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NICCI e~Newsflash

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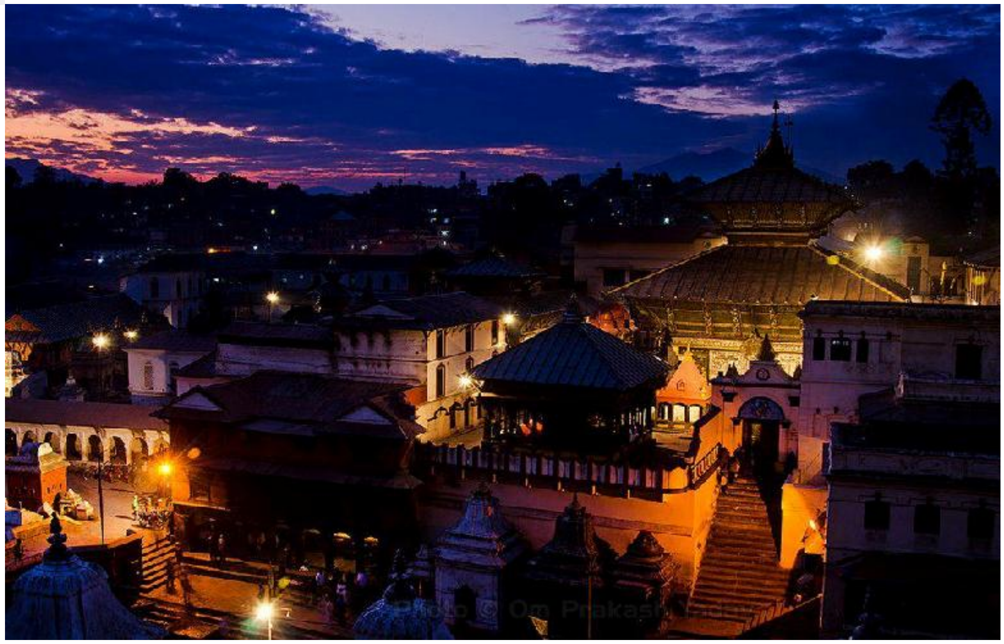
Maha Shivaratri– the favourite night of Lord Shiva



Lord Pashupati Nath - the pilgrimage of the Hindus of Nepal and India

Ministry comes up with fresh Labour Act draft

The Ministry of Labour and Employment (MoLE) has come up with a fresh draft of the Labour Act, bypassing all the points agreed between employers' organisations and trade unions in the previous draft. Employers and trade unions have expressed reservations over the new draft, saying it has failed to ensure benefits for both sides.

Employers said the draft left out some crucial points such as labour flexibility, industrial peace declaration for the next four years, hire-and-fire and no-work-no-pay provisions which had been agreed with the trade unions. They also blamed that the government 'intentionally' omitted all the agreed beneficial provisions.

"All of a sudden, the ministry has now come up with a new draft without holding consultations with us," said Murarka, Vice President, FNCCI, who is also the chairman of FANCCI's Employers' Council. "Minimisation of labour disputes and balancing the issues of labour flexibility and social security were the guiding factors of the earlier draft," said Murarka, "But nothing as such has been included in the new draft."

The ministry forwarded the new draft to the private sector, trade unions and other stakeholders a couple of weeks ago. The previous draft had made it mandatory for employers to enrol every staff in social security schemes, against which trade unions had agreed for stern provisions like hire-and-fire and no-work-no-pay provisions.

"If the new draft Act is approved, it will harm the industrial labour relations," said Manish Agrawal, vice chairman of FNCCI's Employment's Council. He said the new draft will make no contribution in bringing reforms in industrial labour relation and industrial environment.

Trade unionists said as the provisions in the new draft refuse to go along with workers' welfare, they would not accept it. Achoot Pandey, general secretary of Nepal Trade Union Congress (NTUC), said the new draft has missed important points like the inclusion of the informal sector workers in the Labour Act. The provision of labour force without any labour law in special economic zones is condemnable, he said, adding, "Moreover, the draft also denies offering social security package which was meant for the welfare of the workers," he said.

