



NICCI e-Newsflash

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Expert suggest facilities to attract direct foreign

Expert on Monday, 6th August, stressed the need for providing facilities such as tax rebate, VAT exemption and subsidies for attracting foreign direct investment (FDI).

Speaking at a public-private dialogue on "Draft Foreign Investment Policy" 2012 jointly organized by the Ministry of Industry and the Federation of Nepalese Chambers of Commerce & Industry (FNCCI), in support of USAID in the capital on Monday, 6th August, they said that the government should be firm on its policy stances and guarantee the FDI.

Presenting a draft of the Foreign Investment Policy 2012, Keshav Acharya, Leader of the Consultant Team IPRAD, said that the policy should provide a lump sum subsidy to per unit completion of the physical infrastructure in lieu of tariff and VAT exemption for luring foreign investment in the country. He said that government should make that the Export promotion And Special Economic Zones free of all taxes.

He also suggested that the government should form a separate Foreign Investment Promotion Board (FIPB) under the Ministry of Industry to look after the FDI. "It is like the Board of Investment (BOI). The BOI looks after the cases of investment that have come to the country, however, the FIPB is presumed to look for the investment and channelize the investments", he said.

The new draft has proposed to offer a 100 percent tax rebate in the investment in research and development (R&D) sector. "There should be total tax exemption if

FDI comes in research and development of agricultural and mineral sector.

The draft FDI policy has also suggested making the entry and exit process easier. The entry and exit process is quite hectic. The investors need easy entry and exit process.

The new FDI policy has called for identifying infrastructure, tourism, agriculture, manufacturing, ICT and technical and higher education sector as the potential sector for attracting FDI.

Similarly, the other provisions included in the draft policy include cash subsidy for export-based industries, corporate tax exemption for the companies/institutions employing women, dalits, janjatis, and disabled people, provision of single trade union structure in an organization, signing of the Bilateral investment promotion and Protection Agreement with the respective countries at least with top ten countries having FDI in Nepal, among others.

Senior Vice-President of the FNCCI Bhaskar Raj Rajkarnikar, Chandra Prasad Dhakal, Coordinator of Investment Promotion Forum, FNCCI, Laxman Bhattarai, Acting Secretary at the Ministry of Industry, Former Secretariat of the Ministry of Industry Bharat Bahadur Thapa, Ministry of Law and Justice Madhav Paudel, Dr. Dev Bhakta Shakya, Representative of USAid, among other spoke the occasion.

NRB clarifies on investment on foreign countries.

Governor of the Nepal Rashtra Bank (NRB) Dr. Yubraj Khatiwada clarified that the central bank had provided partial facility for local businessmen to expand their business outside the country.

Refuting the news report covered by some media regarding the new monetary policy's provision for Nepali investors to invest in foreign countries,

NRB clarifies on investment

he ruled out that the NRB had not authorized them fully to take their investments abroad.

“The Monetary Policy has let the Nepalese businessmen expand their businesses abroad by opening outlets or show room for promoting domestic products” he said.

Speaking at an interaction on Monetary Policy, on Tuesday last week in capital, Governor Dr. Khatiwada said that the newly unveiled policy mainly focused on achieving the target of economic growth and macroeconomic stability.

The refinance rate to productive sector, including agriculture, livestock and fishery and hydropower has been set to 6 percent. Earlier, the rate to the agriculture and hydropower was 6.5 percent and productive sector was 7 percent, he said. He asked the banks and financial institutions to increase their lending for the agriculture sector.

He added that the policy has targeted to limit inflation rate to 7.5 percent in the current fiscal year and achieve a 5.5 per cent economic growth.

Saying that the liquidity in the banking sector was growing significantly, the governor asked the banks to lower the lending rates. He also ruled out the possibility of easing the provision of housing and real estate immediately.

In the same program, Ashoke Rana, president of the Nepal Bankers' Association, (NBA) said that there was no possibility of the reduction of the lending rates of banks and financial institutions immediately. He said that the banks and financial institutions were increasing their investments in the agricultures as per the provision of the central bank.

