Vol. 2 Issue 16

Weekly

June 28, 2012

NICCI E-NEWSFLASH

Mediate talks on budget, FM requests private sector

Finance Minister Barsha Man Pun on Tuesday, 26th June, appealed to the business community to mediate talks between the government and the opposition parties on budget.

"We are making all possible efforts from our side to come up with a common minimum program (CMP) so that we could have full-fledged budget on time. But as these efforts have not yielded any result yet, I request you (FNCCI) to take initiative in building consensus on CMP," said Pun.

Speaking at an interaction program on Tuesday, Pun said he has worked out a draft for CMP and also requested Chairman of his party to organize meeting with top opposition leaders on budget. "But opposition might not like to discuss on my draft. So, it is better if you (FNCCI) bring all of us on the table and facilitate CMP process by proposing your own draft," he said.

Referring to the call of FNCCI President Suraj Vaidya, who urged the government to come up with full-fledged budget on time with political consensus, Pun said he was committed to it. "Our political reality is that we need to unveil budget through ordinance. Hence, we have no option but to formulate a budget on consensus basis," he said.

FM Pun said that the budget for 2012/13 will focus on attracting more investments, offering new incentives to investors, channelising investments in productive sectors and providing support to the domestic industries.

NRB to ease refinancing provision

The Nepal Rastra Bank (NRB) is all set to ease the refinancing provision for banks and financial institutions (BFIs) by virtually removing all the pre-conditions.

There has been a negligible lending under the refinancing provision despite the central bank ensuring such a facility for almost all productive sectors, disadvantageous groups, including women and backward communities, and foreign employment and exports.

The central bank, under this facility, provides credit to BFIS at a very low interest rate and the latter have to lend the amount to the aforementioned sectors at NRB-fixed rate. "With BFIs complaining about paperwork hassles and complicated conditions for such lending, we are going to remove almost all conditions so as to enable deserving sectors to get credit under this facility," said a senior NRB official.

Contd on page 2

Inside this issue:

NRB to ease refinancing ......

Among the refinancing conditions were BFIs concerned should have adequate capital adequacy ratio, non-performing loans (NPL) below 5 percent and credit-to-deposit ratio below 80 percent. “The upcoming directive on refinancing will have none of these conditions,” said the official.

Another important change in the upcoming directive is that BFIs can lend the refinanced amount only to their borrowers whose good loans have been put up as collateral. Earlier, banks could lend such amount to any of their loanees having investment in the productive sector. “This provision ends the possibility of good borrowers not getting loans at cheaper rates under the refinancing facility,” said the NRB official.

The new directive has not changed the list of sectors that are eligible to get the refinancing facility. **Sectors that are eligible to the facility are exports, pharmaceutical industry, tourism, manufacturing industries, small and medium level industries, agriculture, cement, iron industry as well as hydropower development, electricity transmission line and cable car.**

And, the **sectors that are not eligible are personal loans, real estate, housing and commercial complex, hire purchase financing, margin type lending (loans against share) and for tobacco and alcohol industry**.

As per the existing provision, the normal **refinancing will be available at an annual interest rate of 7 percent** which BFIs will have to re-lend at not more than 10 percent. The rate for hydropower and agriculture sectors will be 6.5 percent.

Meanwhile, exporters have urged the Nepal Rastra Bank (NRB) to ensure easy availability of the export refinancing facility. They asked the central bank to address their concerns in the next fiscal year’s monetary policy.

A delegation of 13 associations led by the Federation of Nepalese Chambers of Commerce and Industries (FNCCI) met NRB Governor Yubraj Khatiwada on Wednesday to discuss the matter. The Garment Association of Nepal, Handmade Papers Association of Nepal and Nepal Pashmina Industries Association were part of the delegation.

It has been four years since the Nepal Rastra Bank (NRB) introduced export refinancing. This provision was launched for commercial banks to ensure greater availability of subsidised loans to the export sector that includes pashmina, carpet, readymade garment, herbal products, among others.

NRB, while unveiling the monetary policy for the current fiscal year, had said a special refinance rate of 1.5 percent would be maintained on credit for export industry, sick industry, small and cottage industry and foreign employment of specified section of people. While utilising this facility, BFIs cannot charge over 4.5 percent interest from clients, ie, exporting firms.

Exporters say they have yet to receive the facility due to banks’ reluctance to provide such credit and that they are forced to take loans at higher interest rates. According to them, banks avail such credit only to those exporters who open large letters of credit (LC).

“Small exporters should also be given such credit,” said Uday Raj Pandey, president of the Garment Association of Nepal. “Moreover, banks’ provision asks exporters to pay back the loans within six months has discouraged exporters to get such credit,” said Pandey.

