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NICCI e~Newsflash

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Nepali lab certified to test farm products

The Department of Food Technology and Quality Control (DFTQC) has received international accreditation for its newly built laboratory from the National Board for Testing and Calibration Laboratories (NABL), an Indian accrediting agency.

The accreditation is expected to facilitate exports of foodstuff as the lab's report will be recognized by foreign countries. Non-recognition of certificates issued by Nepali labs has been one of the biggest obstacles to the export of the country's farm products.

Foreign countries have been blocking entry of Nepali goods claiming that they are of inferior quality, and exporters have been forced to get the quality of their products attested by Indian labs which obviously delays exports. "The accreditation will reduce costs and save time for exporters thereby improving their competitiveness in the international market," said DFTQC director general Jeevan Prabha Lama.

According to her, the accreditation has allowed the department to certify 25 different parameters of food items including protein, micro-level fatty acid, dietary fibres, vitamins and mineral contains. "However, we are unable to grant certification on microbes and micro fibres," she added. The accreditation given to the DFTQC is valid for two years.

The DFTQC's laboratory was upgraded with financial support from the European Union and technical assistance from the United Nations Industrial Development Organisation (UNIDO). After the lab was improved, the department applied to the NABL about one and a half years ago for its certification.

The DFTQC's laboratory is the first in the public sector to obtain accreditation. Zest Laboratory, a private sector firm, has been certified by the NABL to test chemicals. Another government entity, the Nepal Bureau of Standards and Metrology, is in the process of receiving accreditation.
According to the Nepal Trade Integration Strategy 2010, Nepal lost around Rs 1.6 billion worth of business in 2004 as its ginger could not be exported for quarantine and trade policy reasons. Similarly, the country missed Rs 100 million worth of lentil exports in fiscal 2003-04 citing inadequate quality tests.

Likewise, the European Union in fiscal 2002-03 refused entry to Nepali honey citing use of pesticides resulting in a loss of Rs 76 million to exporters. Certification from the newly accredited lab is expected to minimise such non-tariff barriers on trade.

Similarly, the Nepal Trade Integration Strategy has suggested establishing more such labs to boost the country's exports. "However, traders have to comply with the requirements of particular countries to which they are exporting their products," said Lama. ♦

Govt to open lease, contract farming with new laws

The government has prepared a draft of the new Agriculture Enterprises Promotion Act that among other, envisages to pave the way for contract or lease farming and promises incentives to insurance companies to sell farm insurance policies.

The draft prepared by the Ministry of Agriculture Development (MoAD) in association with the Agro Enterprise Center (AEC) of the Federation of Nepalese Chambers of Commerce and Industry (FNCCI) will soon be circulated among local stakeholders in the different development regions for feedback, said a senior government official.

"As per rough calculation around 20 percent of land in the terai of mid-Western and Far-Western region has been left fallow by land owners. The proposed act will prove to be instrumental for proper utilization of such land for farm commercialization which will ultimately resolves the problems of unemployment and food insecurity"

Keeping in view the large swaths of land being left fallow by landlords, the government came up with the legal provisions to make sure that proper use of cultivable land through contract and leasing system is introduced in the country. The act allows the government and private land owners to give their lands on lease or contract for farming. Existing laws don´t cover the contract or lease farming which has made land owners reluctant to allow others to cultivate their land fearing tenancy by tillers.

"Though we have large tracks of land abandoned without farming across the country by landlords, we are still dependent on imports to fulfill the domestic demands for food grains, fruits and vegetables. The proposed act will pave the way for massive use of fallow land for commercial farming by making available the unused land on lease or contracts to interested farmers," Pradip Maharjan, Chief Executive Officer of AEC, who is also a member of the drafting committee, told on Wednesday 19th September 2012.

The proposed act also will make clear provision of insurance on farm products such as crops and animals with incentives to insurance companies which sell insurance policies for all kinds of farming system including contract or lease farming with provision of deduction of such insurance premium from their income before tax and suggestions to the government to encourage banks to issue loan to the entrepreneurs for agro-based market.

He said the proposed act will transform absent landlordism, a trend in which real land lords don´t cultivate by staying away from their own land, into commercialization of farming with the involvement of farmers other than landowners.

"As per our rough calculation around 20 percent of land in the terai of mid-Western and Far-Western region has been left fallow by land owners. The proposed act will prove to be instrumental for proper utilization of such land for farm commercialization which will ultimately resolves the problems of unemployment and food insecurity," he added. ♦

Budhi Gandaki project: French company selected as consultant

The Nepal Electricity Authority has decided to appoint France's Tractwell Engineering as consultant for the 600-MW Budhi Gandaki Hydropower Project. The company will receive Rs 920 million for the job. After conducting a financial and technical analysis of the company, the NEA board had decided a month ago to hire the company.

NEA officials said the proposal has been forwarded to Energy Secretary Hari Ram Koirala for final approval. "Once approved by the energy secretary, the company will prepare a detailed project report, determine the contractor and the model of investment for the project," said a NEA source, adding the company will also prepare tender documents.

Krishna Prasad Dulal, an NEA board member, who has been appointed as resource person for communication with Tractwell, said the company will complete the assigned task within 30 months. NEA had begun the consultant hiring process last year. The project site lies between Gorkha and Dhading districts.

Although the feasibility study of the project was completed in 1984, the project failed to draw interest of foreign donors and private power developers. According to estimates, project would cost $1.50 billion. According to the feasibility study, the project is one of the most favoured hydropower projects due to its high potential benefits and close proximity to the Capital.

The storage-type hydropower project has various advantages like storage of water and energy, year-round energy production, instant generating capacity, flexibility in providing base-load and peak-load services and employment generation. The reservoir of the Budhi Gandaki will have an area of 50sqkm, which will displace around 10,000 people. The project will affect the residents of 18 VDCs — eight in Dhading and 10 in Gorkha. ♦

Private Company okayed to import LPG from Petronas

The government has decided to smash Nepal Oil Corporation's (NOC) four-decade-old fuel import monopoly. A private company Chandi Lumbini Gas Storage Company has been permitted to import liquefied petroleum gas (LPG) from Malaysian petroleum giant Petronas from October-end.

Chandi Lumbini will buy gas and oil from Petronas, mix and refine the fuels at Indian Oil Petronas at Haldia and then sell LPG in Nepal. This will also mean that NOC's sole supplier, Indian Oil Corporation (IOC), will lose its special position in the Nepali market.

Chandi Lumbini had been okayed to import LPG for three years last year, but had not been able to carry it out. "Now, after revising the agreement, we are all set to do commercial LPG business in Nepal from October," said Rajat Krishna Shrestha, managing director of Chandi Lumbini. "We have succeeded after almost 12 years of effort."

The company said it would make bulk deals and its LPG would be used for commercial purposes only. It has invited Nepali bottling plants, auto filling plants and bulk consumers interested in doing LPG business. The company said that even NOC can buy its products. Nuta Raj Pokhrel, under-secretary of the Ministry of Commerce and Supplies, said the ministry had allowed private companies to import fuel from any Indian oil marketing company including the present supplier IOC.

Similarly, the LPG bylaws of NOC have also been amended to allow private sector participation in gas trading. "The India-Nepal Secretary Level Inter-Governmental Committee meeting in December last year had also allowed Nepali companies to import fuel from any Indian oil marketing company," Pokhrel added.

