



NICCI e-Newsflash

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Fabulous Nepal



Mansalu Circuit, Nepal.....

Nepalese Sector-wise Business Delegation to New Delhi

Ministry of External Affairs of India along with Embassy of India in Kathmandu organized a 18 member delegation visit from Nepal to the Indian capital Delhi from 1-3 July 2013. This delegation was selected only from three sectors, Agriculture, Education and Tourism. The presenting delegates came mainly from all the major districts of Nepal.

Meeting with Agriculture Secretary Ashish Bahuguna and his team at Krishi Bhavan opened up new possibilities of cooperation between the two countries. Federation of Indian Chamber of Commerce and Industry (FNCCI) on behalf of Ministry of External Affairs coordinated and organized a B2B session at FICCI House. Akhilesh Mishra, Joint Secretary North welcomed the delegates from Nepal and spoke about India's commitment of support to build a prosperous and stable Nepal. Goutam Ghosh, Director FICCI welcomed the delegates to India in his short speech. Shyam Lohia, VP Nepal India Chamber of Commerce and Industry

(NICCI) spoke in detail about the possibilities on India-Nepal partnership on Agriculture sector. He touched the sectors of Education and Tourism. Nepal and India relations will be strengthened further if we work together in these sectors closely, said Lohia.



R-L: Shyam Lohia, VP - NICCI, Dr. Sashi Tharoor, Minister of State for Education, Government of India, Anuj Agarwal, VP-CNI and Arjun Raj Pant, Counsellor Culture - Embassy of Nepal in India, Kanishka Dasgupta, Representative of FICCI in Nepal.

Anuj Agarwal, VP Confederation of Nepalese Industry (CNI) spoke briefly on the possibilities and opportunities for Indian educational institutes to expand on Nepali territory. Basant Raj Mishra, Member of CNI and a expert in tourism industry in Nepal spoke extensively on the historical links and tourism opportunities from which both the countries will benefit. Before concluding the session, Bhawani Rana, VP Federation of Nepalese Chamber of Commerce & Industry (FNCCI) spoke on tourism adding more insights into Basant Mishra's views.

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Nepalese Sector-wise Business Delegation

Nepal Embassy in the evening organized a dinner for the visiting delegates.

Next morning the meeting at Shastri Bhawan with Dr. Sashi Tharoor, Minister of State HRD of India was one of the high points for visiting delegates.

Dr. Tharoor welcomed the delegates with his to the point and short speech. Anuj Agarwal and Shyam Lohia spoke and requested for his support for expansion of India's flagship institutes in Nepal and the opportunity and possibility of opening up Nepali educational institutes in India for Nepalese expats. In response to Lohia's request, Dr. Tharoor promised to visit Nepal shortly.

Next in line was the meeting with the Tourism Secretary of

India, Perwez Diwan and his team. Diwan welcomed the delegates and he urged delegates to come up with proposals and ideas to work on together to build India-Nepal tourism - especially for third country tourists as a combined destination for religious, particularly Buddhist pilgrimage -- and also for international adventure seekers. Besides, his team is open to visiting Nepal and hold fruitful discussions with their Nepalese counterparts.

Bhawani Rana and Basant Raj Mishra invited Diwan and his team to make a visit to Nepal at the soonest.

Jt. Secretary North, hosted a dinner for the visiting delegates and once again reiterated India's utmost commitment towards helping Nepal develop in all sectors.

Indian Ambassador inspects ICP Construction Site

Indian Ambassador to Nepal Jayant Prasad inspected the location of undergoing construction of Integrated Check Point (ICP) at Alau of Parsa District on Monday. Getting information of the progress of ICP considered to be the most important for bilateral & multilateral trade promotion, Ambassador Prasad gave instruction to the construction company for completing the construction work as soon as possible.

Dinesh Agrawal, Chief of the construction company KS Softnet Solution gave information to Ambassador about the work progress and technical part of the project. Agrawal informed that technically it is difficult to link the road of ICP into the Padamroad which is in operation. There will be imbalance of traffic in both the road as exit road from ICP is too wide than the Padamroad.

The breadth of the Parwanipur bypass road and Padamroad are just 40 ft wide but parwanipur bypass and access road to ICP are more wider than 200 ft. Ambassador Prasad gave assurance that he will inform about this to upper level in New

Delhi as it was operated by New Delhi. Technicians from the RITES a Technical Advisory organization of Govt. of India informed that the 50% construction work at Nepal side and 80% construction work at Indian side have been completed.

The ICP has been built keeping view of importance of Birgunj Custom point from which covers 75% of the bilateral trade between Nepal and India.

