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NICCI e-Newsflash

In this issue

'Country specific measures to lure foreign investment'

The government, which is reviewing the existing Foreign Direct Investment (FDI) Policy 1992 through a team of experts, will soon start developing different investment framework for different countries, as the single policy model failed to attract foreign investors to the country.

The 4-member team of experts, led by Keshav Acharya, former senior advisor of the Ministry of Finance (MoF), made the recommendation after reviewing the FDI Policy 1992. We have recommended the government to be country-centric in order to attract foreign investment," Sharing the views of the review and recommendations of the team, Acharya said. "We shouldn´t put all the investors in the same basket."

Giving an example of difference between investors from India and other third country, Acharya suggested "We have to treat them in different grounds. For instance, Indian investors might not give priority to issues that other countries´ investors are pushing for due to the pegged exchange rate between two countries." Similarly, the team has suggested the government treat Chinese investors in a different manner.

However, this does not mean there would not be one FDI policy. "The country will have one FDI policy but the government can have one-to-one bilateral understanding and sign agreements with each country and make different arrangements for different investors.

According to Department of Industry (DoI), there are around 80 countries which are interested to invest in Nepal. "We have to prioritize them and have to deal with them on one-on-one basis," Acharya said.

In that direction, the team has suggested two ways for foreign investors´ entrance in the country - automatic and government approved. The first one will let foreign investors to come without any registration procedure whereas the second one will lead investors to go through the process of application and registration. "Investors who come here with investment and use domestic raw material and labor, those who invest in technology transfer and establish companies which process and export Nepali production can come through the automatic way," Acharya said.

Unlike in the existing FDI policy of the country, the team has floated an idea to allow the investors through the automatic way if they come with convertible currency to make investment here.

Moreover, the review team has said that the ceiling amount of money to be known as FDI should be changed. The existing policy recognizes more than USD 20,000 of investment as FDI and government provides multiple facilities to the investors who bring in more than USD 100,000 as investment. "We have to look for bigger investment," Acharya said, "That is why there should be increment in the ceiling of the amount that is counted as FDI."

In order to make services functional and timely, the team also has suggested government to a establish body to which investors can complain if they don´t get the instant service. "There should be a prime ministerial level body that listens to the grievances of investors if they don´t get services in time," Acharya said.

Fast track to get investors soon

The government has decided to initiate process within a month to find investors for the construction of 76-km Kathmandu-Tarai fast-track road that connects Kathmandu and Terai. A high-level infrastructure development committee headed by Vice Chairman of National Planning Commission (NPC) Dipendra Bahadur Kshetry took the decision last week Thursday.

Following the decision, Ministry of Physical Planning and Works (MoPPW), which is executing this national-priority project, said that it would publish a global notice seeking letter of interest (LoI) from all interested investors for the construction of the expressway within a month.

Though the bid will seek LoI from both international and domestic investors, officials said there will be some special provisions in the favor of domestic investors. They, however, refused to disclose what that would be.

As announced in the past, the fast track would be built under built-own-operate and-transfer (BOOT), said Kshetry. What this means is investors putting in money in the project will operate the expressway for up to 30 years, depending on the contract that it will have with the government, and hand it over to the government after that.

Kathmandu-Tarai fast track is one of the ´national pride projects´ under which the government has announced of the construction of a six-lane highway, sharply reducing travel distance between Kathmandu and Nijgadh section of East-West Highway.

"Investors willing to develop and operate the project will be asked to submit their technical plan and cost details," said an official at MoPPW. The bid will, thus, make clear how much cost would it need to develop the fast track. Earlier, Asian Development Bank that conducted its feasibility study in 2008 had projected the construction cost could stand at around Rs 67 billion.

More important than the investment amount, the bid will disclose how the international investors respond to the project, enabling the government to know possibility of adopting similar modality for infrastructure development in the future.

Based on the applications received from the interested parties, government will select investor for fast track road through a competitive bidding process, allowing it to execute the project under the BOOT Act, 2006.

