



# NICCI e-Newsflash

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## CACCI conference concludes, President calls for investment in the country

The 26th conference of the Confederation of Asia-Pacific Chambers of Commerce and Industry (CACCI) concluded on Friday, fostering regional cooperation among the member countries. CACCI is a regional grouping of apex national chambers of commerce and industry, business associations and business enterprises in Asia and the Western Pacific.



President Dr Ram Baran Yadav has asked the visiting delegates of the 20 Asia and Pacific nations to invest in Nepal. "From the country of the glorious Himalayas and hardworking people, I invite you all to invest in Nepal," said the President while inaugurating the 26th conference of the Confederation of Asia-Pacific Chambers of Commerce and Industry (CACCI) which had kickoff in Kathmandu on Wednesday, 3rd October under the slogan 'A vision for shared prosperity'.

Nepal as a welcoming country, he said, adding that it is observing 2012-13 as the Nepal Investment Year to encourage local as well as foreign investment. "Nepal has huge potential in hydropower and tourism," he added. "Though, the country is in the process of drafting a new constitution, it is economic development that is key to prosperity." "Our region shares almost half of the world's population and there are also huge opportunities here," the President said, adding that with mutual cooperation, we can ensure the welfare of our people.

Similarly, United Nations Conference on Trade and Development (UNCTAD) gen-

eral secretary Dr Supachhai Panitchpakdi said that Nepal has great advantages. "I am looking forward to working with Nepal — that is blessed with hydropower, culture and hardworking people — for its prosperity," he said, adding that Nepal and the Asian region have to work jointly for the prosperity of the region that is growing at an average of four per cent. "However, it needs a growth model. Asia and the Pacific region is rising but the rise of the private sector is a must for the development of the region, Supachhai added.

Prime Minister Baburam Bhattarai, addressing the second day of the 26th conference, has said that the government is keen to work with regional partners in Asia Pacific, and requested them to come



up with investment schemes to help Nepal exploit its opportunities.

Stressing the need for regional collaboration, connectivity and utmost optimism, Bhattarai called for support from investors in Asia Pacific so as to help Nepal keep up with the pace of economic development in the region. "We are keen to work with you, and assure you that we are here to support and assist you in every way possible," he said. The government is committed to ensuring the best climate with efficient service delivery for foreign investors that will help them to obtain the highest returns with minimal costs, he added.

## CACCI conference concludes, .....

He also said that the country was ready to take advantage of the global economic platform by strengthening engagements with regional partners. "The government has formulated policies and strategies to restore confidence among local and foreign investors and to best serve their interests," he said.

Making a presentation on investment opportunities in Nepal, the PM's economic advisor Rameshwar Prasad Khanal said that despite abundant potential, the country did not have enough equity to fully explore them. "Hence, we look forward to foreign direct investment in Nepal," he added. He also highlighted priority projects including hydro, tourism, agriculture, mining, education and health, among others, and asked foreign investors to introduce investment plans in these sectors.

It is businesses which can ensure prosperity for the nations and better lives for the people, said president of Federation of Nepalese Chambers of Commerce and Industry Suraj Vaidya. "The conference provides an opportunity for us to network with businesses, discuss possibilities, identify new potential partners, and cement the friendship and make business deals," he said, hoping that by the end of the conference, some new ventures will be able to germinate spanning across the countries of the region.

Vaidya said that despite Nepal facing political and security related disturbances, the private sector was fully committed to working proactively to achieve economic growth. "As our business is doing business, the private sector will always give top priority to the country's economic growth," he said. He added that public private partner (PPP) has been the best model for economic growth and asked all to work hand in hand.

The meet brought together over 150 delegates from 20 countries of Asiap-Pacific region. "It provided an opportunity to share problems and prospects with each other," said Vaidya.

"The event not only brought together a huge number of investors, it also encouraged them to come to Nepal with investment plans during NIY."

Former president of the Non-Resident Nepali Association (NRNA) Upendra Mahato said that collective efforts made towards Nepal's economic prosperity would bear results at the earliest, and asked the government to let NRNs to work as local partners of the government and the private sector. "We can see a prosperous Nepal in the near future if the government, NRNs, the Nepali private sector and foreign investors work with a single common vision for the economic growth of the country," he said.

Addressing the closing session, Finance Minister Barsha Man Pun said Nepal 'is a virgin land waiting for investors to explore' and that the country could be an easy destination for foreign investors.

The Federation of Nepalese Chambers of Commerce and Industry (FNCCI), the organiser, termed the event a 'huge success', saying it played a crucial role in the promotion of the upcoming Nepal Investment Year 2012-13.

"The conference is a historic achievement for the private sector," said Pradeep Kumar Shrestha, former president of the apex business body and coordinator of the conference.

Stating that \$ 500 million already invested, Ncell CFO Tommi Holopainen said that investment environment in Nepal was gradually improving.

"The conference — held after 12 years in Nepal — with a theme 'A Vision for Shared Prosperity', aiming to provide a platform for CACCI members to share their ideas on how they can help their respective countries in strengthening the economies of the Asia-Pacific region and spreading the benefits of regional cooperation while playing a substantial and constructive role in global economic leadership. •

## Govt requests India to construct bridges as well of Terai Road

The government has requested India to support the construction of bridges along 900-km link roads that will be developed in later phases of the 1500-km Terai Roads Project. Under the bilateral assistance agreement, the government had agreed to construct the bridges itself while India would construct the 1500 km road.

"We are constructing bridges on the first 600-km stretch of the Terai road ourselves," said Hariom Srivastava, joint secretary at the Ministry of Physical Planning, Works and Transport Management. However, the ministry recently approached the Indian



government to develop bridges as well on remaining 900-km stretch that will be developed in the second and the third phases.