Earlier, the then Ministry of Labour and Transport Mangement had prepared a draft with technical assistance from the International Labour Organization. The ministry had formed a national taskforce with representatives from the government, trade unions and employers to devise the draft.

The draft had also been amended three times before it was approved by line ministries, including law, finance and industry ministries, and stakeholders like the private sector and trade unions. The previous draft was all set to be forwarded to the now-defunct Parliament, but the dissolution of the Constituent Assembly (CA) prevented the ministry from doing so.

FNCCI officials on Monday submitted a memorandum to the Labour and Employment Secretary Suresh Man Shrestha, demanding inclusion of provisions agreed in the previous draft. Ministry Spokesperson Buddhi Bahadur Khadka said as the previous draft was fully prepared by the ILO, it could not fully reflect domestic concerns, adding, "So, the ministry prepared the new draft."According to him, the ministry will change the points as per the suggestions from the employers and trade unions and try to make it able to build better employer-worker relation.

Cable car transport proposed in Kathmandu city

A Private Company has submitted a proposal to Government to operate the cable car transport in the Kathmandu city. For this, B & S Collaboration in association with French Investors submitted the proposal to Ministry of Physical Infrastructure and Transport. Shyam Shrestha, Chairman of the Company said that the feasibility study for the operation of cable transport has already been completed and the work of Detail Project Report (DPR) will also be started once the Govt. gives permission. He informed that initially Rs. 12 Billion has been estimated for construction of the cable car network and exact cost will be derived after DPR. According to Shrestha, the investment for the project will be managed from National and International Investors.

"The proposed cable transport will be made operational through the route fixed initially from the centre of Lagankhel-Jawalakhel-Tripureshwor-Ratnapark-Maharajgunj-Narayangopal Chowk" said Bhawani Rana, Vice Persident of FNCCI and Managing Director of the company. "Exact route will only be finalized after having completed the DPR and the transport can be made operational within 2 years from the work started." She expressed confidence that the cable transport will be extremely helpful to minimize ever growing the traffic problem in Kathmandu. Government has brought the concept of metro rail for the transportation in Kathmandu but construction of such metro rail it will incur huge investment and take long time to come into reality whereas the proposed concept of cable transport will solve the traffic problem of Kathmandu so quickly with lesser investment without demolishing existing physical structure of the city.

"After the concept being operational, any place within the cable car network can be reached within 20 minutes", Rana said. Company has already spent Rs. 1 Million for feasibility study. "Cable transport is in operational in the big cities of most of the developed countries, which will play a crucial role in promotion of tourism, thereby minimizing sound and air pollution" She said.

Receiving the proposal, Hridayesh Tripathi, Minister of Phisical Infrastructure and Transport said the government is positive towards the proposal presented by the private sector to reform the transport management and he further informed that the Ministry is studying on it.

Similarly, Tulsi Prasad Sitaula, Secretary of Ministry of Physical, Infrastructure and Transport said if the government feels necessary then company can be given responsibilities for the construction. He said government is ready to move the step ahead to solve the traffic problem of Kathmandu at any cost.

FNCCI to construct International Exhibition and Convention Centre in Kathmandu.

Keeping in view dire need of International Exhibition/Trade Fair with Convention Centre in Kathmandu, the Office of the Prime Minister said that the Cabinet Meeting held on 15th February 2013 (4th Falgun 2069) had decided to lease out 82 Ropani (4.17 Hectare/41700 sq. metre) land to FNCCI for construction of International Trade Exhibition Centre out of total occupied area (1576 Ropani) of UN Park and also sent necessary instruction to UN Park Development Committee to provide land accordingly.

"Federation of Nepalese Chamber of Commerce & Industry (FNCCI) is all set to invest for this project. Construction work of the proposed centre will be commenced from the next fiscal year" said Sr. Vice President of FNCCI Bhaskar Raj Rajkarnikar. He further informed that the architectural design for construction of the centre is going on and it will be operational within 2 years from the date of construction. FNCCI had demanded 150 Ropani of land for this purpose, however, required physical infrastructure will be developed within the land provided by the Government.

