



NICCI e-Newsflash

Vol 2, Issue 27

Weekly

September 13, 2012

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4 Billion Investment commitment of European Bank in the biggest reservoir based Upper Seti project



European Investment Bank (EIB) is prepared to invest the loan of 500 million US\$ (Around 4.45 Billion) for the construction of Upper Seti hydropower project. "Bank has expressed their commitment of investment in the project during the meeting between the high class officials of bank and ministry of energy held recently" said Mahesh Acharya, chief of the project. Earlier Asian Development Bank (ADB) and Japan International Cooperation Agency (JICA) had already expressed their commitment for the investment in the project which is in the final preparation to go for the construction. ADB is confirmed to provide 160 Million US\$ (around NRs. 1.42 billion). It is also said that among that 38 million US\$ will be grant assistance and rest will be soft loan. "Likewise JICA will provide loan of 180 million US\$ (around Rs. 1.6 billion). Apart from these investments, remaining portion will be managed from donor agencies and Government of Nepal" said Acharya.

Project likely to construct in Tanahu district has 140 MW of capacity. This will be the biggest reservoir based project ever built if this project comes into reality. Till the date there has been only Kulekhani 1 & 2 are the project with the water storage generating 92 MW.

A separate company has also been established with the name of Tanahu Hydropower Company for the construction of Upper Seti Hydropower Project. Nepal Electricity Authority (NEA) will have the majority of share of the project. 90 families will have to be shifted from the project area. Detail study of the project (DPR) has been completed. The project will go for construction from the beginning of 2014 and will be completed by 2020. The cost of the project has been estimated at around 5 billion US\$ (around NRs. 44 billion).

To end the load shading, there is no option to construct the project with water storage said Balanand Paudel, former secretary of ministry of water resources. He further said load shading can be ended within 5/6 years if the big hydropower projects like Upper Seti, Budhi Gandaki and West Seti are built. Investment Board and Three Gorges of China has recently signed on MoU for the construction of West Seti Hydropower Project. There is a plan to complete the construction of this project by 2019. Meanwhile, for the detail study (DPR) of 650 MW capacity of Budhi Gandaki Project, Trackbell company of France has been selected.

WB to support trade, facilitate transit with India

The World Bank (WB) has agreed in principal to support Nepal to enhance trade with India by developing required trade infrastructures and setting up a system that will smoothen transit of goods between the two South Asian nations.

A source at the WB told that the support would be extended under Nepal-India Transit and Trade Facilitation Project (NITTFP), which is presently in a preparatory phase.

"On the back of host of problems in trade and transit of goods between two countries despite that we huge trade potentiality with the southern neighbor, the WB showed interest to support us in upgrading existing trade infrastructures and systematizing the trade and transit between two countries," the source said. The source said a study was underway to identify ways to implement the assistance effectively. However, the source declined to disclose the possible amount of assistance under the project.

According to the source the assistance includes widening of the 36-km long Narayanghat-Mugling road which links Mahendra Highway with Prithwi highway. Amid different hassles in the process of exporting and importing of goods, the assistance is aimed at introducing one-window systems in major customs offices in the southern part of the country.

"As we are frequently facing problems in shipping the goods through Narayanghat-Mugling road, which is crucial for the supplies of goods to capital, the WB's support will be instrumental to remove the bottleneck in road

transportation," the source said. The Ministry of Commerce and Supplies (MoCS) had few months back asked the WB to extend support in introducing the system and developing the infrastructures to facilitate trade with Asia's third largest economy.

The WB is also supporting to introduce one-window policy in key customs- a move that would reduce the trading time and procedure with Nepal's largest trade partner. The WB assistance also includes introducing frequent monitoring of cargo along Kathmandu-Kolkata routes to ensure the hassle-free transit of goods along the sole transit route for Nepal for the trade with India and overseas countries.

The WB has also agreed to extend support for establishing Inland Clearance Depot (ICD) in Dodhara-Chadani area located in far western Nepal. "We expect ICD will open up avenue to boost trade through one of the most backward regions of the country with the most populous nation of South Asia," the source further added.

Similarly, construction of Container Freight Station near the capital is also included in the proposed assistance.

Under the assistance, WB is also conducting an in-depth study to suggest measures to simplify the bi-lateral trade to both the governments. More than two-third of Nepal's total foreign trade is with India.

Nepal imported goods worth Rs 299 billion from India against the export of around Rs 50 billion during the fiscal year 2011/12, resulting to a trade deficit of Rs 249 billion.

Banks allowed to invest overseas

The central bank has opened up investment by class 'A' and 'B' financial institutions in foreign countries.

In line with the monetary policy, Nepal Rastra Bank (NRB), issuing a circular on 12th September, has allowed commercial banks and national level development banks to invest 30 per cent of foreign currency deposits at their agency banks abroad in low risk instruments for a maximum of two years.

The circular states that banks can only deposit 25 per cent of their total foreign exchange liabilities in agency banks abroad. Moreover, banks have to maintain a minimum foreign exchange balance of \$200,000 to meet payment necessities. While introducing the monetary policy, NRB had announced that banks with foreign currency in their agency banks abroad would be allowed to invest a part of their balance in minimum risk instruments, signalling a policy to open up the country's capital account.

"Banks can invest up to 30 per cent of their total balance in their agency banks in minimum risk instruments such as foreign government issued bonds, call deposits and certificate of deposit," said spokesperson for NRB Bhaskar Mani Gyanwali.

Banks will be able to make some money by investing instead of keeping their balance idle in foreign banks, he added. However, banks cannot obtain loans from foreign banks for investment purposes.

Moreover, NRB has also allowed banks to hedge the risk related with foreign exchange rate fluctuation through derivatives instruments provided banks keep enough foreign currency to cover their forwards exchange contract in their agency banks as deposits. The banks are allowed to invest in derivatives such as forward, futures, options and swaps.