Though the high-level steering committee decided to speed up the process of selecting the investor, MoPPW has so far finished the track opening of 51 kilometers only. But officials said they will complete the track opening of another 17 kilometers soon.

"Opening track of 68 kilometers is not a problem because we have already reached an agreement with the locals for land acquisition," said the MoPPW source.

CAN proposes to develop Nepal as digital hub

Referring to the location of the country and potential market access, CAN President Suresh K Karna pushed the idea to develop Nepal as a digital hub while addressing international delegates from 12 countries gathered in the capital for the mid-year meeting 2012 of Asian Oceania Computing Industry Organization (ASOCIO). The three-day meeting held last weekend.

CAN pushed the idea based on its study that said Nepal had special advantage over other regional members on the production and marketing of hardware and software. "The HR cost in Nepal is 35 percent lesser than India, considered as one the most popular destinations for outsourcing,"

Apart from seeking support from the IT entrepreneurs in the region, CAN officials also urged special support from the government to realize its vision. In this connection, keeping in view the increasing number of IT professionals and geographical location it mainly asked the government to immediately prioritize the ICT sector and create an environment whereby they could get 24-hour power supply and high speed internet services, prerequisites for the development of the sector.

Karna was speaking at the inaugural ceremony of the conference. Senior government officials and policy makers along with entrepreneurs and traders also attended the program. Secretary at Ministry of Science and Technology (MoST) Keshab Bhattarai welcomed the CAN´s proposal. While committing all support from government, he also invited overseas participants to enter into business by forming joint venture firms in Nepal. "IT sector in Nepal is already recognized as one of the high potential industry. Those who invest in it will reap handsome returns," he stated.

ASOCIO President Looi Kien Leong stressed on the need to evolve Asian nations as ICT exporting countries. "The region is already producing the largest chunk of ICT products. But we stand as mere consumers, rather than producers. We need to change this and focus on creating a regional framework for the development and trade of ICT" said Kien.

Through the three-day long conference, ICT entrepreneurs representing 26 companies from countries like Japan, South Korea, China, Chinese Taipei and India will explore their business opportunities in ICT. The event is targeted at increasing regional cooperation amongst ASOCIO members for which CAN has organized business match-making session.

ASCOCIO was established in 1984 and has 29 member countries, including Nepal, representing more than 10,000 ICT companies and annual revenue of $ 350 billion.

Customs' WAN comes into operation

Wide Area Network (WAN), implemented as part of customs modernization, under Department of Customs, the Ministry of Finance has come into operation.

This will enhance the use of Automatic System of Customs Data (ASYCUDA) by allowing exchange of data between the Department of Customs (DOC) and Customs offices.

Ramesh Paudel, Director at Department of Customs, said that three remote offices of the Department of Customs (DoC) in Tatopani, Biratnagar and Birgunj have been connected to the central office in Tripushwor via high bandwidth fiber connectivity.

Each of these remote sites are equipped with multiple high end PTZ cameras which can be panned, tilted and zoomed to view any part of the location. Paudel said the best part about this project is, all the footage of these cameras are live streamed, live broadcasted, in DoC's Tripushwor control room via fiber connectivity. And from the control room all the cameras can be controlled remotely. The authorized personal in Tripushwor office can view any part of the DoC's remote office where the system is fitted with the help of a joystick, he said.

Further, all the footage of all the cameras are stored for few days in a server installed in all the remote location. So, if anyone wished to view past footage of last few days to check anything, this can also be done.

NEAT Project, USAID, has implemented a remote monitoring project, which is probably the first of its kind project to be implemented by any government sector in Nepal.

Prism International Private Limited had installed, trained the DoC staff and commissioned all the IT networking equipment, network connectivity and power backup system.

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Govt to sponsor health insurance for all

The government is launching subsidized health insurance scheme for all citizens as it aims to raise people´s access to medical services and widen social safety net. Once the program is rolled out, all insured can claim for expenses like doctor fees and medical bills.

