



NICCI e-Newsflash

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Ancient Architectural Nepal - Patan Durbarsquare



High investment in energy 'is to curb outage', followed by Agro Sector

Finance Minister Shankar Prasad Koirala on Monday said the hefty investment poured in the hydropower sector was to relieve the country of load-shedding within the next three years. The budget for the next fiscal year announced on Sunday has allocated Rs 30 billion for the energy sector. The government itself is investing in many hydropower projects and transmission lines, and plans to encourage the private sector investment in power generation. "The government has planned to mobilise private sector investment in the energy sector by creating an investment-friendly environment," Koirala said at a post-budget interaction held at the Finance Ministry.

Some of the government-funded projects include 140-MW Tanahun Hydropower Project, 60-MW Upper Trishuli 3A, 42-MW Upper Modi, 32-MW Rahughat, 30-MW Nalsingadh and 14-MW Kulekhani III. The government has also allocated Rs 13.5

billion for the construction of transmission lines—cross-border, north-south and east-west transmission lines.

The government's second priority has gone to the development of the agriculture sector. Koirala said the alarming rise in imports and trade deficit has worried the government and that it was encouraged to allocate a huge budget for the sector.

The government has allocated Rs 21.4 billion under the Agriculture Ministry for the next fiscal year. It is 4.13 percent of the total annual budget of Rs 517.24 billion and an 81.39 percent increase compared to the last year's budget allocation. "Investment in agriculture could be a hedge to this alarming trade deficit as this sector has the potential to give short-term returns," he said.

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NICCI's 19th AGM on 6th August 2013 in Kathmandu

The Executive Committee meeting held on 11 July 2013 chaired by the Acting President Sashi Raj Pandey has scheduled the 19th Annual General Meeting of Nepal-India Chamber of Commerce & Industry (NICCI) to be held on Tuesday, 6th August 2013 at Hotel Soaltee Crowne Plaza, Tahachal, Kathmandu at 1.00 p.m. onwards. All members of NICCI are requested to participate in the Annual General Meeting. We have served 21 days public notice regarding the AGM through daily Samacharpatra dated 17th July 2013, page 11. The details and related documents are being delivered to the members at their respective office addresses at due course of time.

Inside Story Headline

Through higher agriculture output, the government plans to substitute import. “Investment in both hydro and agriculture is expected to spur up economy,” the minister said. The government plans to commercialise the farm sector, increase production and productivity.



However, Minister Koirala said taming inflation will be a bigger challenge for the government and said supply mechanism will be activated to monitor the market to control artificial price hikes. The government has set 8 percent inflation target for the next fiscal year.

Amid criticism on the budget size and its implementation, Minister Koirala said the timely presentation of the full budget was one of the major successes of the government. The budget is target-oriented and it won't be difficult for any successive governments to own.



“The timely announcement of the budget with resources guaranteed will ensure effective implementation of the programmes envisaged for the next fiscal year,” he said, adding on-time budget will also ensure the 5.5 percent economic growth is achieved.

To reduce hassles and fast-track the tender and procurement process, the finance minister said the government has introduced mandatory e-tendering provision for the projects worth above Rs 6 million.

Being an election government, the government has not made significant changes in tax policies, he said, adding to meet the revenue target, the government has decided to increase the tax net. “The government has targeted a 20 percent revenue growth, which is not an ambitious target.”

Giving much-needed relief to independent power producers (IPPs), the budget has promised to speed-up the construction of transmission lines. One of the major concerns of IPPs has been the slow progress in transmission line construction. “Construction of transmission lines will be initiated as a campaign,” reads the budget.

Allocating Rs 13.50 billion, the budget talks of constructing

cross-border transmission lines, north-south corridor lines and east-west power lines. Likewise, Rs 1.58 billion has been earmarked to continue construction work on 400-KV Dhalkebar-Mujjaffapur Transmission Line and Kataiya-Kusaha Transmission Line.

IPPs hailed the budget, saying that the government has shown seriousness towards the energy sector. Subarna Das Shrestha, president of Independent Power Producers Association of Nepal (IPPAN), said the best part “is the promise to allocate more resources for the development of transmission lines”.