Meanwhile, the entry of the private sector in the LPG business is expected to check black marketing, hoarding and artificial shortages. The consumption of LPG has been increasing by around 20 percent annually. According to NOC, consumption has jumped eight-fold over the last 14 years. The use of LPG soared during 1995-1996 when it replaced kerosene as cooking fuel in urban and semi urban homes.

Nepal and India signed a Petroleum Supply Agreement in 1974 appointing IOC as the sole supplier of fuel to Nepal. Prior to that, major oil companies like Exxon and Chevron used to retail fuel directly in the Nepali market. ♦

Internet access almost doubles in a year

The number of internet subscribers in the country has almost doubled to around 19 percent from the earlier 10.89 percent within a year as increasing competition and introduction of new technology have eased access to internet services.

According to Nepal Telecommunications Authority (NTA), the total number of internet users in Nepal has jumped to 5.04 million as of August 2012, whereas their number was just 3.11 million till August, 2011. During this period, the number of wireless and fiber optics users more than doubled and reached 45,602.

Kapil Giri of ClassicTech attributed this popularity of wireless technology to competitive pricing and better services offered by the operators. "The service based on AirMax technology along with options of WiFi and fiber optics is hassle-free and more convenient," he said.

Likewise, the number of GPRS users has also grown rapidly. The NTA statistics show that presently there are more than 187,000 GPRS users, whereas a year ago there were less than 100,000 users.

"Companies are offering flexible plans and better services," said president of Internet Service Providers´ Association of Nepal (ISPAN) Binaya Bohara.

"The number of wireless users went up because ISPs started offering high speed internet through this technology," he said, adding that easy installation and comparatively cheaper pricing has contributed to massive growth in the number of internet subscribers.

Bohara, who operates Vianet, said that the growth of fiber optics users was positive. He said the major customers of fiber optics internet were quality conscious users.

"The fiber optics technology is no longer limited to big corporate houses and diplomatic missions," stated. Affordable pricing and reliable services has made this technology popular with small offices and households.

ISPs also attributed the increasing usage of internet to services that integrate internet with e-banking, e-shopping and others. "Internet today is not just a means of communication. It has become a life style," said Giri.

He said internet tariff has massively gone down enabling even people from low income groups to have access to internet. The number of ADSL users jumped to 92,000 from 68,000.

Despite the increasing number of internet users, customers of cable internet and dial-up continue to decline. The number of cable internet declined to 15000 from 18,000 and dial-up users are limited to 15,000 now. The number of dial-up users was 20,355 till August, 2011. ♦

Life Insurance Business in 2011/12: Income of life insurance companies up 26.8%

Premium income of life insurance companies went up by 26.8 percent in the last fiscal year, as rural markets continued to generate new business for life insurers.

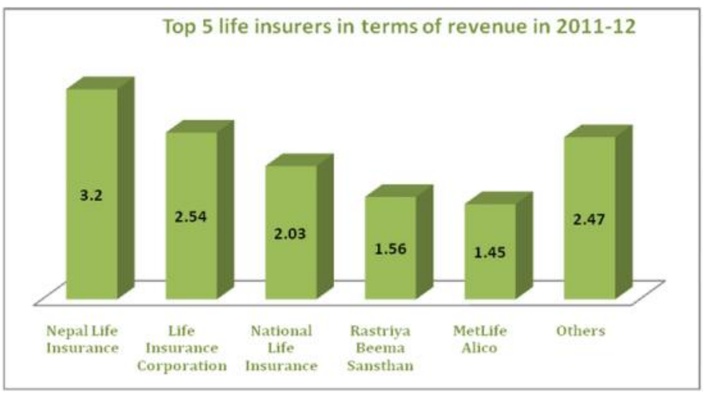
A total of nine life insurance companies generated a premium income of Rs 13.25 billion in the one year period through July 15, as against Rs 10.45 billion raised by these companies in the same period the previous fiscal year, the latest Insurance Board report says.

Of the amount, the insurance companies generated Rs 4.75 billion by selling new policies and Rs 8.50 billion by renewing old policies.

Top 5 life insurers in terms of revenue

Nepal Life Insurance	Rs 3.20 billion
Life Insurance Corporation	Rs 2.54 billion
National Life Insurance	Rs 2.03 billion
Rastriya Beema Sansthan	Rs 1.56 billion
MetLife Alico	Rs 1.45 billion
Others	Rs 2.47 billion

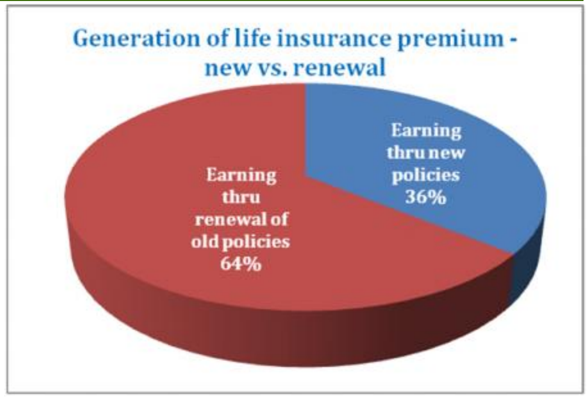
"The primary driver of the life insurance business has been the rural market. This is the market from where life insurance companies generate most of the revenue," Resta Jha, CEO of Prime Life Insurance, said, informing his company generates almost 70 percent of the business from rural markets alone.



The main reason for this is the high inflow of remittance income in these markets as most of the families in these areas have someone working abroad. This has raised their disposable income, and, in turn, given them leverage to purchase insurance policies, which is now considered safe investment that gives relatively good returns.

Of the policies introduced by nine companies, traditional endowment policies continued to remain the most popular life insurance product in the market in the last fiscal year as well. This product, which usually matures in 15 years, generated revenue of Rs 6.33 billion, or around 48 percent of the total premium income, for life insurance companies.

The revenue generated from sales and renewal of endowment policies in the last fiscal year was 27 percent higher than that of the previous year.



The Insurance Board report shows demand for endowment-cum-whole-life policies also went up in the last fiscal year, with sales and renewal of the second most popular life insurance product standing at Rs 2.99 billion in the one-year period through July 15, as against Rs 2.33 billion in the same period the previous year.

Among companies that raced to sell life insurance policies last fiscal year, Nepal Life Insurance Company finished first with premium income topping Rs 3.2 billion in the year, up 38.5 percent from that of the previous fiscal year.

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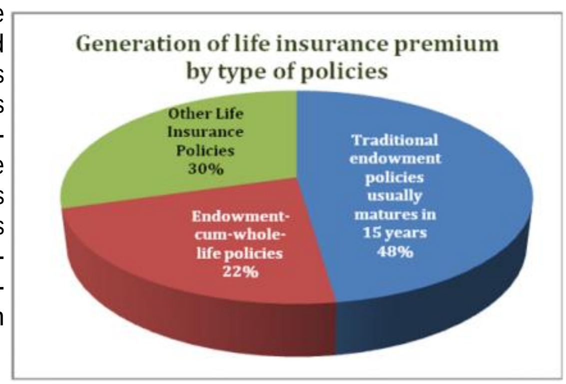
The second largest company, in terms of revenue collection, last fiscal year was Life Insurance Corporation (Nepal), which sold and renewed policies worth Rs 2.54 billion in the year, while National Life Insurance Company finished third generating a premium income of Rs 2.03 billion in the year.