Though the idea has been floated in bureaucracy, however, it is still to make clear what portion of the annual premium will be chipped in by the government and how much each individual has to contribute to purchase these insurance policies. Other details such as estimated government funding that is required, insurance coverage amount, claim settlement mechanism and issuer of these policies are yet to be finalized.

"To clarify these issues and give a concrete shape to the plan, we recently formed a steering committee under Praveen Mishra, secretary of the Ministry of Health and Population," Kavi Raj Khanal, under secretary at the health ministry said. The committee will coordinate with other stakeholders such as the Ministry of Finance, the Ministry of Labor and Transport Management, National Planning Commission and the Insurance Board to prepare the program.

In the initial phase, the government plans to launch the program in "few districts" as pilot projects. During this phase, it plans to rope in people living below the line of poverty.

"After these projects take off we will be able to assess the situation on the ground and gather experience based on which certain amendments can be made to the program," Khanal said. "We then plan to take the program to people living below the poverty line."

Government estimates put the number of households living below the line of poverty at 1.3 million. This means members of these families earn less than US$1.25 a day.

"We hope the scheme that we are launching will raise access of the poor to medical services," Khanal said.

Once the government covers the poor population, it intends to expand its coverage to low-income group. "We aim to increase the coverage gradually in this manner until all the people get health insurance coverage," Khanal said.

Reserve Bank of India announces SAARC swap arrangement

The Reserve Bank of India will offer Swap Arrangement of US $ 2 billion both in foreign currency and Indian rupee to member countries of the South Asian Association of Regional Co-operation.

With a view to strengthening regional financial and economic cooperation, Governor Dr. D. Subbarao announced last week in the 24th SAARC FINANCE Governors' Meeting, in Pokhara, Nepal, that the Reserve Bank of India will offer Swap Arrangement of US $ 2 billion both in foreign currency and Indian rupee. The facility will be available to all SAARC member countries, *viz.*, Afghanistan, Bangladesh, Bhutan, Maldives, Nepal, Pakistan and Sri Lanka. With launching of this facility, member countries can now approach Reserve Bank of India for availing of the facility.

The swap will be offered in US dollar, Euro or Indian Rupee against the domestic currency or domestic currency denominated government securities of the requesting country. The SAARC Swap Arrangement will have a corpus of US$ 2 billion. India will contribute the entire fund. The swap amount available to various member central banks has been arrived at broadly based on two months import cover subject to a floor of US$ 100 million and a maximum of US$ 400 million per country.

Under the facility, the requesting member countries can make drawals of US dollar, Euro or Indian Rupee in multiple tranches. Each drawal is of three months tenor and can be rolled over twice. The first rollover will be at the normal rate of interest, while the second one attracts 50 bps interest more than the normal interest rate. For this purpose, the normal interest rate agreed upon is the LIBOR (for three months) plus 200 basis points. The normal interest rate for INR swap is RBI Repo Rate minus 200 basis points.

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For availing of the facility, the central banks of requesting countries will need to enter bilateral swap agreements, which need final approval from the Government of India. The Reserve Bank's proposal to offer swap facility to SAARC member countries had earlier been approved by the Union Cabinet.

The Swap Arrangement is intended to provide a back stop line of funding for the SAARC member countries to meet any balance of payments and liquidity crises, till longer term arrangements are made or if there is a need for short-term liquidity due to market turbulence.

The SAARC Swap facility is being offered by the Reserve Bank of India pursuant to the decision of SAARC Finance Ministers at the SAARC Ministerial Meeting on Global Financial Crisis, held on February 28, 2009, which noted that "A major cause of current concern in the region is the drying up of credit and the contraction of financial markets. Mechanisms must, therefore, be developed aimed at creating bilateral arrangements in the region to address short-term liquidity difficulties and to supplement international financing arrangements."

South Asian nations agree to use local currency in trade

Member nations of the South Asian Association for Regional Cooperation (SAARC) have started laying groundwork to settle trade deals in local currency rather than in the US dollar.

The initiative was taken after members concluded that settlement of deals backed by greenback started becoming cumbersome and expensive for traders.