"Construction cost of the centre has been estimated at Rs. 1 billion and total investment will be managed by FNCCI" said Bhawani Rana, Vice President of FNCCI. FNCCI has planned to build an Exhibition Hall, Meeting Hall with special parking facilities in the centre, said Rana. According to FNCCI, after having built a centre with modern amenities, it will be comfortable to organize a commercially important International Exhibition in the capital, thereby leaving the existing Bhrikuti Mandap exhibition ground for medium and small trade fairs.

Though there will not be any investment from government, ministry of physical planning will provide technical support and monitoring, and construction of such centre at the UN Park will help keep the Bagmati River clean as well. Government has also assured to provide additional land to FNCCI for this purpose if government feels it necessary.

Policy on future food, farming finalized

The Agriculture Development Strategy (ADS) formulation team has finalised the Policy Options Report, recommending enactment of Land-Lease Act, Contract Farming Act and Secured Transaction Act to promote agri-business. It has also suggested the introduction of voucher system to farmers to buy the best available extension and advisory services and merger of cooperatives.

The report is the third phase of the ADS exercise launched to identify, analyse and recommend preferred policy options to prepare a roadmap for a 20-year vision and 10-year planning horizon of Nepal's agriculture sector

The report suggests the establishment of an ADS support technical assistance unit under the National Planning Commission (NPC) for its effective implementation.

The report has suggested that Secured Transactions Act can be implemented to register commercial trading of movables as security, allowing farmers to provide future crops as collateral for financing—either as part of a contract farming arrangements or as collateral for farm credit or inputs—and to allow development of hire-purchase or financial leasing for agricultural market.

Farmers, for instance, will store their produce like paddy, wheat, among others in a warehouse and get a receipt. Upon producing the receipt, they can withdraw credit from banks. "The system will enable farmers to sell their produce during the off-season at higher prices," said Surya Prasad Paudel, a member of the ADS formulation committee.

Likewise, Contract Farming Act and Land-lease Act has been proposed by the draft for collective bargaining arrangements with multiple small farmers. The proposed Contract Farming Act will safeguard farmers from being exploited through credit and their contractors against unauthorised sales. The Land-lease Act will prevent acquisition of tenancy rights and secure long-term lease of land for agro-businesses. "Explore mechanisms of "land bank" to facilitate land leasing of currently unutilised land," reads the report.

In what looks a major policy reform, the report has suggested removing state-subsidy in fertiliser in the long-term. However, it has recommended implementing the voucher system that would empower farmers to get the available extension and inputs provided by the government. "This would check the current practice of haphazard distribution of subsidy," said Paudel.

The draft has also recommended the implementation of the land-zoning policy to differentiate farm land with real-estate, industrial, housing, among others project.

The report has proposed an appropriate regulation to promote large scale commercial cooperative farming, including merger of cooperatives. It has suggested the amendment to the Cooperatives Act to facilitate the formation of multi-purpose cooperatives, enabling them to effectively market as well as process agro produce thereby engaging cooperatives in marketing and processing of farm produce will remove the persistent gap between the consumer price and farm gate price, discouraging the middlemen.

The report calls for opening of more areas within agriculture sector for foreign direct investment (FDI). It has recommended reducing the number of agricultural sectors that are currently 'closed' for FDI such as fisheries, poultry breeding and bee-keeping. The measures to promote foreign investment should distinguish between mid-term and short-term, according to the report.

It also suggested exploring feasibility for the establishment of a fertilizer factory in the country under PPP arrangement and obtaining equity shares of such factories outside the country—both in India and third countries. The ADS formulation committee has planned to complete the report of the ADS by April 12.

Department of Commerce plans to go online

In order to reduce lengthy paper work and red tape, the Department of Commerce and Supply Management is mulling implementing an online system for effective service delivery. A proposal has been sent to the National Planning Commission (NPC), Ministry of Finance and Ministry of Commerce and Supplies for their approval to make the department IT-based. If the plan is approved with required budget allocation, traders can register their import/export firms online.

As per the department's jurisdiction, it registers and issues licences to private and joint firms for the import/export business. It also carries out market monitoring, collect and analyse market price of essential daily commodities to curb unethical price hike. The officials said infrastructure and qualified workforce were the two major requirements for making the department IT-based.