Srivastava said such a request was made mainly to complete the project on time. "We have yet to carry out a survey to ascertain the number of bridges need to be constructed along the 900 km stretch. Survey will take time," he stated. Besides, the ministry has assessed that the cost of constructing the bridges (on the 900 km section) will be very high and it will be difficult for the

government to arrange funds from its own sources.

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## Govt requests India to construct bridges .....

Tarai Road Project is the biggest project being developed under Indian assistance in recent years. The agreement was signed between the two countries in 2006. India has already allocated Rs 10 billion for the first phase construction work. "Sadly, even after six years of the agreement, no substantial progress has been made in the project," Srivastav said.

As per the assistance agreement, Nepal needs to acquire land for the development and upgradation of link roads. However, officials said they are facing difficulties in land acquisition. "The pace of implementation of the first phase itself has remained slow because we have faced problems in land acquisition and in having environmental impact assessment report approved from the authorities concerned," Srivastava said.

The Nepali side is hopeful that the Indian side will respond positively to their request for bridges construction.

### India commits to complete Tarai roads project on time

Meanwhile, India has expressed commitment to push the contractors appointed to construct 600-km Tarai link roads to speed up the works so that the project, which is the biggest India funded project in recent years, could be implemented on time.

Going by the understanding, about half a dozen contractors selected by the Indian government to implement the project are supposed to complete the construction works of the first phase within 30 months of signing the contract. The contract was signed last year.

"About 12 months have already passed since the contractors were appointment. Sadly, only 7 percent of the works have been completed so far," the Indian delegation had apprised the Nepali team during the bilateral review meeting on the project on Wednesday.

During the talks, the Indian delegation led by Akhilesh Mishra,

joint secretary at its Ministry of External Affairs (MoEA), had admitted that the project was delayed because the contractors, who bid lowest to win the contract, couldn't find workforce in Nepal at costs they quoted for the works.

"No wonder, in the absence of workers, they failed to carry out their jobs. Hence, they are dilly-dallying the matter now," an official of Ministry of Physical Planning, Works and Transport management (MoPPWMTM) present at the meeting quoted the Indian officials as saying in the review meeting.

Following such sincere confession by the Indian side, the Nepali talks team led by Hari Om Srivastav, joint secretary at the MoPPWMTM, had requested it to speed up the project implementation henceforth.

"The Indian side has committed to speed up the construction works and complete the project on time -- that is within the next 18 months," Tulasi Sitaula, secretary at the MoPPWMTM, said.

Among others, the Indian team said it would closely monitor the work of the contractors in the field, and push it, whenever necessary, for speedy works.

During the meeting, the Nepali side had also acknowledged weaknesses on its parts, like difficulties faced by it in acquiring land. "We have informed the Indian team that we will complete the land acquisition soon," Sitaula added.

For the purpose, the Nepali side said it would soon approach the Ministry of Forest and Soil Conservation (MoFSC) for acquiring the forest land -- the only remaining portion under acquisition. "We will work closely with the MoFSC to make that happen soon," said Sitaula.

The talk team from India and Nepal are scheduled to visit the site on Thursday to observe the development of the project.

For the construction of the 600-km link roads, which is being developed under the first phase, India has already allocated fund of Rs 10 billion. •

## NRNs register Investment Company

Non-Resident Nepali Association (NRNA) has registered the NRN Investment Ltd to promote investment in the country. "NRN Investment Ltd has been registered in Kathmandu under the Company Act 2063," said NRNA president and chair of taskforce — formed to promote investment in Nepal under a collective investment programme — Jiba Lamichhane at the sixth meeting of the taskforce.

"It has also opened accounts in three commercial banks for funds transfer," he said, welcoming all the participants to deposit the fund by November 30. The collective investment



programme has been delayed due to a delay in registering the company in Nepal.

There are nine founding members from International Executive Secretariat of NRNA in Promotion of Investment in Nepal taskforce. Members include Jiba Lamichhane (Russia), Rameshwar Shah (UAE), Tenzi Sherpa (South Korea), TB Karki (Qatar) and Bhaban Bhatta (Japan). It also includes Shesh Ghale (Australia), Krishna Pandey (Hong Kong), Kumar Pant (Germany), and Mahesh Shrestha (Japan). •

## UN's global programme 'CleanStart' launched in Nepal

CleanStart, a joint global programme of the United Nations Capital Development Fund (UNCDF) and the United Nations Development Programme (UNDP), was launched in Nepal on Tuesday. The programme seeks to expand access to clean energy for rural population through microfinance institutions.

In Nepal, CleanStart aims to support 600,000 poor households and micro-entrepreneurs to have access to modern energy services through microfinance. It also seeks to build end-user confidence in the reliability of technologies chosen for lending by strengthening supply chains.

Ana Klincic Andrews, chief technical advisor of UNCDF Nepal, said that the programme is a part of a global endeavor to bring global commitment made during Rio +20 to the national horizon. She emphasized the four main components of the programme—end-user financing, technical assistance, knowledge and learning and advocacy and partnership.

"Although a few microfinance institutions have made attempts in the past to design the products for clean energy, they have failed in most of the cases due to lack of expertise," she said. "CleanStart will help those institutions in designing products that are viable."

Alternative Energy Promotion Centre (AEPCC) Executive Director Govind Raj Pokharel said that key drivers to provide access to clean energy are equity and social inclusion and AEPCC seeks to rectify regional disparities. "Although this sector receives about 20 million Euro in subsidy, that goes towards ensuring quality of the products and services available and in generating demand among individuals at the bottom of the pyramid," said Pokharel. "Therefore, this sector still requires financing for the end-users." The shortfall of fund to the sector, according to Pokharel, is around 30-40 million Euro. He added that the programme offers a great opportunity for the banks and financial institution (BFIs) to do busi-



ness, introducing various loan products by designing different schemes.

The BFIs, however, consider investing in the area of clean energy as a huge challenge because of the high administrative cost, inaccessibility to the site due to poor infrastructure, lack of financial literacy to the poor, difficulty in obtaining right collateral, among others.