IB seeks proposal on feasibility study of Kathmandu Metro from NMPL

The Investment Board (IB), entrusted with the task of immediately executing works on 14 mega projects including West Seti Hydro Project and Nijgadh International Airport, has written to Nepal Metro Private Ltd (NMPL) asking it to submit a detailed proposal on conducting feasibility study and the construction of Kathmandu Metro Railway (KMR).

Previously, NMPL had expressed interest to conduct the feasibility study and carry out the construction of KMR, but on condition that the metro project is handed over to it forgoing the bidding process.

According to a government official privy with the KMR project, the IB had established contact with NMPL based on the offer made by the company. “The Investment Board will take a decision on whether to hand over the project to NMPL after going through its proposal,” said the official.

A high-ranking official who has the knowledge of the issue said the IB had accepted the offer of NMPL as it lacks human resources for preparing the bidding documents for projects like KMR.

The Ministry of Physical Planning, Works and Transport Management (MoPPWTM), which is currently conducting the feasibility study of the KMR, has raised no objection to the IB's homework of extending construction license to the NMPL.

“We are currently holding discussions with the company (NMPL), though it's in preliminary stage,” MoPPWTM Secretary Tulsi Prasad Sitaula said. “The company has said that it would bring in international investors mostly from Korea and Singapore.”

The government has currently outsourced the task of conducting KMR feasibility study to Korea Transport Institution, Chungbuk Engineering Company, Kunwa Consulting and Engineering Company, Korea Rail Network Authority and two local companies BDA Nepal Private Limited and EMRC Private Limited. Satisfied with the inception report prepared by the companies, the government paid Rs 60.5 million to the firms asking them to conduct a complete feasibility study.

Tribhuvan Int'l Airport to get two new surveillance radars

Tribhuvan International Airport (TIA) is likely to get two new surveillance radars — one at TIA itself replacing the existing one and another at Bhattedanda, Lalitpur — which will help improve reliability and safety of air transport in Nepal.

The first one will work as the primary radar and will have a coverage of 60 nautical miles around the valley and surrounding areas. The second will work as



a secondary surveillance radar (SSR) that will give coverage of up to 200 nautical miles.

TIA officials said the coverage of the new SSR would extend up to Nepalgunj in the west and the entire country in the east, north and south. It will enable the radar system to detect and measure the position of aircraft.

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Tribhuvan Int'l Airport to get two new

Currently, the 14-year-old radar system at TIA functions both as the primary and secondary radar system.

While functioning as a secondary radar system, it cannot detect an aircraft's position when it is flying below 5,000 ft due to hills and mountains. With the secondary radar system at Bhattedanda, the radar system will be able to detect aircraft flying at an altitude of less than 5,000 ft too due to the high altitude of the location. Despite having the same capacity, the current radar has been failing to locate and detect aircraft below that altitude requiring airports to contact the

pilot to find out its location.

The Japan International Cooperation Agency (JICA) is currently undertaking a study of these two projects under its TIA Modernization Project. A five-member technical team led by Hiroyuki Ueda, senior advisor on transport at JICA, has been conducting a detailed study of the projects. The team had arrived on July 27 and is scheduled to finish the study on Aug 23.

The system will also give pilots access to weather services, terrain maps and flight information services.

Interstate Multimodal starts thru B/L service

Interstate Multimodal Transport (IMT) in association with TLPL Shipping and Logistics, a subsidiary of Transworld Group Company, has started offering Thru B/L service—a direct shipping service up to Birgunj Dry Port — to domestic importers. The service is expected to reduce the cost and time of shipping of imported goods.

Thru B/L service, also called Direct Bill of Lading, is a compliance which takes care of entire procedures involved in the import of goods from overseas countries.

RB Rauniar, chairman of IMT, said the service would take care of the entire procedures — from delivery of goods from exporting traders abroad until they are received by traders here in Nepal. IMT claims that they have introduced the service keeping in mind the growing demand from importers.

Traders usually have to undergo long procedures, including lengthy documentation to clear imported goods in India's Kolkata port besides managing shipping transport and dealing with customs.