Governors and finance secretaries of SAARC member nations gave the nod to the concept at the Governors Symposium of SAARC Finance, which concluded in Pokhara last Thursday. A formal agreement will be signed only after conducting an extensive study.

The proposal was floated by net oil importing countries like Nepal, India and Bangladesh that believe dealing in local currency with oil exporting countries like Iran would prove beneficial.

"The topic of ways to use local currency in trade was discussed extensively between SAARC countries and the Iranian central bank," Nepal Rastra Bank Governor Yuvraj Khatiwada told the media. "We reached a conclusion that the use of local currency can further facilitate trade and make the payment process much easier."

The meeting was participated by central bank and finance ministry officials of Nepal, Pakistan, India, Sri Lanka, Bhutan, Maldives, Myanmar, Bangladesh and Afghanistan, along with representatives of the World Bank and Asian Development Bank.

China to help Nepal build Tatopani dry port

Construction of Dry Port at Tatopani at Sindhupalchowk district of Nepal is to begin by this fiscal year under financial assistance of the Government of China. Government of China has assigned Beijing Real Estate Company for construction of the dry port.

Regarding this, China and Nepal signed an agreement last Thursday in capital. Sarad Bikram Rana, executive director of Nepal Intermodal Transport Development Board and deputy project leader of Beijing Real Estate Company signed the agreement from their respective governments. The financial assistance for the project amounts NRs 2 billion.

- *China to assist Rs 2 billion*
- *Targeted to complete within 26 months*

Facilities at dry port

- *Handling capacity : 250 containers*
- *Plant/Food/Livestock quarantine lab facility and their office*
- *Bank, customs & post office*

The total construction cost of the project has been estimated at Rs 2 billion and the Chinese government will fund all construction cost while Nepal will bear the cost of land acquisition. Nepal government has already completed the primary level works such as technical study and design, acquired 11.5 hectares (225 Ropani)of land.

The Tatopani dry port will be developed in 8km area in Nepal side from Miteri bridge to Dumithama. Dryport will have capacity to handle 250 containers and accommodate parking facility for 200 vehicles, a storage house and a weighing machine that will be able to weigh 60 to 100 tons. The dry port infrastructure will contain plant/food/livestock quarantine laboratory and its office, customs, bank and post office. The route would be smoother if the border side graveled road from Barabise (30 km) could be extended and upgraded.

China had agreed to help to construct a dry port in Tatopani four years ago and two Chinese companies had already completed the detail project report (DPR). The project was delayed due to delay in land acquisition. Government of China will also widen and construct access road to Larcha and bridge over Bhotekoshi River.

Government officials hope that the dry port will lead to better trade with China and Nepali businesses can utilize the zero tariff facility provided by China on more than 4,000 Nepali products.

Both countries have so far opened six customs points for trade and movement of its citizens in Olangchugola, Kimathanka, Tatopani, Rasuwagadhi, Mustang and Yari.

Nepal already has a dry port in Birgunj, Biratnagar, Bhairahawa (southern borders) and Mechi (east-southern border) of Nepal, which was built with the assistance from India and donor agencies.

HMG/Nepal launched the Nepal Multimodal Transit and Trade Facilitation Project (NMTTFP) with an estimated total cost of US$ 28.5 million which included funding of US$ 23.5 million credit from the World Bank and US$ 5.0 million from the Government.

The Project was initiated in 1998 to construct rail based dry port in Birgunj and road based dry ports in Biratnagar and Bhairahawa, procure four Reach Stackers for Birgunj ICD, operation of Automated System for Customs Data (ASYCUDA) and Advance Cargo Information System (ACIS), trade and transport facilitation, reform and introduction of transport and multimodal legislation.

Railway lines from Raxaul to ICD Birgunj were constructed under the grant assistance of the Government of India.

The three dry ports of Biratnagar, Birgunj and Bhairahawa have been handed over to NITDB for their management and operation by Nepal Multimodal Transit and Trade Facilitation Project after the completion of their construction.