Last month, the Company Register Office (CRO) started providing IT-based services which allow online registration of companies. The officials said they would also seek the CRO's support to install the system, if required. The CRO's online system, installed with support from the World Bank's International Finance Corporation, came into operation from February 8. After the installation of the system, the company registration procedure has become hassle-free.

Binod Chaudhary first Nepali on Forbes list

For the first time, a Nepali businessman has made it to the Forbes' billionaire list. The New York-based Forbes magazine has placed Chaudhary Group (CG) President Binod Chaudhary in the 1,342nd position in 'The 2013 Billionaires List.' He is among 210 people who joined the Forbes Billionaires ranks this year. He shares his ranking with 84 other individuals who have also been ranked the 1,342nd richest people in the globe.

According to Forbes, his net worth is $1billion (approximately Rs 88.20 billion). "Fifty-seven-year-old Binod Chaudhary is Nepal's first billionaire, but built most of his fortune overseas," Forbes said.

He has taken the accolade as an honour for all of Nepal. "I am humbled. As a businessman, you don't get a Nobel. This is my Nobel Prize," he said. "I see this as recognition for the 40 years of my hard work." He joined the family business at the age of 18.

Chaudhary is Nepal´s first billionaire but built most of his fortune overseas, said Forbes, which in 2008 valuated his wealth at over $500 million. "His Cinnovation/Chaudhary Group, owns among much else, popular instant noodle brand Wai Wai, a controlling stake in Nepal´s Nabil Bank and a string of luxury hotels with India´s Taj hotel chain."

He takes pride in his success in the noodles business, particularly with 'WaiWai'. The brand has now spread wings to 35 countries with an annual production of a billion packets. 'Wai Wai' is now India's second largest selling noodles brand, after Maggi with 16 percent market share.

Currently, he has business interests in India, UAE, Sri Lanka, Cambodia, Mozambique and the US, mainly in hospitality, real estate, financial services, FMCG and cement business. Through Zinc Holding, Chaudhary has investments and ventures in 30 hotels and resorts worldwide.

Building this empire, however, was not an easy task, Chaudhary said. "This journey began with my grandfather´s decision to migrate to Nepal and 40 years of my persistent hard work," he said. "The government should make changes to its policies if it wants to give birth to more Binod Chaudharys. I do not want potential and energetic entrepreneurs to struggle like I did."

Chaudhary and his family are also among three South Asians - including MA Yusuff Ali ($1.5 billion) and Ranjan Pai ($1.3 billion) of India - included in the Forbes list of 20 ´Notable Newcomers´.

Sikkim to ask free power output from hydro stations

As a top up on its ambitious target of establishing additional 4000MW hydropower producing projects by 2015, tiny Himalayan state Sikkim is going to ask for higher percentage of free share of the power output from these projects to ensure high amount of additional gain.

"Against usually agreed free share of 12% of output by the developing agencies for us as host state, we are preparing to ask for higher percentage as our own free share. We are preparing papers to take up this issue with the center," Sikkim CM Mr. P. Chamling said.

As the present system goes, the private or Public entrepreneurs developing Hydropower projects in Sikkim are supposed to give 12% of the output to Sikkim free of cost for first 10 years. In the following years, this share is to increase to 15%. "Now we will ask for minimum 15% from the very first year and also may be subsequent escalation of that afterward," said Mr. Chamling.

Clear enough, acceptance of the demand by the central government and other concerned authorities will give Sikkim a sky high level of financial benefit.

According to Central Electricity Authority's latest status report, against present peak demand of 117 MW and total annual demand of 440 Million Units of power, Sikkim already has a steady supply of near 100MW at peak demand or around 400 Million Units in total. By 2016, the demand is likely to go up to 144 MW or 528 Million Units. The state hosts 800MW of financially viable potential.

But by then, the new 4000MW installed capacity will add up additional 480MW of free power (@ present 12% rate) in Sikkim's bag making it a state with over 300% excess power in hand to trade for financial gain. But, at 15% rate, this excess figure will touch 400% giving even higher boost to Sikkim's Government exchequer.

