



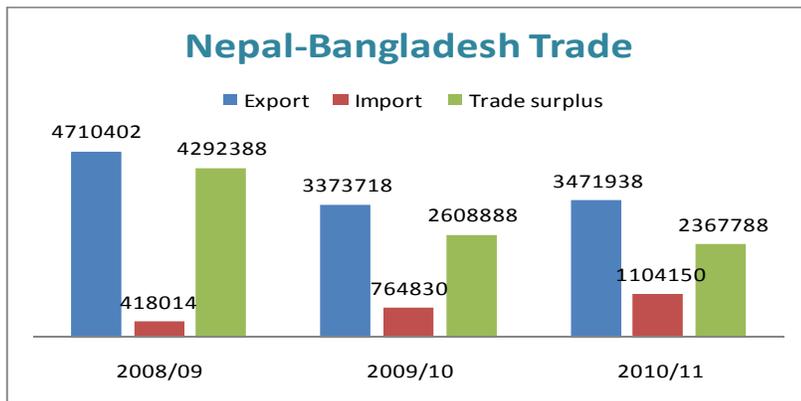
REGIONAL TRADE :

Nepal-B'desh Commerce talk concludes in Kathmandu

The two-day Nepal-Bangladesh Commerce Secretary level talks ended on Monday, 30th July, with Bangladesh agreeing to provide unilateral duty-free access for 100 Nepali agriculture products to its market. The agreement was signed by Nepali Commerce Secretary Lal Mani Joshi and his Bangladeshi counterpart Ghulam Hussain.

"Following the submission of the report, a decision will be taken as to when the new provision will come into force." The technical committee will be led by joint secretaries of the two countries.

They had previously been seeking similar zero tariff facility for its products including cement and pharma-



Earlier, Nepal had sought such facility for 246 Nepali products, including lentils, tomato, spinach and herbs, among others. According to officials involved in the meeting, the Bangladeshi delegates approved Nepal's request for the duty-free access for local vegetables and fruit products to the Bangladeshi market.

ceutical products, among others. But, after knowing the provisions of Nepal-India Trade Treaty, the Bangladeshi side asked for trade expansion and tariff cut to five percent for Bangladeshi agri-products, and it did not press Nepali side for similar zero tariff facility. According to the Nepali delegates, the Bangladeshi side especially sought tariff cuts on the products, including jute and fish.

The meeting also agreed to finalise Dhaka-Kathmandu direct bus service agreement as soon as possible

and seal a deal on modalities for Carriage of Transit Cargo for trade facilitation by December, apart from finding possibilities of payment in local currencies for bilateral trade simplification, which is expected to simplify use of two major Bangladeshi ports to boost exports from Nepal.

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	2008/09	2009/10	2010/11
Export	4710402	3373718	3471938
Import	418014	764830	1104150
Trade surplus	4292388	2608888	2367788

However, according to Mr. Joshi, 100 items yet to be finalized and the meeting had decided to form a bi-lateral technical committee to take a final decision on providing duty-free access to Bangladeshi market. "The committee formed on Sunday, will submit its report by December this year," he added.

Nepal-B'desh Commerce talk concludes

Exports to Bangladesh			
S.N	Major Commodities	Value in '000 Nep Rs	Share
1	Lentils	3,315,566.51	95%
2	Wheat bran	56,964.06	2%
3	Tanned or crust hides and skins of bo-vine or equine animals (HS code 11041100)	54,065.91	2%
4	Miscellaneous	45,341.64	1%
Total		3,471,938.12	100%

that direction. "As the issue was beyond the scope of the meeting, it was agreed that central banks of both countries will be asked to work towards that possibility," said Secretary Joshi.

Both the sides have also agreed to facilitate traders to organize single country trade fair in each other countries, introducing joint tourist package to promote tourism in both countries and harmonization in working hours in customs points.

As per Nepal-Bangladesh statistics of FY 2010 -11, exported lentils to Bangladesh amounting

Reviewing the progress on the decision made in the last meeting, the Nepali side also asked their counterparts to endorse the transport agreement signed in 2006 which envisage connecting Nepal and Bangladesh directly through India. Joshi said that the Bangladeshi delegates had informed the Nepali side of the upgradation of the road connecting Bangladesh's Singhabad and India. The Bangladeshi side also agreed to operate Kakarbhitta-Fulbari-Banglaband Customs by upgrading infrastructure. Likewise, according to another member of the Nepali delgdation, the discussion on building quarantine, cold storage and store house, among others in the border points of two countries also went positively. This will help Nepali traders to export their goods.

He said the agreement will be endorsed by the secretary level meeting after a joint secretary-level meeting in September finalizes the points agreed in Kathmandu. Both the sides have agreed to hold secretary-level trade talks in Dhaka in February.

According to Nepal Tourism Board, the number of Bangladeshi tourists visiting Nepal increased by around 10 percent to 17,563 in 2011 compared to a year earlier.

Bangladesh has also agreed to provide on arrival visa for Nepalis. Nepal is already providing such facility to Bangladeshis. Dhaka has also agreed to take initiative in promoting currencies of both countries for trade and tourism.