NRB introduced directives to regulate e-banking

Amid increasing popularity of internet- and mobile-banking services, Nepal Rastra Bank (NRB) has introduced the central bank directives on Thursday (21st June) to regulate electronic banking products to govern internet - and mobile-based services like branchless banking, mobile banking, internet banking and card services offered by banks and financial institutions (BFIs).

According to the central bank, the directive has been brought to regulate the risk associated with such products and protect customers’ right. “As we have to catch up with the technological advancements in the financial sector and a necessity of comprehensive guidelines to regulate various tech-savvy products was felt,” said Bhaskar Mani Gnawali, spokesperson for NRB.

Contd ... pg 3

NRB introduced directives …………

Earlier, NRB Deputy Governor Maha Prasad Adhikari disclosed this fact while addressing the first ever Mobile Financial Services Summit that kicked off in Kathmandu on Wednesday.

The directive will cover internet banking, mobile banking and card business, Adhikari said. "The directive is being brought so as to regulate risks associated with the products," said Adhikari. "It talks of services, service quality and risk management."

The two-day summit is being organised by USAID Nepal to discuss opportunities to overcome the challenges of implementing mobile financial services in the country. USAID Deputy Mission Director Sheila Lutjens said mobile banking has a huge potential in Nepal, as just 25 percent of the Nepali population has bank accounts. "Only 25 percent of Nepali people have bank accounts, while the mobile phone penetration rate is already 37 percent and is growing rapidly," said Lutjens.

The directive largely describes the nature and quality of services and security measures that banks are required to comply with. With the directive in place, BFIs are now required to acquire NRB's permission to launch products related to e-banking, mobile banking and branchless banking.

Also, BFIs willing start such services must have acquitted approval from their board in policy as well as procedure. For BFIs that have already started such services should get NRB approval within next two-three months.

While applying for permission to lunch the service, BFIs must submit detailed information about technological infrastructure, information technology being used, safety measures and provision for Anti-Money Laundering/ Combating the Financing of Terrorism (AML/CFT), the circular reads.

NRB has referred to basic banking services being provided through the use of smart cards or magnetic cards through POS machines in remote locations as branchless banking. Customers are allowed to deposit, withdraw and transfer money to and from their accounts, but the limit on transaction has to be fixed by the financial institutions themselves. However, NRB has forbidden banks to start branchless banking operations in metropolitans, sub-metropolitans and municipalities.

Crucial regional trade meet ended without breakthrough

A crucial meeting of Working group of experts (GoE) meeting on South Asia Trade in Services (SATIS), which was supposed to slash the existing long list of sensitive items - on which they have refused to trade at zero tariffs, ended Tuesday without any headway in Kathmandu last week. They couldn´t make any commitment from their respective countries regarding liberalization of services that is aimed at boosting regional trade.

The meeting ended inconclusively after the members of South Asian Association for Regional Cooperation (SAARC) remained divided over the modality for downsizing the list.

"Apart from Bhutan and India, it seemed that other countries attended the meeting without doing any exercise at home to make their commitment to facilitate regional trade liberalization," said an official attending the meeting.

The two-day meeting, which concluded in Kathmandu on Wednesday, 20th June, was supposed to garner commitments from all eight member countries to boost regional service trade under the South Asia Free Trade Agreement (SAFTA) pact.

"India, Pakistan, Bhutan and the Maldives wanted all the members to downsize the items in sensitive list to just 100 products. We could not agree to it," according to one of the officials, who participated in the meeting.

Contrary to their proposal, officials from other SAARC countries, including Bangladesh, Afghanistan and Sri Lanka, proposed that the list be gradually reduced by 30 percent over the span of next 5 years. Nepal that opposed the former modality, however, maintained its silence on the latter proposal as well.

"The meeting ended with a decision to meet in Kathmandu again in September with the hope to garner concrete commitments from member countries," said the official .

The SAFTA ministerial council meeting held in Dhaka in April 2006 had assigned to a panel of experts to furnish a report on viability of incorporating the service sector into the regional trade framework.

"Member countries have already liberalized their service sector to a certain extent under the General Agreement on Trade in Services in the World Trade Organization (WTO). Further commitments are forthcoming under the regional framework," reads a study report published by CUTS International, an India-based organization working in the sector of consumer unity and trust.

Contd .... Page 4

Crucial regional trade meet ended without ………

According to the official, **the meeting also decided to submit proposals and requests to SAARC Secretariat for further liberalization in service trade by August. "The proposed meeting in September will discuss on the proposals and requests made by member countries**," the official added.

SAARC members had agreed to enhance regional trade under free trade agreement in 2004 before enforcing the SAFTA regime in 2006 with the main objective of creating jobs and reducing poverty through trade integration and liberalization of service sector for investment.

However, the intra-regional trade has not yet made significant headway largely due to the long sensitive list. Presently, the sensitive list has as much as 20 percent of total regional tradable items. Worse is that each member countries have largely included items of others exports interest in the list.