"The processing fee turns out to be quite high while actual loan size is relatively small and due to remoteness of project location, time required to assess the viability of projects is also extensive," said president of Nepal Bankers' Association Ashoke Rana, pointing out challenges for a financial institution while financing micro-energy projects at the launch of CleanStart project that aims to help at least 2.5 million people in Asia and Africa move out of energy poverty by 2017.

"All these challenges make loans risky and hence costly," said Rana. "Therefore, we need help of some other institutions which can partly absorb the cost making the project more viable." But he was quick to add that his bank had formed a core team within the organisation to lend in the area and "currently, we are analyzing 10 micro-hydro projects for investment."

"Moreover, absence of insurance facility to such small energy projects is not helping attract lenders too," he said, adding that Himalayan Bank has learned through its experience that being profit motivated alone will not allow banks to expand their footprint in the SME and rural sectors. "The bank is now disbursing 20 to 30 small loans worth Rs 80 million to Rs 100 million daily to SME, micro-hydro and solar home projects."

Bankers also pointed out very high pre-investment costs, like site visits, project assessments using external experts as impending blocks. "If CleanStart can help us fund such costs, it will significantly increase chances of BFIs' investment in the sector," said Siddhant Raj Pandey, CEO of Ace Development Bank. •

## Govt revises policies and guidelines to regulate foreign employment

In its bid to curb anomalies in the foreign employment sector, the government has tightened the procedure for workers leaving to Gulf countries through personal approach. As per the new provision, unskilled workers are not allowed to go for jobs without relationship verification from Nepali embassies concerned.

The department said an unskilled worker eyeing jobs in Gulf countries—Qatar, United Arab Emirates, Saudi Arabia and Kuwait—through personal approach must get his/her relationship verified at the embassies concerned by the person who wants to invite the aspirant. "This provision will control the involvement of middlemen or people who send job offers to Nepal without any relation to aspirants," Purna Chandra

Bhattarai, director general at the Department of Foreign Employment said. Bhattarai added that they have requested the embassies concerned to send a copy of such relationship verification to the department for the issuance of the final work permit. However, the provision is not applicable to skilled workers leaving in individual visa and to those returning to the same company.

Similarly, The government has initiated the process to regulate the re-entry of overseas job returnees, who so far have been arranging jobs through individual channels, to foreign workplaces.

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## Govt revises policies and guidelines .....

The Department of Foreign Employment - the authorized agency to issue approval for work permit for foreign employment -- has prepared a set of guidelines to make the employment of Nepali youths in foreign land more secure. The guidelines have provision for re-entry in 14 different categories.

"We have formulated the new provisions, including introduction of additional documents and recommendations of Nepali missions abroad, to end confusion among overseas job returnees aspiring to leave again for overseas jobs," Purna Chandra Bhattarai, director general of DoFE said on Tuesday.

The guidelines have prescribed separate formats for those who want to enter foreign destinations with or without securing government permission and those who want to work with the same company or change the company or change the country.

Likewise, the guidelines also facilitates women below 30 years who want to leave for Qatar, Kuwait, Saudi Arabia and the United Arab Emirates (UAE) again to work as house maid with the previous employers or with new employers. "However, women, who want to make re-entry to Kuwait, must produce recommendation of Nepali mission there," he added.



The guidelines has also specified re-entry procedures for overseas returnees, who left for foreign jobs without seeking government permission, interested to work in ship/cruise of the same country, or those interested to work in the same company. "Though some of the provisions in the guidelines have already been brought into practice, there had been confusion about the re-entry process among workers and even officials at the DoFE. This guideline will simplify the process," added Bhattarai.

The guideline has also eased the process for overseas returnees interested to work in different companies in another country. In addition to normal documents, we have made it mandatory to workers to show the recommendation of Nepali embassies in Qatar, Saudi Arabia, UAE and Kuwait for the re-entry to the respective companies, said Bhattarai.

Similarly, the guidelines also regulate the re-entry of people, who have worked for UN agencies and security companies in Afghanistan without seeking government's approval. Afghanistan returnees can seek government's approval to re-enter the country by producing recommendation or work experience letter issued by their employers. •

## Birgunj sugar mill stir: Govt signs 7-point pact with stakeholders

The government on Friday signed a seven-point agreement with stakeholders of Birgunj Sugar Mill and Agricultural Tool Factory, who had been agitating for the last month demanding the reopening of the factories.

Industry Ministry Anil Kumar Jha pledged that he would soon begin preparations for the reopening of the factories. "As both of these industries are agriculture-based and have a huge potential, they should not be kept closed," said Jha. As per the deal signed between the government and the struggle committee, the PE Board would recommend modalities for the reopening or the factories. PE Board chief Bimal Wagle said the board has already begun preparations in this regard.

Prime Minister Baburam Bhattarai last week had directed the government agencies to work for the reopening of closed public enterprises in the production sector. Following Bhattarai's instruction, the Finance Ministry had asked the Public Enterprises (PE) Board to take care of the matter.

In the agreement, the government has also committed to clear



all unpaid salaries to workers of Birgunj Sugar Mill, which is spread over 52 bighas of land and has fixed assets worth Rs 7 billion. Stakeholders had intensified efforts to pressure the government to reopen the factory.



According to Wagle, the board is holding discussions on several modalities for reopening the factories.

Under its new action plan, the board is preparing to propose the government to let the private sector or cooperatives to operate public enterprises that have remained closed for

the last several years.

A Cabinet meeting on February 28, 2000, had decided to privatise the mill. The company stopped operation three years after the decision. Although the government twice called for bids to privatise the mill, the process was abandoned midway on both the occasions due to change in the government. The factory was established in 1965 with assistance from the Soviet Union. It has a capacity to crush 1,500 tonnes of sugarcane daily. •

## Don't manipulate balance sheets: Governor to lenders

Nepal Rastra Bank Governor Dr Yuba Raj Khatiwada has called on bankers not to manipulate figures on balance sheets for short term gains, as it could ultimately deepen problems and pose a question mark on their credibility and reputation, which may later be hard to fix. His call comes at a time when increasing number of lenders are known to be tweaking loan classification figures to keep the level of substandard, doubtful and bad loans low.

