministry, said NEA spokesperson Sher Singh Bhat who is also head of the committee.

The team will study various international models and prepare the most suitable and investor-friendly system to make private sector financiers feel comfortable, he said. The documents to be prepared by the NEA are expected to institutionalize private sector investment in the construction of the country's power lines. Last January, the Energy Ministry had decided in principle to allow the private sector to build power lines and ordered the NEA to prepare an investment modality and draft of a transmission service agreement (TSA). The Energy Ministry decided on involving the private sector after finding the NEA unable to expedite construction of transmission lines.

The ministry has proposed that an individual investor or firm be allowed to invest up to 33 percent of the total cost of a transmission line project. Private sector interest was inspired by seeing the NEA struggling with power line projects. A number of companies including Himalaya Energy Development Company (HEDC) have even submitted proposals to obtain the Energy Ministry's go-ahead. HEDC has proposed building the 132 KV Khimti-Gajryang transmission line under the Build and Transfer (BT) modality.

The idea of inviting the private sector to construct transmission lines is not new. The Interim Plan has envisioned involving the public and private sectors, community and cooperatives in power generation and transmission. The government has planned to construct 408 km of transmission lines in the current Interim Plan (2010-11 to 2012-13). However, not a single transmission line project has been completed even though the NEA started work on the Bharatpur-Hetauda, Khimti-Dhalkebar and Thankot-Chapagaun-Bhaktapur lines.

Previously, the NEA had recommended to the government to allow the private sector to erect transmission lines under two models—Build-Own-Operate-Transfer (BOOT) and BT. The NEA had stated in its report submitted to the Energy Ministry in May 2012 that the private sector could be allowed to build transmission lines to evacuate power from under-25 MW hydropower projects with which the government has signed power purchase agreements (PPA). ♦

Pharma industries in increasing trend, five pharma companies registered in six months

The Department of Drug Administration (DDA) registered five new allopathic drug manufacturing companies in the first six months of the current fiscal year. These pharmaceuticals have a combined investment of Rs 1.09 billion.

Among the companies that were registered, the largest is Micro Hukum Pharmaceuticals, a joint venture with Micro Lab, an India-based pharmaceutical company with 45 percent stake in the proposed investment of Rs 533.8 million with proposed factory site at Katunje, Bhaktapur. The company has planned to begin manufacturing general medicines and antibiotics within a year.

Other four companies are Innovative Pharma Lab has planned to establish its production plant in Jugedi, Chitwan, Kasturi Pharmaceuticals is setting up its factory in Mangalpur, Chitwan, Bhanu Pharmaceuticals is setting up its production plant in Chayanpur, Chitwan; and Alpine Chemicals, a repacking company, has proposed setting up its plant at Shankar Nagar, Rupandehi.

Innovative Pharma Lab, which will be using Australian technology in its production, plans to produce general medicines including antibiotics, with a proposed investment of Rs 100 million. It has planned to launch its products in April. “We are constructing a separate production plant to comply with the DDA regulation related to antibiotics production,” said Biplav Adhikari, managing director.

Similarly, Kasturi Pharmaceuticals has been planning to launch its products in one and a half years. “If everything goes as planned, we will launch our products on schedule,” said Prabek Khanal, a board member of the company. Kasturi has planned to use local resources to the maximum. “We will hire local consultants and purchase minor equipment from the local market. However, the automation system will be brought from India and China,” he said. The company’s production plant will be spread over an area of 20,000 sq ft. According to Khanal, they are carrying out further feasibility surveys.

Last year, the department registered 11 allopathic drug manufacturing companies with a proposed investment of Rs 1.27 billion.

Meanwhile, four ayurvedic companies were also registered at the DDA during the first half of the fiscal year. They have a combined investment of Rs 30 million. ♦

Karachi the world's cheapest city to live followed by Mumbai, Delhi and Kathmandu

Financial capitals of India and Pakistan -Mumbai and Karachi - were the cheapest cities in the world to live followed by New Delhi, according to a new survey. Nepalese capital of Kathmandu and Algerian capital of Algiers were the other locations among the world’s five cheapest cities, the Economist Intelligence Unit’s (EIU) worldwide cost of living index found. The EIU found that Mumbai shared the top ranking with Karachi in the survey based on costs of over 160 items ranging from transport, utilities, food and clothing.