Among new companies, Asian Life Insurance was the best performing life insurance company last fiscal year, with the insurer´s premium income topping Rs 1.04 billion in the year. But in terms of selling new policies, Prime Life Insurance beat Asian Life, as the insurer sold new policies worth Rs 641.12 million in the year as against Rs 278.39 million generated by Asian Life. ♦



Government readies portal to lure FDI

In a bid to help foreign investors interested to put their money in Nepal, the government is soon launching a portal that will have information about government policies, country´s investment climate and features of major projects, among others.

The government in partnership with the private sector is showcasing eight sectors - hydropower, tourism, manufacturing, agriculture, mines and minerals, service, information and communication technology and infrastructure development - through the portal (www.investnepal.gov.np), aiming to lure foreign investment in those areas.

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According to officials, the portal will be a window for foreign investors to know about Nepal, its investment climate, investment procedures, visa process, policies, laws, and acts including different surveys and treaties and agreements signed by Nepal with other countries.

“The portal will be formally launched at the end of this month,” said Chhabindra Parajuli, under secretary at Ministry of Industry (MoI). “The Invest Nepal portal serves as a single authorized information source for policies governing foreign direct investment and other business related information.”

The ministry is developing the portal with the assistance of United State Agency for International Development (USAID). According to Parajuli, there will be a dedicated help desk to provide additional information to interested foreign investors. Confederation of Nepalese Industries (CNI) will host the help desk.

Providing information on FDI, sector specific information and playing a role of a facilitator among investors, government agencies and the private sector are few of the specific objectives of the help desk, reads the yet to be launched web portal.

Potential investors can also ask for specific information about Nepal from the help desk. “The help desk will provide information and features of the particular projects as well,” Mahendra Neupane, executive director of CNI, said. “Foreign investors won´t need to travel all the way to Nepal just to know the basic pre-investment environment and policies.”

The reference centre is also expected to be helpful in attracting foreign investment as it will go online ahead of the launch of the much touted Investment Year 2012/13. ♦

Fast Track, Tunnel Highway to have common alignment in Khokana, Lalitpur

In order to minimize the cost of land acquisition in Khokana, Lalitpur, the government has decided to develop the track being opened in Khokana area as a common alignment for both Kathmandu-Tarai Fast Track and Kathmandu-Hetauda Tunnel Highway.

Previously, National Planning Commission (NPC) and Ministry of Physical Planning, Works and Transport Management (MoPPWTM) had cited Khokana as the entry/exit point for the Fast Track road. They had identified Balkhu as entry/exit point for the Tunnel Highway.

“The MoPPWM and NPC have agreed in principle to make a common alignment for both the roads projects,” Hari Bhakta Shrestha, joint secretary at MoPPWTM said. The Fast Track, which will connect Kathmandu and Nijghad of Bara, is a 76-km expressway, while the 50-km Tunnel Highway will link Kathmandu and Hetauda. “Now both the road projects will share common alignment of 15 kilometers in Khokana area,” said Shrestha.

Some officials at the ministry, however, said the decision to have common alignment for both the roads has complicated things for the fast track project, particularly as sharing of certain segment of roads might turn international investors away.

“The decision might put the very project (fast track) at risk. But, surprisingly, concerned officials at the NPC and the ministry took the decision even without studying how they will manage the shared section, among others, in the two BOOT projects," said a source.

Shrestha too admitted a serious study was needed to work out ways to manage the common section. "But the government will do that aptly," he said. He even disclosed that the decision was taken based on the request of Khokana locals. "Their request made sense as well, as now we would be able to acquire land for the project easily. Also, it will lower our land acquisition cost,” he added.

Dipendra Bahadur Kshetry, vice-chairperson of the NPC, also said common alignment for two mega projects would be cost effective in the long-term.

The government had handed over the Tunnel Highway project to the Nepal Purvadhar Bikas Company (NPBC) under the build-own-operate and transfer (BOOT) act in May, whereas it has called for expression of interest (EoI) from the contractors for the Fast Track project recently.

The NPBC has been asked to develop the Tunnel Highway within 4 years. "NPBC officials have agreed on the concept of common alignment. But I think it will be a difficult task for government to synchronize the development of the two projects," Kshetry added. ♦

Government proposes handicraft village at Kharipati, Bhaktapur

The government is finally gearing up to develop a handicraft village in Kharipati, Bhaktapur.

Handicraft industrialists had previously wanted the handicraft village to be developed in the Himal Cement Factory area, but things did not work out due to various issues. However, the government later proposed the area occupied by Nepal Electricity Authority in Kharipati, Bhaktapur to develop the handicraft village.

"We are delighted with the government's decision and we are also looking forward to its future strategy regarding the development of a handicraft village in the proposed area," said president of Federation of Handicraft Associations of Nepal (FHAN) Bikash Ratna Dhakwa.

"The government will form a committee within a week, which will study on how the handicraft village can be best managed," Dhakwa said. The committee will also work in selecting partners for the handicraft village under the Public Private Partnership model.

Earlier, the government had formed a three-member taskforce under the coordination of joint secretary at the secretariat of Council of Ministers, joint secretary from the Ministry of Commerce and Supplies, and a member of the Federation of Nepalese Chambers of Commerce and Industry. Eco Park is a concept developed by Nepal Business Forum to improve the handicraft sector. Meanwhile, the private sector has also proposed to develop an international convention centre and handicraft village with the reference of the location and the estimated cost.

FHAN had earlier planned to develop a handicraft village that would have 12 products with one product having one cluster and 20 enterprises. The plan also mentioned that the clusters would comprise of metal craft, handmade paper, woollen and silk carpets, gems and jewellery, gold and silver, wood carving, thanka and modern painting, potteries and ceramics, stone carving, pashmina and handloom, traditional garments made of natural fabric, and an auxiliary factory for accessories that are required to manufacture handicraft products.

Nepal has direct handicraft exports of Rs 3 billion and indirect exports worth Rs 4 billion annually. To promote Nepali handicraft in the Indian market, the association is also planning to organise a trade fair which will include India as its country partner.

"To promote Nepali handicrafts, we have plans to choose one international partner each year and this year India will be our country partner," said Dhakwa, adding that India can be a major market for Nepali handicraft products. ♦

20 pc rule costing Nepali Pashmina in Indian market

Exports of Nepal-made Pashmina products to India dropped by over 60 percent during the fiscal year 2011/12 compared to figure recorded last year after Indian officials fixed maximum retail price (MRP) on its trade making it expensive by 20 percent than ex-factory rates.

Traders said the Indian move has weakened the competitiveness of Nepali Pashmina in the Indian market.

Trade and Export Promotion Center (TEPC), which is authorized agency to compile trade data, states that exports of Pashmina products to the southern neighbor plunged to Rs 55.35 million during the year 2011/12 from Rs 144 million recorded the year before.

"Demand for our Pashmina from India dropped during the fiscal year 2011/12 and the trend still continuing as Indian customs officials marked up the MRP by 20 percent," said Dinesh Tuladhar, who has been exporting Pashmina products to India for the last few years. Tuladhar said demand for Nepali Pashmina has been gradually going down as Indian customers now prefer cheaper Indian Pashmina products.