The allocation of more than Rs 30 billion for the energy sector “itself proves government’s seriousness towards the promotion of the energy sector”, he said.

In a bid to promote the alternative energy, the budget has promised Rs 1.11 billion for the Solar Energy Programme.

“This will help generate up to 4,000-KW energy, which can be installed to more than 125,000 low-income households,” said Koirala.

The budget has also envisioned expanding the solar energy promotion programme in urban areas. “Encouraging the people to use solar energy for domestic purpose, the government will also offer assistance in the installation of solar energy,” the budget said.

Projects	Allocation in Biln N Rs
Energy Sector	Rs 30.0
Transmission lines	Rs 13.0
Renewable energy	Rs 1.11
Mid Hill Highway	Rs 1.90
East-West Railway	Rs 1.40
Melamchi	Rs 5.40
Sikta Irrigation	Rs 1.24
Babai Irrigation	Rs 0.45
KTM road expansion	Rs 1.81
Rural Drinking Water	Rs 3.99

The budget also continued resource allocation for road and other infrastructure like drinking water. It has allocated Rs 1.81 billion for the road widening in the Kathmandu valley, which will be completed by the next fiscal year.

And, more than Rs 9 billion has been allocated for two major drinking water projects — Melamchi and Rural Drinking Water Project. With new contractors selected for Melamchi, the government plans to spend Rs 5.40 billion for the project.

The government has planned to start construction of the East West Railway from next fiscal year, for which it has allocated Rs 1.40 billion. Two major infrastructure projects — Kathmandu-Tarai Fast Track and Second International Airport at Nijgadh, Bara — will be developed under public-private partnership model.

NICCI Appoints Consultant - Advisor (International Affairs)

In order to expand NICCI's reach and to leverage international activities, Kanishka Dasgupta has joined as a Consultant - Advisor (International Affairs) with effect from 1st July 2013 at NICCI.

He will primarily coordinate NICCI initiatives and programmes throughout Nepal and India. He will coordinate with other apex chambers of India on behalf of NICCI along with the Indian Government and Indian Mission in Nepal.

SAARC Handicraft Development Centre in Kathmandu.

Aiming for promotion and development of Handicraft products of South Asian Countries, SAARC Handicraft Development Centre will be established in Nepal, and it will be easier to promote Nepali handicraft products in International Market through the centre to be built in joint initiation of Nepal government and SAARC Secretariat.

The premises of Department of Cottage and Small Scale Industries at Tripureshwor had been proposed for this centre with a cost of Rs 210 million. Gokul Prasad Dhital, Director of Department of Cottage and Small Scale Industries informed that it is being prepared to operate the centre bearing 90% of that total cost by SAARC Secretariat and remaining 10% cost by Nepal government and Federation of Nepalese Handicraft Association (FHAN). According to the Department of Cottage and Small Scale Industries, however the ownership of land will be with Department, the rent of land will be decided mutually by the meeting to be held in August 2013 in Colombo, Sri Lanka. Dhital further said that regarding establishment of Centre the process has been stepped ahead and it need consultation with private sector also for further joint initiation.



Since long time FHAN has been demanding land with the Govt. saying that it is necessary to establish a SAARC level design centre to develop the handicraft of Nepal and entire SAARC region. Later, downfall in export of the handicraft goods of high export potential, the government moved towards establishment of SAARC Handicraft Development Centre. Yam Kumari Khatiwada, Jt. Secretary of Ministry of Industry said that the government is taking up the infrastructure development work for the SAARC level Handicraft Development Centre and expressed confidence that the government will sincerely move ahead for this in PPP model. Land has been provided by the government for the centre and it will

support sustainable development of entire handicraft sector said Khatiwada.

"Government is trying to bring Industrial Entrepreneurs Act to implement the Industrial Policy 2067 in which handicraft products will be in priority" Khatiwada said. She further said that the handicraft goods lying under the cottage and small scale industry are the main pillar of Nepalese Economy and government is aware and sincere to promote and protect such products. Ministry of Industry is preparing to submit the Draft of Act at council of ministry within few days for the consensus.