Realizing this constraint, the SAARC leaders during the last Summit asked the Working Group to further downsize the items in the sensitive list so that the members in the region could trade more freely and meaningfully. The meeting in Kathmandu was held as a part of this negotiation.

"Around 3 to 4 modalities for further reduction of sensitive list were tabled during the meeting. But nothing concrete could be decided," said Naindra Prasad Upadhaya, joint secretary at the Ministry of Commerce and Supply (MoCS).

"Negotiations are still on in very basic issues," Upadhaya made a very short comment.

World Bank to provide $60m for bridge project

For the first time, Nepal will receive $60 million from the World Bank for the construction, improvement and maintenance of bridges, according to the Ministry of Physical Planning and Works.

The funding is being made through the bank's new lending mechanism, 'Project for Result'(P4R), the ministry said, adding that the fund will be utilised to build new bridges and maintain old ones in the Strategic Road Network. "It will be spent over the next five years to build 121 new bridges and maintain 426 existing bridges in the network."

The Ministry of Physical Planning, Works and Transport Management said that all the preparations had been completed, and the World Bank's decision would formalize the financing under the P4R by June last week. A proposal to this effect will be tabled at the bank's board meeting scheduled to be held on June 28 in Washington, DC. The government decided to apply for funding from this project after conducting the necessary negotiations with World Bank-Nepal regarding the terms and references.

Meanwhile, vice president for Concessional Finance and Global Partnerships of World Bank Axel van Trotsenburg met caretaker finance minister Barshaman Pun on Sunday (24th June) and pledged to provide grants and loans to the private sector.

Trotsenburg also said that the bank is interested in investing in the energy sector as well, according to the Finance Ministry. "I personally think that the bank should increase its volume of investment in Nepal," added Trotsenburg.

During the meeting, finance secretary Krishna Hari Baskota promised to maintain the transparency of the aid, whereas Pun asked the bank to increase its investment in energy, tourism, agriculture and infrastructure.

DRI to introduce GIS tracking system

Using the advanced information technology, Department of Revenue Investigation (DRI) will start monitoring vehicles through geographic information system (GIS) from the next fiscal year to control the rising trend of revenue fraud, it said.

"DRI has asked Finance Ministry to introduce a policy of inspecting vehicles based on geographic information system," said deputy director general of DRI Rajendra Sharma Laudari, adding its introduction will help control revenue fraud. GIS integrates computer hardware, software and data for capturing, managing, analysing and displaying all forms of geographically related information.

The introduction of a vehicle monitoring system based on GIS will make it possible to generate special maps which show the routes used and the condition of the vehicle, he informed, adding that the tax administration and other agencies who are responsible for controlling revenue leakage can inspect all activities of vehicles from their respective offices.

NRNs allowed to invest in capital market

Finally, Non Resident Nepalis can now officially channel their pooled funds in Nepal through mutual funds. Ministry of Finance formally granted approval to the amendment of the Mutual Fund Regulation 2067 on Thursday, 21th June, bringing new regulations into effect.

Securities Board of Nepal (Sebon), the capital market regulator -had sought an amendment to allow NRN investment firms to hold a certain stake in a mutual fund company as fund managers.

“The amendment has allowed NRN investment companies to hold a 49 per cent stake in an asset management company,” informed deputy director at Sebon Muktinath Shrestha.

NRNs have already established -Global Capital Investment - an investment company to invest in the Nepali capital market and real estate with collective fund worth Rs 500 million.

The government had opened capital market investment for NRNs in last fiscal year’s budget, but the matter remained in theory only, due to practical complications regarding the entry and exit of foreign retail capital.

Meanwhile, the provision regarding experience of the chief executives fund manager has been changed and reduced to 7 years instead of 10 years in the relevant field in the earlier regulation, following the complaints Sebon had received about the number of years.

Government plans to introduce periodic and firm-based audit system

Post Clearance Audit Office — the office under the Finance Ministry to carry out Post Clearance Audit — is mulling over incorporating a provision of periodic audit in the coming budget to control revenue fraud.

“Currently, the office has been conducting consignment-based audit since its establishment,” said chief at the office Sharad Kanta Adhikari. “And the office, in the long run, wants to introduce firm-based audit.” However, the office is thinking about introducing a periodic audit system from the next fiscal year until it can introduce firm-based audit, he informed.

The Post Clearance Audit Office can carry out a periodic audit of all sides involved in trade, he said, adding that the office can audit customs clearing agents and other licensed facilitators to ensure that such brokers are also complying with customs regulations.

The strengthening of the Post Clearance Office can control most of the revenue fraud including the problem of under-invoicing and smuggling, said Adhikari. “The office generally carries out the auditing of particular firms and consignments based on risk profiles including past history of the company, type of commodity industry, volume and value of import/export, origin of goods and other dynamic parameters.”