Nepal and Bangladesh agreed to work towards making each others' currencies readily convertible to ease visitors and businessmen. So far, Nepal has currency convertibility agreement only with India. The Nepali officials informed that both sides had agreed to ask their central banks to work towards

to NRs 3.32 billion, which accounts for 95% of total exports, followed by wheat bran (2%) and tanned hides (2%). Nepal exports to Bangladesh during the first 10 months of 2011/12 dropped by a whopping 48.7 percent to Rs 1.69 billion compared to export figures in the same period of 2010/11, due to sharp drop in export of lentils - Nepal's largest export to Bangladesh.

Towards imports from Bangladesh, Lead acid accumulators, Jute and other textile bast fibers (raw or retted), Water, non alcoholic beverages, Electric accumulators of lead acid, used

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Imports from Bangladesh			
Sr No	Major Commodities	Value in '000 Nep Rs	Share
1	Lead acid accumulators	260,463.76	24%
2	Jute and other textile bast fibers raw or retted	250,006.33	23%
3	Water, non alcoholic beverages	72,018.58	7%
4	Electric accumulators of lead acid, used for starting piston engines	68,194.81	6%
5	Homeopathic medicaments, put up in measured doses or in forms of packing for retail sale (HS 30049090)	46,449.08	4%
6	Woven denim fabric of cotton, containing 85% or more by weight of cotton, weighing more than 200g/m2	44,652.85	4%
7	Lubrication oil	38,973.49	4%
8	Medicaments containing antibiotic for therapeutic or prophylactic uses	19,926.05	2%
9	Garneted stock	18,475.22	2%
10	Cut corduroy of cotton	18,250.61	2%
11	Cotton waste	15,708.58	1%
12	Homeopathic medicaments not put up in measured doses or in forms or packing for retail sale (HS 30049010)	12,752.74	1%
13	Knitted or crocheted fabrics	12,163.29	1%
14	Preparations of a kind used in animal feeding	11,473.53	1%
15	Miscellaneous items	214,640.78	19%
Total		1,104,149.69	100%

Nepal-B'desh Commerce talk concludes

for starting piston engines, and Homeopathic medicaments, put up in measured doses or in forms of packing for retail sale (HS 30049090) are in top five items which worth Rs 69.7 crore in 2010/11 comprising 63% of total imports.

The Nepal Trade Integration Strategy (NTIS) - a blueprint to boost export - has identified Bangladesh as third major destination for ginger.

Meanwhile, the Bangladeshi delegation called on caretaker Prime Minister Dr Baburam Bhattarai at the latter's office in Singha Durbar today afternoon. The eight-member team led by

commerce secretary of Bangladesh Mohamed Ghulam Husain appraised the premier of the progress on bilateral trade talks.

The guests familiarised the premier about numerous possibilities of joint projects between Nepal and Bangladesh in hydropower and tourism. Ambassador of Nepal for Bangladesh Dr Neem Chandra Bhaumik was also present in the meeting.

The fifth Commerce Secretary level talks will be held in the Bangladeshi capital Dhaka in February 2013.

Feasibility study of cable car in further four places

As per the feasibility study conducted by Ministry of Culture, Tourism and Civil Aviation, additional four places have been identified as suitable for Cable Car. As per the study, the prominent sites for Cable Car are in Sunsari-Dhankuta, Kalikot, Doti and Kavre District, requiring investment of Rs 1.5 billion. From Dhulikhel of Kavre to Palanchowk Bhagwati of Sindhupalchowk, Dharan of Sunsari to Bhedetar of Dhankuta, Kotbada of Kalikot to Chalna and Doti—Khaptad are found to be feasible for Cable Car, said Prakash Rajhubanshi, Chief, Tourism Infrastructure Development Project under the Ministry of Tourism.

Preparations are being made to offer all four projects to private sector for construction and necessary arrangements.

Earlier, Ministry had conducted the feasibility study in Chandragiri, Shivapuri of Kathmandu, Fulchoki of Lalitpur, Gosaikunda of Rasuwa, Kalinchowk of Dolkha, Muktinath of Mustang, Resunga of Gulmi District. Despite having possibilities all these places where the feasibility study were conducted by the Ministry, only Chandragiri of Kathmandu was shown interest by the private sector.

Project	District	Length KM	Capacity of carrying/hr	Standard Travel Duration	Projected Capital In Crore NC	Payback Period	Consultant
Dhulikhel – Palanchowk Bhagwati	Kavre	11	180 people	35 Min	53	9 Years	Brij Consultancy
Kotbada-Chalna	Kalikot	1.9	120 people	8 Min	12.26	2yr 10 Mth	Ropeway & Cable Car
Dharan-Bhedetar	Dhankuta	2.8	na	8 Min 5 Sec	38	4 Years	Bizicorn Engg Consultancy
Doti	Doti	3	na	8 Min 5 Sec	39	5 Years	Bim Consultancy

Banks' lending up 41% despite 367% hike in deposit

Lending of commercial banks leapt by 41.5 percent in the first 11 months of last fiscal year, despite posting a whopping 367.7 percent growth in deposit collection in the same period, latest report of Nepal Rastra Bank (NRB) shows.