"This (unhealthy practice) may one day culminate into credibility and reputational risk, which may lead to the fall of institutions," Khatiwada told National Risk Management Seminar organized by the National Banking Training Institute in Kathmandu on Monday. He also reminded that though "the central bank has measures to mitigate other forms of risks, it does not have mechanisms to manage such (credibility and reputational) threats."

The outspoken governor, who is known to make bold remarks, however, indicated he was not discouraging banks and financial institutions to take risks. "There is a relationship between risks and returns and without taking certain risk, no institution can maximize returns," he said. "But every institution must know its appetite for risk. And if they go (overboard), they'll fall."

Evidence of what the governor was hinting at can still be found in financial markets all across Europe and the US, where mistakes made by banking institutions not only created financial crises but pushed economies into recession. "So, risk management should be at the forefront of decision making process at banks and financial institutions. The institutions should also follow risk management guideline of the regulator and other macro-prudential measures," Khatiwada said.

One way banks and financial institutions can detect risks posed by different parts of operations, according to the governor, is by conducting stress tests periodically. "This provides a scenario of their ability to absorb shocks. They should then fine tune their portfolio based on the results," Governor Khatiwada said.

## NRB governor tells banks to insure investments

Governor of Nepal Rastra Bank Yubaraj Khatiwada said on Friday that risks in investment in agriculture should be addressed through insurance in a bid to assuage bank jitters over its vulnerability to natural hazards.



The central bank has been urging banks and financial institutions to increase lending to the farm sector, but they have been holding back due to fears that disease and natural calamities could wipe them out. The susceptibility of agriculture to these perils is a major reason why the banking sector has been reluctant to put money in the sector.

Speaking at the fifth annual general meeting of the Nepal Agriculture Cooperative Central Federation, Khatiwada also stressed the importance of creating a value chain in agriculture by giving proper attention to the entire cycle from input, production and output to market. "It is necessary to pay attention to production, processing and storage," he said.

He added that coordination among farm cooperatives was necessary to ensure both backward and forward linkage in the sector. He also stressed that farm cooperatives should concentrate on agro businesses, agriculture services and agro processing. Khatiwada also highlighted the government's increased priority to agriculture cooperatives. "The government has been providing grants to cooperatives engaged in agro business including livestock farming and bio-gas production, among others," he said.

Meanwhile, Ekraj Upreti, secretary of the Nepal Agriculture Cooperative Central Federation, said the sector had been suffering from lack of infrastructure including irrigation and market. "In addition, lack of timely availability of fertilisers and improved seeds has also hit the agro business hard," he added. •

## National Food Security: Govt, WFP sign NeKSAP pact

The World Food Programme (WFP) on Thursday signed an agreement with the National Planning Commission (NPC) and the Ministry of Agricultural Development (MoAD) to transfer and institutionalise the national food security monitoring system under the ownership of the government.

The Nepal Food Security Monitoring System, popularly known as Nepal Khadya Surakshya Anugaman Pranali (NeKSAP), has the primary objective of collecting, consolidating and analysing food security data to be used by decision makers, allowing them to take coordinated and timely action to alleviate food insecurity in the country. Established by

WFP in 2002, NeKSAP is currently managed in collaboration with the MoAD.

"NeKSAP has evolved over time based on strong collaboration between various national institutions," said WFP Deputy Country Director, Nicolas Oberlin. "The new agreement will further strengthen the system and enhance the capacity of the Government of Nepal to design evidence-based food security policies and programmes to tackle food insecurity in the country."

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## Govt to build 26 new bridges

The government is all set implement Bridges Improvement and Maintenance Programme (BIMP) that aims to built 26 new bridges along strategic roads in the next five years. The Department of Roads (DoR) will be spending over Rs 2.5 billion each year to build new bridge construction and maintain the existing ones.

A total of Rs 12 billion, including \$60 million support from the World Bank, will be spent in five years (2012-13 to 2016-17) for the bridge construction and maintenance works. With the government and World Bank already signing an agreement to this regard, the project is scheduled to come into effect within this month.

Officials at the DoR claimed that almost all bridges in the country would be in fair to good condition in the next five years after the implementation of the BIMP. A study carried out by the department, while preparing the inventory of all the bridges on strategic roads as a part of preparation to the BIMP, has showed that 98 bridges urgently need major maintenance, 401 non-urgent major maintenance and 95 bridges require normal maintenance.

"A total of 26 new bridges will be built within the next five years apart from 95 bridges that are currently under construction," said Naresh Man Shakya, senior divisional engineer of the Bridge Projects at the department. He said that they identified 352 locations for building new crossings in the future.

The department plans to complete maintenance works of 98 bridges needing major maintenance within the next three years at the cost of over Rs 2.2 billion. Having prepared a web-based inventory of all the bridges on strategic and feeder roads, the government is preparing to launch a webpage soon.

Shakya said the new system would help the government to give top priority to building new bridges in a transparent manner. "Once we launch the website, even the general public will get to know where the government is building the bridges and condition of the existing bridges.

In the online inventory of bridges, the government has listed all information (with photographs and maps) about 1,709 bridges and 352 locations that need bridges. The department said that from the current fiscal year onward, tall bridges in strategic and feeder roads would be built base on multi-criteria analysis on traffic, socio-economic need and availability of resources ending the tradition of political pressure to build bridges.