The foundation stone laid by the Foreign Minister of India Mr. SM Krishna on 2068 Baisakh 9 (22nd April 2011), the total estimated cost of the ICP except the cost of land acquisition is 1.24 billion. For that 115 biga of land has been acquired from Arlau and Sirsiya Khalwa Tola VDC. Govt of India had done agreement with government of Nepal for building ICP at Birgunj, Biratnagar, Bhairhawa, & Nepalgunj in year 2005.

Ashok Baid, President of Birgunj Chamber of Commerce & Industry said that the import export business happening via land route and the passengers will also benefited from the construction of ICP.

Sutlej expects PDA to be signed within two weeks

Indian power developer Sutlej Jal Vidyut Nigam Ltd, which is engaged in the development of Arun III hydropower project, is looking to sign project development agreement (PDA) before its survey license for the project expires on July 15.

Officials of The Investment Board of Nepal (IBN) and SJVNL have are holding PDA negotiations for the past two weeks. "The negotiation is moving ahead at a satisfactory pace," Radesh Pant, chief executive officer of the IBN said. The government had granted survey license to the SJVNL in July 2008.

The export-orientated project based in Sankhuwasabha district is being developed as per the built-own-operate and transfer (BOOT) modality. The government has given the project to SJVNL for 30 years as per the BOOT Act.

The SJVNL will not have any difficulty in selling power generated by the project in India as one of its objectives is to address power deficit in India. Officials of SJVNL have said that they would export power to India even if two governments fail to sign power trade agreement (PTA). As there is no problem in market management, the PDA negotiation being held in Kathmandu is gaining momentum.

"There are lots of terms and conditions to be finalized. We want deal to be in national interest," Pant said. "We also want to ensure that the developer should not feel any obstacles while implementing the project."

SJVNL has agreed to provide 21.9 percent of the power generated from the plant free of cost to Nepal.

Mobile phones can be made in Nepal: Experts

Experts have said that mobile phones can be manufactured in Nepal itself by using skilled yet cheaper technical manpower available in the country.

"The market of mobile set in Nepal is growing. We can produce mobile sets in our own homeland," Pramod Paudel, a Nepali engineer working with Intel Corporation, said. Speaking at a program organized jointly by Computer Association of Nepal (CAN) USA and American Society of Nepali Engineers, Paudel smartphones can be produced in Nepal at the cost of US\$ 25-45 per set.



"Around five thousand IT engineers are graduating from different colleges in Nepal every year. Smartphones can be manufactured in Nepal itself by utilizing their skills expertise," added Poudel. He, however, added that the government should create environment conducive for firms interested to manufacture smartphones.

Nepalis are paying a minimum of Rs 7,000 for smartphones.

Other speakers at the program said there is a huge prospect for application developers in Nepal. According to conservative estimate, Nokia enjoys 48 percent share in Nepal's mobile phone market followed by Samsung, Apple and HTC with market shares of 25, 10 and 5 percent, respectively. Sony, LG, Blackberry and Chinese sets are also available in Nepal.

World Bank to invest in 200-500MW hydro project

The World Bank, a multilateral donor agency, has expressed interest to invest in at least one large-scale hydropower project in Nepal, in a volte-face from its previous decision of discontinuing funding for big hydro projects.

"The World Bank is interested in investing in a hydropower project with the capacity of 200 to 500 megawatts," Madhu Kumar Marasini, joint secretary at the Ministry of Finance (MoF) said.

This information was relayed to Marasini by Jack Stein, director, sustainable development, at the World Bank, and Salman Jaheer, director for regional integration, South Asia Region, at the World Bank. The high-ranking World Bank officials expressed interest to invest in Nepal's hydropower sector at a meeting held in Dubai couple of weeks ago, according to Marasini, who heads International Economic Cooperation Coordination Division (IECCD) at the MoF. The World Bank had made a policy shift on investment in large-scale hydropower projects last May.

"The World Bank is making a major push to develop large-scale

hydropower projects around the globe, something it had abandoned a decade ago," The Washington Post, a US national daily, said quoting Rachel Kyte, the bank's vice president for sustainable development and an influential top staff member. The focus will be development of major hydropower projects in Congo, Zambia, Nepal and elsewhere, the newspaper reported.

The bank, which has already invested in the development of 400kV Dhalkewar-Majjafarpur transmission line, has indicated that it might invest in one of the most "bankable" hydropower projects.

"The discussion on project selection has begun," Marasini said. "The bank's Nepal office will be more engaged in identifying the project." The World Bank has not invested in any hydropower project in Nepal since the cancellation of 900MW Arun-III hydropower project in Shankhusawa district some 13 years ago after launch of massive protests by anti-Arun-III groups and ultra-leftist political cadres within the country.