Rauniar said the service would reduce hassles that importers would have to face if they carried out the process on their own. "The service will make them avail the imported goods directly at the dry port at the nominal cost," he said.

Ashok Temani, president of Birgunj Chamber of Commerce said it could benefit traders as it would reduce the cost and make their products price-competitive.

The service is also expected to increase transaction at the Birgunj Dry Port. Purushottam Ojha, former secretary at the Ministry of Commerce and Supplies, said the efficient mechanism and documentation process that the service provides could help enhance the utilisation of the dry port, thereby increasing trading.

West Seti Hydel Project- goes ahead

The government is planning to negotiate with China Three Gorge Corporation (CTGC), the holding company of China Three Gorge International (CTGI) with whom it had signed a memorandum of understanding (MoU) for the 750 MW West Seti Hydroelectricity Project (WSHEP).

A government delegation comprising top officials of Investment Board (IB) are visiting Beijing in the second week of August in this connection. The IB decided to hold talks with the CTGC after it received reply from CWE Investment Corporation. The government decision also follows questions over the MoU signed with the CTGI. The CTGC in its letter to IB has said that the CTGI is one of its subsidiaries and its name has been recently changed to CWE Investment Corporation. Seti."

by CTGC Executive Vice-president Wang Shaofeng has asked the board to arrange a meeting for the negotiation with regards to further development of the project. "To expedite the development of West Seti Project, I invite the Investment Board to sort out the necessary issues and proceed ahead for its development," the letter reads.

Confirming the receipt of the letter on Wednesday, Investment Board CEO Radhesh Pant said that the Chinese company had asked the board to sit for further negotiation and prepare environment conducive for the project implementation.

The IB had received letter on Wednesday. The letter signed

Contd on page 4

West Seti Hydel

"The letter will be placed at the meeting of the internal committee formed for the project development and the date of the negotiation will be fixed very soon," Pant said. The WSHEP had received the second lease of life with the signing of the MoU on March 1 after the government had scrapped the license of the previous power developer Snowy Mountain Energy Corporation (SMEC) of Australia.

The IB has been holding discussions to make West Seti a multi-purpose project as per Parliament's Natural Resources and

Means Committee (NRMC)'s NRMC's recommendation. "We have been considering aspects that need to be included in the project to make it a multi-purpose one," said Pant. A high-level official also said that pursuant to CTGC's assurance to help Nepal get a soft loan from the Exim Bank of China, the board is also planning to ask for a larger loan to construct the transmission line simultaneously with the construction of the project.

MOPP working to promote electric vehicles

Ministry of Physical Planning (MoPP), Works and Transport Management is working to make transportation policy in order to promote the electrical vehicles.

According to the sources close to the ministry, the policy aims at promoting the domestic production of electric vehicles, convergence of fossil fuel based vehicles into electrical vehicle and operation of electrical vehicles in the country. According to the source closed to the Ministry, the policy aims at promoting the domestic production of electric vehicles, convergence of fossil fuel based vehicles into electrical vehicle and operation of electrical vehicles in the country.

For drafting the policy the ministry has formed a 14-member policy draft committee in the coordination of Chandra man Shrestha, Director General at the Department of Transport Management. The Ministry has nominated Ganga Bahadur Thapa, president of national Economic Concern Society (BNECS), Nepal, the consultant and invited member of the committee.

NECS has been lobbying for making an environment friendly transportation policy for the last four years. Shrestha said that the committee has prepared its term of reference (TOR) and formed two sub-committees – technical and legal – conduct the

technical and legal studies for the promotion of electrical vehicles.

Sara Adhikari, technical director at the Department of Transport Management, who is also the coordinator of the technical sub-committee has conducted two round discussion so far and they need further consultation to finalize the draft of the policy.

The convergence and operation of the electrical vehicles has been found technically viable.

"We have to make further study on legal part and the required provisions in providing routes and other kind of support for the promotion of such vehicles" he said.

As electric vehicles could not compete with other vehicle, we should treat them with special facilities, he said.

"Though we have a lot of problem while convincing the government to produce environment friendly electric vehicle, now it has got a tremendous momentum," he said.

