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NICCI e~Newsflash

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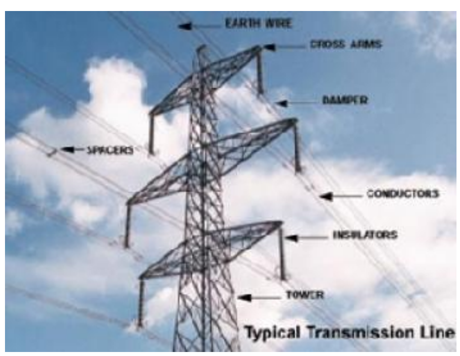
Naturally Nepal....

Ghandruk, a beautiful Gurung village in the foothill of Annapurna.

Pvt sector okayed to conduct large power line projects too



The government has allowed the private sector to build transmission lines worth more than Rs 500 million too as part of its effort to facilitate greater participation. A board meeting of the Nepal Electricity Authority (NEA) held on Tuesday decided to remove restrictions on private firms undertaking large projects.

Earlier on March 12, the NEA board had opened the door for private firms to implement transmission line projects, but they were permitted to invest in domestic projects valued at up to Rs 500 million only on a trial basis. Before the change in policy, the NEA was the sole entity permitted to build transmission lines in the country.

With the latest NEA decision, private investors can undertake large power line construction projects. NEA board member Tek Nath Acharya said that the board meeting on Tuesday decided to let the private sector invest as much as they wanted to. "The investor can directly invest up to Rs 500 million," he said, "However, with regard to investments higher than that, the investor is required to obtain permission from the NEA board."

"However, as building transmission lines is a costly project, we felt that the amount fixed earlier was very nominal, and that investors would find it difficult to implement any project by staying within the investment limit," added Acharya. The NEA has allowed the private sector to develop transmission lines under the build, own, operate and transfer (BOOT) model. Such projects need to be handed over to the NEA after 15 years. The government will begin handing over transmission line projects once the modality is endorsed. The NEA is currently preparing a modality under which it will permit investors to finance transmission line projects.

A team led by NEA director general Rajeshwor Man Sulpiya has been studying various international models for background to prepare the most suitable and investor-friendly system. The proposed modality is expected to institutionalise private sector investment in the construction of power lines. Though the recent meeting said nothing about whether the private sector would be allowed to invest in cross-border transmission lines, the modality will lay down the rules in this regard, according to NEA officials.

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Pvt sector okayed to conduct large power line ……….

The private sector had long been demanding that they be allowed to develop transmission line projects. A number of companies including Himalaya Energy Development Company (HEDC) have even submitted proposals to obtain the Energy Ministry's go-ahead in this regard. HEDC has proposed building the 132 KV Khimti-Gajryang transmission line under the build and transfer (BT) modality.

Six hydel projects apply for PDA

Six hydropower projects along with Upper Trishuli A (216 MW), Upper Myarsandi A (50 MW), Middle Bhotekoshi I (40 MW), Budhi Gandaki II (260 MW), Kali Gandaki Gorge (164 MW), and Lower Arun (400 MW) with collective capacity 1,130 MW have applied to the government for Power Development Agreement (PDA).

The PDA applications have come at a time when the agreement signing for a number of projects has remained in limbo for the last several years.

DoED Spokesperson Gokarna Pant said after the introduction of the PDA Procedure 2013 on January 23, the Department of Electricity Development (DoED) had formally called the power developers for PDA signing, giving them two months' time. "Earlier, several developers were demanding PDA. But only six have applied fulfilling all necessary criteria as per the new procedure," he said.

Of the six PDA applicants, only Upper Trishuli A has paid the PDA fee while submitting the sought documents, Pant said. "Despite the submission of all required documents, the applications of the five projects will not be forwarded unless they clear the fee," he added.

As per the PDA Procedure 2013, power developers have to pay $1,500 per MW as processing fee for PDA signing. If the government refuses to sign the agreement after the payment of the fees, the amount will be refunded.

Among other application requirements as per the new procedure are feasibility report along with estimated cost; financial analysis and drawing design; environmental impact assessment report; photocopy of the power purchase agreement (PPA) signed with the Nepal Electricity Authority (NEA); and the letter of intent submitted by the funding institution to the developer.

Although the DoED said it will soon begin PDA negotiation after the projects clear the processing fee, the Energy Ministry said it still does not have a proper PDA format in its hands.

