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Nepal-India Transit pact revision soon

The Ministry of Commerce and Supplies is planning to review the Nepal- India Transit Treaty by December, as the existing treaty will expire on January 6, 2013.

"We have already forwarded the letter of exchange to the Foreign Ministry and are waiting to give a formal invitation to India for a revision of the Trade and Transit Treaty," said commerce secretary Lal Mani Joshi.

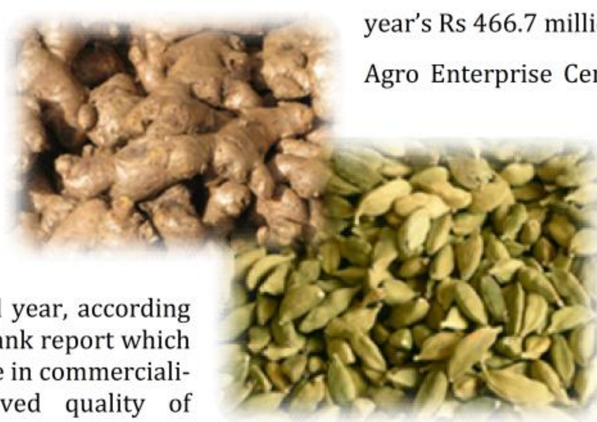
"Though we had forwarded the letter of exchange on time, there has been no further activity from the Foreign Ministry, due to which the revision may be delayed," he added.

During the revision of the Nepal-India Transit Treaty, the ministry is looking forward to making agreements on three major issues – use of Visakhapatnam port, revision of Railway Service Agreement, and access to Rohanpur-Singhdabad Transit Route, he said, adding that after the revision of the Railway Service Agreement, Nepal will be able to utilise closed containers, open containers and in bulk too. The agreement on Visakhapatnam port will create an alternative route for cargo transportation for Nepal.

Nepal currently uses Kolkata port to transport cargo. Along with the revision of the Transit Treaty and final agreement on the three issues, the country is looking forward to starting three more points for railway transportation after Birgunj port. "We are waiting for a quick response from the Foreign Ministry to fix a date in December," said Joshi.

India is Nepal's largest trade partner and source of foreign investment, besides being the only transit providing country for Nepal.

Ginger, cardamom exports to India gaining momentum



Exports of two major agro products—ginger and cardamom—to India have surged by 93.3 percent and 30.9 percent respectively in the first three months of the current fiscal year, according to a Nepal Rastra Bank report which suggests an increase in commercialisation and improved quality of products.

Nepal Rastra Bank's quarterly report shows that the country has exported ginger worth Rs 317.6 million to its southern neighbour, up from Rs 164.3 million on the same period the last year. Similarly, the cardamom export to India has jumped to Rs 610.8 million from previous year's Rs 466.7 million.

Agro Enterprise Centre (AEC) attributed the rise in exports to the improvement in products' quality as well as to the farmers' growing attraction towards the sectors. According to AEC, it has been working to improve the quality and productivity of both ginger and cardamom, mainly in the eastern Nepal with support from the Ministry of Commerce and the World Trade Organisation (WTO). Contd on page 2

Ginger, cardamom exports to India gaining ………….

Under the programme, more than 25 units of cardamom processing plants were distributed last year to the farmers in five districts—Sankhuwasabha, Ilam, Panchthar, Taplejung and Bhojpur. Maharjan informed that the commercial farming of cardamom had been expanded also to Dolakha, Sindhupalchok and Kavrepalanchok.

Last year, the AEC distributed the improved seeds of ginger in eight districts, including Dolakha and Sankhuwasabha. Maharjan said the distributed seeds were less vulnerable to diseases compared to the traditional ones and that they could have helped yield high quality products.

Both the agro products, according to AEC, are tested for Pesticides Residue Analysis (PRA) and Pest Free Area (PFA) at quarantine check points in Kolkata and Delhi, India while being exported. AEC has expected further growth in their export in the future. Nepal Trade Integration Strategy has indentified ginger and cardamom among Nepal's 19 major exportable items.