A total of 32 commercial banks extended Rs 74.21 billion in credit to various sectors in the 11-month period to mid-June, in contrast to deposit mobilization of Rs 138.84 billion in the same period. In the same period of fiscal year 2010/11, commercial banks had extended Rs 52.44 billion in loans and collected Rs 29.68 billion deposits.

The discrepancy in deposit and credit expansion shows that banks are currently sitting on a mountain of cash, much of which has not been utilized. It is said the banking system cur-

rently has a liquidity of around Rs 100 billion. But due to tepid credit growth, triggered by slowing productive sector, most of the financial institutions are only paying interest on the parked cash, which is putting pressure on their net earnings.

The NRB report shows that basic iron and steel plants consumed Rs 6.01 billion in loans, while cement industries took away credit of Rs 4.41 billion in the 11-month period, up 29.2 percent and 36 percent, respectively. Credit growth in these sectors pushed up lending to the production sector by 22.8 percent to Rs 26.25 billion, or 35 percent of the total loans extended by commercial banks.

PM instructs secys for smooth implementation of national pride projects

Prime Minister Baburam Bhattarai on Wednesday instructed secretaries of various ministries to ensure smooth implementation of National Pride Projects even though the government announced partial budget for the current fiscal year.

"We could not announce the full-fledged budget, allocating enough fund to these priority projects, but I instruct you secretaries to make sure the announced 'one-third budget' are utilized in the most efficient and productive manner. At least national-pride projects should not be affected because of insufficient allocation of budget," a secretary attending the meeting quoted Bhattarai as saying.

The National Pride Projects puts special emphasis on projects having crucial significance in national development. Earlier this

year, the government declared Kathmandu-Tarai Fast Track, East-West Electrical Railway line, Mid-hill Highway, Tarai Postal Roads, Regional Airport in Bhairawa and Pokhara, Budhi Gandaki project, second international airport project in Nizgadh, Tamakoshi Hydropower, Melamchi Drinking Water, North-South highways in Koshi, Gandaki and Karnali zones and Sikta Irrigation as the national pride projects.

He also sought cooperation from the secretaries to enhance good governance in the country. "The government could change but bureaucracy is the permanent state-machinery. So your cooperation is desirable in maintaining good governance and effective service delivery for people," said Bhattarai to secretaries.

MoF instructs IRD to develop detail digital profile of all taxpayers

Ministry of Finance (MoF) has instructed Inland Revenue Department (IRD) to develop digital profile of all taxpayers, incorporating their personal, professional and income details, and also carry out survey on rental tax in a bid to generate basic information for tightening knots against revenue evaders.

Under the digital profile, the Ministry has instructed the IRD to expedite its campaign of permanent account number (PAN), whose registration has already made mandatory for all income earners, irrespective of whether or not they need to pay tax.

Likewise, the Ministry has asked the department to mobilize its offices and taxpayers' service centers to survey out presence of houses and other buildings in their areas, identify whether those are residential, semi-residential and commercial buildings, and whether owners have registered with the tax office and paying rental tax.

"Unless we have clear digital profile and survey we will not have basic details needed to expedite our vigilance and check revenue evasion," said Finance Secretary Krishna Hari Baskota.

He informed that the Ministry has already instructed the reve-

nue administrators to incorporate the programs in their respective annual plan and devise strategies to implement them. The MoF has suggested them to update existing guidelines on PAN and rental tax if required to generate these basic information.

Officials said development of detailed digital profile of taxpayers was crucial to identify groups vulnerable to tax compliance. Similarly, rental tax is regarded as one of the least complied component.

"Going by our international commitments, we cannot rely on raising tax rates, but will need to widen tax base if we are to continue reaping growth in revenue collections," said Baskota. "Hence, these steps are crucial for it will lead to widening of tax net."

"We must raise it to 20 percent over the next few years if we are to maintain our capacity to smoothly execute service delivery and development priorities," said he laying emphasis on the need to step up reforms and enhance tax enforcement.

NRB mulling forced merger policy, NBA positive

The central bank has been mulling adopting a forced merger policy with a majority of banks and financial institutions (BFIs) showing reluctance to combine. According to a senior official of Nepal Rastra Bank (NRB), it is yet to finalise a concrete model under which it will pressure BFIs to merge, but it has created a broad outline of possible actions.

NRB deputy governor Maha Prasad Adhikari said that they had identified three conditions based on which the central bank can force BFIs to go for a merger. As per the first condition, BFIs operated by the same business group or family will be directed to amalgamate.

The bankers have expressed reservations over a number of issues related to forced mergers. "NRB should be more clear re-

garding the definition of 'same group' and relate it to the time when the BFIs were issued operating licences," said Sashin Joshi, CEO of NIC Bank. "Also, NRB should be practical if it is planning to issue directives, and ample time should be given to the BFIs."

Similarly, under the second condition, the central bank will persuade BFIs to go for a merger if there is a shortfall of capital. As per NRB regulations, banks are required to maintain a minimum capital adequacy ratio (CAR) of 10 percent and financial institutions a CAR of 11 percent. CAR is the measure of a bank's capital expressed as a percentage of its risk weighted credit exposure. A stress test of commercial banks carried out by NRB at the end of the third quarter of

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NRB mulling forced merger policy

the last fiscal year had found that even commercial banks were vulnerable to credit risk.

