



# NICCI e-Newsflash

## Inside this Issue

<i>Govt officially endorses workers' minimum salary of Rs 8,000</i>	2
<i>Trishuli 3 'A' upgrade decision withdrawn</i>	2
<i>Amend company act: Governor</i>	3
<i>Coffee export only with national coffee logo</i>	3
<i>Ayurveda Department to set up 91 Ayurveda hospitals</i>	4
<i>India's growth projected to rise to 5.7 per cent in FY 13 : World Bank</i>	5
<i>'Goa draft industrial policy likely to be submitted next week'</i>	5

## Destination Nepal



*Lukla Airport, also known as Tenzing-Hillary Airport at 2860 meter Solukhumbu district*

## Four SAARC Countries into Single Information Network

Upon concurrence of Ministry of Information and Communication on the report submitted by Korean I-Craft company Ltd. which was awarded tender, now the gateway to connect Nepal into the network of other countries was opened but the process will move ahead after the ministry's permission to I-Craft for moving ahead. Project manager Bharat Bahadur Dhungana informed that the Ministry will give the final letter to the company by this week to proceed the work from 15<sup>th</sup> June 2013 (1<sup>st</sup> Asar 2070).

ADB has assisted this project aiming to reduce telephone & internet price and access information technologies into rural areas connecting four countries through optical fiber under South Asia Subregional Economic Cooperation (SASEC). For that ADB has already signed the agreement with the Nepal Government on Chaitra 2069 (March/April 2013) to provide assistance of US\$ 9 million.

Under this project optical fiber will be extended in Kathmandu,



Dhulikhel, Nepalthok, Khurkot, Sindhuli, Dhalkebar and through Rani custom of Biratnagar it will be linked in the network of Indian information technology from which High Speed internet service can be transmitted. The main hub of fiber to connect the four countries will be placed in Silgudi of India and another main centre will be kept at Dhalkebar of Dhanusa and Rani custom of Biratnagar. The project is targeted to complete by December 2014.

Upon implementation of the project, communication charges and broadband internet will be available at lower price in Nepal, Bangladesh, Bhutan & India. Upon the connection of information highway into same network, it is expected that 20% to 30% cost will be down in telephone and Internet in Nepal and 30 well facilitated call centres will be established at different places of Kavrepalanchowk, Sindhuli, Mahotari, Dhanusa & Makwanpur.

Continued on page 2

## Four SAARC Countries into Single .....

I-Craft has got the Tender of Rs. 460 million to complete the project. Since tender was received to complete the project at less than the assistance provided by ADB, it is proposed to spend the rest amount to extend the optical fiber network in Nepal, said Project Manager Dhungana.

Optical fiber will be extended upto Silgudi connecting Bharatiya Sanchar Nigam Limited (BSNL) through Rani custom. Likewise there is a plan to extend it worldwide connecting network at Chennai via Kolkata. Also, there is a plan to connect Sacec Optical Fiber with next optical fiber from

Arniko Highway to Khasa of Tibet. Nepal Telecom will work as a Service Agency and ADB has agreed to get the charges fixed by NTC. Likewise BSNL in India, Bangladesh Telephone Company in Bangladesh, Bhutan Telecom in Bhutan will be there as a Service Agency. Nepal, Bangladesh and Bhutan except India are going to interconnected under Sasec project under ADB assistance.

According to the Ministry, ministry of communication will be the implementing body and Kathmandu University will remain research and training centre under the project.

## Govt officially endorses workers' minimum salary of Rs 8,000

The government has hiked the minimum monthly salary of industrial workers by 29 percent to Rs 8,000. According to a notice published in the Nepal Gazette, factory workers will get Rs 5,100 as basic pay and Rs 2,900 as dearness allowance per month. The daily wage has been fixed at Rs 318 as per the revised compensation package. Earlier, the minimum monthly salary of workers was Rs 6,200 (basic salary of Rs 3,550 and dearness allowance of Rs 2,650) and the daily wage was Rs 231.

Two weeks ago, the Minimum Wage Determination Committee consisting of employers, trade unions and the government had decided to increase the workers' basic monthly salary by 43.66 percent, dearness allowance by 9.44 percent and daily wage by 37.66 percent. The tripartite committee then sent the remuneration plan to the Ministry of Labour and Employment which okayed the proposal last week.

"The ministry approved the package a week ago and asked the government to publish it in the Gazette," said Krishna Hari Puskar, director general of the Department of Labour which represented the government in the committee.