The department also said it would hire a consultant to support the Bridge Project in procurement, bridge design, contract management, and compliance monitoring of environmental and social safeguard measures. The consultant will work as advisor for effective implementation of the BIMP. •

## NEA gets Rs 5.4b govt grant to tackle power cuts

The government has provided a grant of Rs 5.4 billion to Nepal Electricity Authority (NEA) in a bid to cut down power shortage to 12 hours a day during upcoming winter. According to NEA officials, the grant was extended especially to import additional electricity from India and as compensation against a possible loss that the authority could incur due to the technical loss while importing energy from India.

"Apart from these, the grant will be spent to implement measures designed to substantially reduce the load shedding hours,"



said Arjun Kumar Chauhan, director of Institutional Financial Department at NEA. The Economic and Infrastructure Committee of the Cabinet on Monday endorsed a 15-point Load Shedding Reduction Action Plan, submitted by the Ministry of Energy (MoE).

The country imported 750 million units of energy in the last fiscal year. Though the NEA purchases the energy at Rs 7.23 per unit, it actually costs Rs 9.69 due to technical leakage. The NEA had also asked for compensation for previous losses.

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## NEA gets Rs 5.4b govt grant.....

As per the plan, the NEA needs Rs 2.80 billion annually to operate its thermal plants and another Rs 2.60 billion to import additional energy from India. The committee has also asked the Finance Ministry to release the amount for the NEA within a month. The NEA has aimed at bringing diesel plants in Biratnagar and Hetaunda, which are currently under construction, into operation within two months.

The plan had proposed for the early construction of the 400kv Dhalkebar-Mujjaffapur inter-boarder transmission line, generating 40 MW of energy from diesel plants (39MW in Duhabi, Morang, and 14.4MW in Hetauda), importing 200 MW additional energy from India and purchasing energy from captive plants of local industrial units, among others. The MoE has already asked the Finance Ministry to release Rs 330 million to build the transmission line.

In its plan, the ministry had also asked the Cabinet for authority to initiate dialogue with the Indian government on the import of additional power and construction of the 132kv transmission line with Power Grid Corporation, India.

A couple of months ago, the NEA had estimated that load-shedding could be extended to as long as 21 hours a day this winter. The projection prompted Prime Minister Baburam Bhattarai to order the MoE and the NEA to resort to all possible measures to reduce the power cuts.

During a meeting with Indian Prime Minister Manmohan Singh on the sidelines of the Non-Aligned Movement Summit in the Iranian capital Tehran earlier this month, the PM had asked him to export 200 MW to Nepal. •

## 28 billion investment in Nepal's Pharma Industries

According to Association of Pharmaceutical Industries of Nepal (APPON), a minimum of 14 billion to maximum 28 billions have been invested in Pharmaceutical Industries in Nepal in 94 pharmaceutical industries



which are now in operation. Mahesh Gorkhali, President of Association says to setup and operate a pharmaceutical industry needs 150 million to 300 million. 1.83 billion of investment has been proposed in the industries registered last fiscal year.

Out of 246 industries registered in drugs administration department, 94 pharmaceutical industries have been producing medicines, which includes 45 allopathic, 42 ayurvedic and 7 veterinary. In recent years, registration of pharmaceutical industries have also increased. In last fiscal year, 23 pharmaceutical industries have been registered. In earlier fiscal year 2067/68 only 9 pharmaceutical industries were registered. In Nepal, recent medicine consumption worth almost Rs 16 billion, of which, according to APPON, medicine worth only Rs 6.25 billion was produced in Nepal in last fiscal year 2068/69 including allopathic, ayurvedic and veterinary. This is only 40 percent of annual consumption of medicine in Nepal. Therefore there is still a lot of medicine market in Nepal

Concerned Businessmen says that "Nepal is gradually moving towards independence in pharmaceutical production. Nepal has been independent in 60 different types of medicines and in recent years the production of medicine has been increased by 10 percent annually" said Gorkhali. He informed that in last year pharmaceutical production was increased by 15 percent.

Still most of the rural people are not aware of modern health-care service and uses of pharmaceuticals. Demand will further increase as per the increasing awareness and uses of pharmaceuticals among them. Therefore pharmaceutical industry is still good and feasible sector for the investment. Having availability of sufficient volume of herbs and medicinal plants, there are even more feasibility in ayurvedic industry in Nepal. Along with rapid increase in animal husbandry, there are good scope in veterinary pharmaceutical industry also.

Gorkhali says medicines for cancer and injectable pharmacy requires high skill and knowledge. So these are not produced by Nepali pharmaceutical industries. Demand of medicines for hypertension and diabetes has been increased in international market. Effect of the same has seen here in Nepal also whereas demand of vitamins and herbals which is also called "Wellness Medicine" are also high he says.

But steps has been taken for any planning so far to make Nepali pharmaceutical industry independent. According to Gorkhali, APPON, Nepal Govt. and other stakeholders should make a strategy for that. "Cost of production in Nepal being high compared to other countries, Nepali pharmaceutical products cannot compete with other country's products. Lack of skilled human resources is another challenge for this industry. Migration



of good manpower to foreign country and skilled manpower available in the country but not able to stay in industry outside valley is another big problem for this industry." says Hari Bhakta Sharma Executive Director of Deurali-Janta Pharmaceuticals Pvt. Ltd. •

## Govt renews UTL's license

The Nepal Telecommunications Authority (NTA) on Wednesday renewed the basic telecom service licence of United Telecom Limited (UTL) on the condition that it will pay the committed royalty dues in eight instalments before the end of each fiscal year. The licence is valid for five years. UTL will have to pay Rs 204.18 million to the government annually.

In a bid to ease payment procedures for telecom operators, the government had decided to collect the committed royalty and license renewal fees in partial payments within eight years. On Monday, UTL, the first private sector telecom company in the country, paid the first instalment for the current fiscal year 2012-13.

"We decided to renew UTL's licence as per the government's decision, with the condition to clear each instalment before the

end of the fiscal year, failing which, its licence will be scrapped." said Mahesh Prasad Adhikari, a member of the committee formed by the Ministry of Information and Communications that decided to renew the license.