It will issue a comprehensive guideline for the implementation of Post Clearance Audit to ensure effectiveness in audit and uniformity in the working procedure, according to the office.

The government had set up the Post Clearance Audit Office in 2009 to verify the accuracy and authenticity of declarations. The office is responsible for controlling the commercial data of traders, business systems, records, and books, according to Adhikari.

According to Nepali law, traders will be subject to fine, if the claimed import differs from the declaration or is inconsistent with the declaration or transaction value, or if the quantity of goods declared is less and by virtue there of lesser duty has been recovered.

The existing Customs Act states that Post Clearance Audit Office can audit firms and consignments for four years since the date of import of any goods.

New module for cash incentive soon

Ministry of Commerce and Supplies (MoCS) is again preparing a new module for the cash incentive process.

Earlier Ministry of Commerce and Supplies used to provide cash incentive but it was later assigned to Ministry of Industry. “MoCS is now trying to prepare a simplified module for the cash incentive facility and is also working on the allotment for the new budget for fiscal year 2012–13,” he said, adding that it is also considering a system of flat two per cent cash incentive.

Meanwhile, exporters have repeatedly complained about the process being complicated and lack of equal treatment. They have also lobbied with the government to allow a flat two per cent cash incentive for non-value added products and continue the cash incentive programme in the new fiscal year too.

According to exporters, handicraft, carpet, garment and pashmina are the major exportable products of our country but due to bureaucratic obstacles they have not been able to avail the cash incentive on time.

Govt for new Railway Act through ordinance

The government is preparing to enact Railway Bill through ordinance, envisioning formation of an autonomous body to construct and manage the railway, and provide fresh impetus to develop mass transportation.

The government has already assigned numerous firms to carry out feasibility study for East-West railway system and develop underground Metro train system in the Kathmandu Valley.

Ministry of Physical Planning and Works and Transport Management (MoPPWTM) will submit it to the cabinet for enactment through ordinance as soon as we get Ministry of Law and Justice (MoLJ)'s consent.

Among others, the bill envisages a Railway Board (RB) to look after all the development and management of the railway in the country. It proposes that the board will be chaired by the Minister for Physical Planning Works and Transport Management.

"The enactment of bill will lead to the dissolution of Department of Railway (DoR) and Nepal Railway Company Ltd," one of the officials at the MoPPWTM said. As the DoR was established without any legal provision, it can be dissolved through cabinet decision.

The board will be executing the national-pride projects such as east-west railway, Jayanagar-Bijulpura railway and Kathmandu-Pokhara railway and Kathmandu Metro Railway (KMR). "These are the projects that government has already planned," the official said. The board can expand and add other projects in the future, if it deems necessary and feasible.

According to the draft bill, the government will also set up a special fund to support the operations of the RB. It hopes the RB to be self-dependent in the long run.

Govt seeking WTO assistance to boost exports of medicinal herbs

In a bid to promote exports of medicinal herbs in international market, the government is preparing to seek assistance from Enhanced Integrated Framework (EIF), an initiation of World Trade Organization (WTO), for the collection of medicinal herbs and setting up herbs processing center.

The Ministry of Commerce and Supply (MoCS), which is entrusted to carry out the implementation of Nepal Trade Integration Strategy (NTIS) 2010 -- a blueprint to boost export -- is preparing to submit a proposal to this effect to the EIF in order to get its assistance for improvement of forward and backward linkages -- that establishes a mechanism to trickle down the returns of the product.

"Medicinal herb is the third product, after ginger and pashmina, for which we are seeking EIF assistance to develop backward and forward linkages," Toya Narayan Gayawali, joint secretary at the MoCS, said on Tuesday, June 26.

USA, France, Germany, Vietnam, Singapore, Japan, Italy, Russia, Belgium and South Korea have been identified as major destination countries for Nepali medicinal herbs. According to Gyawali, the ministry is seeking EIF assistance to add more value to Nepali medicinal herbs.

The government has already received Rs 110 million from EIF to enhance production and processing of ginger. Similarly, the government is working on registering trademark of Nepali Pashmina in the international market. "We will closely work with the Ministry of Forests and Soil Conservation in order to implement the activities that we have planned to promote exports of medicinal herbs," added Gyawali.

Locals unite for Upper Karnali Hydro Project

People of the Mid-west on Monday, 18th June, said they wanted the Upper Karnali Hydro Power Project to be completed at the earliest as it could prove a cornerstone for the development of the entire region. Nearly 2,000 residents from 12 project affected VDCs of Dailekh, Surkhet and Achham gathered at the project site and pledged support. **The locals said the project would open avenues for development.**

Participants said they would benefit with the construction company running community development activities in health, education, and infrastructure development. Such programmes have been launched at Bhairabsthan and Raniban of Achham district and Singadi, Ramghat, Sattala, Brindrasaini VDCs of Dailekh district. As per the demands of locals, a suspension bridge linking Achham's Bhairabsthan and Dailekh's Sattala has also been constructed. The company has decided to construct a Relay Station for Nepal Telecom there.