Airport tax in ticket prices from July 16

Four domestic airlines—Buddha, Yeti, Tara and Simrik—are set to include the passenger service charge (PSC), or airport tax, in ticket prices starting July 16. These four carriers fly 95 percent of the total domestic air travellers.

Airline operators said by including the tax in ticket prices, passenger queues will be shorter at the airport and will also reduce hassles. The airport tax on all domestic routes from Kathmandu is Rs 200.

In the first phase, the new system will be introduced at the Kathmandu airport only and will be gradually expanded to airports across the country, according to airline executives.

"We are all set to implement the system from Kathmandu, and within the next three months, the system will be implemented at all airports," said Rupesh Joshi, executive manager at Buddha Air. "The system, in line with the international standards, will save time of travellers and also reduce their hassles." However, helicopter companies and single-engine aircraft operators have asked additional time to adjust to the new system.

"As helicopters and single-engine companies do not have ticketing or e-ticketing system, they have problems making their systems compatible with the airport's system," said Ratish Chandra Lal Suman, director general of the Civil Aviation Authority of Nepal (CAAN). "We are optimistic that all carriers will include the tax in airline ticket."

Ganesh Bahadur Chand, spokesperson for NAC, said they are holding discussions on the issue, but yet to reach a conclusion. "If private operators implement the system, we will also adopt it."

According to Tribhuvan International Airport (TIA), 12 domestic airlines, including helicopters and single-engine aircraft companies, received 1.575 million passengers in 2012. The Nepali skies saw 70,877 flights in the review period. On an average, 195 planes took off and landed at TIA every day last year. There are 54 domestic airports in the country, out of which 34 run regularly.



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Assam to have 126 model hospitals, 60 to start this fiscal

The Assam government will set up 126 model hospitals in each of the assembly constituencies, 60 of which will start functioning from this fiscal, state Health and Family Welfare Minister Himanta Biswa Sarma said on Wednesday.

Replying to a query of Bodoland Peoples Front's Pradip Kumar Brahma, Sarma said: "We are setting up 126 model hospitals in all the constituencies. Out of this, we have started work on 100 hospitals". The government is moving ahead as per its target and will open 60 hospitals during this financial year, he said. "We have already started the process for purchasing the equipments," he added.

Talking about the appointments of the staff, Sarma said the process is likely to complete by November this year. "We have completed the Grade IV appointments. Next month, the interviews for Grade III will happen... We have 35,000 candidates for written examinations," he added. Assam Public Service Commission has also started the process to appoint doctors for the model hospitals, he informed the House.

Sharma, however, did not share other details such as how many beds will be there in each hospital and how much the government will spend in building all the 126 model hospitals across the state. PTI —Guwahati

FDI approvals to boost Indian economy: CII

The series of foreign direct investment proposal approved by the Union Cabinet in key areas of defence, insurance and telecom along with others would provide the much needed boost to the Indian economy, a top Indian industry leader has said.

"It is good news for India, a very bold and a significant step," Chandrajit Banerjee, Director General of the Confederation of Indian Industry (CII), told PTI. The announcements of reforms have come at a very important time, because the country is facing various challenges in terms of growth and deficit, he said.

"This would really help both in terms of improving our revenue, in terms of our investment and in terms of Indian companies to grow," he said.

Banerjee is leading a high powered delegation of Indian CEOs to the US for a week-long trip during which they have been meeting senior government officials, lawmakers, think tanks and members of the industry.

Banerjee said the Indian industry welcomes the move as efforts were going on for quite some time to push FDI in telecom, defence and insurance sector. "For quite some time, we have been talking about reforms to be pushed and continued. We have been talking about FDIs in certain specific areas and today telecom is a big announcement," he said.

Referring to the immediate feedback he received about the latest announcements from his American counterparts, he said, "They think that despite the challenges India has and the upcoming elections, we are on track as far as reforms are concerned."

"That is very important from the sentiment point of view, and also from the perspective of India US relationship," he said.

Banerjee, however, said that it still might take time before the flow of FDI is seen in India as a result of these major policy changes. "It takes time. It does not happen overnight," he said.

PTI —Washington

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

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