As NTA has no chairman presently, the Communications Ministry had formed the committee to decide on crucial telecom related issues including license renewal and cancellation. Immediately after the decision of the committee on Wednesday, the regulator had renewed the licence and informed UTL, an Indian joint venture telecom company.

"UTL's licence has been renewed for a five-year term," said NTA spokesperson Kailash Prasad Neupane. He added that the committee's decision to renew the permit would be reviewed by the NTA board after it gets a new chairman. •

## Poultry business to grow by Rs 9.7b this year

With rise in production of poultry products, except commercial broilers and broiler chicks, Nepal's poultry industry is set to witness its total turnover grow by around Rs 9.7 billion in the current fiscal year compared to last year's figure, shows an estimate unveiled by the poultry entrepreneurs.

Experts involved in the study said rising demands and prices of poultry products and poultry ingredients are the major causes behind such a sharp expansion of turnover of the industry.

Dr Til Chandra Bhattarai, a poultry researcher, who also headed the recent study, said despite adverse condition in poultry production, overall poultry sector is going to register around Rs 59.69 billion worth of turnover over the current fiscal year 2012/13, up from around Rs 50 billion earlier year.

"Though we have been suffering setback in production of commercial broilers and their chicks and the threats of different diseases, poultry turnover will go up by increasing prices of ingredients and poultry products such as eggs and chicken," Bhattarai said.

Bhattarai, who is also the president of World Poultry Science Association-Nepal Chapter, said fearing loss poultry broiler farm owners were still reluctant to increase the number of commercial broilers as chicken were more perishable compared to eggs if abnormal situation arose.

The report's data also states that total turnover of chicks, feeds, eggs, meat and manure under the commercial layers and broilers segments is expected to reach Rs 23.56 billion and 33.21 billion during the year 2012/13 respectively. Similarly, feeds and meat of layers and broiler parents are estimated to worth around Rs 193.15 million and Rs 2.21 billion during the year.

Bhattarai said number of commercial broilers- the main source of chicken (meat) for market, is estimated to drop to 74.87 million heads during the fiscal year 2012/13 from 76.06 million recorded during the earlier year.

Consequently, chicken (meat) production also going to decline to 132.17 million kg during the review period compared to 132.35 million kg earlier. Similarly, production of broiler chicks is expected to dwindle to 78.87 million from 80.09 million over the year.

However, population of commercial layers, broiler parents and layers parents is estimated to go up to 10 million, 1.13 million and 0.12 million heads during the review year from 8.31 million, 1.11 million and 0.1 million heads last fiscal year respectively.

Production of layers chicks is also expected to increase to 7.76 million heads from 6.99 million. Production of eggs and feeds also going to increase to 1.7 billion units and 0.78 million tons during the current fiscal year from 1.49 billion units and 0.75 million tons respectively.

"Not only the volume of major poultry products including ingredients, their soaring prices in domestic market in response to international price phenomenon are the key reason to push up the volume of poultry turnover," said Bhattarai, who is also central president of Nepal Feed Industries Association.

Nepal is highly dependent on major ingredients of poultry feeds such as maize, soya cake, sesame cake, sunflower cake, soybean mill and bone mill, among others which are imported to cater the growing domestic demands.

"As feed cost alone contributed about 80 percent in egg and 64 percent in broiler production, any upheaval in feed prices will impact the price of poultry products," he added.

Besides, increasing cost of production, continued threats of viral, bacterial and fungal diseases in the farms have emerged as the major challenges in the poultry sector that has already seen investment of over Rs 32 billion and is providing employment to over 100,000 people. •

## CAN to adopt the concept of federation

The Computer Association of Nepal (CAN), a representative body of ICT entrepreneurs, has decided to adopt the concept of federal structure, which is expected to ensure greater representation of local level entrepreneurs through their associations and strengthen the ICT related institutions across the country.

The 19th Annual General Meeting of the association unanimously approved the proposal to implement the federal concept in its organizational structure before strengthening its programs to implement the ICT related programs and policies.

"The solidarity amongst different associations will definitely help to make us stronger institutionally. We will also be able to exert pressure on the government for more support for ICT development in the country if we adopt the federal representation in our organization," said CAN's outgoing president Suresh K. Karna.

He further said that the concept of federation was going to provide institutional support in ICT sector in the government as well as private level. The association has been organizing various events to raise awareness on ICT and to provide platform to ICT entrepreneurs for last two decades.

Narayan Neupane, General Secretary of CAN also said the concept of federation was important to enhance the strength of the association with greater representation of ICT organizations at local level. "Many ICT related organizations are scattered across the country. It will be easier for us to exert pressure on the policy makers to formulate and implement the ICT related policies and programs," he added. Established in 1992, currently, CAN has been incorporating total 56 districts chapters.

effective integration of LDC members of Saarc into the regional economic cooperation framework; the role of civil society and the private sector in expediting regional economic integration; and South Asia's interests in the WTO negotiations on liberalization of environmental goods and services.

## SAWTEE, SACEPS launch book on regional economy

The book contains contributions from South Asian authors on a range of issues that have far-reaching implications for regional economic cooperation in South Asia. It dwells on problems and challenges of regional economic integration; impediments to goods and services trade liberalization; regional connectivity and trade facilitation; and analysis on the financial flows to South Asia in the form of remittances at a time of global turbulence.

The book also touches the issue of finance required for more

The lead author of the book Saman Kelegama summarized and highlighted the themes and issues covered in the book. Kelegama, who is also executive director of Institute of Policy Studies (IPS) Sri Lanka, stressed on the need, among others, for creating a Least Developed Countries (LDC) Integration Fund in South Asia so as to empower relatively poor countries in the region to take advantage of the regional integration process. Commenting on the book, Economist Bishwambher Pyakuryal urged South Asian policymakers to implement the book's recommendations.