'Nepal, India collaboration key to handicraft promotion'

A collaboration between the Federation of Handicraft Associations of Nepal (FHAN), and Export Promotion Council for Handicrafts (EPCH), India is necessary for jointly marketing the handicraft products of both the countries, claimed officials on Friday, 23rd November.

Speaking during a workshop on 'Indian Handicrafts: Past, Present and Future', former commerce secretary Purushottam Ojha said that they needed to work together to jointly promote handicraft products of Nepal and India. "Through close collaboration of Federation of Handicraft Associations of Nepal and EPCH-India, both countries can promote and market their products in the international market," he added.

"There are different Chinese machine-made craft products which are much cheaper than handicraft products, therefore, there is a need to develop new designs and bring a new marketing strategy," said Ojha, adding that focus on Intellectual Property Rights is key to ensure the brand of traditional handicraft products.

Likewise, joint secretary at the ministry of commerce and supplies Naindra Prasad Upadhyay said that through the collaboration with the Indian Export Promotion Council for Handicrafts, Nepal will be able to get new ideas from Indian handicrafts.

"Handicraft production is an ancient practice in our country which should now be nurtured and promoted in the international market," said Upadhyay, adding that developing handicraft will help promote traditional craft and increase job opportunities in the country.

Meanwhile, president of the handicraft association Bikash Ratna Dhakwa expressed the need for a handicraft village and economic zone. "The government is still not concerned about the handicraft sector which exports 40 different products to 60 countries," he said, adding that handicraft products have huge potential both in the national and international markets, but it needs support from the government.

During the programme, executive director of EPCH Rakesh Kumar informed about the various challenges being faced by the handicraft sector of both the countries. "Our handicraft products are facing huge competition in the international market from countries involved in mass production," said Kumar. **"India has a total of seven million artistes, with 47.4 per cent of them female artistes."**

Participants also expressed the need to develop new designs and a new marketing strategy. According to them, the market for handmade products is facing tough competition from Chinese products made through machines.

DoC puts temporary ban on imports of paper from India

The Department of Customs (DoC) has temporarily stopped clearing paper imported from India after finding out difference in valuation of same quantity of paper at different customs offices. The department's decision is intended at curbing the practice of undervaluation of imported paper, according a DoC official. While Birgunj Customs office is charging a customs duty of Rs 45 per kg on the imported paper, other customs offices are charging just Rs 32 per kg.

The DoC official said that the department had been probing the matter inspecting customs clearance documents on imported paper from several customs offices. The department's move has, however, put traders in dilemma, as they have been clearing the customs in bail.

Manohar Mul, chairman of the Papers Traders Association (PTA), said that for the past two months the traders had been importing papers in bail on the basis of reference price. "We are confused over the rate at which the paper be sold in market," he said, adding that it had led to decrease in paper imports.

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DoC puts temporary ban on imports ………

J K Company, which used to import some 16 trucks of paper monthly in the past, has scaled down its import down to around 7 trucks now. “We have already imported 15 trucks of paper in bail so far,” Pramod Kabara of the company said, “The bail amount has already shot up to hundreds of thousands of rupees.” Traders blamed the under invoicing practiced by some traders in bordering areas as the cause of the problem. “Under invoicing is impossible without the involvement of customs officials,” said a trader.

But Mul maintains that importing paper in bail will leave traders with unnecessary hassles. “This will directly hit the consumers,” he said.

Ram Hari Aryal, the customs chief, said that his office had already initiated home work to bring uniformity in customs rate. Despite there is a mechanism at the DoC for keeping the valuation rate same, such difference of valuation was identified.

Customs officials said that the termination of DRP had led to the practice of under invoicing imported goods under the AIE 1 system. “There was no problem in importing paper under the DRP system,” said a customs official. Following suspicion of under invoicing, the PTA has requested the DoC to impose the minimum price of Rs 38 as the base rate. “We have recommended action against traders importing the papers in less than the set rate,” said Mul.

India to grow 6.5 pct in 2013 as demand outlook improves: Goldman

MUMBAI: India’s economic growth is likely to accelerate to 6.5 per cent in 2013 backed by favourable external sector demand outlook and a pick-up in domestic reforms, Goldman Sachs said in a report on Thursday.