He said 12 percent countervailing tax being imposed by India on Nepali Pashmina for the last few years had already started to dent Nepali Pashmina´s market in India. He also attributed the fall in the exports of Pashmina to the growing number of Pashmina factories in India. "The number of Pashmina factories in India has grown markedly over the last few years," he added.

Pushpa Man Shrestha, president of Nepal Pashmina Industries Association, said Nepali Pashmina products will lose the Indian market if the Indian government does not arrange easy entry.

However, total export of Nepali Pashmina product including Chyangra Pashmina has gone up by 16 percent to Rs 1.9 billion during the fiscal year 2011/12 compared to the previsous year. Nepal has registered the trademark of Chyangra Pashmina in 41 countries most of them in North America and Europe. Similarly, the process to register the trademark in Brazil, Russia, the UAE and China is going on. ♦

Central Depository System scheduled to open on Oct 1

Central Depository System and Clearing Limited (CDSCL) is scheduled to start operations on Oct 1 after having missed a number of earlier opening dates. The Nepal Stock Exchange (Nepse) and CDSCL have agreed to transfer the task of clearing and settlement to CDSCL by next week.

Initially, the change will not make any difference to the functioning of the capital market as CDSCL will be clearing and settling transactions manually. "Nepse will provide login facility to us, and brokerage firms will visit our office for clearing and settlement," said a CDSCL official. "This will familiarise our staff with the job before CDSCL goes electronic."

Full-fledged electronic operation of CDSCL is still a long way off as a majority of the listed companies are yet to register with CDSCL and the Securities Board of Nepal (Sebon) has not approved the Clearing and Settlement Bylaws. Currently, only a couple of banks and financial institutions have registered their securities at CDSCL and it is also hindering the electronic operation of the capital market through CDSCL. "Without the listed companies registering their securities at CDSCL, they can be dematerialized," said the CDSCL official.

Converting physical securities to electronic form is the first step before electronic trading of shares can be done. CDSCL officials have demanded that Sebon force the companies to register their securities at CDSCL as soon as possible. "So far, more than a dozen companies have applied to list their securities with us, and we hope that more will follow very soon," said an official.

One reason for the delay in starting electronic trading is that Sebon hasn't approved the draft of the bylaws sent by CDSCL in August citing "serious flaws". Without the Clearing and Settlement Bylaws, full-fledged operation of CDSCL is not possible.

Sebon's major concern regarding the bylaws is a statement in Section 2 which provides for creating an autonomous department for clearing and settlement at CDSCL. A Sebon official said that there should not be a separate autonomous unit as CDSCL itself is entitled to perform depository, clearing and settlement of securities.

"A separate autonomous unit within CDSCL will definitely invite a conflict of interest within the company in the near future," said the official. "Also, monitoring and regulation by the board will be difficult."

Likewise, the board has sought operational details of the settlement and guarantee fund mentioned in the bylaws. Clause 58 of Section 7 mentions such a fund, but has given no operational details.

A CDSCL official said that the settlement and guarantee fund was a very new concept in Nepal although it is considered to be a very important element of the capital market throughout the world. "Even Nepse has not established such a fund," said the official. "We are planning to hire expert consultants from abroad to prepare the operational details of the fund." ♦

TEPC launches export-import data portal

The Trade and Export Promotion Center (TEPC) on Tuesday launched a trade information portal Export-Import Data Bank in order to regularly disseminate information on Nepal´s foreign trade. The site provides essential information on Nepal's foreign trade, and is expected to help people and organisations concerned with exports and imports.

According to the TEPC, the web site contains import and export statistics since 2009 till the present. It provides segregated data of foreign trade. Users can access trade information through the link entitled Export-Import Databank in the organisation's regular web site www.tepc.gov.np.

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Lal Mani Joshi, secretary at the Ministry of Commerce and Supplies (MoCS) inaugurated the portal that provides imports and exports data on the basis of products, country, duration, customs point and region. Joshi said the portal would be useful to business people, researchers, trade negotiators and policy makers who need trade information to analyze the trade situation.

"The portal has been launched as part of our programme to improve our capabilities in providing trade statistics as per international practice," said TEPC director general Surendra Dhar Sigdel. The TEPC has constructed the portal with financial and technical support from Nepal Economic, Agriculture and Trade (NEAT), a programme under the United States Agency for International Development (USAID).

The web portal allows users to view the data by commodities and countries and by month and year. "The information is grouped according to the Gregorian calendar," said Suyash Khanal, director of the Statistics Department at the TEPC.

Speaking on the occasion, Phillip Broughton, chief of NEAT Activity, said such trade portals were beneficial to businessmen looking for better opportunity in exports and imports of goods.

The website provides detailed information on the country's foreign trade under 19 headings. "Also, users can receive information on both the quantity of goods and their money value during a specified time," said Khanal. Similarly, users can view the data of imports and exports through various customs points in the country. "The data is available in both Nepali rupees and US dollars," he added.

The TEPC has planned to update the information on Nepal's foreign trade every two months. "From now on, the TEPC will update the latest trade data through the web site," Khanal said. ♦

Govt requests India to initiate tender process

The government has finally requested the Indian government to initiate the tender process for the upgradation of Janakpur -Bijulpura railway and extension of the link to Bardibas, a major junction along the East-West Highway. Previously, the Indian government had cancelled the tender process twice after the government could not provide land for the project. The Indian government had allocated Rs 600 million in the previous fiscal year for the purpose.

"The ministry requested the Indian government to begin the tender process as we have almost acquired land for the project," an official at the Ministry of Physical Planning, Works and Transport Management (MoPPWTM) said on Tuesday. The Indian government had agreed to upgrade the 51-km railway project during the official visit of President Dr Ram Baran Yadav to India in February 2010. However, the project was continuously delayed to acquire land for the project.

"The government has started compensating the land owners in the project area," Ram Prasad Lamsal, director general of the Department of Railways (DoR), said. "The land acquisition process will complete by mid-November." DoR has estimated that land acquisition in the Bijulpura-Bardibas area would cost the government Rs 1.25 billion. Similarly, it needs to acquire a total of 220 hectares of land in Janakpur and Bijulpura to upgrade the existing railway track.

In a separate development, the Indian government has awarded the contract for construction of the 13-km Jogbani-Biratnagar railway line to an Indian company, Lamsal disclosed. "We have been informed that the Indian government has signed an agreement with an Indian contractor to develop the railway (Jogbani-Biratnagar) track," Lamsal said. Likewise, the government has initiated the process to select a consultant to carry out a detailed survey -- a part of feasibility study -- of the Pathalaiya-Lumbini railway project. ♦

NRB revises limit on advance payment for imports

The Nepal Rastra Bank (NRB) has eased advance payment for the importers of goods and services, including lease from the third countries other than India.

The new provision will now allow importers to send more than the maximum amount fixed by the central bank against guarantee issued by foreign banks. Under the existing NRB provision, traders can make advance of $30,000 to import goods against draft and TT, while the maximum advance payment for service import is $10,000. “The provision was eased to ensure that a payment beyond limit could also be made through formal channel,” said a senior NRB official, claiming that the latest move would discourage hundi and other illegal mode of payment.

However, the new provision requires the importers to submit recommendation of their regulatory agency to make advance payment beyond the limit for service import. Such bank guarantee will only be applicable for a specific period. “If transactions are not done within the timeframe, such bank guarantee should be seized and informed to the central bank’s foreign exchange management department,” states the circular.