Joshi said that if the minimum CAR is not met, something must be done and that forced mergers under such conditions would not be controversial.

Likewise, the third condition is related to prolonged poor financial health and bad governance of BFIs. "We will force BFIs to merge if they fail to improve their financial and install good governance," said Adhikari. "However, we will provide them sufficient time to improve themselves before forcing them to combine."

Apart from governance, the central bank will look at the non-performing asset level, portfolio and deposit mix of BFIs before imposing this condition. Meanwhile, bankers have asked the central bank to elaborate on corporate governance. "Corporate

governance is a vague issue, and NRB should be very clear so that there will be no controversy," said Joshi.

The Nepal Bankers' Association (NBA) has welcomed the central bank's plan. "Such a strategy is very crucial for the better financial system of the country," said Ashoke Rana, president of the NBA. "The number of BFIs is very high compared to the size of our economy, and we have long been demanding such a strategy from the regulators."

Adhikari would not disclose when NRB would bring out the mandatory merger directive saying that it was being prepared. However, another NRB official said that it would be issued after the mid-term review of the monetary policy. "Currently, we are busy studying the voluntary merger proposals from BFIs," he said. "Also, it would not be good to force them to merge when they are showing willingness to do it on their own."

Contractors ask NRB to revise directive

Nepali contractors have demanded the Nepal Rastra Bank revise its recent directive that requires banks and financial institutions (BFIs) to make additional provisioning of 20 percent for loans against third-party guarantee.

The provision of the unified directive states licensed institutions should make provisioning of the loans issued against the third-party collateral depending upon the quality of the loan—good, inferior or suspicious—and make additional provisioning of 20 percent.

The Federation of Contractors Association of Nepal (F-CAN) argued that the provision would affect the big construction projects. "Fixed assets owned by directors of companies or firms, their partner, proprietor or their family members will not be enough without the third-party guarantee for getting loans for the big projects. This will deprive Nepali contractors of big projects and foreign contractors will get encouragement," the F-CAN said in a statement, asking the NRB to revise the provision exempting the contractors from the purview of that directive.

"If the government continues with the new provision, it will leave negative impact in infrastructure development works," said F-CAN President Jayaram Lamichhane. He argued that it would not be possible to carry out big projects without third-party collateral as such a huge percentage of provisioning would create shortage of fund and allow only international contractors to bid for big projects.

Those concerns were echoed during the recent executive meeting of the Nepal Bankers' Association (NBA), with bankers fearing that the provision could deprive the banks from lucrative projects, thus affecting their profits. To discuss the issues related with new directives and problems faced by contractors in bank financing, an F-CAN delegation led by its President Lamichhane on Wednesday, August 1, met with NRB Governor Yuba Raj Khatiwada and NBA representatives separately.

At a meeting with NRB Governor Yuba Raj Khatiwada on Wednesday, a delegation of the Federation of Contractors' Associations of Nepal (FCAN) demanded that the central bank withdraw the provision as it would make credit expensive and severely affect large construction projects across the country.

Contractors have claimed that half of the loans secured by construction companies are backed by assets pawned by person or firms other than the borrower. Issuing a press statement on Wednesday, the apex organization of Nepali contractors stated that the provision has made it difficult for contractors, who cannot arrange collateral on their own, to obtain loans from banks and financial institutions.

The central bank has defined third party collateral as security provided by person or firms other than the lender (bank) and borrowers and their close family members.

The delegation members also voiced dissatisfaction over the continued rise in bank interest rate and the practice of undervaluing collateral that are pawned to obtain loans, while urging the central bank to take measures to simplify the lending process for the construction sector. During the meetings, contractors had put their problems regarding the higher interest rate, loan disbursement to non-contractors for purchase of buying construction equipment, low evaluation of collateral put up by the contractors.

According to the F-CAN, Governor Khatiwada assured the contractors of finding a solution after a study. It also said that during their meeting with NBA, the bankers assured the contractors that they would take up the issue during talks with the NRB.

So far, a total of Rs 60 billion worth of loans has been issued to the construction sector involved in development of physical infrastructures and commercial complexes, among others.

Private sector asks govt to increase VAT threshold

The private sector, which has long been demanding removal of transactions threshold to implement the Value Added Tax (VAT), has now sought an increase threshold from current Rs 2 million. After the government's refusal to entertain their demand for removal of threshold system, it demanded the increase in threshold that would put medium-sized businesses outside the VAT net.

"Threshold should be increased to Rs 10 million," said Suresh Basnet, president of Nepal Chambers of Commerce (NCC). "Current threshold has become irrelevant as it was introduced 15 years ago."

He said that after the government refused to entertain the demand for removing threshold at all, they had to seek hike in threshold.

Speaking at an interaction organised by Inland Revenue Department (IRD) on Monday, the representatives of Federation of

Nepalese Chambers of Commerce and Industry (FNCCI) and the Confederation of Nepalese Industries (CNI) echoed NCC president, calling for hike in threshold as well as introduction of multiple VAT rates.