Representatives from Air India took delivery on Friday of the first Boeing Co 787 Dreamliner made in South Carolina and the first manufactured outside Boeing Commercial Airplane's headquarters in Washington state.

The delivery marks another milestone in Boeing's efforts to broaden its production base beyond Washington, where all of its other jets have been built. The 787 is largely outsourced to other countries, with wings and other parts shipped in for final assembly to

## Air India receives first South Carolina-made Boeing 787

Boeing facilities in Washington and now, South Carolina. Boeing's corporate headquarters are in Chicago.



"Airplane built, airplane completed, airplane flown and now today, airplane delivered," said Jack Jones, chief executive of Boeing South Carolina whose \$750 million final assembly plant in North Charleston was started in fall 2009. Production began in the summer of 2011. The first plane was completed in April.

Contd on page 11

## Air India receives first South Carolina.....

Boeing South Carolina also makes and assembles the mid-body and aft-body fuselage sections for all 787s at the plant.

"Three years ago, nothing was here," Jones said. "Some of these employees - a year and half of experience. That's unprecedented. It's also historic."

Today's delivery was the third 787 for Air India. It took delivery of two more last month, both made in Washington.

By March 2013, the state-owned airline will have taken eight of the 27 Dreamliners it ordered in 2005.

"We should have had all 27 aircraft by 2008," said Air India board member K.M. Unni, speaking at a delivery ceremony in North Charleston.

Boeing's new, lightweight, fuel-efficient passenger jet was plagued by years of supply chain problems and production delays.

Delivery of Air India's completed 787s was further delayed this

summer by talks between Boeing and the Indian government over compensation for the production delays and by bureaucracy, said Dinesh Keskar, Boeing's vice president of sales and marketing for Asia-Pacific and India.

"These airplanes were late," Keskar said. The decision to accept compensation "had to go all the way to the cabinet of the country."

The 787 is a key component of the troubled airline's turn-around strategy, officials said. The jets are now in domestic service and also fly to Dubai, and by mid-October, the airline will open 787 routes to Frankfurt, Paris and London, Unni said. Next year, Air India will open 787 routes to Kuala Lumpur, Singapore, Hong Kong, Osaka and Australia, he said.

By 2031, India will have the fourth-largest economy in the world, Keskar said. "No place in the world, including China, has a greater rate of growth," he said. Boeing forecasts that India will need 1,450 airplanes in the next 20 years, Keskar said. • REUTERS-NORTH CHARLESTON, SOUTH CAROLINA

## Indian Oil Corp to move bulk LPG from Chennai import facility

Indian Oil Corporation (IOC) has made interim arrangements to move bulk LPG from its Chennai import facility to ensure uninterrupted bottling at its plant here and to meet LPG needs of customers in six districts of Kerala.

This decision was taken as the bulk LPG supplies to IOC's Kochi plant are yet to resume from HPC's LPG import facility at Mangalore following transporters strike which has been called off now, IOC said in a statement here.

Pending commencement of supplies by HPC, Mangalore, IOC has made interim arrangements to move bulk LPG from its Chennai import facility so that bottling at the Kochi plant can go on uninterrupted.

It will also meet LPG requirements of customers in Ernakulam,

Kottayam, Idukki, Thrissur and parts of Allapuzha and Palakkad districts, which are serviced from Kochi bottling plant.

IOC Kerala has already taken up the matter with HPC's headquarters in Mumbai to resume bulk LPG supplies from their import facility at Mangalore so that LPG bottling is not impacted at the Kochi plant for supplies in Kerala.

Bulk LPG supplies from Chennai are expected to reach Kochi soon. The Kochi bottling plant of IOC now has adequate stocks of LPG to bottle LPG cylinders and with the arrival of more bulk LPG supplies from IOC's unit in Chennai, LPG bottling at the Kochi plant is not expected to be hampered, the release said. •

## Rourkela Steel Plant expansion work to be over by December: SAIL

Steel major SAIL today said the capacity expansion of its unit, Rourkela Steel Plant (RSP), is likely to be completed by the end of this year.

As part of the ongoing expansion and modernisation, a new state-of-the-art blast furnace is being constructed at RSP, Steel Authority of India Ltd Chairman C S Verma told reporters after meeting Odisha Chief Minister Naveen Patnaik here.

"The new blast furnace will enable the steel plant to raise its capacity to 4.5 million tonnes per annum (MTPA) from the existing 2 MTPA," Verma said during his meeting with the Chief



Minister.

The SAIL Chairman also agreed to consider proposals made by Odisha government for upgradation of RSP's Ispat General Hospital (IGH) and setting up of a medical college there, official sources said.

During the discussion, the Chief Minister suggested that expenditure for RSP's peripheral area development be enhanced by the steel major.

Patnaik also sought the public sector steel company's cooperation in mid-day meal programmes in schools located in Rourkela municipality area. •

## China, India consumer spending to triple by 2020: study

Consumer spending in emerging market powerhouses China and India is expected to triple by 2020 to a combined \$10 trillion a year, potentially helping to boost economic growth and corporate profits in the developed world, researchers said on Tuesday.

The study by Boston Consulting Group (BCG) is based on a survey of 24,000 consumers as well as interviews with business leaders. The business strategy consultancy predicts consumers in China and India will spend a combined total of \$64 trillion on goods and services in the decade leading up to 2020.

Annual spending on consumer goods will be three times the level spent in 2010, according to "The \$10 Trillion Prize: Captivating the Newly Affluent in China and India".

"We are at a turning point in history where relative wealth will shift from the West to China and India, but absolute wealth, including in the West, should increase," said Michael J. Silverstein, a senior partner at BCG and the book's co-author.

Some of the enthusiasm for India, China and other emerging markets has dimmed in recent months due to slowing economic growth, weak progress with structural reforms and political risks. Emerging equities have also not performed as well in recent years as their developed peers.



