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NICCI e~Newsflash

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HAPPY HOLI

We extend our best wishes to all on this legendry occasion.

***HOLI** - The joyous festival with colors - commonly celebrated in Nepal and India with the same tradition and mythology.*

17 billion investment being added in telecom sector

Telecom Service Provider Companies UTL, Smart Telecom & CG Telecom (STM) are up coming with additional investment of Rs. 17 billion in telecom sector of Nepal. UTL, Smart & STM are the companies who already have submitted application to Nepal Telecom Authority for integrated license will invest Rs. 10.5 billion, 4.5 billion & 2 billion respectively and plans to invest upon approval of integrated license.

Nepal Telecom Authority Operation Committee has already decided to start the process of giving permission for integrated telecom service and has asked the companies to submit the detail of service expansion plan and state of service providing. Government has prepared to give permission to operate 3G and Broadband Wireless access (BWA) to other telecom and internet service providers as well, source said. Under the BWA Nepal Telecom has been operating Y-max internet service now. Entrepreneurs say, if the permission is given for the operation of that service, Ncell and other ISP would also bring in additional investment in billions.

During the visit of the team of Nepalese Economic Journalists to India about 3 weeks ago, Indian investors of UTL had said that they will invest Rs. 10.5 billion additional investment in Nepal if they get integrated license. At present, there is 80% share of Indian investors and 20% share of Nepalese investors. Out of Indian investment, TATA Communication, Telecommunications Consults India and and Mahanagar Nigam Limited each owns 1/3 and from the Nepalese side, Nepal Venture Pvt. Ltd. has 20% share.

UTL had acquired the license for operating basic Telephones in Wireless in Local Loop Technology (WLL) in the Year 2059 (2002). Now UTL has been providing service in Kathmandu, Pokhara and other major cities from this WLL technology under the basic telephone service and company has been operating CDMA Mobile service from the Year 2062 (2005). "If the company given the license to operate GSM Service, UTL will also be there in the competition" said A. K. Garg, President and Managing Director of Mahnagar Nigam Limited.

Rural telecom service provider company Smart Telecom also has planed to invest 4 billion additional investment said Subas Bajracharya, Chief Executive Officer of Smart Telecom. Operating rural telecom in 41 districts except Eastern Region Smart Telecom has planned to invest additional investment to operate it's service nationwide. Smart Telecom has already submitted an application at Nepal Telecommunication Authority 3 months ago for integrated license. "Upon obtaining integrated license, company can operate all kind of telecommunication service nationwide, and company will bring in additional investment" said Subas Bajracharya. In Smart Telecom, 20% share is owned by Swear Network Pvt. Ltd., 70% by Lal Sahu Distribution Singapore and 10% by Gillette Satellite Network of Israel. Now Smart Telecom has been providing service from GSM & VSAT in the brand of "Smart Cell".

On the other hand Chaudhary Group has also said that they will invest 2 billion in telecom sector. After having owned the 80% share of another rural telecom service provider STM, Chaudhary Group has also entered into the telecom sector source said. Upon getting license for integrated telecom service, Chaudhary Group has planned to bring in the investment and also planned to start service in their own brand "CG Telecom" from forthcoming Dashain festival (October).

Nepal imported rice worth Rs 5b from India in 7 months

Although the banking sector's investment in the agriculture sector has doubled in the last one and half years, the country is still importing agriculture products from India in high volumes. In the first seven months of the current fiscal year, rice imports jumped four times compared to the imports in the same period last fiscal year.

According to a Nepal Rastra Bank (NRB) report, rice imports from India stood at Rs 5.07 billion in the review period — up from Rs 1.63 billion last year. The country had imported rice worth Rs 4.26 billion in the entire last fiscal year. "Nepal does not have the competitive edge over India in cereal production as farmers are heavily subsidised in India," said economist Bishowmbher Pyakuryal. "Nepal has to focus on areas where there is comparative advantage as Nepal is blessed with diverse climatic condition."

A preliminary summer crops production report unveiled by the Ministry of Agriculture Development shows that production of summer crops (paddy, maize, millet and buckwheat) dropped 9.99 percent in the current fiscal year compared to last year. Output of paddy, the biggest contributor to the economy from the agriculture sector, dropped 11.3 percent to 4.50 million tonnes in fiscal year 2012-13, according to the ministry.