GMR-ITD Consortium, a subsidiary of Indian GMR Energy is carrying out the works on Detail Project Report (DPR) of the project. The Upper Karnali can generate 900 MW. The Run of the River project, which will be developed on a Build, Own, Operate and Transfer (BOOT) basis, is scheduled to be commissioned by the end of 2016.

Deck cleared for HIDC to invest in hydro projects

The deck has been cleared for Hydroelectricity Investment and Development Company (HIDC) to invest in hydropower projects. A meeting of the board of directors of HIDC recently approved the Treasury and Investment Policy, Financial Source Management Policy, Loan Investment Policy and Good Governance Policy.

HIDC has not been able to invest in hydropower projects in the absence of these policies. It has already been approached by projects seeking financing.

As per the Treasury and Investment Policy, HIDC can invest in any hydropower project provided its promoters have invested at least 20 percent of its paid-up capital or 25 percent of the total capital. "The company can only invest up to 25 percent of its total capital in a project," states the policy.

The policy also says that HIDC will take a power purchase agreement (PPA) between the promoter and the Nepal Electricity Authority (NEA) as a prerequisite to making an investment. "The company will not invest less than Rs 250 million in a project, and the project should have a capacity of more than 25 MW," states the policy.

"Under these policies, the company will be able to invest in hydropower projects as per its laws once endorsed by the central bank," said Hariram Koirala, secretary of the Energy Ministry. HIDC has sent the recently approved policies to Nepal Rastra Bank (NRB) for final endorsement.

The Financial Source Management Policy allows HIDC to take loans from banks and financial institutions (BFIs) to manage funds, disburse the money received from the government and local and international bodies as loans and purchase and sell shares, debentures and bonds. "The company should issue a Certificate of Deposit while collecting funds of Rs 1 million in case of a person and Rs 10 million in case of an institution," states the FSMP.

The company, as per its memorandum of article and article of association, will invest in projects through the existing BFIs under refinancing measures.

"This is the total package necessary to invest in hydro projects," said a board member. "Lack of criteria to invest in loans and shares of the company which now has been mentioned in the package had hindered it from investing in hydro projects."

The government established HIDC to fund large hydel projects and accelerate hydropower development in the country as lack of financial resources has been one of the major stumbling blocks.

The company has Rs 6 billion in its account collected as share investment from its share holding authorities. HIDC has deposited most of the funds collected from its promoters with the aim of earning interest while the company prepares to go into business. "We have not been able to invest the funds so far in hydropower projects," he said.

A cabinet meeting on July 6, 2011 had decided to allocate Rs 5 billion for the company with Rs 2 billion each from the MoE and the Finance Ministry and Rs 1 billion from the Law Ministry. The Employees Provident Fund (EPF), Citizens Investment Trust (CIT) and Rastriya Beema Sansthan had pledged share investments of Rs 1 billion each to take the promoters' stake in the company to Rs 8 billion, according to officials. The company, whose paid-up capital is Rs 10 billion, will issue ordinary shares worth Rs 2 billion.

Jagadamba Synthetics to manufacture laminated bags for cement

Jagadamba Synthetics (JS), a subsidiary of Shanker Group, has brought in technology to produce laminate bags after the government in May made it mandatory for the cement, limestone producers and importers to supply and market their products in laminated bags.

The company was investing Rs 1.5 billion over two years to set up the plant. Of that, the company is investing Rs 700 million in the first phase which will enabling to produce 100 million pieces of bags in a year.

The government on May 28 enforced a provision of using laminated bags over synthetic sacks, saying laminated bags were environment friendly, waterproof, reduced dust pollution and health hazards to laborers, It can also be used for packaging fertilizers, rice and pulses packaging as well.

JS officials said the use of **laminated bags will, in fact, save 3 to 7 percent of cement for consumer by preventing leakage**. "**The bags will be available in the market within three months and we will be supplying it to all the cement factories in the country**," said the company official.

According to the company**, the cost of a laminated bag will be higher, approximately Rs 23 to Rs 28 depending on the size and color**, as compared to currently used synthetics bags available at Rs 14 to Rs 18 per piece. "This will increase the price of the cement **but it is nothing compared to the benefits it provides**," said Sahil Agrawal, executive director of the company.

Separate vehicle to serve domestic tourists

Department of Transportation has prepared to provide separate vehicles to domestic tourists. Keeping view of security and service to domestic tourists this has been planned to do so - said Director General of Department of Transport Mr. Chandra Man Shreshtha. Mr. Shrestha said this has been planned modifying the Transport Management Act 2049. Entrepreneurs who wants to provide transportation service to domestic tourist have to register at Zonal Transport Office of Department under the same objective.

