



NICCI e-Newsflash

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*May this Christmas bring Prosperity and Joy for All.
Happy Christmas 2012.*

Govt extends GMR's survey license by six months

The government on Tuesday extended the survey licence of India's GMR Energy for the 900-MW Upper Karnali Hydro-power Project by six more months. GMR, which is also developing 600-MW Upper Marsyangdi project, had requested the government for the renewal of the license after it expired in November 2011. A meeting of the Investment Board (IB) chaired by Prime Minister Baburam Bhattari also permitted GMR to increase its paid-up capital in the projects. GMR had sought the government's approval to increase the paid-up capital in the projects to Rs 1.9 billion each.

IB Chief Executive Officer Radhesh Pant said the meeting also granted permission to two Indian power developers—GMR and Sutlej Jal Vidyut Nigam—to open their offices in India to explore markets for the power produced by them in Nepal. Sutlej is developing the 600-MW Arun III hydropower project. "GMR is registered here as GMR-Nepal and it needs to set up an office in New Delhi to sell power produced in Nepal, extend the grid and explore power markets. It is seeking approval to set up an office in India once they come on stream," an IB source said. Sutlej has also sought approval from the government to extend the deadline for bringing foreign equity in Arun III.

Likewise, the meeting has allowed GMR Upper Karnali Hydro-power Limited and Himtal Hydropower Limited increase their

authorized and issue capital from Rs 450 million to Rs 1.9 billion for each company. The companies had sought government approval to increase their capital investment after they increased their project capacity. According to information compiled at the Department of Energy Development (DoED), the capacity of Upper Karnali has increased from 300 to 900 MW and that of Upper Marsyangdi from 250 MW to 600 MW.

IBN has decided to allow Sutlej Jal Vidyut, a state owned Indian power producer, which is developing the Arun III (600 MW) hydropower project, to bring in new equity shareholders and extend the time for doing for which it has been seeking new equity shareholders to develop the project.

Progress on 14 national pride projects, including five hydro-power and seven infrastructure projects, handed over to IB was also discussed in the meeting. The government handed these projects over to IB on May 27, 2012. "The Prime Minister assured full support to fast-track the projects," added Pant. Some of the major projects IB is looking after are West Seti, Upper Karnali, Arun III and Tamakoshi III hydropower projects; Kathmandu-Tarai Fast Track, Mid-Hill Highway, Kathmandu Metro Rail Service and North-South Corridor Roads. The Investment Board Act allows the IB to take charge of hydropower projects above 500-MW capacity and infrastructure projects worth over Rs 10 billion. ●

Surya Nepal Asha Social Entrepreneurship Award 8 Social Entrepreneurs and 4 Business Firms awarded

The Surya Nepal Asha Social Entrepreneurship Award (SNASEA) recognised eight "Hidden Heroes" and four "Agents of Change" on Tuesday. The SNASEA has awarded five winners and recognised three individuals who have dedicated their lives to change.

Among the five social entrepreneurs receiving the honours, Shanti Shakya Dolma was awarded for providing an alternative to the negative impact created by artificial dyes besides mobilizing and empowering others within the community by providing skills. Similarly, Chiranjeevi Poudel was honoured for addressing the challenges and lack of employment opportunities for the visually impaired by creating jobs and transferring skills.

Meanwhile, Dr Bishal Dhakal was awarded for creating an innovative solution to the various problems faced by patients while dealing with healthcare services and creating easy access to healthcare. SNASEA honoured Prachanda Shakya for keeping the legacy of traditional art alive through his training institute while Jasmaya Pun's exemplary work of training women in Allo production in Parbat won her an SNASEA award.

The five winners received a package including cash prize from Surya Nepal and will get opportunity of networking through ChangeFusion Nepal.

According to the organizers, the major objective of the award was to celebrate the hidden heroes for their great initiatives and also to showcase the impact their ventures have made.

Originally conceived as the first ever award to recognize Nepali social entrepreneurs who create value for the people, SNASEA 2012 featured an additional recognition — "NBI Agent of Change" for businesses that support start-ups, assist enterprise development and promote the culture of entrepreneurship in Nepal.



As a special addition this year, three social entrepreneurs were recognised for their selfless contribution and for relentlessly working for more than 10 years for the betterment of the community. Govinda Ghimire of Alternative Herbal was recognized for his innovativeness in using natural resources for the betterment of the community and the people involved. Likewise, Tara Baskota Adhikari of Shangri-La Agro World was honoured for using a business model which impacts all the employees and the surrounding communities of the village in Panchthar. Som Prasad Gauchan of Everest Tea Estate received an award for addressing the problems related to the extreme backwardness of Bhotechaur village and creating opportunities for the local people.