Manish Kumar Agrawal, vice-chairman of the Employers' Council, said timely revision of the minimum wage and prompt endorsement by the government has prevented possible industrial unrest. "The employers are committed to providing the promised remuneration, and they also expect cooperation from the employees," he said.

Meanwhile, Hansha Ram Pandey, director of the Employers' Council at the Federation of Nepalese Chambers of Commerce and Industry (FNCCI), said the new wage structure would be fully implemented next month. "For this month, the new rate will apply to only the remaining days in the month," he said.

Trade union officials who participated in the salary negotiations said they would begin a collective bargaining process across the country on Friday to update the salary scale as per the latest structure. "The revision, however, will be done at the individual firms between the employers and the workers, and the central level trade unions will not be involved," said Bishnu Rimal, chairman of the General Federation of Nepalese Trade Union (GEFONT). Employers who have been paying their workers more than the new minimum rate will not be forced to give a raise, he added.

"The collective bargaining will also resolve other issues besides the pay hike," said Rimal. "Pending issues like bonus, promotion, social security and employees provident fund, among others, will be discussed and finalized during the collective bargaining." He added that once these issues were settled, workers across the country would not demand a raise for the next two years.

The trade unions were represented in the negotiations by the Joint Trade Union Coordination Centre (JTUCC), a common forum of 11 trade unions.

## Trishuli 3 'A' upgrade decision withdrawn

Following widespread criticism, the Nepal Electricity Authority (NEA) board on Wednesday withdrew its earlier decision to upgrade the capacity of Upper Trishuli 3 'A' from 60 to 90 megawatts.

However, the NEA board of directors has not acknowledged that the capacity upgrade decision was not in the interest of the country. "The struggle by the employees unions at the NEA disturbed normal life of the people and day-to-day operation of NEA," reads a press statement issued after the NEA board meeting.

The NEA board had taken a decision to upgrade the capacity of the project on May 31. Following the decision of the NEA board, senior leaders of the major political parties, except UCPN (Maoist), had urged the government to revoke the decision.

They had also handed over a memorandum to Chairman of the Interim Election Council Khil Raj Regmi demanding withdrawal of the decision.

Similarly, trade unions at NEA had launched series of protest programs against the capacity upgrade decision.

Continued on page 3

## Trishuli 3 'A' upgrade decision .....

Earlier, NEA had published a press statement in the favor of the upgrade decision in most of the major dailies. "The decision to upgrade the capacity of the project is in the interest of the country," reads the statement released on Wednesday. "But we have been forced to withdraw the decision due to protests by trade unions that badly hampered normal life and NEA operations."

The run-of-the-river type hydro-power project in Nuwakot was awarded to China Gezhouba Group Company on Engineering, Procurement and Construction model in 2011 through soft loan from Exim Bank of China. The company had been demanding that the 60-MW project be up-



graded. NEA board, riding on then Cabinet decision of January 3, had on March 31 decided to upgrade the project by 30 megawatts.

Trade unions and leaders of various political parties had claimed that the decision involved huge corruption. "It is illegal to upgrade the project that is contracted under the EPC (engineering, procurement and construction) model," said politburo member of the CPN-UML Gokarna Bista. "Now, the contractor should focus on developing the project on time."

The meeting held at the Ministry of Science, Technology and Environment continued for five hours.

## Amend company act: Governor

Governor of the Nepal Rastra Bank Dr. Yubraj Khatiwada Sunday said that the government should amend the Company Act to exert pressure on the giant private companies to convert into public companies. Pointing at a few giant private companies, Governor Dr. Khatiwada, said that the government should introduce new law for compulsory conversion of such large private companies having capital more than a certain limit into public companies.

Addressing the 21<sup>st</sup> anniversary function of Security Board of Nepal (SEBON) here, governor Kathiwada said that discussion of bringing the large private companies into public companies has been limited just in discussion as the government was yet to amend the company law, he said. If large companies are converted into public companies, their business would be more transparent and they could also easily collect capital in their needs, he said.

Taking the entire capital from the bank is risky to the companies; he said and added that the companies could minimize their risk by fulfilling their capital needs both from banks and public. "If the government introduces a compulsory provision to convert large private companies into public, many companies relating to production and service sector will come in capital market," he said.