"Income inequality means that household spending levels are low on a per capita basis, which has kept prices down, especially by Western standards," the EIU said in reference to India in its 2013 survey, which ranked Tokyo as the most expensive city in the world. Other cities in this year’s top five included another Japanese city, Osaka, followed by Sydney, Oslo and Melbourne.

Australian cities rank high mainly due to inflation and currency swings among the 131 cities surveyed, Jon Copestake, editor of the index, said. Asia and Australia account for 11 of the world’s top 20 most expensive cities, with eight from Europe and one from South America.

Tokyo displaces Zurich to No 7 as a result of steep real estate costs and rents, as well as high wages fuelling prices. Besides Zurich, Singapore, Paris, the Venezuelan capital of Caracas and Geneva complete this year’s top 10.

Although no North American cities feature in the top 20, the EIU said the cost of living in New York had risen relative to other places in the US. It shares 27th position as the most expensive US city with Los Angeles. The Canadian city of Vancouver remains the most expensive location in North America, ranked 21st in the index.

The bottom 10 includes Bucharest in Romania, Colombo in Sri Lanka, Panama City, Jeddah in Saudi Arabia and Tehran in Iran. ♦ PTI -MUMBAI

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Indian Railway Budget 2013: Plans to run nearly 70 heavy haul freight trains

Railways proposes to run as many as 70 heavy haul freight trains over the next year in a move which will not only help decongestion of the busy trunk routes but also enable it to manage its freight traffic till the dedicated freight corridor takes shape.

Plans are afoot to support the proposal with the augmentation of infrastructure and infusion of critical technology vital for hauling these lengthy freight trains which could be as long as 2 km. At present, about 25 such trains are being operated across the network transporting raw materials like coal, iron ore and fertilisers to ports and steel plants. The proposal is expected to be spelt out in details in the February 26 Railway Budget for 2013-14.

Heavy haul trains in India at present comprise about 116 wagons instead of the convention 64 wagons. These are achieved by joining two freight rakes, thus enabling Railways double up the carrying capacity in a single trip. "The plan is to run the freight trains which would have 180 wagons," said a senior railway ministry official, noting that several countries including South Africa, Australia and the US have made great strides in running this type of trains.

Funds are also being sanctioned for increasing the length of long loop lines for seamless movement of these trains. Loop lines are a sort of bypass. According to experts, running of heavy haul trains is a viable proposition in the present context when Railways is facing capacity constraint in running of more passenger and freight trains. The dedicated freight corridor project is targeted for completion in 2016. ♦

PTI– New Delhi

Warren Buffett company FlightSafety enters India

FlightSafety International, one of the world's leading aviation training companies and promoted by Warren Buffett's Berkshire Hathaway, has established operations in India through a consultancy and licensing agreement with Bangalore-based Aviators India.

The 60-year-old New York-based aviation company delivers over a million hours of flight training each year to pilots, technicians, cabin attendants, and aviation professionals, and is a supplier of flight simulators, visual systems and displays to commercial, government and military organizations around the world. FlightSafety's India play would start in the next four months and would begin with cabin attendant training for commercial and corporate flight operators.

"Put together (both commercial and corporate operators) there would be over 10,000 flight attendants in India. And given the number of aircraft orders airlines have placed, this vertical could well see a growth of 100 per cent over the next five to seven years," said Captain Arun Sharma, MD, Aviators India.

Aviators India has been in the business of aircraft charter services and sales of corporate jets to Indian high net worth individuals for close to two decades. In India, airline operators conduct cabin crew training in-house, with a few home-grown third party training institutions offering just cabin crew grooming.

There are two types of markets in training -- the initial market and the recurrence market -- both of which FlightSafety will address in India. "The initial market is when somebody has no experience and goes through a full training module, while the recurrence market addresses people who need refresher courses every six months or a year depending on an operator's policy," said Sharma. He added that the country's apex aviation regulator, the Directorate General of Civil Aviation, recognizes the training given by FlightSafety. TNN-BANGLORE

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