Draft of modified Act has been submitted to Ministry of Physical Planning, Construction and Transport. As soon as the modified draft comes, it will be implemented with due formalities. Now the separate vehicles are being provided for foreign tourists only with green number plate and domestic tourists have been travelling by local or private vehicles. This service is likely to provide specially for the domestic tourists who travel at the place like historical, religious, geographical and national parks. Department has claimed that the number of domestic tourists will be increased significantly after management of separate public vehicles. However, the type of number plate is yet to be finalized for this- said Mr. Shreshtha.

Subject like punishment for breach of rules of one way, use of mobile while driving are also being incorporated in the act being amended. Now, there is no provision of punishment for breaking one way rules, uses of mobile phone while driving are not mentioned in the act made in 2049.

S Asia agrees on minimum wage for housemaids

South Asian nations — Nepal, India, Sri Lanka and Bangladesh — that send workers to foreign destinations have decided to explore minimum wage for migrant workers.

They decided to set a reference price for Gulf-bound women migrant workers and lobby for enforcing it in job destinations at South Asian Consultation on International Labour Organisation (ILO) Convention 189 held in Kerala on Tuesday, 26th June.

Most of the South Asian countries send domestic workers, so they should have a common minimum wage for migrant workers, said Agnes Matienzo from Migration Forum Asia — a Manila-based non-governmental organisation working for migrants' rights.

"Collective bargaining is a worker's right, so let's start it collectively from sending countries," she said, adding that unity among sending countries will put pressure on receiving countries. "The earnings of women migrant workers will increase through this initiative," she said, urging South Asian nations to jointly lobby for it. An ILO study shows that more than 88 per cent domestic workers — both at home and abroad — have no guarantee to a statuary minimum wage.

Currently, South Asian domestic workers are earning less than $300 (Rs 27,000) doing jobs for 10-14 hours in Gulf countries — Qatar, Saudi Arabia, and the United Arab Emirates. Nepali women have been living in pathetic conditions, earning less than $200 (Rs 18,000) while Filipino domestic workers are earning more than $400.

Low wage, work stress and other abuses from employers are major problems that domestic workers face in Gulf countries. "People have no option but to look for foreign jobs," said a workers' rights activist from Kerala P Saidali Kutty. "Unless we provide better opportunities at home the trend will continue."

However, Nepal's situation is a little better than others. "The minimum wage set by the Minimum Wage Determination Committee is applicable to all workers. Domestic workers are also entitled to the same benefits," said trade union leader Achut Raj Pandey from Nepal. "We still have to fight a long battle to provide benefits to domestic workers at home," he added.

Prof Dr Bhim Prasad Subedi from Nepal said collective action is necessary to boost bargaining power. "Nepal has set a minimum wage for migrant domestic workers but we need to enforce it seriously."

Ministry of Labour and Employment has set four criteria for Nepali domestic workers in four major destinations — Qatar, Saudi Arabia, the UAE and Kuwait. "The minimum wage should be above $400 (Rs 36,000) for all countries with some variations," he said.

About 2,500 Nepali women join foreign jobs, mainly as domestic help, through the government process every month. It is estimated that about 60 to 70 workers go to the Gulf illegally despite strict regulations.

India to achieve $500 billion exports target

India is on course to increase exports to $500 billion in 2013-14 from around $300 billion in the last fiscal, helped by market and product diversification strategy promoted by the government, Commerce and Industry Minister Anand Sharma said recently.

Addressing a seminar organised by the Federation of Indian Chambers of Commerce and Industry (FICCI) in New Delhi, Sharma said the strategy of reaching out to newer markets in Asia, Africa and Latin America and provision of a stable policy environment would help achieve the exports target.

He pointed out that the addition of seven new markets to the Focus Market Scheme and 46 new items to the Market Linked Focus Product Scheme would further boost exports.

India's exports increased by 20.94 percent to $303.71 billion in financial year ended March 31, 2012, surpassing the government target of $300 billion.

"We were clear in our mind that we could not wait for demand to revive in our traditional markets of the US and Europe after these countries suffered the severe fallout of the global financial crisis. We recognised the need to expand the scope and coverage of the Focus Market Scheme which now covers 112 markets across the world," Sharma said.

He said the strategy of diversification had paid off, and India's exports to Asia, Africa and Latin America had gone up significantly in the last three years.

In 2011-12, India's exports to Asia, Africa and Latin America totaled $188 billion, constituting 62 percent of the country's total exports.

IKEA to invest $1.9 billion in India

Sweden-based IKEA, the world's largest furniture maker, will invest around $1.9 billion (IRs.10,500 crore) in opening 25 retail stores in India, Commerce and Industry Minister Anand Sharma said Friday, 22nd June.