Handicraft exports jump 32 percent

Handicraft exports jumped 32.31 percent to Rs 4.11 billion in the last fiscal year amid a stronger dollar and increased promotion by Nepali entrepreneurs. According to the Federation of Handicraft Associations of Nepal (FHAN), exports in the previous fiscal year 2010-11 amounted to Rs 3.11 billion.

"Although the appreciation of the US dollar against the Nepali rupee could be a reason behind the swollen export earnings, the publicity campaign in the international market is the key reason for the jump in exports," said FHAN President Bikash Ratna Dhakhwa. According to him, many private producers apart from the federation have increased their participation in international trade fairs.

Textile exports surged 33.99 percent to Rs 1.92 billion while exports of non-textile goods jumped 30.86 percent to Rs 2.19 billion. Textile products make up 46.77 percent of the Nepali handi-

crafts sold overseas.

With exports worth Rs 927.74 million, metal crafts registered the largest jump in 2011-12. According to FHAN, there is growing demand for metal products mainly in China and European countries. "Ritual utensils are among the main attractions," added Dhakhwa.

Exports of woollen goods and felt products came next with shipments valued at Rs 708.94 million and Rs 474.84 million respectively.

The US was the largest buyer of Nepali handicrafts with shipments valued at Rs 1.20 billion. In 2010-11, exports to the US amounted to Rs 889.27 million. Germany was the second largest buyer with Rs 364.23 million.

MoFA likely to set national I-card this month

The Ministry of Foreign Affairs (MoFA) has instructed line agencies to ensure confidentiality of the proposed data bank required to issue biometric National Identity Cards (NICs). The government is likely to announce a global bidding for the pilot project within this month.

According to officials, the digitalised biometric smart card will contain a micro chip containing an individual's personal information and fingerprints. The card will have multiple applications and can be read by highly secure readers. The smart card itself will have background security features as well as software security containing all kinds of personal information of all citizens. "Fool-proof security will be ensured (through the ID cards)," an official of MoFA.

The government has been negotiating with the World Bank for support after the first phase of the pilot project ends in 2014. The Home Ministry is gearing up for the multi-million dollar international bidding for the project that will see distribution of the ID cards to citizens above 16 years of age. The estimated cost of the project's first phase is around US \$3.3 million and that amount will be enough to produce only 150,000 cards. Another US\$8 million will be required for the second phase, the officials said.

According to them, unlike Machine Readable Passports (MRP), the biometric cards are likely to be costlier as they will have more security options. The government spends US\$3.59 per copy of the MRP.

The government has paid US\$163,550 to an international consultant to prepare a detailed project report (DPR) for the ID cards. According to a draft legislation on the ID cards, those under 16 years of age will not be given the ID cards, but they will have unique ID numbers, based on which proper cards will be issued later when they come of age.



"Non-Nepalis working or living in Nepal will also get cards mentioning their status," said a Home Ministry official.

A bill on the ID card is awaiting a Cabinet nod.

"The security of the data is a must," the comment forwarded by the MoFA on Wednesday said. "The NICs contain vital personal information of VIPs, senior government officials, civil ser-

vants and others. It should be ensured that the data are not tampered with, hooked or hacked."

While the "personalisation centre" has been set up, the bid document is in its final stages and a new state of the art building will soon be built inside Singha Durbar, the Executive Director of the National ID Management Centre, Narendra Dahal, said.

Dahal said they were concerned about security issues, but "others will not have access to the data." "But initially and during the phase of the pilot project, there is no other option but to assign foreigners. We will gradually strengthen the project and train Nepali technicians."

The MoFA has also advised the Finance Ministry to hold extensive consultations with all stakeholders and government agencies before handing over the contract. Officials said the ID cards will help strengthen national security as it will resolve the problem of fake citizenship, control crime emanating from it and will also provide a more reliable identity to Nepali citizens. The IDs will be issued by using the latest database at the Election Commission (EC). The EC plans to complete its first digital electoral rolls with photos by another couple of months.