Chairman of Institute of Chartered Accountants Nepal (ICAN)

Madhubir Pandey said that the companies related to manufacturing and service sector should be attracted in the capital market for the development of the market. Currently, the banking and non-banking financial institutions cover around 90 per cent of the capital market, other sectors should be attracted in capital market by changing the law, he said.

Krishna Devkota, joint secretary at the Ministry of Finance, said that the government was committed to make the required arrangement for the development of capital market as per the recommendation of SEBON.

Baburam Shrestha, chairman of Security Board of Nepal, stressed the need of utilizing modern pricing method of shares in primary market to control unnecessary fluctuation in the secondary market. In lack of appropriate method in fixing face value of primary shares, we have experienced high demand pressure on primary shares which has also contributing to volatility in the secondary market, he said. We should apply book building process and douche auction method in pricing shares in the primary market, he said.

Dipak Kafle, former chairman of SEBON, said that there was a need of institutional development for the development of Nepalese capital market. For it development institutions like credit rating agency should be promoted, he said.

## Coffee export only with national coffee logo

No coffee will be exported from Nepal sans national coffee logo in the days to come, according to the new Nepal Coffee Logo working directives draft prepared by National Tea and Coffee Development Board (NTCDB). For this, from now on, coffee

traders will have to be registered at the NTCDB and use national coffee logo compulsorily to export their coffee to the international markets.

Continued on page 4

## Coffee export only with .....

With the fear of misappropriation in the quality of Nepali coffee and its niche international market, the Board has proposed to implement Nepal Coffee Logo rule. The implementation of coffee logo rule will bring coffee trade within the purview of Board.

Similarly, directives have proposed to provide national coffee logo to the trader/company that maintain specialty coffee standards from production, processing, packaging and export. Only Arabica type coffee planted at and above 800 metres maintaining shed, irrigation, and produced in organic way will be eligible for the national logo.

The proper implementation of the coffee logo will help maintain standard of Nepali coffee both at national and international levels, Krishna Prasad Ghimire, a member of the Coffee Standard Sub Committee said. Stating that Nepali coffee had niche international market, Ghimire said that the implementation of coffee logo was essential to maintain its standard, reducing the risk of losing its market.

Shyam Prasad Bhandari, Chairman of Nepal Coffee Producers



Association, said that though Nepal had started to produce coffee for more than six decades, knowledge and information about its quality was quite low among the traders/producers. Only quality and standard coffee would get coffee logo and it would help to make the Nepali coffee market niche and sustainable, he added.

Coffee Technician at the Board Binod Ghimire said that the

Board was going to finalise the draft directives and endorse it to maintain quality standard of Nepali coffee. "The process of discussion on the draft coffee standard directives is underway," he said adding that the implementation of logo would certainly control the possible misappropriation in the coffee trading. He said that the directives have provisions to fine, prohibit and bring the traders/producers into legal framework if they did not abide by the directives.

Nepali coffee has huge potential in the international market. The annual production in Nepal is around 400 metric tones of green beans. Out of the total production, around 60 per cent is exported to the international markets while the rest is consumed within the country.

## Ayurveda Department to set up 91 Ayurveda hospitals

The Ayurveda Department has decided to set up 91 ayurveda hospitals and herbs collection and processing centre in each development region. The Department, for this, has taken permission from the Ministry of Health and Population and proposed budget demand with the Finance Ministry.

Director General at the Department Professor Dr Kaladevi Bhandari said foundation stone was laid to a building in Dhangadhi for the herbs collection and processing centre while a land was being searched in Janakpur for the same purpose. Similarly, the Department is to set up seven ayurveda hospital in Tarai while five in the hilly region. Each hospital will have the 15 beds.

Process to renovate the ayurveda hospitals of Dang, Ilam, Chitwan, Butwal and Kathmandu has been forwarded to the Division of Medical Science under the Health Ministry. Division Chief Dr Tirtha Raj Burlakoti said the Ministry has



given top priority to the renovation of the hospitals the department recommended for.

Meanwhile, Director General at the Department, Dr Bhandari said the Department and the Health Ministry were positive to address the demands put forth by Nepal Ayurveda Health Workers' Society. The Society has demanded the installation of ayurveda health workers as per 2063-BS Act, immediate establishment of 91 ayurveda

hospitals, and herbs collection and processing centre in each development region, renovation of the dilapidated building and others.

The Ministry has formed a talk team under the coordination of Joint-Secretary Kedar Bahadur Adhikari to address the demands.