As per the instruction of Chief Secretary Lila Mani Paudel, the ministry had planned to use single PDA template for negotiating with projects with different capacities. Previously, the ministry had prepared a template for negotiating with projects with less than 500MW capacity, while the Investment Board Nepal (IBN) had prepared another template for projects above 500MW. Officials said the ministry was not in position to sign the PDA as the IBN has not provided it the PDA draft.

IBN devises plan to lure FDI

The Investment Board of Nepal (IBN) is devising phase-wise programs to attract foreign investment in the country.

"We are holding discussions with top level officials from concerned government agencies to devise programs for attracting foreign direct investment in the country," Mukunda Paudel, joint secretary at IBN Secretariat, told Republica. "A meeting between top officials and a team of investment experts from India held on Friday discussed on some future measures to be taken by the board."

The IBN Secretariat has proposed phase-wise programs to attract investment from both local and foreign investors. "In the first phase, we will identify strategic sectors to inject investment," Paudel said, adding that the board would closely work with all stakeholders to identify the strategic sectors.

The IBN, which has been formed under Investment Board Act 2011, has said that it would develop promotional activities after identifying the strategic sectors for investment. "IBN has built institutional capacity over the past one and half years. It´s high time we gave impetus on bringing FDI in the country," added Paudel.

The government had formed IBN with an ambitious plan to bring FDI worth US$ 1 billion FDI in the first half of the current fiscal year. "We will soon launch different programs to lure foreign investment in the country," Paudel said without elaborating what the programs would be.

Meanwhile, the board is working on adopting the approach that Indian state of Gujrat has adopted in attracting investors for large scale projects. "Two experts involved in Vibrant Gujrat, a program designed for development of the state, are currently in Nepal," Paudel said, adding, "We held discussion with them on the modalities adopted by them to attract large scale investment."

New rules to curb haphazard establishment of factories

The Ministry of Industry has started preparations to introduce a standard that will to force new industries to locate themselves at certain predetermined locations. The move is aimed at curbing haphazard establishment of factories.

The ministry has formed a committee which will identify "suitable" locations for setting up new factories. The measure, also known as "localisation of industries", is a usual practice in developed countries.

The committee is headed by Rishi Koirala, head of the ministry's Technology Division. "The committee will hold a study to identify suitable locations for the establishment of industries based on their nature of production," said Yam Kumari Khatiwada, spokesperson for the ministry.

The committee will have representatives from the Ministry of Finance, Ministry of Environment, Ministry of Commerce and Supplies, National Planning Commission and private sector bodies, among others. The ministry's move follows the decision of the Industrial Promotion Board (IPB) to study the matter a month ago.

Dhruba Lal Rajbanshi, member secretary of the board, said the decision was taken to address growing concerns that establishment of industries without proper study is affecting environment, religious sites, human settlements, and highways.

Last year, local residents of Birgunj — an industrial hub — staged protests demanding closure of industries based at residential areas. They claimed the industries polluted local environment and made their living difficult. Industrialists, however, complain that people first build homes around industries attracted by easy access to road and other infrastructure, and they latter complain.

Rajbanshi said the board had earlier prepared guidelines on establishment of industries according to their nature in a particular location, but the guidelines could not come into implementation. "We are amending and revising those guidelines," he said. "Once the committee submits its report, the IPB will decide what sorts of industries should be established where." He, however, said the upcoming provision will only be applicable to new industries, not the existing.

The committee will devise the guidelines based on factors such as availability of raw materials, access to power, physical and climate conditions, market access and supply of trained labour, among others.

NRB bought 90 billion IC in 7 months of current FY

The trend of buying Indian currency (IC) by Nepal Rastra Bank (NRB) at the cost of US Dollar and floating it in the market is in rise due to acute shortage of IC. As per the statistics of NRB, in the first seven months of the running fiscal year from Shrawan to Magh 2069 (mid July 2012 to mid Feb 2013), NRB has already bought 90.24 billion IC and the trend is tremendously high. NRB has been bringing IC by sending US$ to Central Bank of India since long time. NRB managed the 90.24 billion at the cost of 1.66 billion US$.

About 10 years back, there was no need of buying IC as demand for IC was easily fulfilled from the local market. Based on this statistics, it seems that Nepal has to buy a minimum of 150 billion IC for this current fiscal year only. NRB had bought 79.10 billion IC by selling 1.62 billion US$ during the same period of fiscal year 2011-12.