The establishment of dry port is of vital importance for landlocked countries like Nepal wishing to improve their transport services through the introduction of multimodal transport and containerization.

China, Japan, S Korea moves to free trade agreement

China, Japan and South Korea agreed at a summit last week to launch trilateral free trade negotiations this year to further boost trade in the northeast Asia.

The three nations together accounted for 19.6 percent of global gross domestic product and 18.5 percent of exports in 2010, according to a feasibility study issued by their governments last year on the trade pact, making the agreement a possible rival for the world's largest free-trade zone in size.

The North American Free Trade Agreement, which includes the U.S., Canada and Mexico, was the biggest zone in 2010, accounting 27.2 percent of the GDP globally, and the European Union was the second for 25.8 percent, according to World Bank data.

"Northeast Asia is the most economically vibrant region in the world," Premier Wen Jiabao said after talks in Beijing with Japanese Prime Minister Yoshihiko Noda and South Korean President Lee Myung-bak.

"The establishment of an FTA will unleash the economic vitality of our region and give a strong boost to economic integration in East Asia," Wen said.

China is the biggest trade partner of both Japan and South Korea. Japan and South Korea are China's fourth- and sixth-largest trading partners respectively, the ministry said. A free-trade treaty could lift China's GDP by up to 2.9 per cent, Japan's by 0.5 per cent, and South Korea's by 3.1 per cent, Xinhua said, in a commentary, without citing the basis for its estimates.

A free-trade accord among three of Asia's four biggest economies would bring together a market of more than 1.5 billion people. Closer economic and trade ties may also help defuse political mistrust in the region, a legacy of Japan's invasion of China and the Korean peninsula in the early 20th century.

The pact would not only expand trilateral and bilateral trade and investment, but also provide "a comprehensive and institutional framework in which a wide range of trilateral cooperation would evolve," according to the statement.

Trade between the three countries rose to $690 billion in 2011 from $130 billion in 1999, according to a research report released by China's Foreign Ministry on May 9.

"Closer cooperation between the three nations will not only be conducive to the development of each country itself, it will also boost the East Asian integration process and add drivers to world economic growth," the report said.

Opportunity as well as challenge

"It will boost regional economic integration, industrial cooperation and technology advancement," Wang Shenshen, an economist at Okasan Securities in Tokyo, said before the announcement. "It won't be smooth sailing to reach a final deal as it will encounter domestic opposition in each country."

Chinese manufacturers may face challenges from imports of goods from South Korea and Japan, and South Korea's agriculture industry may put up a fight, Wang said. Political turmoil in Japan is another uncertainty, she said.

Asia to become solar power leader by 2016, overtaking Europe

The world's solar power generating capacity will grow by between 200 and 400 percent over the next five years, with Asia and other emerging markets overtaking leadership from Europe, a European industry association said recently.

"Europe has dominated the global PV (photovoltaic) market for years but the rest of the world clearly has the biggest potential for growth," the European Photovoltaic Industry Association (EPIA) said in its market outlook until 2016.

The fastest PV capacity growth is expected in China and India, followed by the southeast Asia, Latin America, the Middle East and North Africa in the next five years, said the report distributed at a PV conference in northern Italy.

Global installed PV capacity, which turns sunlight into power, is expected to have risen to between 207.9 gigawatts and 342.8 GW in 2016, depending on the level of political support, from 69.7 GW in 2011, the report said.

"The growth will depend on the support of politicians. It's not only about money, it's also about reducing bureaucracy," Buttgereit told Reuters on the sidelines of the conference.

Adventure Tourism

73-year-old Japanese woman Watanabe scales Mount Everest and betters record

A 73-year-old Japanese woman climbed to Mount Everest's peak on Saturday, smashing her own record to become the oldest woman to scale the world's highest mountain.