And. "Hydropower is our compulsion. Without much of other resources ready in hand, we have no suitable alternative other than proper management and utilization of our hydropower potential," said Mr. Chamling. ET-SIKKIM

Indian Budget 2013 Highlights: Minor sops to Income Tax payers, surcharge on super rich

This year, Indian Finance Minister P Chidambaram on Thursday did not tinker with the Income Tax slabs or rates while presenting the Union Budget 2013-14 in the Lok Sabha. As part of his tax proposals, he gave a benefit of Rs 2,000 to individual tax payers with taxable income of up to Rs 5 lakh.

Chidambaram also imposed a surcharge of 10% on those earning over Rs 1 crore in a year. This surcharge has been imposed on individuals, HUFs, firms and entities with a similar tax status. The surcharge would be payable for the 2013-14 fiscal only.

The Finance Minister announced that first-home buyer who takes a loan for an amount not exceeding Rs 25 lakh would be allowed an additional deduction of interest of Rs 1 lakh to be claimed in assessment year 2014-15 with spillover effect.

But the Finance Minister made mobile phones, cigarettes and luxury vehicles costlier by hiking duties on these products.

In the earlier part of his speech, Chidambaram noted that the global economic growth has slowed, including that of India. He however added that high growth is a novelty and not beyond India's capacity.

Personal Tax

- No case to revise either tax slabs or rates
- Personal income tax slabs unchanged FY14
- Some relief to tax payers in Rs 2 lakh to Rs 5 lakh bracket
- Tax credit of 2,000 rupees for incomes of upto 5 lakh rupees
- Surcharge of 10% on people with income over 10 mln rupees
- Surcharge on high income tax payers only for one year
- Only 42,800 tax payers with income over 10 mln rupees
- Education cess to continue at 3%
- Donation to national children fund to get 100% tax relief

Corporate Tax

- 10% surcharge on cos with income above 100 mln rupees
- Dividend distribution surcharge raised to 10% vs 5%
- 20% withholding tax on profits distributed by unlisted cos
- Tax holiday for power plants extended to Mar 2014
- Sops for power projects to continue for 1 year
- 15% tax on dividend from overseas arms to continue

Direct tax

- Direct tax proposals to yield 133 bln rupee FY14
- To introduce DTC Bill before end of Budget Session
- To incorporate Jan decisions on anti-tax avoidance rule
- Direct Taxes Code work in progress
- Agricultural land exempt from TDS on property deals
- Royalty to overseas parents to attract 25% tax vs 10%
- No income tax on investor protection fund of depositaries
- 1% TDS on immovable property transfer of over 5 mln rupee

Indirect Taxes

- Indirect tax proposals to yield 47 bln rupee FY14
- No change in standard rate of excise duty
- No change in peak basic custom duty rate on non-agri goods
- No change in standard rate of service tax
- Customs duty on leather making machine cut to 5.0% vs 7.5%
- Transaction tax of 0.01% on non-farm commodities future
- Commodity Transaction tax on non-farm derivatives trade
- Transaction tax on equity futures cut to 0.01% vs 0.017%
- Pegs FY14 customs revenue at 1.87 trln rupees
- To impose service tax on all air-conditioned restaurants
- Sops for low-cost housing to continue
- Films exhibited in cinema halls to have no service tax
- Moots voluntary compliance encouragement plan for service tax
- Vocational courses exempt from service tax
- Coir, jute handmade carpets exempt from excise duty
- Farm produce testing service included in negative list
- Export duty on rice bran oil, oil cakes withdrawn
- To provide certain concessions to aircraft MRO industry
- To up import duty on set-top boxes to 10% from 5%
- Cut custom duty on leather footware machines to 5% vs 7.5%
- Import duty on raw silk to be raised to 15% from 5%
- 10% export duty on unprocessed ilmenite
- 2% customs duty on bituminous coal
- To up import duty on luxury cars to 100% from 75%
- Import duty on yatchs raised to 25% from 10% now
- Duty on 800CC motor cycles raised to 75% vs 60%
- Zero excise duty on cotton, fibre
- Handmade jute, coir carpets to be excise duty exempt
- Zero excise duty on cotton at fibre stage
- To up specific excise duty on all cigarettes by 18%
- To raise excise duty on non-taxi SUVs to 30%
- Female passengers can get 100,000 rupees duty-free gold
- Male passengers can get duty-free gold worth 50,000 rupees
- Ships, vessels exempted from excise duty
- To up duty on mobile phones above 2,000 rupees to 6%
- No change in mobile phone excise duty up to 2,000 rupees
- Excise duty on marble hiked to 60 rupee/sq mtr vs 30 rupee
- Basic customs duty on dehulled oatgrains cut to 15%
- No change in 10% basic customs duty on non-farm products - ZEEBIZ ZEEBIZ BUREAU -NEWDELHI