Owing to decreased of reserve of IC, NRB squeezed supply and exchange facility of IC from the last 2 years except for medical treatment and education.

For trading or business purpose, exchange facility is extended upon clear disclosure the purpose. Increase in trade between Nepal and India, which is now officially stands at 2/3 portion of Nepal's total international trade has tremendously led to increased demand for IC, and out of this, petroleum products has remained the major import from India in IC, which used to import from Gulf countries in convertible foreign currency about 10 years before.

According to NRB source, Nepal's imports from India in the last 7 months of this current fiscal year worth Rs.207.63 billion.

Indian Currency purchased in first 7 months of 3 Fiscal Year

F.Y. 2010/11	F.Y. 2011/12	2012/13
65.57 billion	79.10 billion	90.24 billion

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GoI plans to have single telephone number for all emergencies

A single number for all emergencies like police, fire and ambulance will soon become a reality in India, doing away with the present system having multiple emergency and communication response systems.

Globally, most developed nations have moved to this model. For instance, the US uses 911 for all emergencies, where a trained dispatcher routes the call to local emergency agencies. The corresponding number for most European Union countries is 112, which can be dialed free of charge from any landline or mobile phone. Many countries also allow free calls to emergency number from disconnected fixed and mobile phone connections.

Sector regulator Trai shares the view that 'existence of different numbers for various emergency response systems creates confusion among users'. At present, India uses several different numbers such as 100 (police), 101(fire), 102(Ambulance) and 108 (Emergency Disaster Management) while a number of states have also notified various helpline numbers like, Woman in distress - 81(Delhi), missing children and women - 1094 (Delhi), crime against women - 1096 (Delhi), anti-extortion - 1097 (Delhi) and 'police headquarter helpline - 1090 (Uttar Pradesh), among others.

Justifying the need to move do away with present system, Trai in its communication to all mobile phone companies, in its consultation process, said 'it would difficult to remember so many numbers during an emergency'.

In May 2011, at the behest of security agencies, the Centre had unveiled new rules mandating telcos to install within 12 months, advanced tracking devices on every cell tower in the country to pinpoint the location of a minimum 30% of their customers within 50 metres of accuracy and 80% of their customers within 300 metres of accuracy. In the second year, telcos were mandated to further enhance this facility to ensure that 50% of the customers can be tracked within 50 metres of accuracy and 95% within 300 metres. This facility is similar to that of Enhanced 911, or E911, in the US. ET BUREAU NEW DELHI

Unilever sees Africa as major FMCG market, after BRIC nations

FMCG major Unilever Ltd on last week said that after BRIC countries, the African region has a good market potential for the company. "Africa is the next frontier of growth. It will become next to Asia. The question is whether it is going to happen in 10 years or 15. We don't know", Unilever Chief Operating Officer Harish Manwani told reporters here.

He added: "But, without doubt, there are 800 million people living in sub Saharan Africa. And their GDPgrowth has been steady at 5 to 6 per cent per annum." Speaking on the sidelines of an event at Indian School of Business, Manwani said the business growth is also expected from countries which have a population of more than 100 million.

"These markets are showing signs of resurgence. So we feel very good about it. BRIC (Brazil, Russia, India and China) plus next thirteen markets, having population of 100 million or more have huge business potential," he added. PTI -HYDERABAD

State run STC, MMTC and PEC cut huge stock of wheat thru export

State-run companies of India such as MMTC, STC and PEC have been floating export tenders to ship out wheat from overflowing government warehouses since July 2012.

STC has received the highest bid at $302 per ton from Dubai-based trader Emmsons Gulf in its latest wheat export tender, trade sources said on Tuesday. On March 6, STC had issued a tender to export 30,000 tons of wheat for shipments by April 30 from the western port of New Mangalore. Similarly, MMTC Ltd received the highest bid at $304 per ton from global trader Noble Grain in its latest wheat export tender, trade sources said on Tuesday. Last week, MMTC floated the tender to sell 65,000 tons of wheat for shipments in April from warehouses located on the west coast as part of the government's plan to cut huge stocks before the new harvest starts arriving in April. Likewise, same day, PEC received the highest bid at $305 per ton from Singapore-based trader Concordia for a 50,000-tonne wheat export tender. REUTERS -NEW DELHI

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