The country produced 567,746 tonnes less rice than last year's production due to poor monsoon and shortage of subsidised chemical fertilisers. Paddy production was 5.07 million tonnes in 2011-12 and 4.46 million tonnes in 2010-11. Maize and millet output fell 8.3 percent and 3 percent, respectively, to 1.99 million tonnes and 305,588 tonnes.

Increased supply of rice from India has alarmed officials at the Ministry of Finance. They said they are concerned about rising imports of rice and automobiles, which are contributing to a huge trade deficit.

Not only rice imports, but also the imports of vegetables and fruits surged during the first seven months. Vegetable imports from India surged to Rs 2.84 billion from Rs 1.73 billion year-on-year. Fruit imports surged to Rs 695 million from Rs 450 million over the review period.

The figures have come amid increased banking investment in the agriculture sector. According to the NRB, banking investment in agriculture has doubled to Rs 37 billion at present from Rs 18 billion one and half years ago.

NRB Governor Yubaraj Khatiwada said on Sunday that it is high time for banks to increase their investment in the agriculture sector as insurance companies are ready to address the risk in the sector, cooperatives are working for market management, and consumption of milk, fruits and vegetables products is rising.

Khatiwada said the current level of bank investment in the sector is insufficient. "We need to further focus on this sector with efforts to manage and minimise the existing risks."

Farm exports growing at healthy rate

However, Exports of major exportable farm products and cash crops remained impressive in the first seven months of the current fiscal year to February 11. The relatively good news comes at a time when a fresh report on overall exports has painted a bleak picture.

Exports of lentil, which is the key export item to Bangladesh, jumped 61 percent to 18,584 tons in the review period in comparison to that of the same period last year. Lentil exported during the period was valued at over Rs 2.23 billion. Production of lentil across the country was recorded at 208,201 tons in 2011/12.

Iron, steel, Pashmina, woolen products, black cardamom, tea, ginger, lentil, essential oil, instant noodles, precious metal, medicinal herbs and handmade paper are highly prioritized export products included in the Nepal Trade Integration Strategy (NTIS), the government´s blueprint on export promotion.

Nepal exported 3,263 tons of black cardamom valued at about Rs 2.11 billion in the first seven months of the current fiscal year--up 21.3 percent than the amount recorded in the same period last year. Nepal, which produced 6,026 tons of black cardamom during 2011/12, is one of the world´s largest producers and exporters of large cardamom.

Exports of tea, another leading exportable farm item, also rose by an impressive 37 percent to 6,651 tons (valued at Rs 1.2 billion) in the review period. Ginger exports also shot up by a whopping 284 percent to 45,026 tons (worth Rs 863 million) during the period. Nepal produced 255,208 tons of ginger in 2011/12.

Entrepreneurs request Indian railways to increase facilities at Jogbani

The Biratnagar based entrepreneurs have requested the Indian railway officials to reform the railway station at Jogbani and increase the facilities. An eastern region entrepreneurs' delegation lead by Morang Merchants' Association has met Ranjit Kumar Singh Birdi, general manager of Indian Railway (north region) at Jogbani and consulted with him.

The delegation requested Indian railway officials to commence direct railway operation to Jogbani from Mumbai, Chennai, Banglore and Rajasthan. Keeping in view the pressure of regular cargo trains comes to Jogbani, the delegation requested to arrange additional tracks, stores and sheds to store consignments in condition as they get damaged in the rainy season due to garbage dumped nearby yard which is also to be reformed immediately. To address the existing rush at ticket counter, delegation also urged to add ticket counter and a reservation counter at Jogbani Railway Office.

Abinash Bohra, President of Morang Merchants' Association and also the 2nd Vice President of the eastern regional chapter of NICCI at Biratnagar said "we have also informed the railway officials about the problems facing by travelers due to impractical arrival and departure timing of the trains of Jogbani-Kolkata Express (3 a.m. and 2.30 p.m.) which takes more time in travelling thereby wasting lots of time, which leads to forced use of taxi by the passengers paying unfair charges to the drivers taking undue advantage impractical timing at railway stations."