FNCCI Vice-president Pashupati Murarka and CNI Vice-president Birendra Kumar Shanghai spoke in favour of hiking the VAT threshold and multiple VAT rate. "Indian good manufacturers have to pay only 5 percent VAT in some products, while we are compelled to pay 13 percent in all," complained Shanghai. "How can we compete with the Indian products in such situation?"

However Finance Secretary Krishna Hari Baskota remarked that it was unreasonable for traders to ask the government to increase threshold of the VAT. "As the businessmen are just the government entrusted VAT collectors, they should not talk about expanding VAT threshold," Baskota said, ad-

NRB justifies tightening monetary policy

The central bank governor insisted on the need to tighten the monetary policy in order to control price rise brought on by heightened money supply. "The monetary policy had to be tightened this time as money supply was approaching 20 per cent putting inflation control under pressure during this stage of liquidity surplus," said Nepal Rastra Bank (NRB) governor Dr Yubaraj Khatiwada, justifying the one percentage point hike of Cash Reserve Ratio (CRR) to six per cent, during an interaction programme organised by Independent Business News to discuss this year's monetary policy.

"NRB aims to maintain CRR at a certain range so that it neither leaves a lot of money out in the open nor does it increase the cost of fund for banks," he added. He also dismissed fears that the policy stands taken by this year's monetary policy will not be compatible with the full budget which will be tabled later in the year.

"As the financial advisor to the government, NRB is always in the loop with the government's target and capability, so the monetary policy is designed accordingly," said Dr Khatiwada, adding that the monetary policy can be revised anytime based on monetary dynamics.

The governor pointed out that if banks do not maintain their spread rate under an acceptable range, NRB will use 'persuasive measures'. "There is no scope for supernormal profits in any



competitive market but banks have enough space to garner normal profits by lending to prime clients," he said.

He expressed that Nepal is opening for capital account convertibility by allowing banks to make small investments in foreign countries but as for Nepali companies, NRB will allow on need basis but it is still a long way to go due to legal reasons.

President of Nepal Bankers' Association Ashoke Rana expressed that in the absence of good returns in alternative investment for banks, they are unable to reduce interest rates. "The 28-day treasury bills yield a mere 0.0091 per cent which means that on an investment of Rs one billion it will give a return of Rs 7000. Such a low return is discouraging banks to reduce lending rates," he said.

"NRB needs to assure banks that it is okay to flow funds to the housing sector now as the exposure of the banks to the sector is less than 15 per cent on average which is less than the central bank's directive, while the whole sector has become stagnant due to absence of funds," said president of Nepal Land and Housing Developers' Association Ichhya Raj Tamang.

Economist Dr Chiranjibi Nepal questioned the possibility of maintaining inflation at 7.5 per cent only. "When all external and internal factors are showing that prices will increase further, NRB might need to revise the target later," he said.

Nepal to host regional meet of CACCI in October

With the objective of bringing in foreign investment and promote local industries, the Federation of Nepalese Chambers of Commerce and Industry (FNCCI) is hosting 26th Confederation of Asia-Pacific Chamber of Commerce and Industry (CACCI) Conference in the capital from October 3 to 5.

It was announced at a media briefing on Sunday, FNCCI officials said the event will be organized from October 3 to 5

CACCI, a regional grouping of national chambers of commerce and industry in Asia and the Western Pacific, has 29 chambers of commerce and more than 3 million entrepreneurs under its umbrella.

The event, which is expected to see participation of around 300 leading entrepreneurs and government officials from Asia-Pacific, will have breakout session, business to business meeting and MoU signing with interested chambers for cooperation.

Bhaskar Raj Rajkarnicar, first vice-president of FNCCI, said the breakout session will feature sessions on tourism, construction and contracting, food and agriculture, water and energy, SME development and ICT, among others. "Each of the session will feature invited speakers and panelist who will share their view

on trends and development and prospects for growth in the region," he added.

FNCCI plans to organize one-on-one business matching session between CACCI delegates and Nepalese representative from various industry and services sectors to provide both sides a platform to explore possible opportunities for business, trade and investments.

"The program is being organized in Nepal after our repeated efforts," Pradeep Kumar Shrestha, executive member of CACCI, said. He also said the event would be an important platform for expanding business network and finding potential partner for joint-ventures.

The event will also see participation of around 100 Nepali entrepreneurs. Omraj Bhandari, coordinator of the event, said the conference will feature a special session on investment opportunities in Nepal which will be chaired by Prime Minister Dr Baburam Bhattarai

The organizers are also holding a golf tournament at the sidelines of the event. "We are hopeful that the tournament would help promote Nepal as a golfing destination," added Shrestha.

Young Entrepreneurs' summit on Aug 16-17

The Nepal Young Entrepreneurs' Forum is organising the Nimbus Young Entrepreneurs Summit (YES) from Aug 16-17 in Kathmandu. The forum said the event aimed to promote the spirit of entrepreneurship.



"Nimbus Yes 2012 will be a platform for young entrepreneurs from all over Nepal to come, network, learn, share, progress and become better entrepreneurs," the forum said. The main theme of the event is **"Entrepreneurship: Engine of the nation"**. According to the forum, the event will attempt to drive home the point that the private sector is the engine and that drives the nation forward.

The theme of the first day is **"Inspire"** when successful entre-

preneurs will share their inspirational stories. In addition, new, exciting and innovative business ventures and ideas will also be showcased.

