



NICCI e-Newsflash

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Naturally Nepal.....



Panoramic scene of Rara Lake, the biggest lake of Nepal in Mugu District.

India's EXIM Bank approves \$155m soft loans for 3 projects

EXIM Bank of India has finally approved three projects — Rahughat Hydropower Project, Koshi Corridor Transmission Line Project and Solu Corridor Transmission Line Project — for its soft loan support worth \$155 million. Madhu Marasini, chief of the international economic cooperation coordination division at the ministry, confirmed the receipt of the letter on Monday. “The Bank has approved the loan support to Nepal for the development of three projects,” he said. He said the Indian bank has approved soft loans worth \$36 million for 32-MW Rahughat Hydropower Project, \$90 million for 220-kv Koshi Corridor Transmission Line Project and \$29 million for 132kv Solu Corridor Transmission Line Project.

Some two years ago, the government had requested the Indian EXIM Bank to provide \$250 million in soft loans for the construction of 14 infrastructure projects, including hydropower, transmission lines and roads.

A contract agreement between the government and the bank was signed on October 21, 2011, in New Delhi during the visit of the then Prime Minister Baburam Bhattarai. As per the agreement, India will provide long-term loans for 30 years at 1.75 percent interest.

Although the credit agreement under the line of credit was scheduled to come into effect from June 29, 2012, the bank delayed releasing the amount after the Nepal government failed to submit the progress reports of the said 14 projects in time. The government submitted progress reports this year. The detailed project

report of Modi-Lekhnath 132-KV Transmission Line, however, is yet to be submitted.

“As the Indian bank is also processing other projects to release the loans, we will receive a notification soon,” Marasini said, adding his ministry will ask the Energy Ministry to submit details on when and how much amount does the later require to finance these projects. “Once we forward the details to the bank, it will begin releasing the loans,” he said.

Energy secretary Hari Ram Koirala said the ministry will soon accelerate development of Rahughat project, while the Nepal Electricity Authority (NEA) will be asked to call a fresh tender to appoint constructors for the remaining two transmission line projects.

Meanwhile, independent power projects expressed confidence about the construction of Solu and Koshi Corridor Transmission Line Projects.

“NEA has not been able to sign Power Purchase Agreement (PPA) with more than 15 projects which we are waiting for, although we are all set to enter the construction phase,” said Subarna Das Shrestha, president of the Independent Power Producers Association of Nepal. “We expect the NEA to begin the construction of transmission line projects with the loan amount which will give relief to project developers.” ♦

Eight Companies interested on construction of Nepal-India Transmission Line

Eight Companies have seen interested on the construction of 400 KV Dhalkebar-Mujaffarpur inter country transmission line. Technical proposals were received from these companies on the tender called for the construction of transmission line said Badri Narayan Shah, Project Manager of Power Transmission Company Nepal Ltd. He said companies which submitted suitable proposal in technical aspects will be awarded the construction work of transmission line. It is said that transmission line is likely to build to develop the trade of electricity between Nepal and India.



To construct the 39.5 KM transmission line in Nepal side, the PTCN Company Ltd. has been formed, in which Nepal Electricity Authority will have 64% share, Power Grid India will have 26% & IL& FS Energy Services will have 10% share. Electricity Investment & Development Company has fundamentally agreed to take 14% share out of 64% share owned by Nepal Electricity Authority said Hari Ram Koirala, Chairman of Electricity Investment & Development Company.

Likewise, eight companies have shown interest on the construction of 89 KM Transmission line at Indian side. To construct the transmission line at Indian side also Cross Border Power Transmission Company (CPTC) has been formed. In the CPTC at Indian side, there has been an understanding to have 26% share from Power Grid India, 26% from Sutluj Jalvidyut Nigam, 38% from IL&FS Energy Services and 10% from Nepal Electricity Authority.

Earlier the investors from Nepal-India had agreed for the construction & operation of proposed Dhalkebar-Mujaffarpur 40 KV transmission line under the Nepal-India Inter Country Transmission Line. It is expected that by the construction of transmission line it will make easier to export of electricity generated in Nepal to Indian market and vice versa.

There has been set a target to complete the construction of transmission line by the December 2014. As per the target, to start the construction work of the project, feasibility study, detail survey, environmental examination, social study, initial engineering design have been completed. Remaining work will also be carried ahead with speedy way said PTCN. ♦

Nepal gets transshipment facility for overseas imports

India has agreed to allow transshipment of third-country cargos via Kolkata and Haldia ports directly to Nepali border points through international shipping companies. Nepali officials had been demanding for the facility since 2005. At present, Nepali importers have to change the shipping companies to transport goods from Kolkata and Haldia ports before transporting to Nepali border points. More than 90 percent of country's third-country imports reach Birgunj dry port through Kolkata or Haldia ports.