Since Patna Airport of Bihar is near from Jogbani, the entrepreneurs' delegation urged the railway officials to arrange operation of daily express between Jogbani-Patna and to arrange the operation of existing inter-city express and Capital Express in the Katihar-Jogbani route. The Association has said that general manger Birdi of Indian Railway has assured for implementation of the suggestions placed by the delegation.

Five-year business visa criteria issued

The government has introduced standards on the basis of which it will issue five-year business visas to foreign investors for their convenience. The standard prepared by Department of Industry (DoI) has identified volume of investment, contribution to revenue, employment generation and quantity of exports as the four major criteria for issuing the five-year business visas, out of which any one criteria to be met for its eligibility.

As per the draft of the standard, investors will receive a five-year business visa on the condition that they have invested US$ 200,000 in their enterprise through banking channels within the last three years. "If the investor is a company, the government will provide the same visa to any two representatives recommended by the company," states the draft. However, no such visa will be issued to representatives of individual investors.

In terms of criteria regarding revenue contribution, the draft states that the government will issue the visa to foreign investors provided their company has contributed income tax worth Rs 200,000 on an average for the last three consecutive years. "The number of investors eligible to receive the visa will keep on growing every year by one until the company keeps on paying an additional Rs 100,000 as income tax annually," adds the draft.

The draft which was approved by a minister-level decision of the Ministry of Industry (MoI) on March 13, was implemented by the DoI on March 14.

As per the set criteria, each investor employing at least 50 Nepali individuals will be eligible for the five-year visa. Moreover, once the investor employs another 20 individuals, it will be eligible for another investor of the company to receive the visa.

Moreover, investors will receive the visa if their company exports goods worth Rs 20 million annually on an average. If the industry exports goods worth Rs 40 million during the period, two investors from the company will receive the visa and so on.

Dhruba Raj Rajbanshi, director general of the DoI, said the provision had been introduced to offer special recognition to foreign investors who really bring investments in the country. Though the five-year business visa provision has already been mentioned in the Foreign Investment and Technology Transfer Act 1992, there were no standards based on which such visas would be issued. Foreign investors so far have been receiving one-year tourist visas which are renewed for another single year.

Rajbanshi said that the provision for the one-year tourist visa would remain intact for new foreign investors, and they would receive the five-year visa once they submit evidence of fulfilling of any of the new criteria set by government. As per the draft, once investors receive the business visa, their family members will automatically receive the same visa.

The draft, however, states that new foreign investors could also receive the five-year visa provided they invest in any of the national priority project or projects having a fixed capital worth more than Rs 500 million. However, the individual investor should bring in at least $ 1 million or the company has to have invested $ 5 million in such projects. With regard to a company investor, the government will issue visas to any five representatives of the company.

The draft has a provision to scrap the visa as per the DoI's recommendation in case of discrepancy in the documents submitted during a surprise check. Before a visa is issued, DoI studies the documents submitted by the investor and gives

11 foreign pharmas apply to sell their products in Nepal

Nepal's medicinal drugs market has been drawing foreign pharmaceutical companies in greater numbers. During the first eight months of the current fiscal year, 11 Indian companies applied for a license to sell their medicinal products in Nepal, said the Department of Drug Administration (DDA). Among them, eight are makers of allopathic drugs while the rest deal in ayurvedic medicine.

P B Chhetri, senior pharmacist at the DDA's export division, said foreign companies were mainly interested in selling life saving drugs which domestic manufacturers are not able to produce. The companies that have applied for a permit offer anti-cancer, large volume parenteral (LVP) solutions, contraceptives, vaccines, anti-retro viral and other life saving drugs.
The DDA had stopped granting licenses to the new foreign companies to sell general medicines after a rise in the number of Nepali pharmaceuticals producing them. However, the regulation is not applicable in the case of old foreign companies.

Meanwhile, the market has been witnessing an increasing number of domestic pharmaceuticals. Currently, 45 local companies are operating in the sector. The DDA permitted five new companies to produce allopathic medicines this year alone. However, almost all the domestic companies have focused on producing general medicines. "Due to lack of infrastructure and other obligations, these companies are reluctant to start manufacturing life saving drugs. So they are limited to general medicine production," said Chhetri.