Now Export also from same “Bill of Lading”

Nepali Exporters have started getting their goods from factory to destination of export where they want to export by getting the “Bill of Lading”. TLPL Shipping and Logistics Pvt. Ltd. of India has started this service in association with its Nepali partner Interstate Multimodal Transport Pvt. Ltd. from the 1st week of Bhadra. From the availability of this service, Nepali exporters are felt relief from the knotty process of transporting goods from/to Nepali Custom or upto Kolkata Port by Nepali exporters themselves. Few Garments and Carpet Industries have obtained such service said Mr. Anand Rauniar, General Manager of Interstate Multimodal Transport Pvt Ltd.

This was informed on the Trade Meet jointly organized by TLPL Shipping & Logistics Pvt Ltd (A Transworld Group Company) and its Nepali partner Interstate Multimodal Transport Pvt Ltd in Association with Nepal foreign Trade Association Nepal recently in Kathmandu.

This new service was initiated to fulfill a long time demand of the Nepalese trade by offering Thru B/L service (port of loading to Dry Port Birgunj) for import into Nepal, thereby not only serving the nation of Nepal but also transforming ICD Birgunj to be a truly functional hinterland dry port handling Nepal's international trade.

Company had already been providing such service from Last year. Having positive response from that service it has been extended for export also said Mr. Rauniar. He further informed, due to such single door service provided by the company the cost of Nepali exporters will come down remarkably.

TLPL Shipping & Logistics Pvt Ltd being a part of Transworld Group which is one of the largest group of companies which has varied and diverse interests ranging from shipping and shipping related activities such as ship owning, ship management, agency business, forwarding to logistics and supply chain management.

Currently TLPL is transporting goods exported from Nepal to Japan, America, Britain, Italy, Germany and South Africa. Especially Carpets, Readymade Garments, Instant Noodles, Beer etc. are being transported by the Company, Mr. Rauniar



informed. It costs expensive and goods are less secure when Nepali exporters get Bill of Lading dropping goods upto Kolkata Port by themselves Mr. Rauniar said with this service now this obstacle is no more there.

According to the company, now exporters can get facility of all the information about cargo charges while booking TLPL for sending their goods. From the local office of the company they also

can know where their cargo has been reached and Importers can also plan for the clearance and delivery, informed Mr. Rauniar. Facility of direct export from the factory minimize the cost and secure the goods too and this service brought this situation, said Mr. Naresh Das, President of Nepal Export Council.

Transworld Group and Interstate are both the joint venture partners in Himalayan Terminals P Ltd., terminals at ICD Birgunj. The thru B/L service being offered for import into Nepal is a single window, door to door, total logistic solution and minimizing most of the problems being faced by the Nepalese trade presently.

As per the company, the thru B/L offers service from either ex-works or port of loading right upto ICD Birgunj and / or Kathmandu and covers the following on behalf of the importers:

1. Supply of container to the shipper either at factory or at the port of loading
2. Local clearance and transportation for shipper
3. Ship on board
4. Ocean voyage
5. Kolkata port and customs clearance
6. Rail Transportation of containers
7. Delivery of container at ICD Birgunj / Kathmandu
8. Receiving of empty containers at ICD Birgunj
9. Return of empty container to shipping line's depot at Kolkata

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Now Export also from same “Bill of Lading”...

All the above services shall be coordinated liaised locally at Kathmandu itself through TLPL's partner office at Interstate Multimodal Transport Pvt Ltd thereby avoiding the importer having to deal and liaise with various parties at either overseas or in India, thereby saving them huge time, energy and of course cost.

The local office at Interstate through TLPL will act as custodian of the cargo and track the movement of the containers and follow up information from time to time thereby giving full control of the cargo to importers in Nepal.

TLPL says, it will quote a single rate to the Nepal importers which will cover the following :

A) Incase of ex- factory terms :

1. Placement of the empty containers at the suppliers factory and local transportation at country of origin
2. Export custom clearance at port of loading for the shipper.

B) In all cases:

1. Shipment on board with ocean freight
2. Kolkata port and custom clearance
3. Rail movement and rail freight
4. Delivery at ICD Birgunj
5. Receiving empty containers at ICD Birgunj

According to the company, the free time at Birgunj will be 3 days for Birgunj local delivery and 5 days for Kathmandu delivery thereby avoiding any possible detention for movement from and to Kolkata which is currently

happening with the CIF Kolkata shipments. Presently the traders are paying additional detention charges for the empty containers till they reach the plot of shipping lines in Kolkata. The statistics of this type of conventional shipping is adding cost in crores of rupees paid by the Nepalese traders to the shipping agents at Kolkata.

As per TLPL, through this service importers can get benefit as follows:

1. Importers shall know the landed cost of the cargo at the time of booking itself (which is not possible in the current scenario).
2. Control of cargo by importers by getting timely update of containers movement and information flow through local office.
3. To facilitate importers for advance clearance and delivery planning (As per Nepal Custom rule)
4. Control of any additional unexpected cost such as shipping line detention for delay in container movement beyond free time between Kolkata port and ICD Birgunj Nepal.
5. Empty container return takes place at ICD Birgunj thereby ceasing the responsibility of the trader at Birgunj itself.

“Above service will greatly benefit the Nepal import Trade by providing single window, point to point service by giving more control over cargo to the Nepalese importers and reducing their cost especially container detention, to a great extent thereby giving them total cost saving advantage.” Mr. Rauniar said.

Govt revised up minimum FDI threshold to Rs 5m

The government will not entertain foreign direct investment less than Rs 5 million henceforth. The Department of Industry (DoI) on Friday made the upward revision of the ceiling which was previously maintained at Rs 2 million. The government move is aimed at ‘encouraging quality investment’.

“We have seen many FDI projects with meager investment,” Mr. Dhruva Raj Rajbanshi, director general at DoI. “Such investment does not make a significant positive impact on industrial



promotion and employment generation.”

A DoI source said security concerns were also taken into consideration while taking the decision. “Given the possibility of foreigners carrying out unwanted activities in the name of bringing in foreign investment, we increased the ceiling,” he said.

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Govt revised up minimum FDI threshold

The department had been preparing to increase the minimum FDI threshold for the last few months after finding a huge number small-scale industries registered. The department said the new ceiling was fixed after consultations with the Ministry of Industry and the private sector.