Business confidence improving, says MoF

Business confidence of private sector has improved since the formation of the interim election government led by Chief Justice Khil Raj Regmi, says a business confidence index prepared by the Ministry of Finance. "The BCI has stood at 48 percent over last three months," Dr Basudev Sharma, under secretary at the Privatization Cell of the finance ministry, said, presenting the report on Friday.

The BCI stood at just 39.7 percent in 2012, according to the study conducted by the Federation of Nepalese Chambers of Commerce and Industry (FNCCI).

"It's an improvement, but we can not say that things have improved absolutely," Finance Minister Shankar Prasad Koirala said after launching the report. "It shows that we heading in the right direction."

According to the report, BCI below 50 percent is considered worse. Similarly, BCI rating of more than 50 percent is regarded as better.

"The improvement in business confidence is mainly due to the

introduction of full-fledged budget in April and recovering global economy," said Shanta Raj Subedi, secretary at the finance ministry. "The government is committed to introduce different programs in the upcoming budget to boost the confidence of private sector." The report was prepared based on a survey conducted at 300 firms all over the country.

"These firms ranged from carpet/handicrafts manufacturers, food processing plants, real estate agencies, technology and telecommunication operators, contractors, infrastructure developers and tourism enterprises," Sharma elaborated. According to Sharma, respondents in those firms were different questions related to financial condition or profitability, investment situation, employment situation, business cost and sales order or export order.

"The report shows that the real estates sector has the lowest business confidence among all the sectors included in the survey," Sharma said, adding, "It seems that confidence of real estate sector won't improve at least until 2015."

India's leather exports reached US\$ 5 bln in 2012-13 Targets to touch \$14 bln mark by 2017; double jobs

As per officially notified DGCI&S monthly export data, India's export of leather & leather products during the financial year April-March 2012-13 touched US\$ 4996.91 million as against US\$ 4873.53 million in the corresponding period last year, recording a positive trend of 2.53%.

Export of different categories of Footwear alone holds a major share of 41.14% in India's total leather & leather Products exports with an export value of US\$ 2055.93



hubs, including Agra, Kanpur, Kolkata, Chennai, Mumbai, Bangalore and Puducherry.

"We expect leather exports to touch USD 14 billion by the end of the 12th Five-Year Plan (2017). In the last fiscal, leather exports grew 3 per cent to USD 5 billion," CLE Executive Director R Ramesh Kumar said. There has been a sluggish demand in the US and European markets, he added.

He was talking to reporters on the sidelines of a function organised by Italy-based Riva del Garda which organises leather items fair named 'Expo Riva Schuh India'.

Continent-wise /Sector-wise Export of Indian leather

(Value in Million US\$)

COUNTRIES/ CONTINENT	APRIL-MAR 2011-12	APRIL-MAR 2012-13
EUROPE	3032.14	2845.91
ASIAN COUNTRIES	731.67	845.4
AUSTRALIA	67.84	73.99
U.S.A.	439.54	525.32
CANADA	40.02	45.68
S. AFRICA	41.18	35.99
OTHERS	521.16	624.63
TOTAL	4873.55	4996.91

Source: DGCI&S

Year wise Export of leather products in 2011-12 & 2012-13		
(Value in Million US\$)		
CATEGORY	APRIL-MAR 2011-12	APRIL-MAR 2012-13
FINISHED LEATHER	1024.69	1090.22
LEATHER FOOTWEAR	1717.24	1684.22
FOOTWEAR COMPONENTS	281.94	245.04
LEATHER GARMENTS	572.45	563.48
LEATHER GOODS	1089.71	1178.96
SADDLERY AND HARNESS	107.54	108.32
NON-LEATHER FOOTWEAR	79.96	126.67
TOTAL	4873.53	4996.91

mln. This is followed by Leather Goods & Accessories with a share of 23.59%, finished leather 21.82%, leather garments 11.28% and saddlery & harness 2.17%.