Four businesses recognised by NBI Agent of Change were honoured as the 2012 Honourees. They were Himalayan Naturals, Lotus Holdings, Women Support Saving and Credit Cooperative Society and Brihat Investments. Organised by ChangeFusion Nepal, SNASEA 2012 was sponsored by Surya Nepal and supported by National Business Initiative.



Addressing the ceremony Luna Shrestha Thakur, director of Change Fusion Nepal expressed gratitude to all the participants for making the event a success. "We are glad that we have been able to make applicants understand about the eligibility of the award as all the applicants were deserving unlike last year when very few understood the concept of social entrepreneurship," she said.

Prior to the award ceremony a seminar was held on November 22 to 24 with the objective to benefit the social entrepreneurs by showcasing their exemplary work and bringing them in contact with potential investors and mentors. Likewise, the organizers had organized an event called Bazar in October where 60 social entrepreneurs from across Nepal exchanged ideas, interacted and learned from their customers, investors, advisors and mentors in the same platform.

3 firms short-listed for Fast Track

The government has short-listed three firms for the construction of much touted Kathmandu-Terai Fast Track Project. A total of nine different firms had bought expression of interest (EoI) in a bid to win the project.

"Reliance Infrastructure, Larsen & Toubro (L&T) and Infrastructure Leasing & Financial Services (IL&FS) have been short listed for construction of the Fast Track Project," Tulsi Prasad Sitaula, secretary at the Ministry of Physical Planning, Works and Transport Management (MoPPWTM) told Republica on Friday. All the short-listed firms are India's leading

infrastructure development company.

According to Sitaula, the government has sought request for proposal (RFP) from three short-listed contractors this week. "We will choose one contractor from among the short-listed companies on the basis of detailed proposal they submit to the government," Sitaula said.

A total of nine contactors including Nepali, South Korean and Indian firms had bought EoI to develop the much touted Fast

Contd on page 3

3 firms short-listed

Track Project that connects Kathmandu and Terai through 76 km long road stretch. "However, only four of them submitted the proposal to the government," Sitaula said. "Another Indian construction company Gomman India was not selected."

The other contractors that bought EoI for the construction of the project were Samsung Kalika Consortium -- a consortium of Korean company Samsung Engineering and Kalika Construction, a domestic company --, Landmark Worldwide (LMW), Srei Infrastructure Finance and a domestic construction company

Sonakshi Infrastructure Development.

"The companies have been selected on the basis of their previous experience working under the built-own-operate-transfer (BOOT) and other capabilities such as capital and their past history of completing work in time," Sitaula said.

The government has decided to develop the Fast Track Project under the BOOT. "We will have a rigorous study of the detailed proposal of the short-listed companies once they submit to us," Sitaula further added. ●

Indian PM says hard decisions needed for 9 pct growth

India needs to take "difficult" decisions to achieve 9 percent economic growth, but a lack of national consensus is making it tough to push through economic reforms, Prime Minister Manmohan Singh said on Saturday.

Singh, who as a finance minister in 1991 opened up the Indian economy, met members of the Planning Commission at a time when India's growth story is passing through a not-very-happy chapter.

"Given the uncertainties in the global economy, and the challenges in the domestic economy even a 9 percent target is feasible only if we can take some difficult decisions," Singh told members of India's top economic planning body.

India's economy, which grew by 8.5 percent in the last fiscal year that ended in March, is showing unmistakable signs of slowdown on high inflation, rising cost of capital and mounting uncertainties in global economy.

In July, manufacturing activity expanded at its weakest pace in 20 months, while car sales contracted for the first time in nearly three years.

Analysts suggest speeding up pending policy reforms as a prescription for boosting investment that could add capacity and ease bottlenecks that drive inflation and crimp growth.

"Second generation reforms are essential. But they are also lot more difficult and require a broad-based national consensus," Singh later told reporters.

"The effort has to be to create a climate of opinion whereby all political parties would unite in national interest to push forward the reform agenda."