The department's data show a downfall in FDI commitments despite an increase in the number of industrial units. Foreign investors had committed Rs 10.04 billion in 2010-11, which plunged to Rs 6.14 billion in 2011-12. But the number of the industries increased to 227 in 2011-12 — up from 209 in the previous year. The registration of big FDI ventures, particularly,

"This record clearly shows the need for increasing the minimum FDI threshold," said Mr. Dhruva Raj Rajbanshi, expressing optimism that the move will help bring large-scale investment.

Industry Ministry officials said the new provision has also been included in the proposed Foreign Investment and Technology Transfer Act. "Once the act is in

"We have seen many FDI projects with meager investment," Mr. Dhruva Raj Rajbanshi, director general at DoI. "Such investment does not make a significant positive impact on industrial promotion and employment generation."

place, it will help strictly implement the sealing," said Chabindra Parajuli, under secretary at the ministry.

The private sector lauded the government move. Industrialist Mr. Ravi Bhakta Shrestha said the move would encourage serious investors to come to Nepal during the Nepal Investment Year.

FDI commitments

Fiscal Year	Small Scale Investment		Medium Scale Investment		Large Scale Investment	
	Nos.	Rs	Nos	Rs	Nos.	Rs
2007-08	114	935.89	12	511.48	13	6520.73
2008-09	125	928.98	14	878.07	11	3548.49
2009-10	148	1140.68	12	548.82	11	4710.54
2010-11	177	1596.38	17	951.61	15	7501.72
2011-12	203	1713.01	14	659.81	10	3768.00

NRN regional conference concludes issuing Sydney declaration

The 7th NRN Regional Conference concluded recently issuing 15-point declaration that stressed on developing Nepal and NRNs role in doing so.

The conference (Aug 30 – Sept 1) was participated by over five hundred representatives from 18 nations along with Australian Minister for Immigration and Citizenship Chris Baben, senior Australian diplomats, Nepal's education Minister Dinnath Sharma, Minister for Industries and Trade Anil Kumar Jha, NRB governor Yuvraj Khatiwada, President and PM's advisors, Nepalese ambassador to Australia Rudra Kumar Nepal, senior Nepalese bureaucrats, FNCCI delegates, and press personals.



The declaration called on political parties to institutionalise the gains of great Janadolan II by drafting the constitution and concluding the peace process through dialogue, consensus and cooperation.

Stating that the NRN body is vying to invest in a 100MW hydroelectricity project as part of Nepal's Investment year scheme, it called on NRNs around the globe to participate in the joint investment aimed at making Nepal a prosperous nation.

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NRN regional conference concludes

While acknowledging the government's efforts in including NRN representative in the Open University Physical Infrastructure Construction Committee, in providing infrastructures to the OU, it also pledged that the NRNs will continue to make efforts to provide standard education to Nepalese through the OU. Along with that the conference acknowledged the contribution and cooperation of the Canadian, British and Australian OU for the



proposed Nepalese OU that will come into function from next year.

The declaration called on all NRN-NCCs across the globe to at least complete public welfare plan, and announced plans to declare five master plans for five development regions of Nepal in its upcoming NRN day in October among others.

- N24 Correspondent, Sydney, Australia:

FNCCI officials leave for Europe to lure investors

A team of business leaders left for European countries, including France, Italy and Switzerland, on Sunday with the aim of bringing in investment for highly prioritized projects such as chemical fertilizer plant, international airports in different regions and food processing centre in Kathmandu, among others.

"We will have various business to business meetings with private sector representatives from those countries," Bhawani Rana, vice president of the Federation of Nepalese Chambers of Commerce and Industry (FNCCI), said. "We will request them to invest in different projects."

Rana, who is leading a 29-member team of business leaders on a two-week tour, said that meetings with different business groups in those countries would be solely focused on promoting the Investment Year and seeking investors for different projects.

The FNCCI, which coined the idea of celebrating the Investment Year, has started visiting different countries in order to lure foreign investors in the country. "This is a step toward promoting the Investment Year and encouraging international investors to come here with investment," Rana told media persons before departing for Europe. "We will try to spread the message that the in-

vestment environment has not been disturbed even though the political situation is fragile and uncertain."

According to Rana, the visiting team will hold meetings with officials of Paris Chamber of Commerce and Industry (PCCI) and International Chambers of Commerce (ICC), and non-resident Nepalis in Paris, brief them about the actual situation in Nepal and request them to invest in different projects ranging from tourism to infrastructure.

Additionally, the team will ask investors from France to invest in the country's food processing centre and tourism sector. "I think investors from France will be interested to invest in the food processing centre," Rana expressed hope.

"There are many areas in which we need foreign investment and we are working on spreading a message that the government of Nepal is ready to ensure a basic environment for investment," she said.

"We will ask investors from the private sector of the European countries to make investment in projects such as Arun III and Upper Karnali. Additionally, we will also seek investment for Kathmandu-Terai fast track."

The visiting team will also propose European investors to invest in the hydropower sector of the country. "We will ask investors from the private sector of the European countries to make investment in projects such as Arun III and Upper Karnali," Rana said. "Additionally, we will also seek investment for Kathmandu-Terai fast track."

Registration of firms made easier

Office of the Company Registrar has made company registration and e-filing of company documents easier to encourage possible investors. Earlier, the business registration process had always been a combination of electronic and manual processes, that required manual intervention at each process, making it lengthy and cumbersome.

Now, once the company name is selected, it can be further reserved for time being within which the company registration application should be e-filed, explained Er. Sansar Jung Dewan giving an overview of Business Processing Reengineering of registration and administration processes, service design aspects, business continuity and information governance and security. He gave a live demonstration on how a company can be registered online by checking the available company name.

For already registered companies, a user name needs to be created for post registration online services and all the relevant documents complying with the Company Act should be

e-filed, he said, adding that on the successful completion of the process, a user will receive a notification. "Once the automated system comes into practice, electronic registry will be maintained, which will have e-documents of all the companies."

For those companies, which do not have internet connectivity, service centres will be set up to upload the relevant documents, he added.