Likewise, the theme of the second day is **"Keeping it real"**.

There will be a series of events designed to give the participants a clear picture of the business

scenario in Nepal and also provide insight into successfully conducting business endeavours in Nepal and beyond, the forum said.

It added that the events would include forum discussions, workshop style presentations and a series of concurrent sessions on various topics. The summit will feature one keynote speaker from India. The two-day event will see 400 young entrepreneurs from across the country.

Nepa ConExpo 2012 in Dec

Nepa Construction Exhibition is organizing Nepa ConExpo 2012 from December 5 to 10 in a bid to promote the construction sector.

The exhibition will be of an international standard and will bring 89 domestic as well as overseas firms under one roof, showcasing latest technology, materials and services available in the industry, said Lal Chandra Gautam, coordinator of the event.

“The event will have 60 percent participation from the international companies. Hence, it will offer a golden chance for the construction sector players to increase business links and enter into long-term business ties,” he told the press.

The exhibitors of the event include business firms, contractors, electrical and other consultants, machinery and construction materials manufacturers and suppliers, safety, rescue and fire-fighting equipment suppliers, bank and insurance, among others.

“The event will be fruitful for building designers, professionals,

contractors, industrialists, project managers, government authorities, wholesalers, town and urban planners, construction materials manufacturers, architects and construction sector players. Hence, they are our target visitors,” said Gautam.

This event will fundamentally provide information, showcase innovation products and offer facility to purchase building materials, equipments, machinery and other products.

The organizer has expected the expo to draw 50,000 visitors, including 20,000 VIPs from exclusive pass.

“The event is being held at a time when the government will start awarding construction works to the contractors. Hence, it will give opportunities to the contractors to acquire the equipment, materials and professional services at the needy hour,” stated Gautam.

Carpet export earnings jump to \$70m

Nepal's carpet export revenue swelled despite an 11 percent drop in volume in the last fiscal year. The country earned US\$ 70.65 million in 2011-12, up from US\$ 60.67 million in the previous year. According to the Trade Export Promotion Centre (TEPC), Nepal exported 621,771 sq m of carpets in the last fiscal, down from 697,121 sq m in 2010-11.

The US is the largest buyer of Nepali carpets followed by Germany, the UK, Canada and Belgium. According to TEPC statistics, Nepal exported 228,713.77 sq m of carpets worth US\$ 32.25 million to the US.



bureaucratic hassles. TEPC figures show that the US has surpassed Germany in both quantity and value as the largest importer of Nepali carpets. The US imported 228,713 sq m of carpets during the last fiscal year, accounting for 36.78 percent of the total exports. US imports doubled last year to US\$ 32.25.

Traders said that a growing attraction for high priced carpets in the US was the reason behind increasing exports. “Carpets in 100 knot and 150 knot fineness and expensive carpets made of silk and nettle fibres are finding a larger market in the US,” said Thakur.

Top 5 Buyers of Nepali Carpet

Country	Export sq. mtr	Share
US	228713.77	37%
Germany	226377.16	36%
UK	33657.04	5%
Canada	21373.26	3%
Belgium	14808.66	2%
Others	96841.11	16%
Total	621771.00	100%

Government apathy, lack of effective implementation of the refinancing facility, ongoing financial problems in Europe and increasing cost of production have been blamed for the decline in exports.

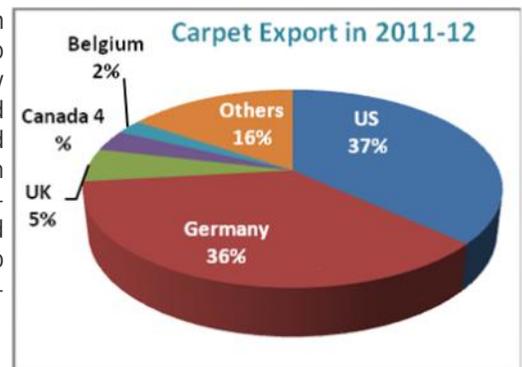
President of the Nepal Carpet Exporters' Association (NCEA) Kavindra

Nath Thakur said the government's apathy was among the factors behind falling exports. “Although the government had announced providing loans to the sector as a refinancing facility, many commercial banks are still reluctant to implement the provision,” he said.

According to him, many exporters have not been able to benefit from the cash incentives announced by the government due to

Meanwhile, the Euro zone crisis and increasing cost of production have been cited as the reasons for declining exports to the European market. According to traders, the price of wool imported from New Zealand has increased to US\$ 6.20 per kg from US\$ 2.10 per kg. Similarly, higher wages for carpet workers have also added to the cost.

Thakur said that German importers who used to buy medium and low-priced carpets from Nepali exporters had started switching to Indian exporters.



Bishal Cement begins commercial production

Bishal Cement Industries (BCI) started commercial production on Saturday, 28th July after completing a three-week long trial production. Its factory in Manahiya, Rupendehi manufactures two brands of cement—Bishal Ordinary Portland Cement (OPC) and Bishal Pozzolanic Portland Cement (PPC). The factory has an installed capacity to produce 300 tonnes of OPC or 400 tonnes of PPC daily.