The second generation reforms are meant to further open up the financial sector for foreign investments and make stringent labour and land acquisition laws investor friendly. ● Reuters

Economic landscape of Asia looks exciting: Deputy Prime Minister, Singapore—CII

Expressing confidence over Asia' emerging economic power in the global arena, Mr Tharman Shanmugaratnam, Deputy Prime Minister of Singapore said on 15th December that the economic landscape of Asia looks exciting and promising. He was participating in a panel discussion of the 'Delhi Economics Conclave', jointly organized by the Confederation of Indian Industry (CII) and the Ministry of Finance in New Delhi. The session was moderated by Dr. Raghuram Rajan, Chief Economic Advisor, Ministry of Finance. Others in the panel included global leaders from South Africa and Sri Lanka.



Mr. Shanmugaratnam, however, stressed that to capitalize on the existing synergies among different nations, there was a scope for strengthening the three Cs- Cities, Clusters and Capabilities. In the present uncertain economic environment, it is critical to develop resilience internally to counter many unknown risks in form of security threat and economic crisis.

The yearly Delhi Economics Conclave was initiated in 2010 against the backdrop of the global and financial crisis to discuss

and suggest ways forward through which the emerging market economies such as India, could overcome the adverse impacts of the external vulnerabilities. The theme of this year's conclave was "Reviving Growth".

Mr Pravin Gordhan, Minister of Finance, South Africa, highlighted the vast opportunities that Africa offers to the global investors. It is the geography to watch out for in the future, Mr Gordhan added.

Dr Sarath Amunugama, Deputy Minister of Finance and Planning, Sri Lanka The island country has made significant progress on the economic front after coming out from a 30 year war period. "In lieu of its advantageous location, Sri Lanka, has the potential to rise as a financial hub of Asia in the years to come", he added

In his welcome address, Mr Adi Godrej, President, Confederation of Indian Industry, stressed on the fact that the global economies are passing through a turbulent and testing period. "In order to confront these challenges, the policymakers need to devise innovative strategies in order to ensure that the resultant growth percolates down to the masses", Mr Godrej added. -CII ●



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India is likely to be second largest consumer of coal, may surpass US in five years: IEA

India is likely to be the second largest consumer of coal, surpassing the United States, in the next five years, says a report. "China and India would lead the growth in coal consumption over the next five years...while India will become the largest seaborne coal importer and second-largest consumer, surpassing the United States," according to a report by International Energy Agency (IEA).



The report further said that coal demand is expected to increase in every region of the world except in the US, where coal is being pushed out by natural gas. "In fact, the world will burn around 1.2 billion more tonnes of coal per year by 2017 compared to today - equivalent to the current coal consumption of Russia and US combined.

"Coal's share of the global energy mix continues to grow each year, and if no changes are made to current policies, coal will catch oil within a decade," according to IEA Executive Director Maria van der Hoeven.

India's projected demand of coal in the current fiscal is 772 million tonnes, as against target production of 578 MT, leaving a gap of 194.7 MT. •

Air India Loan now stand at Rs 47,226 crore

Air India has a loan of over Rs 47,000 crore and 95 services of the national carrier were not even meeting the cash cost of the operations, government said on 18th December. In reply to a written question in Rajya Sabha, Minister of State for Civil Aviation Ministry K C Venugopal said as on July 31, the loans taken by Air India amounted to Rs 47,226 crore. He said the government was not considering to waive off these loans.

In reply to a separate question about route profitability, the Minister said between April-October, as per the route economics prepared by the airline, 95 flights on its network were not meeting their cash cost. "82 flight services were meeting cash cost but not the total cost while only 12 services were meeting the total cost," he said. • PTI

Switzerland mulls bill to check black money

Often accused of providing safe havens to black money, Switzerland has proposed a new bill to prevent its banks and other institutions from accepting "untaxed assets" from their clients and put in place a stricter due diligence regime.

The Switzerland Federal Council, the apex decision making body of Swiss government taken on Friday in Bern, has asked its finance ministry, the Federal Department of Finance (FDF), to submit a consultation draft at the start of 2013 to meet its goal of preventing banks from accepting untaxed funds from their clients.



The move follows rising global pressure on Switzerland to act against its banks giving 'safe haven' to overseas entities in name of client confidentiality.

The Swiss Federal Council said in a statement that it "is stepping up its efforts to combat abuses in the area of money laundering and taxation". "With the planned implementation of the revised recommendations of the Financial Action Task Force (FATF), serious tax offences will be qualified as predicate offences for money laundering in future.

In the event that they suspect money laundering, financial intermediaries should also report these cases to the Money Laundering Reporting Office Switzerland," it added. •

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