**Nepal-India  
Chamber of Commerce & Industry**

*Translation / 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](mailto:secretariat@nicci.org)**

***We're on web! [www.nicci.org](http://www.nicci.org)***

## **India's growth projected to rise to 5.7 per cent in FY 13 : World Bank**

Growth in India is projected to rise to 5.7 percent in the 2013 fiscal year and firm to 6.5 percent and 6.7 percent in FY2014 and FY2015, respectively, according to a newly released World Bank report.

GDP growth in South Asia as whole slipped to 4.8 percent in 2012, mainly reflecting a continued deceleration in India, slower growth in Sri Lanka and Bangladesh, and sluggish growth in Pakistan and Nepal. Regional GDP growth is projected to pick up to 5.2 percent in 2013, before accelerating to 6.0 percent and 6.4 percent in 2014 and 2015, in line with strengthening external demand, normal monsoons, and a gradual pickup in investment spending, the Bank's Global Economic Prospects (GEP) report said.

"Continued progress in fiscal consolidation and in reducing structural constraints will determine the pace of recovery," it said noting "domestic risks dominate, including a possible derailing of reforms, and weaker than expected monsoon rains."

Expecting muted global growth, led by developing world, the report said risks from advanced economies have eased and growth is firming, despite ongoing contraction in the Euro Area, "However, the pick-up in developing countries will be modest because of capacity constraints in several middle income countries," it said.

Global GDP is expected to expand about 2.2 percent this year and strengthen to 3.0 percent and 3.3 percent in 2014 and 2015. D

Developing-country GDP is now projected to be around 5.1 percent in 2013, strengthening to 5.6 percent and 5.7 percent in 2014 and 2015, respectively.

Noting that growth in Brazil, India, Russia, South Africa and Turkey has been held back by supply bottlenecks, the report said: "While external risks have eased, growth in these countries is unlikely to reach pre-crisis rates unless supply-side reforms are completed."

"While there are markers of hope in the financial sector, the slow-down in the real economy is turning out to be unusually protracted," Kaushik Basu, Senior Vice President and Chief Economist at the World Bank.

"This is reflected in the stubbornly high unemployment in industrialised nations, with unemployment in the Eurozone actually rising, and in the slowing growth in emerging economies, with India's annual growth having dropped below 6 percent for the first time in 10 years." *IANS- Washington*

### **'Goa draft industrial policy likely to be submitted next week'**

The much-awaited draft of Goa's Investment and Industrial Policy is likely to be submitted to the state government next week as the high-level task force is awaiting final presentations by various stakeholders, a senior member has said. The draft policy

([link: http://laghu-udyog.gov.in/policies/state/goa/pstgo01x.htm](http://laghu-udyog.gov.in/policies/state/goa/pstgo01x.htm)) aims at attracting investment of around Rs 5,000 crore and creating 50,000 jobs in the next five years in the state, where investment has dried down due to faulty government policies in the last half a decade.

"Mostly by next week, the draft policy would be ready and it will be submitted to Chief Minister Manohar Parrikar," a senior member of the committee said.

The task force, headed by the Confederation of Indian Industry's (CII) Goa chapter chief Atul Pai Kane, has been holding meetings every alternate day to work on the policy, which is expected to chart out a roadmap for industrial development of this coastal state.

"The labour union leaders would be making their presentations in the next couple of days, while BJP legislator Ganesh Gaonkar has also sought time to give his view points considering his constituency," another member said.

Once the draft policy is ready, it would be open for public suggestions and recommendations, depending on which it will take the final shape. The committee is represented by various stakeholders.

*PTI- Panaji*

***We solicit suggestions/feedback from all members and readers for NICCI e-Newsflash at [secretariat@nicci.org](mailto:secretariat@nicci.org)***

#### **Disclaimer:**

The e-Newsflash is a periodic electronic release of Nepal-India Chamber of Commerce & Industry, Kathmandu, Nepal to keep members and readers updated on national and international business news/economic activities and our activities.

The information contained in this e-Newsflash including text, graphics and links are provided on an "as-is" basis with no warranty. The information contained here has been obtained from sources believed to be reliable and responsible. Whilst we have made every effort to ensure the information and details in our e-Newsflash are correct, we do not accept any liability arising from the use of the same. The news and views expressed in this e-Newsflash are not necessarily those of NICCI and the entries displayed are in no way a specific endorsement of companies, products or services.