Considering the market demand, the factory has decided to divide production into 70 percent PPC and the rest OPC, said BCI officials. They claimed that the factory utilised the latest technology to produce cement and ensure that its operation was more environment friendly.

"Both the plants used in production, automated and semi-automated, feature world class technology," said Jayendra Chudal, executive director of the company. "In a bid to minimise



emissions, we have installed an inbuilt dust controller machine and six dust bag collectors in our office." Around 15 percent of the total investment was spent on installing the emission controller, added Chudal. The factory was set up with an investment of Rs 500 million including the working capital.

BCI employs more than 150 skilled and semi-skilled labourers. The factory uses clinker produced in Nepal while other raw materials like gypsum and fly ash are imported from India, Pakistan and Bhutan, according to Chudal.

The company plans to increase output by 400 tonnes daily after six months. "In the future, we will also produce clinker," said Chudal.

With BCI coming online, the number of cement factories operating in the **Bhairahawa-Lumbini Industrial Corridor has reached 11.**

Big Mart to open seven stores in Kathmandu by 2012

Mega Mart, the operator of Big Mart Department Store, is planning a major expansion drive in the valley after three years of successful run in Kathmandu. The retail store is planning to open seven stores within 2012. Among them, the outlet in Jhamsikhel, Lalitpur will come into operation by next month while another in Shantinagar, Kathmandu will start operating by mid-October, the company said.

Established in July 2009, Big Mart has become one of the well-known retail stores. It currently maintains stores at City Centre, Kamal Pokhari and Lazimpat in Kathmandu.

"Within the first three years of its operation, Big Mart has evolved as one of the most trusted brands in the Nepali market. We have been receiving encouraging response from our customers, and this has prompted us to extend our service areas," said Antim Ranjit, marketing and branding manager at Mega Mart.

The store being initiated in Jhamsikhel will be spread over an area of around 4,000 sq ft. Like other Big Mart stores, the one being opened at Jhamsikhel will focus on food items and groceries. "Big Mart has been known for the availability of quality foods and grocery products. Therefore, we will maintain our focus on this segment," Ranjit said.

The new store will feature around 25,000 varieties of products in the initial stage. Apart from this, the store will have a sepa-

rate compartment for meat from where people can buy mutton and chicken. An ATM lounge and food stalls in the "thela" concept will be other added attractions.

"We are expecting foreigners and expats to be the major customers at our Jhamsikhel outlet. We will put on our best effort to make sure that the store becomes successful in catering to their needs," he said. Likewise, the Shantinagar store will be spread over an area of around 3,500 sq ft.

After having selected a smaller area for the new stores, the company said that it was planning to expand in every small nook and corner of the Kathmandu valley to cater to the demand of people from all economic groups. "Compared to our previous two stores, we have chosen a smaller space," said Ranjit. Big Mart is also planning to open in places like Kalanki, Balkhu and Koteshwor. "We will have relatively larger stores in these places," Ranjit said.



According to Mega Mart, the company has so far distributed 45,000 privilege cards to its loyal customers and the figure is increasing daily. Even though Big Mart refused to disclose its investment in the upcoming projects, it said it would be spending substantially on these world class stores.

NT investing Rs 15b in new projects

Nepal Telecom (NT) is investing Rs 15.11 billion in fiscal year 2012/13 to launch new projects, expand its services and enhance service quality.

Speaking at a media briefing on Tuesday, 31st July, Amar Nath Singh, managing director of NT, said the state-controlled operator will be making partial payment for 10 million GSM lines, launching IP CDMA and investing in power backup during the year.

"Our expenditure for power backup is increasing. We plan to spend around Rs 3 billion in the current fiscal year for power backup alone," Singh said.

NT has announced budget of Rs 62.36 billion for fiscal year 2012/13. It plans to launch WiMAX (Worldwide Interoperability for Microwave Access), Convergent Real Time Billing, and expansion of fixed line with Multi-Service Access Node (MSAN) by the end of the current fiscal year.

With the objective of providing better Internet connectivity, NT is planning to launch wireless broadband in 1,800 VDCs. The service is being provided under its WiMAX project.

"WiMAX service will come into operation by the end of this fiscal year," NT Spokesperson Surendra Thike said. He said around 50,000 WiMAX lines will be distributed in Kathmandu, Butwal and other city areas by the end of this fiscal year.

Similarly, MSAN helps customer make use data and make voice and video calls through a single line. With the help of convergent billing, customers can pay the bill of all the services of NT through a single bill

NT is targeting to distribute a total of 1.55 million lines by the end of the current fiscal year. The target, however, is not so big

compared to last fiscal year where it had distributed 1.31 million telephone lines.

"This is because we don't have sufficient GSM lines. The implementation of 10 million GSM lines project has just begun. We will distribute more lines next year as we will have sufficient lines to meet the market demand," Singh said.

The operator plans to distribute 788,000 GSM lines, 729,170 CDMA lines and 34,469 fixed lines in 2012/13.

NT at present has a total of 7.71 million subscribers, including 1.21 million subscribers that it added in 2011/12. It added 879,530 data users during the year, a growth of more than 140 percent compared to last fiscal year. At present, NT has 2.13 million data users.