The Indian economy is likely to grow at 7.2 per cent in 2014, compared with 5.4 per cent in 2012, the report said.

According to a Reuters poll, the India’s economy expanded near its slowest pace in three years in the quarter to September at 5.4 per cent. REUTERS

Haryana, Gujarat provide maximum jobs in mfg: Assocham

NEW DELHI: Haryana has topped in providing maximum number of jobs in the manufacturing sector in urban areas among major states, industry bodyAssocham said on Wednesday, 28th Nov.

Assocham said that over-dependence on the services sector is not considered the best option for a country which aspires for a growth combined with employment generation. Citing example of China, which is now known as the factory of the world, Dhoot said: "we have done well in the services sector but we have to diversify aggressively in the manufacturing."

"As many as 319 people per 1,000 were employed in the industry in urban Haryana and 306 in Gujarat as against the national average of 242, as per the latest data from the National Sample Survey Office," the chamber said.

It said that although services sector remains the biggest source of employment in urban areas throughout the country, these two states have managed to ensure that industry too provides a major avenue for jobs. "The two states were in the top in terms of the industry providing the maximum employment in the urban areas among the major states," it added. The chamber said that these two states were less dependent on services sector. As against the national average of 683 urban people per 1,000 finding jobs in the services sector, 641 found jobs in Gujarat and 627 in Haryana, it said.

Assocham President Rajkumar Dhoot said that the share of industry in the overall employment must grow so that more and more people can get jobs in the manufacturing sector. "Though the share of the industrial sector in the total employment is more than its contribution in the GDP, we need to increase its role in the overall economy," he said.

Assocham said that over-dependence on the services sector is not considered the best option for a country which aspires for a growth combined with employment generation. Citing example of China, which is now known as the factory of the world, Dhoot said: "we have done well in the services sector but we have to diversify aggressively in the manufacturing."

He added that the government and industry and other stakeholders will have to ensure that all the obstacles like land acquisition and environment issues which have been blocking investment in the big manufacturing projects should be removed sooner than later. PTI

Bihar beats Gujarat, Maharashtra with 21.9% growth in 11th Plan

Bihar has been the top performer among the major states in terms of economic growth during the 11th Five Year Plan which ended on March 31, 2012. According to a Planning Commission report on state finances, only Sikkim and Goa, which are much smaller in size than Bihar, have performed better than the state.

The report reveals that the nominal gross state domestic product (GSDP) growth rate of Bihar was 21.9 per cent during the 11th Plan spread over 2007 to 12. Whereas none of the major states which include Maharashtra, Andhra Pradesh, Gujarat and Uttar Pradesh could bag over 20 per cent GSDP growth rate in nominal terms.

States	GDSP growth rate
Sikkim	31.6 %
Goa	22.9 %
Bihar	21.9 %
Haryana	19.5 %
Rajasthan	18 %
Kerala	16.9 %
Madhya Pradesh	16.8 %
Andhra Pradesh	16.7 %
West Bengal	16.4 %
Gujarat	16 %
Maharashtra and UP	15.3 %
Puducherry, Nagaland & Manipur	< 11 %
Jharkhand	9.2 %

Among all the states and union territories, Sikkim recorded highest GSDP growth rate of 31.6 per cent during the five year period followed by Goa at 22.9 per cent.

The worst performers include Jharkhand which recorded GSDP growth rate of 9.2 per cent followed by the Puducherry, Nagaland and Manipur (all below 11 per cent).

In case of major states, Haryana clocked the GSDP growth rate of 19.5 per cent followed by Rajasthan at 18 per cent, Kerala at 16.9 per cent, Madhya Pradesh 16.8 per cent, Andhra Pradesh at 16.7 per cent and West Bengal at 16.4 per cent.

During the 11th Plan, Gujarat grew at 16 per cent followed by Maharashtra and Uttar Pradesh at 15.3 per cent each. PTI - NEW DELHI:

Kolkata Port Trust for capacity expansion at Haldia

The Kolkata Port Trust will go ahead with the proposed capacity expansion at Haldia dock despite a slump in cargo volumes and controversy over cargo handler Haldia Bulk Terminal's exit.