E-driving licence in progress

The government has re-initiated work on implementing old but important project on smart card technology-based electronic driving licence and blue book (vehicle ownership certificate). It was pending from last 2 years. The Department of Transport Management (DoTM) is preparing to call a global tender to this effect within the next three months.

Officials at the department said that a meeting, headed by Minister for Physical Planning, Works and Transport Management Hridayesh Tripathi last week, had decided to speed up work for the tender call. After the implementation of the project, driving licences and blue books will be changed into smart cards with all vital information stored on them.

Chandra Prasad Phuyal, director of the department, said that they had forwarded the draft of tender documents through the National Planning Commission to the ADB for approval last week for a tender call.

The proposed smart card system is aimed at ending duplication of licences, blue books, other vehicle related documents and keeping electronic records of all the vehicle owners including details on personal information of licence-holder and date of issue and expiry, and expected to help the government keep records of vehicle owners in a scientific way.

Apart from the electronic licence and blue book, the government is also working out to call tender for implementation of embossed number plate for vehicles. The department has hired an independent consultant to study the international standard of embossed number plate systems and to prepare a tender document for the implementation of the system in the country.

Country's first credit rating agency soon

Nepal's first credit rating agency — Icra Nepal — will be able to start operations before the month is over as the regulator is in the final stage of granting it a licence. "We have finished examining the infrastructure and set up of Icra Nepal and will be submitting the report by next week," said director of Securities Board of Nepal (Sebon) — the capital market regulator of Nepal — Niraj Giri.

The regulator gives a final approval after inspecting the infrastructure and only then can the rating agency start operations. "If everything is found to be satisfactory then the licence can be granted in the next few weeks," he added. The agency had applied for the final licence about three months back after completing its set up. Icra Nepal was granted Letter of Intent to undertake the process to start a credit rating agency here in Nepal by Sebon in August 2011.

India's Icra will have 55 per cent stake in the rating agency while the remaining stake is held by Credit Information Bureau, Himalayan Infrastructure Fund, and a few Nepali banks. The Credit Rating Agency Regulation 2068 states that a Nepali credit rating agency needs to have a minimum of 25 per cent

stake of a foreign credit rating agency. "We will start operations within a fortnight of getting the licence," said managing director and CEO of Icra Nepal Dipal Kafle.

Credit rating agencies rate the credit worthiness and financial soundness of an entity — individual, company or country — based on their financial indicators. The credit ratings are supposed to be a simple yet effective indicator aiding the ordinary investors to understand the risks involved in investment process.

The agency analyses a company based on the comparison of a certain financial ratios with chosen benchmarks, and an analysis of corporate governance along with focusing on the legal, political and economic environment. In the initial phase, Icra Nepal plans to focus on rating firms issuing shares, bonds and preference shares, as per the regulator's directives but the company will also rate mutual funds and other such investment instruments once they come into existence.

IRD for strict code of ethics for CAs

The Inland Revenue Department (IRD) is mulling enforcement of a strict code of conduct for chartered accountants (CAs) and certified auditors in a bid to check tax leakages.

Chief of IRD Tanka Mani Sharma said the department has already working with the Institution of Chartered Accountants (ICAN) - the accounting and CAs' regulatory authority - and Auditors Association of Nepal (AuDoN) to formulate the code of ethics. "Bringing about improvement in the behaviors of CAs and other tax intermediaries is very important," he stated.

The revenue authority decided to take the move mainly after a recent probe into fake VAT receipts showed 518 firms of evading tax worth around Rs 6 billion in connivance with CAs.

Following the disclosure of fake VAT receipts which showed 518 firms of evading tax worth around Rs 6 billion in connivance with CAs, the government last year effected changes in tax law, making CAs and certified auditors accountable and punishable for any wrong deeds by business firms on the tax, the government last year effected changes in tax law, making CAs and certified auditors accountable and punishable for any wrong deeds by business firms on the tax front.

The new law assumes that business firms cannot evade taxes unless tax intermediaries connive with them and if found

guilty, tax intermediaries are liable to penalty.

"But we are not satisfied with mere change in the law. There must be a fundamental change in the way the CAs and certified auditors work. We believe the enforcement of a stringent code of ethics would help us achieve our objective," said Sharma, addressing a function organized by IRD and AuDoN on Saturday 4th August.