IKEA's chief executive officer Mikael Ohlsson confirmed the investment during his meeting with Anand Sharma in St. Petersburg, according to an official statement released after the meeting.

The company plans to invest 600 million euro (Rs.4,200 crore) in the first stage and an additional 900 million euro (Rs.6,300 crore) later, taking total investment to 1.5 billion euro ($1.88 billion or Rs.10, 500 crore).

The money will be used for establishing 25 retail stores in India through a wholly owned subsidiary.

Sharma said IKEA had certain reservations about sourcing norms which were discussed with the officials of India's Department of Industrial Policy and Promotion (DIPP).

"Suitable answers of which were provided leading to the decision to invest," Sharma said in a statement.
Sharma claimed that despite the problems in global economy and recent lowering of the rating outlook, investors' confidence in India remains robust. (IANS)

India planning to export 2 million tonnes of wheat

India is planning to export two million tonnes of wheat from government stock involving a subsidy of Rs 1,000 crore and a decision in this regard is expected soon.

The proposal is to be taken up by the Cabinet Committee on Economic Affairs (CCEA) shortly as part of government's moves to offload food grains in view of storage crunch in the country, sources told PTI here.
At present, the government has food grains stock of 82 million tonnes as of June one against the storage capacity of only 63 million tonnes.

Sources said the export of two million tonnes of wheat would entail a subsidy of around Rs 1000 crore as the cost of the food grain in international market is lesser than in India.
In an effort to test the interest of global buyers in Indian wheat stock, state-owned trading firm STC, under the Commerce Ministry, had recently floated a tender and about six-seven bids have been received.

The export proposal is based on the recommendation made by the Prime Minister's Economic Advisory Council (PMEAC) Chairman Dr C Rangarajan.

The government is in the process of shedding some excess food grains rather than allow these to decay for lack of proper storage.

The Empowered Group of Ministers, headed by Finance Minister Mr Pranab Mukherjee, recently decided to offload an additional eight million tonnes of rice and wheat to BPL families and bulk users at subsidised rates, costing Rs 10,000 crore to the exchequer. (PTI)

Coca Cola to to invest $5 billion in India by 2020

Coca Cola, the world's largest beverage firm, plans to invest $5 billion in India over the next eight years on expanding its bottling and other business capacities, company chairman and chief executive officer Muhtar Kent said Tuesday, 26th June.

"We plan to invest $5 billion in Indian business between now and 2020. This represents an increase of $3 billion beyond what we had previously committed to investing in this market," Kent said at a media interaction here.

He said the company was "very bullish" on India and would invest heavily across the value chain to expand business.

He said Coca Cola target to double its business in India by the end of this decade. The company plans to invest $30 billion globally by 2020. One-sixth of the planned global investment will be made in India.

Coca-Cola returns to Burma after 60 years

Coca-Cola announced on Friday, 15th June that it would return to Burma after a gap of more than six decades, leaving Cuba and North Korea as the only countries without the iconic American fizzy drink. The company announced plans after the United States said it would ease restrictions on investment in the long isolated Southeast Asian nation. The company said it will start doing business in Burma as soon as the US government issues a licence allowing them to do so.

The Atlanta-based company said it would initially ship Coke from neighboring countries to Burma but, in line with general practice, would find local partners. It said it expected to make "significant investments" in Burma over the next three to five years.

"The Coca-Cola Co. has always stood for optimism at times of change and progress around the world," chairman and chief executive officer Muhtar Kent said in a statement. Coca-Cola said that it would abide by ethical standards, including respecting human rights and not paying bribes.

The Coca-Cola Foundation, a charity affiliated with the company, said that it would grant $US3 million ($2.99 million) to support job initiatives that empower women in Burma. Coca-Cola said that it has not done business in Burma for more than 60 years. The military seized control of the country in 1962.

The country was one of only three, with Cuba and Korea, which Coca-Cola does not do business with. The world's largest soft-drink maker left Cuba after the Cuban Revolution, when Fidel Castro's government began seizing private assets and never operated in North Korea.

Toyota expands eco-friendly tie-up with BMW

Toyota Motor is expanding a tie-up with Germany's BMW on hybrid and fuel-cell vehicle technology as the global automakers push further into the "green" market, a report said Monday, 25th June.

The two firms' top executives will announce in Germany this week that they are boosting a previously announced agreement involving joint research on next-generation lithium ion batteries, the Nikkei business daily said.

The initial tie-up involved technology for electric cars, and the broadened deal will focus on batteries for hybrid gasoline-electric and fuel-cell vehicles, it said. It marks the first time that Japan's top automaker will supply its fuel-cell technology, which relies on hydrogen to supply a vehicle's battery, to a rival, it said. Toyota did not immediately respond to requests to confirm the report.

BMW, meanwhile, will provide its expertise on light car bodies made from carbon fibre to Toyota, as cutting a car's weight leads to better fuel efficiency, the Nikkei said.