"We are moving ahead with capacity augmentation and issue the Request for Proposal (RFP) in a month for the Haldia Dock II project where we plan to add 23.4 million tonne capacity," KoPT manager (Railway) A K Bose said. "We have already received 15 offers from major companies and consortiums like Adani, Essar, Shapoorji Pallonji Infrastructure, Gammon India, JSW Infrastructure, a consortium of Transstroy-OJSC, Vadinar Oil Terminal Ltd and Jindal ITF...", he said.

"Though there is some slowdown in cargo but with the upcoming projects in the eastern side, we need to argument capacity to meet the demand of the future," he said.

The existing dry bulk capacity of Haldia dock is 18 million tonnes and according to projections in 2019-20, the demand for capacity will be for 40 million tonnes. The estimated Rs 1,700-crore expansion involves two projects comprising HDC-II north and HDC-II south at Salukhali at Haldia, close to the existing Haldia dock.

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Each HDC-II north and South will have two berths each with one multipurpose and another mechanised. The project will be executed under a PPP (Public-private partnership) model.

KoPT has already received the go-ahead from the public private partnership appraisal committee (PPPAC) for the model concession of the project. KoPT has obtained nearly 160 acres of land for the project from the state government. PTI -KOLKATA:

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RBI wants involvement of private banks in GoI's joint lending plan

NEW DELHI: The Reserve Bank of India has suggested that private banks be involved in the government's proposed joint lending mechanism for corporate debt, and demanded deliberations on the issue before the policy becomes operational, according to an official.

The government hopes that the lending arrangement, designed to insulate state-run banks from sticky loans, will stop borrowers from seeking multiple loans from different banks against inadequate collaterals. The RBI, however, wants the proposal to be broad based to include private sector banks. Under joint lending agreement (JLA), state-run banks will lend in a consortium to borrowers seeking credit over Rs 150 crore by way of a term loan, working capital and nonfund-based facilities.

If a loan becomes non-performing for one bank, all consortium members will treat it as a nonperforming asset (NPA). At a meeting on Tuesday, the RBI indicated that it has already made information sharing among banks mandatory from 2013, which serves the basic purpose for which the joint lending mechanism has been proposed.

They (RBI) want a broader consensus involving role of private banks and further deliberations," said an official who attended the meeting held in the finance ministry.

According to a bank executive involved in the discussions, private sector banks are not keen on being a part of such an arrangement and their dissent is holding up the implementation of the plan.

"Unless there are fully-secured loans, most private banks are interested in nonfunding exposures such as bank guarantees. Now, if PSBs decided on such an agreement, not only will they lose out on their fee but also have to take larger exposure," the bank executive said.

But private banks maintain that their NPAs are low because of better credit risk management. "We do not see JLA as a onestop measure to control NPAs. Also, it will finally depend on the client which bank it wants in the consortium," the senior general manager of a private bank said.

As per RBI data, the net NPA ratio of state-run banks stood at 1.53% at the end of 2011-12 , an increase of 44 basis points from 1.09% in the previous fiscal. Over the same period, the net NPA ratio of private banks decreased by 10 bps to 0.46% in 2011-12 from 0.56% in 2010-11.

A finance ministry official, however, downplayed any difference of opinion between the regulator and government. "These are minor issues. The government is working closely with banks and regulator to evolve a consensus. Our aim is to strengthen PSU banks," he said.

Another bank executive, who was part of the deliberations, said that state-run banks have decided to go ahead with the JLA agreement. "State-run banks will adhere to this framework, wherein consortium lending will be done for borrowers seeking credit of Rs 150 crore and above, and involving more than one PSB," he said.

The finance ministry had issued the directive on joint lending in May. Following objections from the RBI, it set up a committee under CFO of SBI to review the mechnism. Experts say that joint lending will provide banks with good quality information and market intelligence that can help arrest further deterioration of assets. ET BUREAU

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