The central bank has also raised the ceiling on one-time advance payment for imports of services to $10,000 from $6,000 in the past. ♦

NRB barred regional FIs from financing projects outside working area

Meanwhile, local-level financial institutions (FIs) have been allowed to extend credit to projects only if they and the collateral are situated in their licensed operating area. Issuing a circular on Wednesday, Nepal Rastra Bank (NRB) has ended the earlier arrangement under which they were allowed to lend to projects wherever they are if the collateral is in the working area. The latest directive means both projects that are being financed and the fixed asset pledged as collateral must remain inside the working area of regional financial institutions.

"However, this condition will not apply on hire purchase loans," the directive says. Most of the banks finance automobiles under the hire purchase loan. "Since it is impossible to restrict movement of, say, bus or car, we decided to keep hire purchase loans out of the latest directive´s ambit," a high-ranking Rastra Bank official said.

Only national-level banks and financial institutions have been allowed to lend to projects wherever they are against collateral anywhere in the country. The central bank has, however, permitted local-level FIs to issue hire purchase loans anywhere in the country.

An NRB official said that the move had been taken to ensure their business activities carried out within certain area as they were licensed to increase financial access to that area.

The central bank said if any local financial institution has already lent beyond the working area, the loan should be regularized by mid-July 2014. “Otherwise, they will have to keep 100 percent loan loss provisioning for such loans,” stated the circular. Meanwhile, the central bank has barred financial institutions that have already violated the provision of lending against collateral beyond the working area and have put provisioning from adjusting such provisioning as per the new regulation.

Meanwhile, the directive also states banks from now on need not obtain written approval of the central bank to include subordinated debt instruments, like debentures and bonds, in supplementary, or Tier 2, capital. ♦

Supreme Court orders government to implement Euro III

The Supreme Court (SC) on Tuesday 25th September, has ordered the government to implement the Euro III vehicle emission standard, which was not being implemented fully, with automobile dealers demanding at least a year's time for the execution, giving its verdict on the writ petition filed by advocate Jivan Kumar Pokhrel on 6th September demanding full implementation of the Euro III vehicle emission standard.

A division bench of justices Girish Chandra Lal and Gyanendra Bahadur Karki on Tuesday issued the order, directing the government to implement the Nepal Vehicle Mass Emission Standard (NVMES) 2012, which bars the import of vehicles that do not comply with Euro III, and the National Ambient Air Quality Standard 2012.

Nepal has been importing vehicles based on the Nepal Vehicle Mass Emission Standard 1999 (Euro I) for last 13 years. As per the new emission standard, all vehicles, except for heavy equipment vehicles, entering Nepal are required to be in compliance with Euro III. About one and half months ago, the government had published a notice in the Nepal Gazette, implementing the NVMES 2012. However, automobile dealers criticised the government's move, saying they were not consulted before bringing the provision.

NADA, the apex body of automobile and spare parts dealers, had, however, welcomed the government move, but had also demanded that the government allow dealers to import vehicles built under old standards that have already been ordered for a certain time. "This is good that the SC too has directed to implement the new emission standard," said NADA member Gopi Krishna Neupane. But he underscored the need for correcting some minor mistakes in the NVMES 2012 notice published in the gazette.

Lack of 'hi-tech' workshops and delay in bringing vehicle fitness test centres into operation have been highlighted as major hurdles for the effective implementation Euro III. ♦

Government to reopen about dozen closed public entities

About a dozen state-promoted manufacturing industries that were shut down over the past one decade will soon come into operations again, said Minister for Industry Anil Kumar Jha.

Jha, who interacted with the press in Biratnagar on Tuesday said that the Ministry of Industry (MoI) has already commenced initiatives whereby it will reopen those industries in phases. Jha said in the first phase, the MoI was preparing to resume operations of Biratnagar Jute Mill (BJM), Butwal Spinning Mill (BSM) and Birgunj Sugar Factory (BSF). "Among those industries too, the MoI is already in the final leg of resuming operations of BJM," he added.

"In the first phase, the MoI was preparing to resume operations of Biratnagar Jute Mill (BJM), Butwal Spinning Mill (BSM) and Birgunj Sugar Factory (BSF). Once BJM comes into operations, we will start processes to reopen other industries as well. Resuming their operations is vital to restore manufacturing climate in the country as those still possess huge business potential creating employment for thousands of people"

Though the long-running policy of the government has been to privatize the public enterprises (PEs), Jha disclosed the ministry has been taking initiatives to bring the closed PEs back into operations since a year ago. "Once BJM comes into operations, we will start processes to reopen other industries as well," he stated. Biratnagar Jute Mills was closed four years ago.

According to Jha, the government has already approved a proposal of Winsome International Limited - a Kolkata-based Indian firm - to restart the operations of the BJM. The firm has been selected for re-operating BJM because it quoted highest price in the bid.

Chairman of the BJM Ashok Pokharel said that the Kolkata based firm quoted annual royalty of Rs 13.5 million - the highest price - when the government invited bid for handing over the management of the BJM. A total of three firms from Nepal and India had participated in the bid. Other bidders were Lalwani Jute Bag Industry and Archana Impex from Nepal. The Mill will come into operation before the Dashain festival, after signing the contract within a week, he added.

Apart from the manufacturing plant, the Mill also possesses property such as electricity turbine house, railway yard that connects with the Jogbani Railway Station, large warehouses and facilities such as residential quarter for managers.

"The closed industries will be brought back into operations under different models like lease contract to the private sector and cooperatives, among others," said Jha. "We know bringing the closed public entities back into operations is a challenging task. But resuming their operations is vital to restore manufacturing climate in the country as those still possess huge business potential creating employment for thousands of people," Jha stated. ♦

Company Registrar's Office to be automated soon

The Company Registrar's Office (CRO) has launched a 100-day programme to make its office fully automated. In the same period, the office will improve its administration and maintain close relations with stakeholders, the office said in a press statement.

According to the reform plan, the office will update its software and data bank before December 31, 2012. Similarly, it will include company registration and a refined calculation system in the automation process.

"After automation, companies will be able to fill their details online," said under registrar of the office Deepak Ghimire. The office will reduce its information points from 15 to six during the period. It will provide token service on a first-come first-serve basis. Similarly, Company Registrar's Office will strengthen its monitoring mechanism during the period. ♦

SEBON to introduce commodities regulation soon

The capital market regulator is in a hurry to bring the commodities and derivatives market under the regulatory ambit at the soonest following the furor about shady activities of the exchanges, but the move has raised concerns about its effectiveness.

Securities Board of Nepal (Sebon) had already submitted a preliminary draft of the regulation to the High Level Financial Coordination Committee on Monday. "The committee has given its feedback and we will incorporate those suggestions in the final regulation," said chairman of Sebon Baburam Shrestha.

The high-level committee comprising of the finance minister, finance secretary, chairmen of Sebon and Insurance Board, and governor of Nepal Rastra Bank had formally commissioned Sebon to regulate the commodities market as soon as possible.

Commodities market has come under fire after Sebon released its study report on the undertakings of the exchanges last month. Even though the report did not find any illegal undertakings by these exchanges and the brokers, it, however, substantiated doubts that the market operation is not in favour of investors.