As of the last fiscal year, 267 foreign pharmaceutical companies were selling 7,783 medicinal brands. Of these, 691 brands were granted licences in the last fiscal alone. The DDA registers only medicine brands produced by companies possessing WHO/GMP certification. In addition, foreign drug manufacturers have to deposit US$ 1,500 to sell their products in the Nepali market.

According to the Trade and Export Promotion Centre (TEPC), imports of pharmaceutical products have been rising annually. According to the TEPC's record, imports rose to Rs 9.07 billion in the first seven months this year from Rs 7.87 billion during the same period last year. Imports of pharmaceutical products totalled Rs 13.71 billion in 2011-12.

Besides India, Nepal imports medicines from Bangladesh, China, the US, Germany, the UK, Belgium, Italy, France and Austria.

Meanwhile, pharmaceutical companies have been rushing to acquire World Health Organisation-General Manufacturing Practice (WHO/GMP) certification as the Department of Drug Administration (DDA) is preparing to take action against those failing to do so.

Major ports in India will soon be allowed to fix market-linked tariff

All the 12 major ports in India would be allowed to fix their own tariffs based on the market condition in a bid to allow them to compete with non-major and private ports.

"The Major Port Trusts would be free to fix the market linked actual tariff which may be higher or lower than the prevailing reference tariff," the Shipping Ministry has said in draft guidelines for Tariff Setting in Major Ports, 2013.

However, the revision of actual tariff would be permissible only once in a financial year with the new tariff coming into force from April 1 of the fiscal, the ministry said seeking suggestions on guidelines by the last week of the current month.

It also made it clear that though the Tariff Authority for Major Ports (TAMP) will fix the reference tariff for each port for different commodities, the Major Port Trusts (MPTs) can set their own tariff, which can be higher or lower than the reference tariff.

"The Reference Tariff will be applicable for 5 years indexed to inflation. To notify the Reference Tariff for a particular commodity, TAMP will take the highest tariff fixed for that commodity in the concerned Major Port under the 2008 guidelines," it said.

Reference Tariff will be indexed to inflation but only to an extent of 60 per cent of the variation in wholesale price index occurring between 1 January of the year in which the Reference Tariff was originally notified and 1 January of the subsequent

relevant year.

As per the draft policy, the MPTs will have to inform the TAMP at least 90 days in advance if the proposed actual tariff is higher than the reference tariff.

The MPTs, as per the draft, will also furnish to TAMP, monthly reports on Cargo traffic, Berth day output, Average turnaround time of ships, Average pre-berthing waiting time, percentage idle time of total time of vessels at berth as well as the Actual Tariff levied for each MPT owned Berth/ Terminal within 15 days following the end of each month.

India at present has 12 major ports - Mumbai, Jawaharlal Nehru Port Trust, Kolkata (with Haldia), Chennai, Visakhapatanam, Cochin, Paradip, New Mangalore, Marmagao, Ennore, Tuticorin and Kandla under the control of the Centre.

The government of India is looking at an investment of over Rs 1 lakh crore in major ports, majority of which will come from the private sector, to expand their capacity by 767.15 million tonnes (MT) by 2020. PTI - NEW DELHI

M&M launches all-electric passenger car 'e2o' at Rs 5.96 lakh in India

Mahindra & Mahindra (M&M) on Monday launched the India's only all-electric passenger car, the e2o at IRs 5.96 lakh. The fully automatic, zero emission e2o, (pronounced 'Ee-too-oh') is powered by 48-volt lithium ion batteries that offer a claimed range of 100km per charge.

Charging can be done anywhere through a standard 15-ampere plug point- that's like charging a mobile phone. A full charge takes 5 hours, ideally consuming 10 units of electricity, while a quick charge option is also there. Mahindra has plonked in some ingenious technologies into the e2o such as Sun2Car, Revive and regenerative braking system that further boost the car's range. The Sun2Car, for instance, allows people to charge the e2o using solar energy while it's parked.

Inside, the two-door hatchback can seat four adults. The automatic gearbox features three drive modes including 'Boost' for a more spirited driving experience but at the cost of lower range. Formerly known as the NXR, the e2o's maximum speed is 80kph.