The first session of the seminar on 'Online Company Registration and e-filing of Company Documents' in cooperation with International Finance Corporation (IFC) of World Bank Group, was chaired by secretary at the Ministry of Industry Uma Kanta Jha and acting registrar at the Office of the Company Registrar Toya Nath Adhikari. Similarly, the second session was chaired by the joint secretary at the Ministry of Industry Anil Kumar Thakur.

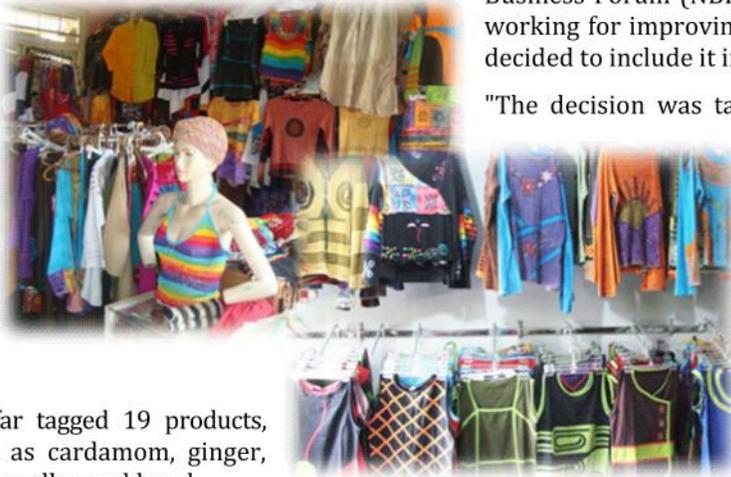
Govt to include garment in NTIS

The government has decided to include readymade garment (RMG) in the Nepal Trade Integration Strategy (NTIS), which, once done, will formally place it among the highly potential exportable products in which the country enjoys special comparative advantage.

The NTIS 2010 had so far tagged 19 products, including 12 goods such as cardamom, ginger, honey, lentil, tea, instant noodles and hand-made paper, and 7 services like tourism and healthcare as sectors in which the country possess comparative advantage.

Though Nepali entrepreneurs strongly pushed for the inclusion of RMG and woolen carpet in the list, experts had dropped them, saying that those products are 'not dependable' for attaining sustainable export growth.

But now the government is preparing to include RMG in the NTIS product list after the High-Level Business Forum (HLBF) chaired by the Prime Minister under Nepal



Business Forum (NBF) - a public-private forum working for improving the investment climate - decided to include it in the NTIS on Thursday.

"The decision was taken after holding intense discussions at different levels and in various working groups," reads a statement of NBF.

RMG, which is exported mainly to the US and the European countries, was one of the largest exportable items till the new millennium. In 1999/00, its export had stood at around Rs 12 billion. But after the elimination of quota regime in apparel trading in 2005, special facility by the US to African Sub-Saharan competitors and labor stirs at home affected RMG exports over the past decade.

Despite dismal scenario of the industry, Nepal still managed to earn foreign currency worth Rs 4 billion from its export in 2011/12.

The government is preparing to include RMG in the NTIS product list after the High-Level Business Forum (HLBF) chaired by the Prime Minister under Nepal Business Forum (NBF) - a public-private forum working for improving the investment climate - decided to include it in the NTIS on Thursday.

Teaching hotel to come into operation by Jan 13

The development of physical infrastructure of a teaching hotel, which is being constructed by the Nepal Academy of Tourism and Hotel Management (NATHM) has reached in final phase. The hotel is expected to come into operation by January 2013.

NATHM is building physical structures required for the four-star standard teaching hotel in its premises at Ravibhawan. The tourism training institute has aimed to build its hotel for providing its students with practical education. NATHM provides various levels of education and training on tourism, hotel management and hospitality sector.

Ram Chandra Dhakal, Executive Director of NATHM, informed that the construction work of the teaching hotel will have been completed by January 2013. The construction of buildings for the hotels has almost been completed. "However, we have not constructed additional structures such as swimming pool, bungy wall and health club for maintaining the standard of the four-star hotel," he said. According to him, NATHM will spend about Rs.250 million for the construction of the hotel.



NATHM is building physical structures required for the 4-star standard teaching hotel in its premises at Ravibhawan. It will spend about Rs.250 million for the construction of the hotel. It provides education to 680 students in BHM, BTTM, MHM. On the vocational training front, the institution has been providing training for around 2,000 students annually.

After having its own hotels for the practical education, NATHM will be a center of excellence for producing quality manpower required for the hospitality industry, Dhakal said. Until now, the human resources being produced by NATHM in the hospitality and tourism sector are number one in Nepal. "Our own hotel for practical education will further enhance the institution's reputation," he said.

He said that there has been a high trend of brain-drain of skilled manpower produced by NATHM due to its reputation. NATHM will be self-reliant financially after running its hotel, he said. NATHM, however, has yet to decide whether to give hotel on lease to reputed hotel chains or operate by itself, he added.

Now, NATHM is providing two kinds of vocational training – for the hospitality, travel and tourism sectors. Under academic courses, it provides education to 680 students in Bachelor in Hotel Management (BHM), Bachelor in Travel and Tourism Management (BTTM), and Masters in Hospitality Management (MHM). On the vocational training front, the institution has been providing training for around 2,000 students annually.

'Regional integration can counter economic crisis'

An integrated South Asia can mitigate the risks posed by the global economic crisis, according to regional experts. Speaking during the fifth South Asia Economic Summit, they unanimously agreed that the global economic crisis that started in 2008-09, has now entered the second stage and has started taking a toll on the economies of South Asia.

The economic crisis has also provided an opportunity to enhance regional cooperation, said executive chairman of South Asia Watch on Trade, Economics and Environment (SAWTEE), the co-organiser of the summit, Dr Posh Raj Pandey addressing the summit that started yesterday in Islamabad, Pakistan.

"There is every possibility that the current eurozone cri-

sis could result in a full-blown financial crisis," Pandey said, adding that South Asian countries, most of which are dependent on Europe and the United States for their exports, need to prepare themselves by taking a balanced growth strategy that entails a shift to domestic demand-oriented growth trajectory. Pandey stressed that the economic crisis has provided an opportunity to South Asia to reorient its development strategy and make it more inclusive.