Moreover, suspicious trading software, lack of transparency and bad corporate governance, have left investors vulnerable. Fearing similar activities, Sebon had already started proceedings to frame a regulation but the process got derailed as an amendment to the Securities Act to include the commodities and derivatives market under Sebon's jurisdiction was halted due to the dissolution of parliament.

"We still need to amend the Act, but for the time being we can regulate the market with the authority bestowed by Securities Act that says Sebon can regulate contractual trading, and since commodities market also trades contracts we can regulate them through that for the time being," pointed out Shrestha.

The draft spells out the clause regarding fit and proper criteria, disclosure, transparency, corporate governance and trading procedures.

"A little delay will not hurt much, but trying to regulate with half-baked laws will only backfire as exchanges will get a regulation they desire but there will be no guarantee that investor rights will be protected," said a member of the study team that conducted the research on Nepali commodities market for Sebon.

The commodities market has mobilised investment worth Rs 250 million, with Rs 13 billion investment from investors. And 80 per cent of investors lose their investment.

There are seven commodities exchanges — with the latest Everest Commodities Exchange — operating in Nepal that provide a portal to buy or sell contracts of precious metals, crude oil, natural gas, base metals and agricultural products at an agreed price but transactions are held for speculative motive only. ♦

CG Mart opens third outlet

CG Mart has opened its third outlet at Sunrise Biz Tower, Dillibazar on Friday. According to a press statement issued by the company, the new outlet spreads in an area of 2,700 square feet, housing 7,240 items including fast food items.

CG Mart has outlets at Minbhawan and Tripureswor. The stores open from 8 am to 10 pm. CG Mart will study the experience of the retail industry and will establish a system stores, distribution centers, information technology systems, logistics systems and supply chain, among others, said the statement issued by the company. ♦

FDI in India in July up 60% to $1.76 bn
(Services, pharmaceuticals, construction and power sectors receive large FDI inflows)

After declining for three consecutive months, foreign direct investment (FDI) in India increased by about 60% to $1.76 billion in July. In July 2011, the country had received foreign investment worth $1.10 billion. However, according to latest data of the Reserve Bank of India (RBI), during April-July 2012 the FDI inflows dipped to $6.18 billion from $14.6 billion in the same period last year.

According to official in the Commerce and Industry Ministry, the reason behind increase in FDI in July is basically due to fluctuating nature. "But the recent decisions like allowing foreign direct investment in multi-brand retail and civil aviation would help in boosting investments in the country," the official added.

India has also allowed foreign airlines to buy 49% stake in the domestic carriers, besides permitting 49% FDI in power exchanges. It has also increased foreign equity cap to 74% in services like teleports, DTH, Multi System Operators (MSOs) operating at national, state or district level, which were involved in digitisation and mobile TV and mobile TV.

Foreign inflows in April, May and June dipped to $1.85 billion, $1.32 billion and $1.24 billion compared to $3.12 billion, $4.66 billion and $5.65 billion respectively, in the year-ago period.

Sectors which received large FDI inflows in the month under review include services, pharmaceuticals, construction and power. India received maximum FDI from Mauritius, the Netherlands, the UK, Singapore and Cyprus.

The inflows had aggregated to $36.50 billion in 2011-12 against $19.42 billion in 2010-11 and $25.83 billion in 2009-10. ♦–PTI/ New Delhi

Fiscal Deficit:
Indian finance minister P Chidambaram to monitor all expenditures above Rs 200 crore

Finance minister P Chidambaram has got down to the business of keeping the fiscal slippage to the minimum after admitting that meeting 5.1% target for the year will be difficult.

The minister is personally looking at any expenditure above Rs 200 crore to ensure that there's no overspending by any ministry and has tasked the revenue department to look out for more funds to cushion the impact of higher subsidies.

The borrowing calendar, to be announced on Friday, is not likely to suggest any extra borrowing which will send out a clear signal that the government is serious about fiscal consolidation.

"These are extraordinary times... There has to be stringent monitoring of expenditure to prevent any slippage," said a finance ministry official. Usually, the finance minister is not informed if the expenditure is around Rs 200 crore, as it does not require his approval, but this year he is keeping a closer tab.

"Stringent day-to-day monitoring is required to ensure that expenditure suddenly does not go out of hand. This exercise essentially aims at that," the official said. In the first four months of the current year (April-July), the government has already run up a third of the total expenditure budgeted for the year while revenues have largely been in line, leaving the government with over 50% of the budgeted fiscal deficit at the end of July.

Chidambaram has said that the government will be lucky if it manages a fiscal deficit of 5.1% of GDP and admitted that subsidies will exceed the budget estimate, pegging them at 2.4% of GDP against 1.9% in the budget. He may put a figure on the deficit after a detailed fiscal consolidation plan is worked out based on the recommendations of the Vijay Kelkar Committee.

Some officials ET spoke to earlier this month had said that the finance ministry may strive for a fiscal deficit of 5.3% of GDP in the current fiscal. Finance ministry and RBI officials are meeting on September 28 to finalise the borrowing calendar for the second half of the financial year.

"Markets believe that the government would have to reconcile to fiscal deficit at 5.6-5.7% for FY13 and an additional borrowing of Rs 40,000-Rs 50,000 crore...However, additional borrowings may happen only in the later half of the financial year," said Abheek Barua, chief economist, HDFC Bank.

With stock markets responding enthusiastically to reforms, finance ministry hopes its disinvestment target of Rs 30,000 crore will be reached. The North Block has already secured Cabinet nod for stake sale in four staterun companies and set in motion the process for creation of an exchange-traded fund as a back-up plan in case other modes of sale are not feasible.

On the taxation side, Chidambaram has told officials to devise a focused collection strategy to ensure that the budget target is met. Earlier this month, Chidambaram had told financial advisors of various ministries to stick to their expenditures estimates and not seek any additional allocations and also did not move a demand for supplementary expenditure in the Monsoon session.

The increase in diesel prices and the cap on sale of subsidised cooking gas cylinders is expected to provide a cushion of 0.2% of GDP. "Overall, we expect the fiscal deficit to be higher by 40-50bps in FY12/13 than the budget estimate of 5.1% of GDP, despite the government's recent fuel price measures," Deutsche Bank, India chief economist Taimur Baig said in note released on Friday. ♦ET Bureau /New Delhi

Indian Tax rules to be relaxed for the IT sector, move to attract more business from MNCs

The government of India is on course to make tax rules easier for the $70-billion information technology industry to make India a much more attractive destination for software development. A high-level panel appointed by PM Manmohan Singh and chaired by former CBDT chairman N Rangachary has recommended favourable tax treatment and a stable tax regime for software sector, said a senior government official privy to the report, which comes at a time when the outlook for the export-focused industry has worsened.

"Hope the recommendations would bring in greater certainty to tax issues faced by the industry." The Rangachary panel's recommendations are of a piece with attempts in recent weeks to revive flagging investment.

Nasscom is of the view that transfer pricing rules, meant to prevent multinational companies from mis-pricing their products and services to shift profits out of India, are far too stringent and hurt the profitability of the sector. The government will now fix a markup, or an acceptable level of deviation from the market price, also called 'safe harbour'.

Certainty in the tax regime and more clarity on the interpretation of tax law will encourage multinational companies to ship more work to their captive units here, said Som Mittal, president of the National Association of Software and Services Companies. "Nearly 35 per cent of our export revenues come from MNCs and captives and, therefore, we need to encourage them to set up their development centers in India rather than move to the Philippines or China," he said.