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Mukesh Ambani wealthiest Indian on Forbes' rich list

With net worth of $ 21.5 billion, Mukesh Ambani has retained his title as India's richest person for sixth year in a row, while Mexican business tycoon Carlos Slim has emerged as wealthiest in the world for the fourth consecutive year.

In the overall rich list of world's billionaires, as per an annual ranking published today by business magazine Forbes, Mukesh Ambani is ranked 22nd, while the second-richest Indian Lakshmi Mittal is at 41st position with a networth of $ 16.5 billion.

Slim has topped the rankings with a networth of $ 73 billion, followed by Bill Gates ($ 67 billion), Spain's Amancio Ortega ($ 57 billion), Warren Buffett ($ 53.5 billion) and Larry Ellison ($ 43 billion) in top five.

There are a total 55 billionaires from India on the list of 1,426 persons from across the world having a minimum net worth of $ 1 billion.

Among the Indians, Mukesh Ambani and Lakshmi Mittal are followed by Azim Premji, Dilip Shanghvi, Shashi & Ravi Ruia, Kumar Mangalam Birla, Savitri Jindal, Sunil Mittal, Shiv Nadar, K P Singh and Anil Ambani.

Globally, Anil Ambani is ranked 233rd ($ 5.2 billion), while the global top-100 list has only three Indians -- Mukesh Ambani, Lakshmi Mittal and Azim Premji (91st position).

About Mukesh Ambani, Forbes said that his fortune has dropped by $ one billion over the past one year, but he "remains India's richest person and his Reliance Industries remains country's most valuable company".

On the other hand, his younger brother Anil Ambani saw his networth drop by $ 2.6 billion in the past one year, "continuing a three-year decline in his fortune."

Globally, Forbes said, the world's billionaire club has reached a record high level, with 1,426 persons and an aggregate net worth of USD 5.4 trillion (up from USD 4.6 trillion a year ago).

The US leads the list 442 billionaires, followed by Asia-Pacific (386), Europe (366), the Americas (129) and the Middle East & Africa (103). Carlos Slim and Bill Gates have retained their top two positions, while Amancio Ortega of Spanish retailer Zara has moved up to the third position for the first time with the biggest gain of USD 19.5 billion to his fortune in year.

As a result, Buffett has slipped to the fourth rank, despite an increase of USD 9.5 billion in his networth. Forbes said this is the first year since 2000 that Buffett has not been among the top three. PTI –NEW YORK

Tata Steel plans to raise $1 bn via global bond

Tata Group's metal company Tata Steel is planning to raise $1 bn via global bond issuance by the end of March, sources with direct knowledge said. The bond issuance is expected to have tenure of 10 years at the rate of 5-6%. Banks like Deutsche Bank, BNP Paribas, Standard Chartered are said to be the advisors to the fund raising plan.

Tata Steel is expected to use a part of the funds raised to finance the Odisha steel project. The total project cost is estimated to be around Rs 35,000 crores. This may turn out to be a cheaper option for the expansion project given that rupee debt is expensive at over 10.5%. Funds raised via bonds at 5-6%, with expense of forex hedging will still be cheaper than raising rupee debt.

The steel major may also choose to use part of the funds to refinance some debt, the source said. Tata Steel has a consolidated debt of Rs 63,300 cr as reported in Q2FY13. Tata Steel said, "We will not be commenting on a financial strategy plan. We will disclose it when appropriate." ET

We solicit suggestions/feedback from all members and readers for NICCI e -Newsflash a secrtariat@nicci.org