Speaking in a session on global economic crisis, the regional expert also urged the governments to focus on making economic growth inclusive, making investments in infrastructure and productive capacity, improving

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'Regional integration can counter

financial sector performance, making productive use of remittance, and more importantly, deepening regional cooperation.

Chief economist of United Nations Economic and Social Commission for Asia and the Pacific Dr Nagesh Kumar and chief economist of the World Bank Dr Kalpana Kochhar, on the occasion, argued that since the centre of gravity of the world economy is decisively shifting towards Asia, including South Asia, the region's growth strategy should be based on policies to boost investor sentiments, attract foreign direct investment, and advance regional cooperation in energy trade, goods and services trade, and transit trade.

In another session on competition, participants stressed on the need to get competition laws and policies implemented

at the national level. "Since the issue of competition extends beyond the national level when considering bilateral and regional trade, there is a need for cooperation among competition agencies in South Asia," they argued.

"Anti-competitive practices in almost all countries of South Asia have aggravated food price inflation," said research coordinator at SAWTEE Paras Kharel, urging for a strong political will to implement the existing competition legislation and to raise consumer awareness. Other sessions focused on regional cooperation in transport and logistics, welfare and sustainable development, services trade, migration and social accountability. The summit will conclude tomorrow.

Nepal requests India for grant assistance of 6 train engines

Nepal Government has sent a proposal to India for providing grant assistance for 6 train engines and 80 compartments. Sources from the ministry of physical planning, construction and transport management said that proposal was presented through Ministry of Finance Few days back. Sources said 6 train engines and 80 compartments have been requested for the grant assistance. The source also informed that the officials of the government of India are positive on this matter. "The trains will be operated in two railway projects which are under construction with grant assistance of Indian Government", said source.



Mr. Ram Kumar Lamsal, Director General of Department of Railway Service said these Railways will be operational in the Bijulpura-Bardibas and Jogbani-Biratnagar routes. Construction work of both these railway routes will be completed within coming 2 years said Lamsal. "Since it takes one to one and a half year to manufacture complete rail engine, we are trying to manage the engines and compartments parallel to construction works of railways" Lamsal clarified. He further informed that they were planning to use 20 compartments in each train. Two trains will be made operational in one route for up and down. Additional two engines are requested in grant assistance for backup purpose. "Immediately after forthcoming Dashain festival, construction works of both the railway routes will be started" said Mr. Lamsal.

"Approximately Rs 12 billion cost has been estimated for

completion of construction works of both the railways and the whole cost for the construction will be borne by the Government of India, but the compensation of land will be borne by the Government of Nepal", department of railway said.

Mr. Lamsal also informed that the distribution of compensation at the area of proposed railway lines has been almost complete. Part of the Janakpur-Bijulpura-Bardibas portion will be 68 km

long and the Jogbani-Biratnagar railway portion will be 12 km long. India has completed the construction of the railway lines at part of the Indian side.

There had been a understanding of construction of five different railways by the Indian Government during the visit of President Dr. Ram Baran Yadav in 2010. As per that understanding, construction of these two railway lines have been started on the first phase, dept. said. On the second phase, the railway lines to link the various places from New Jalpaigudi of India to Kakadbhita of Nepal, Nepalgunj Road of India to Nepalgunj of Nepal and Nautanwa of India to Bhairawa of Nepal will be constructed. "These railway lines will also be constructed under the grant assistance of Government of India said Mr. Lamsal. After having completed construction of these railway lines, they will contribute for easier trade between Nepal and India as well as economic development of Nepal".

Inferior transformer imports: NEA forms third panel in six months

The Nepal Electricity Authority (NEA) board on Tuesday formed a committee to take action against the officials involved in the import of substandard transformers. This is the third committee formed over the issue in the last six months. The six-member committee, led by Upendra Dev Bhatta, general manager at NEA's Distribution and Consumer Service (West), has been asked to recommend action against the officials involved in the import of inferior transformers, besides finding out whether the officials named by the previous committee led by NEA board member Mohan Pant are actually responsible for scam.

The panel will seek explanation from officials accused by the Pant-led committee report. "This committee will find out whether the officials named by the Pant committee were really involved in the scam," said Bhatta. "If the accusations are proven to be true, the committee will also recommend actions against them by holding consultations with the NEA management."

In its report submitted to the NEA board on Tuesday, the Pant-led committee has said around 30 NEA officials, including those retired, are involved in the import of substandard transformers. Of the 30 officials, 20 were directly involved in the scam, it said. "The directly involved officials are those who were involved in negotiations and inspection of the transformers. And, those who gave the decision for the purchase were indirectly involved in the scam," it said. The report has also been submitted to the Commis-



sion for Investigation of Abuse of Authority (CIAA).

The probe into the scam began six months ago after problems appeared in the transformers imported from China and Thailand. The inferior transformers resulted in higher leakages and some of them went defunct early. Such problems were seen in all 4,657 units imported in the last five years. Over the period, NEA imported

transformers from a Thai company—Sahabhant Electric Co Ltd—and four Chinese companies—Shenyang Dongneng Electricity Equipment Co Ltd, Hu Bei Sunlight Electric Co Ltd, SVR Electrical Pvt Ltd and Sichuan Dongfang Transformer Co Ltd.

The first probe committee was formed on the first week of April. Led by NEA board member Krishna Prasad Dulal, the panel had concluded that the imported transformers were technically faulty and that the NEA officials were responsible.

NEA sources say the case will be forwarded to CIAA if the involvement of high-level officials, including the general manager and deputy general manager, is established. They said NEA has already submitted some documents, including the transformer purchase files, to CIAA as per the latter's demand. The anti-graft body has so far sent two letters to NEA, asking that the case be handed over to it for further investigation. CIAA Spokesperson Ishwori Prasad Poudel said even if NEA does not reply, the case would automatically come under CIAA's purview.

RBB, NIDC to amalgamate within 6 months

The government has taken a formal decision to initiate the process of merging Rastriya Banijya Bank (RBB) and NIDC Development Bank, expressing commitment to complete consolidation of the two state-owned banking institutions within next six months. A decision in this regard was taken by a meeting of high-level financial coordination committee held on Thursday, a press statement issued by press secretary of Finance Minister Barshaman Pun said.