The panel had extensive consultations with the software industry grouping before finalising the first of its three reports.

"This (tax issues) is a big distraction for the industry when there is a need to focus on the growth in the backdrop of a challenging global economic environment," said V Balakrishnan, chief financial officer at Bangalore-based Infosys.

The Rangachari panel will finalise safe-harbour rules individually for each sector by December this year. Tax authorities would then accept transfer prices declared by these companies and the move will bring more predictability in tax dues and reduce disputes.

Another big complaint for Indian software companies relates to tax treatment of profits earned from onsite activities — work that these companies do at their clients' sites.

Tax authorities have raised demands on these companies, saying that onsite activities cannot be treated as exports and hence do not qualify for a tax exemption. They have also argued that deputation and technical manpower contracts cannot be treated a software exports. ♦ET Bureau / New Delhi

India launches reforms to boost stock market

India moved yesterday to encourage investors to put extra money in the stock market and spur more domestic companies to borrow cheaply abroad, leading to fresh leaps on the Bombay Stock Exchange.

Finance Minister P Chidambaram announced a tax incentive scheme for new investors earning below one million rupees ($19,000) a year who invest up to 50,000 rupees in the stock market.

"Gold is a dead asset," Chidambaram said. "There are millions of people with surplus assets and I hope this will encourage them to come to the market." Retail investor participation in the stock market is still relatively low in India with many people's savings invested in gold, real estate and low-risk avenues like high-yielding bank deposits.

The new equity investment scheme is designed to boost domestic capital markets and promote a greater "equity culture" in India, Chidambaram said, adding "we must wait and see" how much investment in stocks was generated by the move. Under the scheme, investors will get a 50 per cent deduction from their taxable income of the sum invested.

The minister's announcement came as the government has been pushing ahead with contentious reforms by opening up the retail, aviation and other sectors to greater foreign investment to spur a slowing economy.

The benchmark 30-share Sensex index was up 2.82pc at 18,866.87 points, with retail and aviation stocks among the biggest gainers after the government signed into law a decision to allow wider foreign investment in the sectors. The optimism is there due to a decisive signal from the government that reforms would continue," said Churiwala Securities managing director Alok Churiwala.♦ -Agencies

Panasonic India targets Rs 1200 crore revenue during festive season

Panasonic India is targeting Rs 1200 crore business from the festive season which has started with Onam in Kerala and extends till Diwali, Panasonic India managing director (consumer products division) Manish Sharma said.

The company plans to invest Rs 70 crore on brand campaign and promotions during the period. Panasonic will soon break a new campaign with its brand ambassador and cinestar Dia Mirza around this period which will focus on how the products are eco-sustainable.

Sharma said Panasonic India has grown by 62% between April to August this year as compared to same period last year. This is despite the challenging economic environment and low consumer sentiments, whereby the durable industry is recording single digit growth rate. "Hence, we have decided not to increase product prices during the festive period despite 20% depreciation of the rupee vis-a-vis dollar over last year," said Sharma. Panasonic has grown by 35% in LCD, LED and plasma televisions this fiscal, 100% in air-conditioners and 125% in home appliances and beauty products.

"We currently have 14% share in AC which we want to grow to 20%, while will grow our share in flat panel television from 9% to 15%," said Sharma. The company will soon roll out a new range of flat panel televisions in the sub-32 inch category which constitutes 55% of the market and Panasonic has just two models in the line-up. ♦ ET BUREAU -Kolkata

At 82, Oberoi group's Chairman, PRS Oberoi to diversify the 78 year old brand

Oberoi group Chairman PRS Oberoi plans to leverage his 78-year-old iconic hotel brand to enter other segments of the luxury business, including branded condominiums and premium foods. This will be the first instance of an Indian business house extending its family brand in the luxury space beyond its core business.

In an exclusive interview with ET, the 82-year-old hotelier said he will build the first Oberoi-branded residences in Bangalore and is considering launching Oberoi-branded food in the premium segment.

"You see, today you cannot build a hotel by yourself in any city. Land is too expensive. You have to have multi-use. It can be hotel, service apartments, residences (condominiums). We are planning one in Hebbal in Bangalore. We have a nice piece of land, overlooking a lake. We will build Oberoi residences and sell them on our own," Oberoi said. "If we do it right, two-thirds of a hotel's cost can come from there," he added.

The octogenarian will follow in the footsteps of global hotel giants such as Four Seasons and Ritz Carlton that have launched branded residences worldwide and have similar plans for India. International luxury brands like Armani and Versace too have launched branded condominiums.

In India, business houses such as the Tatas and Godrej have already forayed into the real estate space, but have restricted themselves to the affordable and the premium categories.

Oberoi said he wanted to foray into the food segment, but hasn't "anything planned yet." Launching branded chocolates is an option, but it is not a big market, he added. "We have to find something that has a bigger market. Food has been on my mind for some time, though distribution is a problem," he said.

"It's a good location and there are not many hotels in Delhi," he said, adding that what Taj is paying this year—17.5 per cent of gross revenues-might be an indication to future bidders and he feels it will be a tough contest between hotel companies, who are likely to bid aggressively. If he manages to win the lease, he will spend at least Rs 250 crore to rebuild it like a luxury hotel. ♦ ET Bureau / New Delhi

Wal-Mart plans to open stores in India

US giant Wal-Mart on 21st September said it aims to launch its first retail store in India within the next 18 months after the government opened the vast consumer market to foreign chains. "That is the plan - to open (stores) in 12 to 18 months," a spokesman for the world's largest retailer by sales said, declining to disclose details including how many branches Wal-Mart might open.

Up until now foreign groups such as Wal-Mart could only operate as wholesalers amid fears that big Western retail chains would swamp India's tens of millions of small family-run stores which dominate the sector. Contd on page 13

Wal-Mart plans to open stores ………

Wal-Mart is the first foreign company to formally announce its intentions to enter the retail market under the new policy.

To prepare for its store entry, Wal-Mart opened its first wholesale supply outlet in 2009 in alliance with Bharti Enterprises, parent of India's top mobile firm Bharti Airtel, and now has 17 "Best Price" cash-and-carry outfits.

India's retail market clocks $500 billion in sales annually, a figure expected to grow to $800bn in the next five years. Of that, chain stores account for $33bn, a sum seen growing to $80bn within five years. ♦ Agencies

Maruti Suzuki to launch all-new Alto next month; will offer CNG option too

India's largest car maker Maruti Suzuki India is to launch a completely new version of its erstwhile best selling model Alto in the small car segment.

The company will launch an all-new Alto 800 next month to replace the existing Alto as the company seeks to overcome tough market conditions, especially high petrol price and interest rates that have hurt the sales of small cars. It is also offering CNG option in the new Alto 800.

"We want to do what we were doing and even better with the Alto 800 coming in," Maruti Suzuki India (MSI) Vice President Market Manohar Bhat said.

Sales of the Alto have declined 34.83 per cent in the April-August period to 89,000 units as compared to 1.22 lakh units in the year-ago period. The model has been MSI's best selling model for many years until Swift overtook it earlier this year. Last year, the company had sold 3.08 lakh units of Alto and the year before it stood at 3.4 lakh units.