Tamae Watanabe reached the Everest's 8,850-metre-high (29,035 feet) summit at 7:30 in the morning on Saturday from the northern side of the mountain in Tibet on Saturday morning with four other team members, said Ang Tshering of the China Tibet Mountaineering Association in Nepal. She had left for the summit from camp 3 (8,300m) at 9pm Friday along with fellow Japanese Noriyuki Muraguchi and high altitude climbing Sherpas -- Mingma Sherpa, Phura Nuru Sherpa and Phurba Sherpa.

Ms. Watanabe had climbed the Everest in 2002 at the age of 63, becoming the oldest woman to bring off the feat. She retained the title until she topped herself a decade later.

Weather conditions improved on the mountains last week. She has also successfully attempted other peaks across the world.

Junko Tabei was the first lady from Japan to scale the Mt. Everest on May 16, 1975, whereas Pasang Lhamu Sherpa was the first Nepalese lady to reach the summit on April 22, 1993, and died same day while returning back to base camp.

Teams have begun reaching the summit even from the Nepalese side to the south of the mountain, according to Nepal's mountaineering department. The first teams from the Nepalese side reached the summit on Friday, and many more on Saturday.

There are 14 mountains above 8,000m (26,250ft) in the world and eight of them are in Nepal, one in Tibet and the rest in Pakistan. May is considered the best month to climb the Everest, when climbers get about two windows of good weather.

Nepali climber Min Bahadur Sherchan is the oldest man to climb Everest. Sherchan had set a new record by successfully climbing the mountain on May 25, 2008. The retired soldier was 76 years and 340 days when he set the record. Sherchan was little known in the climbing community.

It was in 1960 that Sherchan first thought of setting a mountaineering record. There had then been seven unsuccessful attempts on Dhaulagiri, the 26,795ft (8,167m) seventh highest peak in the world, located in central Nepal.

Earlier, two Japanese nationals had become the oldest people to climb Everest at nearly 70.

"I thought this record too should belong to a Nepali," Sherchan said. "After all Nepali Sherpas hold the records for the youngest to climb Everest, fastest to climb Everest, the most number of times to climb Everest and spending the longest time on top of Everest."

With this thought and confidence, at the age of 72 he began his fitness preparations in earnest traversing Nepal north to south and east to west on foot. He walked 1,028km (640 miles) in 20 days from east to west Nepal and the following year he trekked about 300km from north to south in nine days - a tougher walk because of mountainous terrain.

At a medical check up doctors told him he would have health problems if he went above 3,000 meters. "I couldn't believe it. This made him even more determined," said Sherchan.

To prove the doctors wrong he climbed the little-known 19,173ft (5,844m) Nayakhanga peak in central Nepal at 74-years-old.

Toshiba shuts down TV manufacturing operations in Japan

Toshiba said last Thursday it has stopped making televisions in Japan, citing slow domestic demand as falling prices, fierce global competition and a strong yen pressure the country's electronics makers.

The IT-and-engineering conglomerate shuttered production lines at its last remaining domestic TV plant in Fukaya, near Tokyo, at the end of March, a company spokesman told AFP.

Toshiba, the maker of the Regza brand of televisions, has shifted all of its television production to factories in China, Indonesia, Egypt and Poland, he said, adding: "The fall in domestic demand is the reason."

The move is the latest development highlighting the plunging fortunes of Japan's once world-beating electronics firms.

A strong yen, intense global competition — particularly from South Korean firms — and falling retail prices of televisions have left Japanese manufacturers swimming in red ink for the financial year that ended in March.

Domestic television demand also surged when the nation stopped analogue broadcasting last July, by which time nearly all households and corporations had bought new televisions capable of receiving digital broadcasts.

"After those events, domestic demand fell so we have reduced production accordingly," leading to a complete stoppage, the Toshiba spokesman said.

Japanese rival Hitachi, which earlier said it will stop domestic production of television sets and shift its business focus to large-scale infrastructure projects, said it expects higher operating profit for the current year.

Reports earlier this week said cash-bleeding Sony and Panasonic were looking to join forces to produce next-generation televisions in a bid to claw back market share from South Korean rivals.