But the book's authors played down these worries, saying India and China were experiencing the inevitable volatility in emerging economies.

The middle class in the two countries is expected to reach 1 billion by 2020, BCG said, noting that in India, the proportion of middle-class people is expected to grow to 45 percent in 2020 from 28 percent in 2010.

In 2000, there were eight Chinese companies and one Indian company in the Fortune 500. By 2010, there were 46 Chinese companies and eight Indian companies. Further, it said by 2015, around one billion people in the country would have cell phones. Around to \$350 billion in payment and banking transactions will flow through those phones – more than the total Indian credit- and debit-card market today.

According to the BCG global consumer survey, 36% of Chinese and 19% of Indians expect to increase their discretionary spending over next 12 months.

BCG said Western companies need to win over the growing middle class of the two countries via long-term strategies adapted to the future spending habits of these new consumers.

It named Kraft, Yum! Brands, PepsiCo, Gucci, LVMH, BMW, and Pernod Ricard as companies that have deployed successful strategies in these countries. •

PTI- NEWDELHI

## Coca-Cola named number one brand

Coca-Cola has been named the world's number one brand for the 13th consecutive time in Best Global Brands 2012. Bottlers Nepal, the bottler of Coca-Cola in Nepal, said in a statement that it had been successful in retaining its position for 13 years in the annual survey conducted by Interbrand. The company assesses the challenges and surveys the accomplishments of the world's most valuable brands and carefully ranks the top 100 each year.

According to Interbrand, the Coca-Cola Company is now valued at US\$ 77.8 billion. Apple has taken the second position with US\$ 76.5 billion, IBM the third position with US\$ 75.5 billion, and Google and Microsoft the fourth and fifth places with US\$ 69.7 billion and US\$ 57.8 billion respectively. Prominent companies like GE, McDonalds, Intel, Samsung and



Toyota have also earned a spot in the top 10 rankings.

The world's number one company, which is 126 years old, has more than 50 million fans on its Facebook page. With 1.8 billion Coke products being consumed daily and 3,500 beverages in its portfolio, the Coca-Cola Company has become a global force to be reckoned with, said the company statement. Despite its size, Coca-Cola has proven to be nimble, innovative and consistently relevant, adapting to local markets and new eras without diminishing its legacy. Committed to finding fresh ways

of thinking and new pathways to growth and value creation, the brand continues to embrace digital and is expanding its impressive online presence by the day. With an admirable focus on sustainability as well as corporate citizenship, Coca-Cola gained accolades for its advanced water recovery system this year. •

**Nepal-India  
Chamber of Commerce & Industry**

*Text /Compilation /Dissemination  
Marshal Rathour*

*Concept/Text / Research / Analysis/  
Design /Edit  
K M Singh*

*GPO Box 13245  
Ace Apartments,  
Narayanchaur, Naxal  
Kathmandu, Nepal.*

*Phone: 977-1-4444607  
Fax: 977-1-4444608  
Email: [secretariat@nicci.org](mailto:secretariat@nicci.org)*

*We're on web!  
[www.nicci.org](http://www.nicci.org)*

## **Discovery—Powerless Drive: Water-drop-run computer**

MIXING water and your electronic devices sounds like a bad idea, because, today's computers can short out if liquid enters their innards. But not so, water droplets could form the basis for tomorrow's electricity-free computing devices. Say scientists who are banking on water droplets to act as tiny digital bits in the future.

The idea of turning water droplets into digital bits the basic unit of data transfer came from experiments at Aalto University in Finland. When researchers observed water droplets bouncing off one another like billiard balls on a water-repellent surface, they realized they could guide the water droplets along water-repellent tracks.

"Researchers at Aalto University in Finland found that water could be used as the most basic units of digital information, possibly eschewing the need for electric power for devices. Live Science said the idea came from observations of tiny water drops, which bounce off each other like billiard balls instead of forming into a bigger droplet. The scientists found they were able to guide the water down water-repellent tracks..."

Researchers in Aalto University in Finland have developed a new concept for computing, using water droplets as bits of digital information. This was enabled by the discovery that upon collision with each other on a highly water-repellent surface, two water droplets rebound like billiard balls.



In the work, published in the journal *Advanced Materials*, the researchers experimentally determined the conditions for rebounding of water droplets moving on superhydrophobic surfaces. In the study, a copper surface coated with silver and chemically modified with a fluorinated compound was used.

This method enables the surface to be so water-repellent that water droplets roll off when the surface is tilted slightly. Superhydrophobic tracks, developed during a previous study, were employed for guiding droplets along designed paths. Using the tracks, the researchers demonstrated that water droplets could be turned into technology, "superhydrophobic droplet logic".

For example, a memory device was built where water droplets act as bits of digital information. Furthermore, devices for elementary Boolean logic operations were demonstrated.

These simple devices are building blocks for computing. Furthermore, when the water droplets are loaded with reactive chemical cargo, the onset of a chemical reaction could be controlled by droplet collisions.

Combination of the collision-controlled chemical reactions with droplet logic operations potentially enables programmable chemical reactions where single droplets serve simultaneously as miniature reactors and bits for computing.

"It is fascinating to observe a new physical phenomenon for such everyday objects – water droplets," tells Robin Ras, a Research Fellow in the Molecular Materials group.

"I was surprised that such rebounding collisions between two droplets were never reported before, as it indeed is an easily accessible phenomenon: I conducted some of the early experiments on water-repellent plant leaves from my mother's garden," explains researcher Henriikki Mertaniemi, who discovered the rebounding droplet collisions two years ago during a summer student project.

The researchers foresee that the present results enable technology based on superhydrophobic droplet logic. Possible applications include autonomous simple logic devices not requiring electricity, and programmable biochemical analysis devices. •

***We solicit suggestions/feedback from all members and readers for NICCI e -Newsflash at [secretariat@nicci.org](mailto:secretariat@nicci.org)***

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