"It is a very difficult market now. It is in a bit of flux now and with the Alto 800, we hope there would be excitement and it will reignite the market," Bhat said.

Launched in 2001, the Alto sold a total of 20 lakh units in the domestic market and exported another 2.47 lakh units.

MSI and its vendors have spent Rs 470 crore in developing the new Alto 800, which is based on the platform of the previous model.

The company is banking on Alto 800's improved fuel efficiency of 22.74 kmpl, which is 15 per cent higher than the previous model, to be one of the key factors to create customer pull apart from its new design and other features such improved gear shift and more leg room for rear passengers. ♦ PTI/Cochi

The company will launch an all-new Alto 800 next month to replace the existing Alto as the company seeks to overcome tough market conditions, especially high petrol price and interest rates that have hurt the sales of small cars.

Toyota Motor to release 21 new hybrid models by end-2015

A participant to a press event by Toyota Motor Corp. puts a quick charger plug into the newly-developed compact electric vehicle "eQ" during a test drive at a press event in Tokyo Monday, Sept. 24, 2012.

Toyota Motor Corp. is boosting its green vehicle lineup, with 21 new hybrids in the next three years, a new electric car later this year and a fuel cell vehicle by 2015. Japan's top automaker outlined its green vehicle plans Monday amid growing concerns about global warmingand surging gas prices

Toyota will offer an electric compact called eQ, based on its iQ model, in Japan and the U.S. in December though the number of the vehicles made will be extremely limited - about 100.

The fuel cell vehicle, which runs on hydrogen, will be offered from 2015. ♦ - AP

World trade to growth to slow

World trade will grow by a mere 2.5 per cent this year, dragged down by Europe to less than half of the previous 20-year average, the World Trade Organisation (WTO) said yesterday. The WTO cut its estimate from a 2012 growth forecast of 3.7pc it made in April and also lowered its forecast for 2013 to 4.5pc growth from 5.6pc. "I see the risk more on the downside than the upside," WTO director-general Pascal Lamy said.

The WTO figures are based on world economic growth of 2.1pc in 2012 and 2.4pc in 2013, which it said was a consensus estimate of economic forecasts. "The main reason for the growth slowdown is of course Europe," said Lamy.

The WTO now expects 1.5pc growth in exports from developed economies this year, instead of the previous forecast of 2pc. Those from developing countries are seen posting 3.5pc growth, down from 5.6pc previously. It sees developed nations more than doubling their export growth to 3.3pc next year and developing countries exporting 5.7pc more.

The WTO said its 2013 estimates assumed current policy measures would be enough to avoid a breakup of the euro and that agreement would be reached to stabilise public finances in the US and avoid automatic spending cuts and tax increases. ♦

Spain won't need ECB bailout - says Germany

EU paymaster Germany said yesterday that Spain does not need a European bailout, dousing financial market expectations that Madrid will gain early relief from European Central Bank bond-buying.

German Finance Minister Wolfgang Schaeuble's comment, contrasting with pressure from France for Madrid to avail itself of ECB help, seemed aimed at deterring Spanish Prime Minister Mariano Rajoy from applying for assistance soon.

"Spain needs no programme because it is doing the right thing and will be successful," Schaeuble told the Foreign Press Association in Berlin, saying he was in full agreement with the Spanish government. "What Spain needs is the confidence of the financial markets and that is where Spain has real problems," he added.

In Madrid, Spain's deputy prime minister denied a report that the government is considering freezing pensions as it races to cut spending and meet likely conditions for any rescue package. "The prime minister has said publicly that the first thing he did when taking power was bring pensions up to date and that should be respected ... in his exact words, it would be the last thing he would touch," Soraya Saenz de Santamaria said.

The pension measures would save at least four billion euros ($5.2bn) a year as well as fulfil European Union policy recommendations issued in May which senior euro zone sources said were being used as a blueprint for the terms of a sovereign aid programme.

Spain's borrowing costs have begun to creep up again as government officials and euro zone partners have sent confusing signals over whether Madrid would apply for and receive a precautionary credit line.

The country faces a 27.5bn euro debt redemption hump in late October, but EU officials said they did not expect Rajoy to submit an application before regional elections in his home region of Galicia on October 21 - too late to receive ECB backing by that deadline.

The ECB has conditioned its willingness to buy shorter-term bonds in the secondary market on vulnerable countries applying for assistance, negotiating a memorandum of understanding and accepting strict conditionality and international supervision. Italy may soon come into the frame too. ♦

Nepal-India
Chamber of Commerce & Industry

Text /Compilation /Dissemination
Marshal Rathour

Concept/Text / Research / Analysis/ Design /Edit
K M Singh

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

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

We're on web!
www.nicci.org

Bill Gates still tops list of America's richest people

Microsoft Corp. co-founder Bill Gates remains America's richest man by far, as the tech and philanthropy giant took the top spot on the Forbes 400 list for the 19th year running, with a net worth of $66 billion.

Investor Warren Buffett, the head of Berkshire Hathaway Inc., again took second with $46 billion, while Oracle Corp. co-founder Larry Ellison remains third with $41 billion and brothers Charles and David Koch, co-owners of Koch Industries Inc., tied for fourth with $31 billion.

Forbes said the rich mainly got richer in 2012, with net worth rising for 241 members of its list and shrinking for only 66. Rising stock prices, a rebound in real estate values and rare art prices helped.

More members of the Walton family, the founders of Wal-Mart Stores Inc., moved up into the Top 10, displacing investor George Soros and Las Vegas Sands Corp. founder Sheldon Adelson. New York City Mayor Michael Bloomberg, who made his fortune with the financial data services firm Bloomberg LP, is also back with the top dogs at No. 10 with an estimated net worth of $25 billion.

Social media moguls took the biggest hit. Zynga Inc.'s Mark Pincus and Groupon Inc.'s Eric Lefkofsky dropped off the list entirely. Facebook's Mark Zuckerberg was the biggest dollar loser in Forbes' latest ranking of the 400 wealthiest Americans. The company's lacklustre IPO in May resulted in a huge drop in market value that cut the value of his shareholdings almost in half, costing him $8.1 billion in net worth. That dropped Zuckerberg from No. 14 on the list to No. 36.

But although Zuckerberg lost more money than most people will make in many lifetimes, his net worth still totals an estimated $9.4 billion, according to the magazine.

Twenty newcomers joined the list, which required $1.1 billion in net worth for entry, up from $1.05 billion a year ago. Among the freshly minted are Shahid Khan, owner of the NFL's Jacksonville Jaguars, at No. 179; Judy Faulkner, founder of health records firm Epic Systems, at No. 285; Andrew & Peggy Cherng, the husband and wife team behind restaurant chain Panda Express, at No. 239; and Twitter creator Jack Dorsey at No. 392.

There are 45 women on the list, up from 42 a year ago, including Oprah Winfrey at No. 151.

The top 10 people on this year's Forbes 400 list are:

Bill Gates	$66.0 billion
Warren Buffett	$46.0 billion
Larry Ellison	$41.0 billion
Charles Koch	$31.0 billion
David Koch	$31.0 billion
Christy Walton & family	$27.9 billion
Jim Walton	$26.8 billion
Alice Walton	$26.3 billion
S. Robson Walton	$26.1 billion
Michael Bloomberg	$25.0 billion

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secrtariat@nicci.org