The meeting, held under the chair of Minister Pun, has recommended immediate formation of a merger committee in coordination with Nepal Rastra Bank, the banking sector regulator, to start of the merger process. The Ministry of Finance has already informed the central bank about this decision. The meeting also called on the management of both the banks to immediately call their special general meetings to get the merger proposal formally approved. "The entire process should be wrapped up within next six months," the meeting said, expressing hope, that it would "set an example for the banking sector and encour-

age others banks and financial institutions to go for consolidation."

Lately, many domestic banks and financial institutions have been going for merger to replenish their capital and strengthen their position in the market. Recently, Rastriya Banijya Bank had also identified merger with NIDC as one of the measures to boost its capital. RBB, the largest commercial bank in terms of assets, had recently received a capital injection of Rs 4.32 billion from the government, boosting its paid-up capital to Rs 5.49 billion. With the upcoming merger with NIDC, which has a paid-up capital of Rs 415.82 million, RBB will have a capital base of Rs 5.91 billion.

The financial condition of the bank has been improving since 2003 when a professional management team started overseeing it, under the financial sector reform program. The bank's non-performing loan has fallen down to 7.27 percent by the end of last fiscal year ended July 15.

Telecom operators added 4.11m new subscribers in 2011-12

Telecom operators added more than 4 million new subscriptions in the last fiscal year, pushing Nepal's tele-density up to 64.91 percent. With this, the country's total telecom subscriber base has reached 17.28 million as of the last fiscal year (mid-July 2011 to mid-July 2012) supported by the growth in the number of cell phone users, according to Nepal Telecommunications Authority (NTA) statistics.

The NTA report shows six operators added a total of 4.11 million new users in mobile, fixed line, limited mobility and satellite phone services in 2011-12. However, the figure is 2.83 percent less than the previous year's 4.23 million new users.

NTA officials said the delay in the assignment of microwave frequencies to Ncell and Smart Telecom and limited SIM card distribution by Nepal Telecom were some of the factors that slowed down the subscriber growth. After a seven-month delay, Ncell and Smart have recently been assigned microwave frequency, an important spectrum for service area expansion.

"We concentrated more on quality than adding subscribers," said Sanju Koirala, corporate communications manager at Ncell. She added that the company suffered much due to the lack of spot frequency and there were no new schemes for over six months.

Two mobile service operators — Nepal Telecom and Ncell — added 3.73 million new mobile users, pushing the number of mobile phone users up to 15.33 million. Mobile users accounted for 57.60 percent in the total tele-density. Similarly, fixed line service is available to 3.15 percent and satellite

phone and limited mobility service to 4.15 percent of national population of 26.62 million.

Over the review period, Ncell attracted 2.71 million new users, while Nepal Telecom added 1.01 million in its services-mobile and fixed line. After the increment in its subscriber base, Ncell has become the largest

Operator	11-12	10-11	09-10
Nepal Telecom	7.75 mil	6.74 mil	5.46 mil
Ncell	8.33 mil	5.61 mil	2.94 mil
United Telecom	637,304	573,629	460,800
Smart Telecom	395,736	128,398	484
Nepal Satellite	146,319	91,435	54,739
STM Telecom	5,347	5,245	4,841

telecom operator enjoying 48 percent market share, whereas Nepal Telecom's market share stands at 45 percent. As of fiscal year 2010-11, Nepal Telecom was the major player, covering 51 percent of the market.

A senior official at Nepal Telecom said low capacity for distribution of new SIM cards, delay in implementation of 2 million IP-CDMA lines and remarkable growth in tele-density were the main reasons behind the slow progress. "We hardly completed any project on time due to the lengthy decision making and procurement processes," said the official, adding such a trend was affecting the operator's long-term strategy.

Nepal Telecom had called a global tender for 10 million mobile lines in August last year. It has so far not been able to sign an agreement for package 'A' (5.2 million new lines) with the bidding contractors denying to 'assume the contract, citing low costs. Huawei Technologies is undertaking Nepal Telecom's 4.8 million mobile lines, Package 'B' of the 10 million line project.

CDS & Clearing Ltd to conduct clearing and settlement of securities

Central Depository System (CDS) and Clearing Limited is all set to start work related to clearing and settlement of securities, which includes ownership transfer of securities like, stocks and bonds, and payment settlement.

The task, which is currently being conducted by Nepal Stock Exchange (Nepse), may become the responsibility of CDS and Clearing Limited as early as September 17, if things go according to plan, Subodh Sharma Sigdel, CEO of the state-owned company, said.

The transfer of responsibility, however, should not mean works related to clearing and settlement of securities are being automated.

"Automation of the entire system from trading to clearing and settlement of securities is our ultimate goal. But for now only the location where these jobs were being performed will be changed. Works related to clearing and settlement will con-

tinue to be performed manually as in the past," Sigdel said.

Works related to clearing and settlement include ownership transfer of securities, process of informing the company whose securities are being traded and payment settlement between parties that are purchasing and selling the securities. These tasks, which have to be performed within next three days of security transaction, are currently being performed manually by Nepse.

"To automate the entire process, Security Clearing and Settlement Regulation first needs to be promulgated," Sigdel said. "We then need to identify a way to slap capital gains tax (CGT) on security transaction once the system is automated."

Contd on page 12

CDS & Clearing Ltd to conduct clearing ...

On enactment of Security Clearing and Settlement Regulation, the Securities Board of Nepal (Sebon), the secondary market regulator, has expressed commitment to expedite the process, Sigdel informed. "So we can expect the bylaw to be introduced anytime soon," he said. "But the task of automating the process of CGT collection is taking quite some time."

CDS and Clearing Limited had previously outsourced the work of automating its system to an Indian company. The software provided by the firm, however, does not automatically deduct the tax amount on securities sold on profit.

Following this, the idea of replacing CGT on security trading with transaction tax was also floated. But the government is not keen on introducing transaction tax fearing it might dampen investor sentiment as such taxes have to be slapped even if securities are sold on losses.