Mahindra had hoped of keeping the e2o's price around Rs 5 lakh. But with the government not doling out any subsidy benefits on electric car sales in this year's Budget, that plan has suffered a jolt.

"It's a world class innovation. Electric cars are not new to the world, but the e2o is the embodiment of the shift to the new league for the Indian automotive industry. It also shows that markets like China and India would be a tipping point for such world class technologies of the future," said Mahindra & Mahindra Group chairman Anand Mahindra at the launch.

Mahindra Reva aims to sell around 400-500 cars in the Indian market each month. The company claims that driving e2o for an average distance of 1,200 km/month would lead to savings worth Rs 70,000 every year.

"The customers would get huge incremental benefits on running the electric car. Besides cutting down on harmful emissions, the running cost would be as low as 50 paise per kilometre," Pawan Goenka chairman ofMahindra Reva Electric Vehicle, said.

The company is hoping this time around more customers will be drawn to this emission-free and eco-friendly car attracted by the incentives state governments offer.

In Delhi, the electric car carries a 29% rebate in the form of VAT and sales tax exemption along with a 50% exemption to road tax given by the state government to popularise sale of such emission-free vehicles. This helps compensate for the higher ticket price of the car.

The e2o will replace the REVAi compact that has been phased out. ET BUREAU & AGENCIES– NEW DELHI

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Arunachal Pradesh of India inked 153 MoUs to generate 43 thousand MW power projects in one decade

Arunachal Pradesh of India had inked a total 153 MoUs to execute power projects in the state with a total installed capacity of 43,118.7 MW in the last decade, out of which it has scrapped seven projects with installed capacity of 1,258.5 MW, with the power developers due to non-performance and breach of agreement as per the MoUs, Chief Minister Nabam Tuki told the state assembly responding to a question from Trinamool Congress member Laeta Umbrey during Question Hour on Monday.

Replying to Umbrey's charges, Tuki said in most of the power project sites the people have voluntarily supported them but in certain districts there had been opposition due to 'lack of awareness' about the benefits.

"The people of Dibang Valley and Lower Dibang Valley districts had opposed the 3000 MW Dibang multipurpose project initially but gave their consent during the recent public hearing in both the districts," he said and appealed to the members of the house to support the government and make people aware of the benefits of power projects in their respective constituencies.

To a supplementary question, Tuki said as per the MoUs, the state government had provided security to power developers in the project site. The CM said the state had approached the Centre for sanctioning funds to construct roads in border areas where several power projects have been sanctioned.

"With the completion of Trans Arunachal Highway, 11 districts will be connected and for other districts roads are being constructed by Border Road Organisation, Ministry of Road Transport and Highways besides state PWD. Once these roads are complete there will be no problem for power developers to carry men and machineries to the project sites."

Union Rural Development Minister Jairam Ramesh during his recent visit to the state had assured to sanction Rs 1,200 crore for construction of border roads under Prime Minister Gram Sadak Yojana, he added. PTI - ITANAGAR

World's largest concentrated solar power station (100 MW) begins operations in Abu Dhabi

The United Arab Emirates (UAE) are best known for oil and gas, but the region is also home to interesting developments in renewable energy. The Shams Power Company has just inaugurated the Shams 1 concentrated solar power (CSP) station, which, with a capacity of 100 MW, is the biggest operating solar power station in the world, which cost $600 million to build and will provide electricity to 20,000 homes. It makes sense when you think about it: They have lots of sun, and lots of money…

The 100-megawatt Shams 1 is "the world's largest concentrated solar power plant in operation" said Sultan al-Jaber, the head of Abu Dhabi's Masdar, which oversees the emirate's plan to generate seven percent of its energy needs by 2020 from renewable sources.

Masdar now produces 10 percent of the world's concentrated solar power, he said during the official inauguration.

The solar park features long lines of parabolic mirrors spread over an area equivalent to 285 football pitches in the desert of the Western Region, some 120 kilometres (75 miles) southwest of Abu Dhabi.

Masdar owns 60 percent of the project, while France's Total and Spain's Abengoa Solar own 20 percent each. AFP, UAE

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