On the occasion, Finance Secretary Krishna Hari Baskota urged the chartered accountants (CAs) to adhere to their professional ethics. If found involved in tax anomalies, he said the government will not hesitate to penalize them. He said the government recognizes CAs as professionals who help companies reform and modernize, pinpointing their weaknesses. It entrusts them with the responsibility of checking unfair business practices and ensuring adherence to law. "It is unfortunate that the CAs have not been doing justice to their profession," said Baskota.

Chairman of ICAN Madhveer Pandey agreed with Baskota, and urged the CAs and other certified auditors to prove their worth by improving their behavior.

NT Proposes Rs 62.36 billion budget for FY 2069/70, plans to expand the WIMAX services

The Nepal Telecom (NT) has proposed a budget of Rs 62.36 billion for the current fiscal year 2069/70.

Similarly, the company allocated Rs 15.11 billion for purchasing equipment and network expansion in order to improve the quality of services during the current fiscal year. The company has targeted to earn a total amount of Rs 36 billion during the current fiscal year while its total budget for the period is Rs 62.36 billion.

The organization has planned to make Rs 12.54 billion as net profit during the current fiscal year.

The total income of the company was around Rs 33.77 billion during the last fiscal year while its total income had been Rs 29.84 billion during the previous fiscal year.

The company has aimed to pay around Rs 19.06 billion in revenue to the government during the current fiscal year. The organization had paid around Rs 18.07 billion in revenue in the last fiscal year.

He urged the government to select a strategic partner as soon as possible to make the company more competitive.

Speaking at a press conference organized in the capital on Tuesday, Amar Nath Singh, Managing Director NT, said that the company was committed to upgrading quality of services along with the expansion of the telecommunication services throughout the country.

Singh said that company has planned to expand the WIMAX services for expanding the Broadband Network to the remote rural areas as well as urban part of the country.

"We have been effortful in increasing the government's revenue by expanding our services every year." He said. The company has been implementing the Convergent Real Time Billing and Customer Support System for providing services efficiently.

Explaining the company further plans, Surendra Prashad Thike, spokesperson at the NT said that the company has planned to distribute around 1,551,639 telephone lines throughout the country. Out of the total telephones, the company has targeted to distribute around 34469 land lines, 788000 lines under the GSM mobile and 729170 lines under the DDMA technologies, he said.

Similarly the company has aimed to expand to expand 50,000 lines of WIMAX services in Kathmandu and Butwal by the end of current fiscal year, he said. The number of GPRS users have reached 2013000 as of the end of the last fiscal year. The number increased by 879530 in the last fiscal year, he said.

Importers seek government incentive to import hybrid cars

Fuel efficient and environment-friendly hybrid electric cars are waiting for government incentives to hit the Nepalese automotive market.

Though hybrid electric cars that use dual sources of fuel-fossil fuel and battery, are gaining popularity in the international market due to its features of fuel saving and environment friendly they have yet to come to the Nepalese market due to the lack of the government's policy for its promotion.

Though Toyota and Honda dealers have imported sample hybrid cars manufactured in Japan, it has not seen affordable for the Nepalese customers.

The price of the hybrid car is generally higher than others as its technology is more expensive. So, it requires that incentive from the government to make it affordable in the Nepalese market, Rahbhandari who is also a member of the Nepal Automobiles Dealers Association (NADA), said.

As hybrid cars are fuel efficient and cause low emissions, the government should exempt customs duty while importing such vehicles, he said.

According to him, hybrid cars are fuel efficient by around

five folds as compared to the general gasoline based cars.

Now the government is charging 240 per cent taxes on import of vehicles. The government, however, has provided tax concession on batteries used by electric vehicles.

Considering the essence of hybrid vehicles, Bhutan has permitted its import on zero per cent duty, Bangladesh and other SAARC countries have also given certain per cent discount on customs, he said.

The Ministry of Physical Planning, Works and Transport Management (MoPPWTM) is in the process of formulating a policy on the environment friendly transportation in order to promote the electrical vehicles at the request of the National Economic Concerns Society (NECS).