"Indian side agreed to allow international shipping lines to take consignments up to Nepali customs points via Kolkata and Haldia ports during a recent meeting of customs officials of both countries in New Delhi," Mukti Narayal Poudel, director general of Department of Customs, said on Sunday. "Administrative and other hassles will come down significantly once the new facility is enforced."

Poudel also said the government would soon initiate the process to formulate the guidelines to implement the transshipment facility. "We will be in a position to immediately take advantage of the transshipment facility once related guidelines are formulated. We will initiate consultation with stakeholders in this regards," Poudel said at an interaction on 'Trade Facilitation, Customs Modernization, International Commercial Terms (InCo Terms) and Nepal-India Railway Agreement' organized here on Sunday. The program was organized by NITDB in collaboration with Nepal Freight Forwarders Association (NEFFA) and the European Economic,

Trade, Commerce and Industries Association-Nepal.

Nepal had first sought transshipment facility with India in 2005. During the meeting of trade officials of both countries held in Kolkata in 2012, India had agreed in principle to grant transshipment facility to Nepal in line with the international practice.

"Once the facility is implemented, international shipping lines will have to deliver Nepal's third-country imports up to Nepali customs points or dry ports. Nepali traders will not have to worry about shipping goods from Kolkata ports and Haldia ports to Nepal," Sarad Bikram Rana, executive director of Nepal Intermodal Transport Development Board (NITDB), said.

Shyam Prasad Dahal, director of Department of Customs, highlighted the need for customs reforms in international trade facilitation. Presenting a working paper on Trade Facilitation through Customs Reform and Modernization (CRM), Dahal outlined the strategies included in CRM Action Plan 2013-2017. "By the end of 2017, we will fully modernize the customs administration as per the international standard so as to facilitate the international trade," Dahal added.

Rajan Sharma, president of NEFFA, shed light on significance of InCo Terms in international trade facilitation.

Speaking on the occasion, Lal Mani Joshi, Secretary at the Ministry of Commerce and Supplies, stressed the need for sufficient human resources, infrastructure and transparency in customs offices for better trade facilitation. ♦

Times Energy constructing 245 MW Budhi Gandaki Hydropower

Times Energy Pvt. Ltd. will construct Budhigandaki Hydropower Project of 245 MW capacity. Chandramani Baskota, Chairman of the company said that the work of feasibility study will be completed by the Asoj 2070 (Sep/Oct 2013) and the project will be completed within the 6 years. The project is likely to construct with the investment of an Indian company Cyclotrons as it is not possible to complete the project with the Nepalese investment only. It is expected that the estimated cost of the project is Rs. 38 billion.



studies are being done said Baskota. Report of the Environmental Study has also been ready. Project will construct a 20 meters dam near the Jagat village and down the river water from 5.8 Km tunnel to the powerhouse near the Uiya village. Project will be constructed in Sirdiwas, Uiya and Kerauja of Gorkha District.

A 32 KM track from Sotikhola to Jagat has been included in project, said a source from Ministry of Physical Infrastructure and Transport Management.

Data collection work, physical survey and geological study of the project have been completed and study on the capacity of the project, survey of construction materials and hydrological

Minimum of 10% shares will be provided for the people of affected area from the project said Baskota and along with that, project has been ready for providing health, education and road facilities also said Baskota. ♦

India lifts development tax on goods traded by Nepal

India has stopped charging development tax on imports and exports of goods that leave or enter Nepal via the Panitanki-Phulbari-Banglabanda route. The latest decision is expected to lower Nepal's import and export costs via the far eastern route, which sees movement of around three dozen trucks and containers everyday for trade purpose.

"India has finally agreed to stop collecting the tax on goods involved in Nepal's overseas trade after diplomatic efforts of one year. The new development has paved the way for smooth movement of goods through the crucial route," Chandra Ghimire, Nepali Consul General in Kolkata, said on Saturday.

Nepali traders had long been complaining about unauthorized collection of the tax by the southern neighbor that infringed on the bilateral transit treaty. But after series of meetings with the state government of West Bengal, customs officials stopped collecting the tax from May 21, according to Ghimire.

The Silgudi-Jalpaigudi Development Authority had been collecting the tax to facilitate development of West Bengal. According to Ghimire, the tax amount ranged from IRs 50 and IRs 80 per small and big trucks, respectively.

This practice was not at par with the existing bilateral trade and transit treaties, and was affecting traders who were using the route to import and exports goods.