Sharp, which is to get a cash injection from Taiwan's Hon Hai, better known for its Apple gadget-making Foxconn brand, expects to remain in the red over the next year after a record US$4.7 billion net loss up to March 2012.

Govt of Japan to take over TEPCO after Fukushima disaster

Tokyo Electric Power Co, (TEPCO) Japan's biggest utility and owner of the devastated Fukushima nuclear plant, will be taken over by the government after Japan's trade minister recently approved a $12.5 billion capital injection.

In what is effectively a nationalization, the government will help avert the collapse of once-powerful Tepco, the supplier of power to almost 45 million people in and around Tokyo.

The injection of 1 trillion yen ($12.5 billion) brings total government support for the company to at least 3.5 trillion yen since the meltdowns at Fukushima in March last year, triggered by an earthquake and a tsunami.

The eventual cost of the nuclear disaster, including compensation and clean-up costs, has been estimated at more than $100 billion.

"Without the state funds, (Tepco) cannot provide a stable supply of electricity and pay for compensation and decommissioning costs," Trade and Industry Minister Yukio Edano told a news conference after granting approval to the utility's 10-year turnaround plan, which paves the way for state control.

"Even though the firm will be under so-called state control, I want the company to do your best to step out of this situation soon," Edano told Tepco President Toshio Nishizawa, referring to the government's intention to own Tepco only until it recovers.

The government will get more than half of Tepco's voting rights, allowing it to choose board members, according to the plan. It will also take convertible stock that, when converted, will increase its control to more than two-thirds, enabling it to make unilateral decisions on major management issues including mergers. The takeover must first be approved by a general shareholders' meeting in June.

The utility, saddled with trillions of yen in compensation and clean-up costs from the radiation crisis as well as surging fuel costs to cover for lost nuclear power capacity, has been facing insolvency risks since the disaster.

Tepco also said it plans to hike electricity rates for three years for households by 10 percent and for corporate customers by about 17 percent. Tepco vowed to cut 3.3 trillion yen in costs over 10 years and said it aims to turn profitable in the 2013/14 business year, forecasting a net profit of 106.7 billion yen. But this goal depends on some uncertain factors.

Kathmandu generates highest jobs, WB report shows

Kathmandu valley has created employment faster than any other city in the country due to migration pressure, according to a study.

"Some 25 per cent of migrants move to Kathmandu valley because of economic reasons," a study 'NEPAL: Urban Growth and Spatial Transition: An Initial Assessment' of World Bank (WB), stated.

More and more migrants are moving to Kathmandu valley due to economic opportunities expanding the economic boundaries of the valley, the author of the study and urban development economist at the World Bank Elisa Muzzini said, adding that Kathmandu valley is also one of the fastest growing metropolis in South Asia.

Urban areas now generate about 65 per cent of Gross Domestic Product (GDP) as compared to only 29 per cent of GDP in 1975, the report said, adding that urban economy is growing significantly faster than rural economy, and the incidence of poverty has more than halved in urban areas from 22 to 15 per cent over 1995-96 — 2010-11.

Muzzini said Nepal could tap into potential of its cities to leverage their comparative advantages and turn them into competitive advantages. "Only vibrant and competitive cities can attract high-return investments and generate the higher productivity jobs required to accelerate growth to meet Nepal's target," she said.

The study also noted that non-farm economic production is clustered in the Kathmandu valley and close to the border with India.

Since Nepal is going through two transformations from a rural to an urbanising economy and from a unitary to a federal state, the study has also revealed challenges as the cities are losing competitive advantages over comparative advantages due to the lack of infrastructure, proper planning and business environment.

"There is an urgent need to prioritise investments based on outcome and promote and regenerate Kathmandu valley's valuable assets bringing infrastructure policy with proper planning to make urban growth sustainable," she said, recommending that it will also help turn comparative advantages of the urban areas to competitive advantage for sustainable and inclusive growth.

Realty sector gradually emerging out of trouble: Revenue officials and realty traders

Real estate transactions have picked up, albeit in slow pace, in the recent months, leading to increase in land registration fee collection.