NADA is lobbying for providing incentive on hybrid cars through the new policy which is being drafted. The committee would also urge the government to go for environment-friendly and fuel efficient vehicles.

India has been the favoured investment destination in Asia: Mecklai Financial

India has been the favoured investment destination in Asia, according to Mecklai Financial.

"The Indian financial markets have witnessed favouritism among the investing Diaspora compared to its Asian counterparts such as South Korea, Taiwan, Thailand and Indonesia" said the Mecklai Financial report.

On a year to date basis, India received flows worth \$11 billion in equities and \$4.7 billion in debt investments.

The second highest flows were received by South Korea to the tune of \$6.2 billion.

"In the Jan-March period when the inflows were registered the



USD/INR which was trading at 53.298 levels at the start of the year gained strength up to 48.56 levels by the beginning of March. That was a close to 7% appreciation in the Indian rupee," said the Mecklai Financial report, "The USD/ INR pair could be helped to 52.50 levels with the twin deficits, stunted GDP growth rate and the economic quandary of Europe refraining the rupee from such levels.

Infosys bags Rs 700 crore deal from India Post

Infosys was selected by the India's Department of Post, for implementing core banking and insurance solutions in 150,000 post offices across the country, as well as installing ATMs. This project estimated at Rs 700 crore, aims to transform India Post into a technology-enabled autonomous entity.

Under this, Infosys will implement and manage its Finacle Core Banking and McCamish Insurance products. It will install around 1,000 ATMs for India Post along with an electronic content management system to manage millions of documents generated as part of India Post's financial operations.

It will also participate in designing, building, supplying, installing



and commissioning hardware and software, data migration and deployment of the platforms and solutions across all identified post offices.

Infosys would also train more than 35,000 India Post employees across the country on the usage and deployment of the new platform and solutions.

A. S. Prasad, Deputy Director General, Financial Services, India Post said, "This transformational program is expected to enhance India Post's services, bringing us on par with the best in the banking industry; and will help us expand the reach and effectiveness of our operations through technology enablement of India Post employees."

Adani Power expects to start over 7,200 MW capacity projects

Adani Power hopes to start construction of three projects having total capacity of over 7,200 MW, once various sectoral issues, including coal shortage are sorted out, company's Chairman Gautam Adani said today (9th August).

Gautam Adani, who is also the Chairman of Adani Group, expressed confidence that current crisis in the Indian power sector would be resolved in a year's time.

Coal shortages, high prices of imported coal and limited availability of transmission lines are among the major issues facing the sector, he added.

He was speaking to shareholders of Adani Power at the company's annual general meeting held at Ahmedabad today.

Gautam Adani said the firm was hopeful to begin construction of three projects, once the issues are resolved.

The three projects are 1,320 MW Chhindwara project in Madhya Pradesh, 3,300 MW Bhadreswar and 2,640 MW Dahej plants, both in Gujarat.

Together, these projects have a total generation capacity of 7,260 MW. All would be coal-fired plants.

He also said the company would seek higher electricity tariffs while signing power purchase pacts for the three projects on account of increased import duty on equipment.

On July 19, the Cabinet had approved 21 per cent duty on imports of power equipment, a move that was aimed at providing a cushion for domestic companies such as BHEL against cheap imports. Meanwhile, the company expects the 3,300 MW Tiroda project in Maharashtra and 1,320 MW Kawai plant in Rajasthan to be ready by March 2013.

At present, Adani Power has an installed generation capacity of 4,660 MW, including a 40 MW solar plant in Rajasthan. Adani Group aims to have a total capacity of 20,000 MW by 2020. (PTI)

Beijing launches car quota to counter traffic gridlock

For thousands of hopeful commuters in China's capital, 2011 started with a click, not a bang.

Residents hoping to snap up Beijing car license plate numbers under a new quota system aimed at easing paralyzing traffic logged onto a website that launched in the first moments of the new year. Within 10 minutes, 6,000 people had applied for new plate numbers, the Beijing Daily newspaper reported.