Under the earlier deal announced last year, the German automaker also agreed to provide diesel engines for Toyota as the Japanese firm looks to boost sales in Europe, where more than half of passenger cars are diesel powered.

Demand for lower-emission diesel vehicles is forecast to grow, with further technological advances in the field seen as crucial due to toughening vehicle emissions standards. (AFP/wm)

Japan, Russia agree to support huge gas project

Japan and Russia have agreed to throw their support behind a private-sector project to build a liquefied natural gas plant in Russia's Far East, a Japanese official said Monday, 25th June.

Japanese trade and industry minister Yukio Edano and Russian energy minister Alexander Novak signed a memorandum of understanding on the sidelines of an Asia-Pacific Economic Cooperation forum in St. Petersburg at the weekend, trade ministry official Tsutomu Kato said.

The agreement concerns a plant in Vladivostok that is expected to produce 10 million tonnes of LNG annually -or about 13 per cent of Japan's annual imports - from later this decade, Kato said.

"As it is important for Japan to diversify its energy supply sources, the government has constantly backed the project," Kato added.

"Under the memorandum, both governments will provide 'necessary support' to the project, which means the governments will encourage those companies to proceed with the project," he added.

A Japanese consortium led by trading house Itochu is expected to build the plant with Russia's state-run gas firm Gazprom, with a reported price tag of about 1.0 trillion yen (US$12.45 billion).

India, China step up global role with fund

After years of pressure to take a greater role in global affairs, China and India have stepped up by contributing to a new IMF emergency fund - from which the United States is absent.

China, India and other emerging economies made commitments to a fund during a summit in Mexico of the group of 20, a club formed during the 2008 global economic crisis that aims to give a bigger say to developing powers.

China lent US$43 billion to a new firewall being set up by the International Monetary Fund to help nations escape contagion from woes still afflicting the global economy.

The pledges made China the third largest contributor after Japan and Germany. The IMF said that commitments to the firewall now totaled US$456 billion (€360 billion), more than it initially anticipated. - AFP/wm

German finance minister calls for stronger EU

German Finance Minister Wolfgang Schaeuble called for EU member states to hand more powers to the European Union in "major political areas", Der Spiegel news magazine reported Saturday, June 23rd.

"We must transfer more responsibilities to Brussels in major political areas, without national governments being able to block decisions," said Schaeuble in an interview with the weekly to be published Monday, 25th June.

His appeal comes after repeated calls by Chancellor Angela Merkel for "more Europe" rather than less to fight the bloc's financial crisis.

"Up to now, European member states almost always have the last say," said Schaeuble. "This cannot go on."

Der Spiegel said the finance minister, a key figure in Merkel's conservative Christian Democratic Union party, was in favour of turning the EU's executive Commission into a real government, strengthening the European Parliament and electing a European Union president by universal suffrage.

But Schaeuble cautioned that Europe "will not be a federal state like the United States or the Federal Republic" of Germany. "It will have its own distinct structure."

Schaeuble also warned of the euro single currency disintegrating.

In this case "many things that we have achieved and cherish would be called into question - from the common market to free travel across Europe".

"But a disintegration of Europe would be absurd. The world is moving closer together, and in Europe each country would go it alone again? This cannot be, must not be and will not be," he added.

**NEPAL-INDIA CHAMBER
OF
COMMERCE & INDUSTRY**

**GPO Box 13245
Ace Apartments,
Narayanchaur, Naxal
Kathmandu, Nepal.**

**Phone: 977-1-4444607
Fax: 977-1-4444608
Email: secretariat@nicci.org**

**We are on the web !
www.nicci.org**

Now onwards, keeping in view the suggestions from readers, NICCI e-Newsflash will be released on Thursday.

One of Apple's first computers sold for $374,500

Reuter:
Apple's first computer sold for $374,500 at a Sotheby's auction on Friday, June 15, more than double the expected price for one of only six working models thought to exist. They were hand built by Steve Wozniak (left) in 1976, shown with here Steve Jobs in a photo from that time.

Facebook tech chief Bret Taylor leaves to start own company

Facebook's Bret Taylor has announced that he will leave the social networking site within the next few weeks.Taylor has said that he is sad to be leaving, but excited to be start a new company, this comes just a month after Facebook run into some trouble after floating part of the company on the Nasdaq stock exchange.

As Facebook went public, technical glitches kept many investors from buying shares and not knowing whether their order went through. This has resulted in the company being sued by a number of angry share-holders.

"While a transition like this is never easy, I'm extremely confident in the teams and leadership we have in place," commented Taylor. By going public, many of Facebook's employees were made overnight millionaires; some suspected that this would see a few major players move away from the social networking site.

After joining Facebook via the acquisition of FriendFeed in 2009, Taylor will start his new venture with friend Kevin Gibbs.