According to the Finance Ministry, the land registration fee collection has increased by 16.16 percent to Rs 3.09 billion as of first 10 months of the current fiscal year compared to Rs 2.66 billion over the same period last fiscal year, though it is below the target of Rs 3.81 billion for the period.

While looking at the land revenue collection over the last three years, collection started to suffer since banks and financial institutions started discouraging real estate loans as per the direction of Nepal Rastra Bank in the middle of fiscal year 2009-10.

The annual land registration fee collection dropped to Rs 3.21 billion in FY 2010-11 from Rs 4.65 billion in FY 2009-10 owing to the recession in the real estate sector. The revenue collection, however, has improved of late with realty traders reporting gradual increase in their trades.

Ichchha Raj Tamang, president of the Nepal Land and Housing Developers' Association (NLHDA), said transactions in individual lands have slowly gone up, bringing relief to housing developers. "The government's soft corner has helped revive the realty sector," he said. He explained that the housing and apartment sales have gone up by 25-30 percent in the recent days, while the low-cost lands are also being sold in the recent days.

He attributes the recent growth to banks' decision to lower interest rate on home loans, which has now come down to 10-11 percent. Bankers also admit that they have started providing home loans although they are reluctant provide extra loans to housing projects. CEO of NIC Bank Sashin Joshi said that the home loans bear less risk compared to loans provided to developers, and banks are more willing to disburse home loans in the recent days.

Realty traders are of the view that loans should be given to developers to allow them to complete the housing and apartment projects. But the developers' poor repayment record has forced the banks not to make extra lending to the developers.

However, the government's efforts as well as excess liquidity in the banks and financial institutions are expected to help boost the realty sector. The government is mulling to arrange cheap loans for its employees so that they could purchase apartments from the developers.

The government has also raised the investment ceiling in the realty sector, with the investors no longer required to show source of their income up to Rs 10 million from the previous limit of Rs 5 million.

Rice planting technologies contest held in East China

A rice planting contest was held in Quanjiao, east China's Anhui Province, on May 16, 2012. The contest was held as an effort to promote the planting technologies of rice transplanter and improve the agricultural mechanization level.

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Bihar should develop renewable energy clusters: Greenpeace

Electricity-starved Bihar has the potential to develop a microgrid network that functions in clusters and is completely powered by locally available renewable energy resources, says a report "Smart Energy Access" by Greenpeace India.

The report was released in Patna last Tuesday by Bihar Energy Minister Bijendra Prasad Yadav at the business conclave, "Energy Revolution Bihar – The Renewable Energy Way".

Samit Aich, executive director, Greenpeace India, said: "Bihar has enormous energy deficit which is a major challenge for the growth of the state. However, it has the potential to become a power-surplus state with a strong focus on development of renewable energy."

The business conclave brought together industry leaders, policy think-tanks, investors and energy experts from across the country to suggest various ways to bring the state out of the power crisis.

It discussed innovative and implementable models of decentralised renewable energy. It also suggested a strong and enabling regulatory framework to attract investment in the renewable energy sector in the state.

Manish Ram, analyst, renewable energy and co-author of the report, Greenpeace India, said: "Microgrids can offer reliable and cost competitive electricity services, providing a viable alternative to the conventional top down approach of extending grid services.

"The microgrid approach is 'smart' because it can facilitate the integration of renewable energy, thereby contributing to national renewable energy uptake. In addition, it can reduce transmission targets due to generation being close to where demand is."

Greenpeace urged the Bihar government to focus on integrated energy planning based on cluster-based development.

While speaking at the conclave, Ramapati Kumar, Head-Renewable Energy at Greenpeace India advocated for a strong policy based on the state-wide network of decentralised energy plants (standalone and micro-grids), developed with the support of state government agencies in collaboration with private entrepreneurs.

"The government should work towards a strong feeding tariff support mechanism (FTSM) policy to support a large-scale deployment of renewable energy in Bihar," he said

Greenpeace India was the organizer of the event.