The major markets for Indian Leather & Leather Products are Germany with a share of 12.60%, UK 11.96%, USA 10.51%, Hong Kong 8.82%, Italy 8.77%, France 6.39%, Spain 5.34%, Netherlands 3.79%, China 2.48%, Belgium 1.86%, UAE.2.53%, Australia 1.48%,

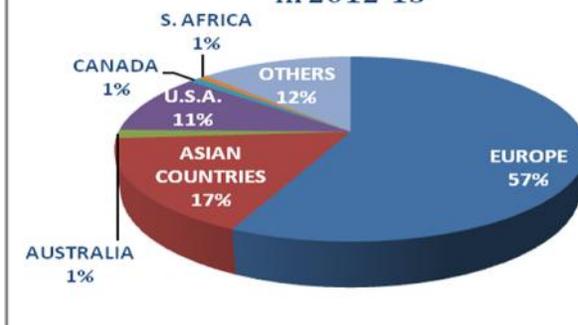
These 12 countries together accounts for nearly 76.53% of India's total leather& leather products export.

Export of leather & leather products to major markets like USA, UK, France, Hong Kong, Australia, Denmark, Canada, Sweden, Japan, UAE and Saudi Arabia have shown positive growth during April-March 2012-13.

Declining trend is seen in export to Germany, Italy, Spain, Russia, Netherlands, Greece, South Africa and Portugal.

Meanwhile, India's leather exports are expected to touch the USD 14 billion level by 2017 and may double jobs in the sector to 5 million, Council for Leather Exports (CLE) Tuesday said. At present, the sector employs 2.5 million people mainly in leather

Export of Leather products of India in 2012-13



The US and Europe together account for over 2/3 of the India's total leather exports.

Asked about the roadmap to increase leather exports, Kumar said, "Our strategy includes doubling our existing one per cent shares in the American market and exploring new markets like Russia, Japan and Latin America." This will also help in employing more people in the sector. "We expect that jobs would be doubled to 5 million in the sector by 2017," he added.

Of the total people employed, 70 per cent of them are women. "By providing more jobs to people, the standard of living of people would increase as most of them are underprivileged," Kumar said. PTI-New Delhi



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The new lenders, which have a minimum capital requirement of five billion rupees (\$85 million), will also have to favour "priority" sectors of housing, agriculture and education. About 480 million of India's 1.2 billion people, mostly living in the country's 630,000 villages, currently have no banking access, according to the RBI.

To protect the new system, the RBI says those seeking to set up a bank "should have a past record of sound credentials and integrity, be financially sound with a successful track record of 10 years."

Meanwhile, The 26 applicants for new bank licences in India face tough requirements that are likely to lead to only a limited number receiving licences and developing into substantial banks, Fitch Ratings says.

The central bank's objective to address financial inclusion places heavy demands on profitability and capital, and is likely to lengthen the time it takes for a successful applicant to establish a presence. The Reserve Bank of India requires new banks to open one in four branches in rural areas and fulfil statutory reserve requirements - including placing 4% of de-

Top Indian industrial ground apply for Bank Licences

Reserve Bank of India said on Monday that it had received 26 applications for new banking licences, in the first opening of the market in more than a decade.

Large industrial groups have for the first time been allowed to apply, with the Tata group, Anil Anlbani . Reliance, engineering giant Larsen and Toubro and the Aditya Birla group taking advantage of the new regulations. The application deadline expired at 1215 GMT on Monday, with licences set to be handed out from next March.

The Bajaj group, LIC Housing, Religare Capital Markets, Infrastructure Development Finance Company ODFC), Edelweiss, India Infoline and Industrial Finance Corporation of India (IFCI) have also applied. Other firms include SREI Infrastructure, Tourism Finance Corp and India's state-run postal department, which has 90 percent of its 154822 branches in rural areas.

The new opening overseen by the central bank, is aimed at pushing banking services into rural areas with the new lenders obliged to have at least a quarter of their branches outside of cities. Only 8-10 of the applicants will be successful, with the Reserve Bank of India (RBI) set to publish the list of applicants on its website in the next few days, according to a spokesman.

India's banking sector is still dominated by state-run lenders and in the last 20 years only 12 private banks have been allowed to open. The country has 26 public sectors, 22 private and 40 foreign banks. Indian conglomerate Mahindra and Mahindra which had initially expressed interest, opted out due to "disadvantageous" and unclear guidelines.

positions with the central bank and holding 23% in government bonds from day one.

We believe some entities will find the 40% priority-sector lending targets tough, even though they have around three years to meet them. Infrastructure finance companies with large existing loan portfolios that have little or no prior presence in the required sectors are likely to find the target most challenging.

The strict conditions mean that profitability for new banks is likely to be limited until they secure a strong foothold. Many of the applicants are likely to need to invest in new systems and processes to manage new asset risks.

The transformation of existing franchises will be slow, as most will have to start from scratch. Asset-finance applicants could leverage their existing customer base, but it is largely unbanked. Successful applicants are likely to be those with financial firepower and strong management to handle the transition and growth. AFP- & Agencies—Mumbai

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

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