"Since calculation of CGT immediately after change of hand of securities is almost impossible - as it requires capturing

second-to-second price fluctuations on the share market - we are currently mulling over either slapping CGT on closing price of securities or collecting CGT voluntarily from brokers at the end of the fiscal year," Sigdel said.

Nepal seeks membership of ACG

Central Depository System (CDS) and Clearing Limited is seeking membership of Asia Pacific Central Securities Depository Group (ACG), an umbrella body of securities depositories and clearing organizations operating in the Asia Pacific region.

The membership of the 30-member group will be confirmed on September 21 during a meeting scheduled to be held in Indonesia, according to Subodh Sharma Sigdel, CEO of CDS and Clearing Limited.

"The confirmation will provide us a platform where we could share information with securities depositories and clearing companies of relatively developed markets and help us get international recognition as well," Sigdel said.

Coca-Cola to invest \$50m in 3 years

Coca-Cola Sabco, the South African bottling company that owns majority stake of Bottlers Nepal, is gearing up to invest US\$ 25 million (about Rs 2.22 billion) within a year in Nepal, eyeing to expand its products line and introduce global juice and bottled drinking water brand in the local market.

"That is not all. If things moved smoothly, Nepal will receive a fresh investment totaling \$50 million (almost Rs 4.5 billion) within the next three years," Salman Latif Rawn, country manager of Coca-Cola Sabco for Nepal, said. Rawn disclosed that the new investments will fundamentally go into increasing the production capacity of its bottling plant in Bharatpur. Coca-Cola Sabco presently operates with two bottling plants - one in Kathmandu and other in Bharatpur, Chitwan.

"Under our expansion drive, we are extending the production line in Bharatpur. It will be a high speed line, which will more than double our production capacity and enable us come up with new products like juices and bottled water," said Rawn.

Together, the new production lines will ensure round the year supply of drinking water and juices. This could create employment for 150 persons in the production plant alone and altogether employ 500 persons directly. The number of



indirect employments will be far too higher as a large number of people will be engaged in the distribution system and retailing of the new products, said Rawn.

Rawn, however, did not disclose the brands that the company will introduce in Nepal. "Specialists based in our Indian bottling company are working it out. So we ourselves are still to be sure of brands that we will launch here," he stated. The company decided to add new products in its existing line of Coca-Cola, Fanta and Sprite in Nepal as the market of juice and bottled water has expanded significantly in the country.

"Juice and bottled drinking water are growing businesses all over the world and almost all Coca-Cola companies have been producing them internationally. Hence, we decided to jump into their productions in Nepal as well," said Rawn.

Coca-Cola Sabco has been producing various brands of juices like Appletiser, Grapetiser, Mazoe and Minute Maid in different territories. Likewise, its international bottled drinking water brands include ones like BonAqua, Dasani and Valpre. However, Rawn complained that the company has been facing difficulty in getting a green signal from the tax authority to install a software system called SAP, which is crucial for the company for expansion.

NADA Auto Show 2012 from Sept 19

Nepal Automobile Dealers' Association (NADA) and Global Exposition & Management Services Pvt. Ltd. (GEMS Pvt. Ltd.) will organise NADA Auto Show 2012 September 19 to 23 at Bhrikutimandap Exhibition Hall, Kathmandu.

Organising a press conference last week, NADA said that the event is being organised under the themes 'Road Safety and Clean and Green City with the aim of creating awareness among general public about road safety, traffic discipline and keeping the city clean and green.

"NADA Auto Show will provide an appropriate forum for the automobile sector to market their products and services and equally ideal platform for the prospective buy-



ers to know, feel and decide their wheels. The event will also promote the automotive industry in general and enhance the status and image of this sector." reads the press statement.

Altogether 43 companies including 24 automobile manufacturing brands and the rest auto component makers and dealers, generators, lubricants and other accessories will feature their products during the five day event.

The event will also showcase classical and vintage cars with a theme "Classical and Vintage; Nepal's pride and heritage", said the organisers.

The organisers also expected to attract around 50,000 visitors during the event

CAN SofTech 2012 from Thursday



Computer Association of Nepal (CAN) is holding the fifth edition of Info Developers CAN SofTech 2012 from September 13 to 16 with an objective to provide platform for software developers to interact with the customers and introduce new ICT products and services.

The event will be held at Direction Exhibition and Convention Centre (DECC) in Tripureshwar and is expected to encourage software developers facilitating them to bring their new innovations to public, said CAN President Suresh K Karna, briefing the highlights of the SofTech 2012 to the press on Saturday.

The event this year will feature 51 stalls of 35 different companies from Nepal as well as abroad. The participating companies will be demonstrating and providing information on their solutions and services. Software solutions providers, Internet Service Providers and Telecom Operators, among others, are

participating in the event.

CAN is also organizing an interaction on Microfinance MIS Challenge and Opportunity during the event. More than 100 people will participate in the program, said Narayan Neupane, general secretary of CAN. Likewise, Free and Open Source Software (FOSS) Nepal is also organizing a program on 'Virus-free productive computing'.

CAN expects around 50,000 people will visit the four-day event.

As per the organizers, visitors can also get information about the products and services by sending SMS to 5001. CAN has already launched SMS service. Similarly, chhito.com is also organizing online ICT Quiz during the event.

India hopes exports will bounce back by October

Commerce and industry minister of India Anand Sharma on 10th September expressed hope that India's exports will rebound by October as steps taken by EU and the US are likely to yield results.

India's exports in July contracted 14.8 percent, the steepest fall in three years, to USD 22.4 billion, mainly due to the demand slowdown in the US and Europe.

Stating that July figures were of concern to the government, Sharma said: "We were expecting a downturn but not that drop. I hope we will improve and by Autumn, the October numbers should start looking good and thereafter we will only move upwards in positive territory," Sharma told reporters after inaugurating India Show there.

The five-day India Show is being jointly organised by the ministry of commerce and industry and engineering export promotion council (EEPC) India.

When asked if India would be able to meet the export target of USD 360 billion in 2012-13 fiscal year, he said "I am not getting into that because I cannot make that forecast today. We have to see how other economies perform".