The Article-4 of Nepal-India Transit Treaty prevents Indian authorities from collecting any form of tax on goods traded be-

tween Nepal and third-countries. Currently, India has designated 16 routes in West Bengal, Bihar, Jharkhanda and Uttar Pradesh for Nepal's overseas trade.

"Though the amount collected by West Bengal in the name of development tax was not big, it had set a bad precedent. If other states had followed West Bengal and introduced similar tax then Nepali traders would have ended up paying hundreds of millions of rupees every year," Ghimire said. He also informed that India has started upgrading the road along Panitanki-Phulbari-Banglabanda route, responding to request made by Nepali consulate officials.



"It is now building a four-lane track upon our request. This is expected to address problems of traders who always complained about poorly maintained road," he said, informing, the work will complete within next one and half months. Once the construction is complete, the cost of transporting goods is expected to go down significantly. This will also reduce the time of ferrying goods.

In another development, West Bengal has also banned unauthorized 'levy' slapped on goods exported from and imported into Nepal. "This will address problems of those facing hassles from different local groups," Ghimire said, adding, Nepal has also requested the Indian side to simplify quarantine process mainly for agro produces, establish internationally recognized testing lab and open a bank branch at customs point to facilitate traders. ♦



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RBI issues clarification on new banks licence

The Reserve Bank today said in-principle approval for setting up of new banks will now be valid for 18 months, up from earlier proposed one year. Issuing clarification to queries on new bank licences, the RBI said the companies which would be eligible to apply must have a public shareholding of at least 51 per cent. "...companies forming part of the Promoter Group whereof companies in which the public hold not less than 51 per cent of the voting equity shares shall hold not less than 51 per cent of the total voting equity shares of the NOFHC (holding company)", it said. Besides, the intending applicants would have to approach other regulators to bring in entities regulated by them under the bank holding company, the RBI said. It further said only non-financial services companies and non-operative financial holding companies in the promoter Group would be allowed to hold shares in the holding company.

Coming out with guidelines on new bank licences in February, the RBI had said corporates and public sector entities with sound credentials, Rs 500 crore capital and a minimum track record of 10 years would be allowed to enter the banking business. Those seeking to set up a bank would have to submit applications by July 1, 2013. The RBI will display names of applicants on its Website.

The RBI said it had received 443 queries from 34 individuals/organisations. The norms issued by the RBI after a gap of more than a decade is expected to see companies like Mahindra & Mahindra, Tatas, Anil Ambani Group and Religare queuing up for a bank licence. The RBI said that most of the queries it received pertained to provisions on eligible promoters, 'fit and proper' criteria, foreign shareholding, on transition time to the new structure and corporate structure of the NOFHC among others.

PTI-MUMBAI

Japan and India to carry out high-speed rail study for Mumbai and Ahmadabad link

Japan and India agreed on Wednesday to carry out a joint feasibility study on India's first high-speed railway, a move which could make Japanese bullet train technology the favourite for any contract. Prime Minister Shinzo Abe and his Indian counterpart Manmohan Singh said the two countries would split the cost of the study into a link between Mumbai and Ahmedabad.

"Prime Minister Singh noted Japan's interest in supporting the introduction of high-speed railway system in India," said a joint statement after a summit. Prime Minister Singh appreciated Japan's high level of expertise in designing and implementing High-Speed Railway (Shinkansen) systems.

"The two Prime Ministers decided that the two sides will co-finance a joint feasibility study of High-Speed Railway system on the Mumbai-Ahmadabad route."

An earlier report in the Nikkei business daily said Abe would offer in the form of 101.7 billion yen (\$1.0 billion) in yen-based loans to India, as Tokyo fights off competition from nations such as France and its TGV high-speed rail network. That cash



came in the form of a 71 billion yen loan for the construction of the Mumbai Metro, and almost 31 billion yen for two other projects.

The Nikkei said the agreement on a joint study indicated that Japanese technology was likely to get the nod for any future Indian purchase of a high-speed system.

The Mumbai-Ahmedabad rail line would stretch 500 kilometres (312 miles) and cost up to one trillion yen, the Nikkei said, adding the two governments plan to finish technological reviews and costings by March 2014.

The joint statement welcomed the completion of a preliminary study on a master plan for infrastructure in southern India, and said the two sides would now work on fleshing out plans.

The proposed bullet train with a speed of 300 km per hour would drastically bring down the travel time of passengers frequenting these two vital and financially strong cities to a mere two-and-half hours from seven hours by Duronto, the fastest train at present. ♦ Agence France-Presse Tokyo/PTI-DELHI

We solicit suggestions/feedback from all members and readers for NICCI e-Newsflash at secretariat@nicci.org

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