By 11 a.m., more than 36,000 applications had been submitted online, the official Xinhua News Agency said. The applicants are competing for the first batch of 20,000 plates, which are to be awarded by lottery on Jan. 25. Every month a new batch of plates will become available.

The new system aims to reduce the number of cars in the notoriously gridlocked capital. The city will only allow 240,000 new car registrations in 2011 — two-thirds less than last year — and is parceling them out via the monthly online lottery.



The city now has 4.76 million vehicles, up from 2.6 million in 2005.

A global survey conducted last year by IBM said Beijing is tied with Mexico City for the world's worst commute. Worries are growing that Beijing is choking itself for future growth as it gets more difficult to move people and goods around the city.

Nearly 70 percent of Beijing drivers told the IBM survey they had run into traffic so bad they've turned around and gone home.

Some netizens have joked that the new system won't bring much relief and have mocked the web address, <http://www.bjhjyd.com>, which stands for "Beijing Huanjie Yongdu," or "Beijing Eases Congestion." Some say the same letters could also be short for "Beijing Hai-yao Yongdu" or "Beijing Will Still Be Gridlocked."

Spain deepens recession in the second quarter as GDP contracts 0.4%

The recession is deepening in the debt-laden Spanish economy and the austerity measures are only adding to the economic woes. The recession deepened in Spain into the third consecutive quarter as data showed last week.

The Instituto Nacional De Estadistica in Madrid last week reported the preliminary GDP reading for the second quarter, where the Spanish economy contracted by 0.4% in the second three months of the year following 0.3% contraction the first three months and the third consecutive quarterly contraction since it returned to contract in the fourth quarter of last year with 0.3% contraction.

On the year the economy deepened the contraction to 1.0% after the reported 0.4% contraction in the first quarter.

The recession is deepening as the new government continues the austerity programs and spending cuts to return to fiscal health.

The EU provided Spain with an extra year till 2014 to meet the 3.0% deficit target and Rajoy's government unveiled a new 65 billion euros austerity and spending cuts program to get the nation back on track.

Spain's banks had to be bailed out and now the market fears Spain will still need a sovereign bailout as its fiscal imbalances rise, especially as regions in Spain started to request aid from Madrid.

Last week's data showed unemployment in Spain ticked higher to 24.6% in the second quarter as the businesses struggle to cope with the recession and job cuts continue to deepen the lingering recession in Spain.

The country also has the highest unemployment rate in the eurozone with nearly 25 percent of its workforce jobless. (AFP)

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2012 London Olympics: Empty Seats on Day One Prompt Urgent Investigation

Olympic organiser Locog has launched an urgent investigation into the large number of vacant seats at some Olympic venues on the first day of the 2012 London Olympics.

Rows of vacant seats were visible at a number of venues including the Aquatics Centre, basketball arena and at Wimbledon for tennis. Seats were also unoccupied at gymnastics, handball, volleyball and badminton venues. Culture Secretary Jeremy Hunt said he was disappointed at the number of empty seats.

"Locog are doing a full investigation into what happened," Hunt told BBC television. "It's a shame this happened, but we are going to do everything we can to make sure we fill up these stadia." Seats remain vacant at a time when members of the public are desperate to get tickets. Some people paid £2,012 for top-price tickets to the opening ceremony on 27 July.

In contrast, huge crowds gathered in the streets to cheer on cyclists, and in public parks to watch events unfold on specially erected giant screens. "I thought the least I could do was go and see them [the gymnasts], and I'm watching them on television and the place is half empty and that's a shame. I would have paid whatever it takes to see them," one gymnastics enthusiast told Reuters.

The vacant seats are believed to have been allocated to official bodies, sponsors and the media.

"We think it was accredited seats that belong to sponsors, but if they are not going to turn up, we want those tickets to be available for members of the public, because that creates the best atmosphere. So we are looking at this very urgently," Hunt said.

Organisers sold a total of seven million Olympic tickets, more than were sold at the Beijing Games in 2008, out of a total 8.8 million tickets by early June. Locog is believed to have held back nearly 550,000 tickets for last-minute sale or allocation.



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