He, however, added that "we hope that sustained efforts made by the European Central Bank (ECB) and the European Commission would yield some positive results. The situation is not as bad as it was threatening to be few months ago".

On the US- a major export destination for India- Sharma said the American economy is "firmly in positive territory ... that would help (India export)".

ITC picks up 1% in EIH, raises stake to 16%

In a block deal of 57.4 lakh shares on the BSE on Monday 10th September, the cigarettes-to-hotels major ITC picked up another 1% in hospitality major EIH. With this, ITC has increased its holding in EIH to 16% and narrowed its gap with private sector giant Reliance Industries (RIL), which holds 18.5%.



For EIH — which is controlled by the Oberois who run hotels under the family name as well as under licence from global hospitality major Trident — RIL is pitched as the white knight against ITC, although the Kolkata-based conglomerate has always maintained that its holdings in EIH was just a strategic investment.

On Monday, Russel Credit, an investment arm of ITC,

bought 57.4 lakh EIH shares from HSBC Bank (Mauritius) for nearly Rs 42 crore. According to latest shareholding data disclosed by EIH, as of end June, RIL's holding was 18.53% while ITC's was almost 15%. With the Oberoi family's holding in the hotels major at 35.2%, the aggregate voting rights for the promoters and RIL is now 53.7%.



ITC had started buying into EIH from early 2001. It kept on accumulating shares of the hospitality major over almost nine years and stopped after its holding reached 14.98%.

given the earlier Sebi-mandated open offer trigger limit of 15%. **ET Bureau, Mumbai/PTI New Delhi**



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Confederation of Indian Industry

Have begun production from coal blocks: Reliance Power to inter-ministerial group

Reliance Power has started producing coal at two mines attached to its 4,000-megawatts ultra mega power project at Sasan, Chief Executive JP Chalasani said on Monday last week. Mining operations began on day two of captive coal mines review by an inter-ministerial group (IMG) on the progress of captive coal mines allocated to various companies. Reliance Power said that it has begun production ahead of schedule from its blocks Moher and Moher-Amlohri extension in Madhya Pradesh.



Analysts said shareholders may seek further clarity on the issue when they met Anil Ambani at the annual meeting of shareholders. "These are interesting developments but investors would be more interested in getting a status report on various projects, detail of what exactly is happening on the ground and where is it that these projects are hitting road blocks," Arun Kejriwal,

director of Kejriwal Research & Investment Services said.

"We have informed the IMG that coal production at Moher and Moher-Amlori Extension coal block has already commenced. We have also told them that the coal production has started ahead of schedule," R-Power CEO JP Chalasani said.

The two blocks are meant to be used as fuel source for the 4,000 MW Sasan Ultra Mega Power Plant and are under the scanner of the IMG reviewing the status of coal block allocation.

"The investment in these coal mines will be around 5,000 crore which included investment in state-of-the-art mining equipment and technology. Over 70 lakh cu m of over burden (sand) was removed to start production of coal," Chalasani said.

In its recent report, Comptroller and Auditor General (CAG) said permission to use excess coal from the three mines allocated to the Sasan unit for other projects vitiated the bidding process and led to undue benefit to Reliance Power. The company has strongly denied these allegations.

He was speaking to reporters here after presenting Reliance Power's views to the IMG as the Anil AmbaniGroup firm was issued a show-cause notice in May this year for delay in developing the two blocks. Bhushan Steel, Tata Sponge Iron and GVK Power are some of the other firms that presented their side of the story on the delays to the IMG last week.

On 6th September, the panel had heard from 10 firms, including Monnet Ispat, Electrosteel, Usha Martin, Adhunik Alloys and Power, Jayaswal Neco and Corporate Ispat, on the reasons for the delay in developing their mines.

"We have to say it is the fastest coal production for any greenfield project in this country till date," Chalasani said about the production that began on Monday from the two coal blocks. They were allocated to Sasan UMPP which the company had got through competitive bidding in August 2007. **ET Bureau, Mumbai/PTI New**

India's Infosys pays \$350mn for Swiss consultancy

Indian IT outsourcing giant Infosys said Monday it had agreed to buy Zurich-based consulting firm Lodestone for 330 million Swiss francs (\$350 million).

The takeover will boost Infosys' presence in continental Europe and emerging markets like Latin America and Asia Pacific, the Bangalore-based group said in a statement.

Lodestone will add more than 200



clients across industries including manufacturing and the car sector to Infosys' clientbase of 700 companies, it added.

Infosys has been struggling to expand its business because of slowing revenues from its main outsourcing markets of the United States and Europe.



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Samsung Galaxy S3's Sales for First 100 Days – 20 Million Units



Samsung announced two months ago that its new Galaxy S3 smartphone achieved 10 million sales at the end of July. Since then, the company has claimed to have doubled the figure by reaching 20 million Galaxy S3 sales, 100 days after the handset was launched in May.

The South Korean tech giant said in a statement Thursday that Galaxy S3 achieved the landmark three times and six times faster than Galaxy S and Galaxy S2 respectively. Since 2012, both Galaxy S and Galaxy S2 sold over 50 million units.

According to Samsung, Galaxy S3 sold 6 million units in Europe, 4.5 million in Asia, 4 million in North America and 2.5 million in its home turf of Korea. The company expected the newest Galaxy to exceed the high marks set by its predecessors. As of June, 24 million Galaxy S handsets and 28 million Galaxy S3 handsets had been sold by Samsung, The Verge reported.

Pedal less with this 'running' concept bicycle

Remember how 'The Flintstones' would use their feet to drive their vehicles in the cartoons? This 'stone-age' concept has been applied on the 'FLIZ'—a bicycle concept that replaces pedaling with running—just like the cartoon. Designed by German designers, a rider must strap his or her body into a harness, which hangs from the bicycle frame.



Instead of pedaling, the rider has to run to move the bike forward—only resting his or her feet on special posts near the back wheel when enough momentum has been achieved.

According to the FLIZ designers, they said

that the laminated, carbon-fiber frame and 'five-point belt system' actually makes the FLIZ more comfortable and ergonomically sound to ride as compared to traditional bicycles.

"These aspects reduce pressure on the crotch and distributes the body weight while running", they explain.