"We are launching EVDO (Evolution Data-Optimized) enabled CDMA service in the near future. It will address the growing demand from consumers for data service," said Thike.

NT has also expressed commitment to prioritize quality of service through Key Performance Indicator. "We have been carrying necessary works to improve our service quality. Our customers will experience the improvements very soon," said Singh.

The financial statement of NT shows it mobilized Rs 29.84 billion in revenue in the last fiscal year and earned net profit of Rs 12.12 billion - a growth of 5 percent compared to last fiscal year. NT, which is also the largest taxpayer of the country, paid around Rs 18.80 billion to state coffer in the last fiscal year.



Ncell launches new services

Ncell has introduced a new service aimed at corporate clients. Called My New Number, the facility allows users to switch to a new mobile number without missing the calls coming to the old number. The company stated that calls to the old number are simply transferred to the new number by notifying the caller.



Users interested in obtaining the service are required to keep their old number active as long as they want to receive local and international calls at their old mobile number irrespective of the telecom service operator. As the service is in the initial phase, Ncell has targeted subscribers under the pro-plans scheme dedicated to the corporate segment.

"Any customer of pro-plans can use our new service free of cost," said Sanju Koirala, corporate communications manager of Ncell.

She added that the service could be made available to other customers in the future depending on demand. Meanwhile, Ncell has introduced yet another service named Unlimited Close User Group (CUG) for business houses designed to provide internal communications service in offices. Under this scheme, Ncell provides GSM phone service for up to 100

lines for a fixed monthly fee to corporate clients and offers unlimited in-house communications among CUG members.

The monthly charge will be based on a per line, per month basis depending on the number of lines in the Unlimited CUG, according to Ncell. The monthly rates have been fixed at Rs 199 exclusive of taxes for three to 24 lines, Rs 149 for 25-50 lines and Rs 199 for 51-100 lines.

NST plans infrastructure sharing with Ncell

Nepal Satellite Telecom (NST), one of the rural telecom operators, is considering re-launching its brand — Hello Nepal — by sharing its infrastructure with Ncell. The company has said it will start work on the infrastructure sharing plan as soon as it gets permission from the Nepal Telecommunications Authority (NTA).

This is NST's first big expansion plan after TeliaSonera acquired a majority stake in the company three months ago. TeliaSonera, a leading European telecommunication company, through its subsidiary TeliaSonera Asia Holding BV, had acquired 49 percent stake and voting rights in Airbell Services, which owns 75 percent in NST. TeliaSonera owns 80 percent stake in Ncell.

The plan is aimed at helping Hello Nepal continue as a cost effective brand that offers the simplest services to meet communication needs, especially of the rural population, stated an NST

statement. "For operational and environmental efficiency, we are considering sharing our base stations with Ncell, wherever possible, as both the companies operate in the same GSM standard," said Mats Salomonsson, chairman of the board of directors of NST in the statement. He said network sharing between the two companies would not affect the service quality.

Ajay Sumargi, a local investor in NST, said they have agreed in principle with TeliaSonera for the infrastructure sharing. "It will, however, depend on NTA's decision," he said.

On NST's plans, NTA said it has already allowed the NST to share building, land and power supply. "We are working to introduce a guideline on infrastructure sharing which will guide operators regarding telecom infrastructure sharing," said Bhesh Raj Kanel, chairman of NTA.

Malaysia Airlines starting Ktm flights from Sept

Malaysia Airlines - the national carrier of Malaysia - is starting direct flights to Kathmandu from September 1.

Issuing a statement on Wednesday, the airline said it would fly three times a week on Kuala Lumpur-Kathmandu-Kuala Lumpur sector. It has received permission to operate seven flights a week.

The announcement comes after a month after Air Asia X - a Malaysia-based budget carrier - started flying to Kathmandu from the Malaysian capital. With this, the number of carriers flying on the route has reached three. Until a month ago, national flag carrier Nepal Airlines Corporation was enjoying monopoly on the route.

Air Service Agreement (ASA) between Malaysia and Nepal allows Malaysian carriers to operate up to 21 flights a week on the route.

The airline has launched promotional fare starting Rs 45,619 for round trip in economy class. Similarly, it is offering round trip in economy class on Kathmandu-Sydney-Kathmandu at Rs 110,543.

The airline is operating Boeing 737-800 aircraft with 144 economy class seats and 16 business class seats.

The flights will depart from Kathmandu on Tuesdays, Thursdays and Saturdays at 12:20 pm and land at Kuala Lumpur airport at 7:15 pm. The flights will arrive to Kathmandu at 11:30 pm.

"This is a timely addition to our network where Nepal and Malaysia can mutually benefit from various commercial relations including trade, investment and tourism promotion," Azahar Hamid, Malaysia Airlines' regional senior vice president for Middle East and South Asia, said in the statement. "We also foresee and welcome the labor market traffic from Nepal to Malaysia to use this direct connection."

Marcopolo Travels is the General Sales Agent (GSA) for the Malaysia Airlines in Nepal. Although two other airlines are already operating on the route, the sector is considered lucrative as the number of migrant workers and outbound tourist from Nepal is on the rise. More than 500,000 Nepalis are currently working in Malaysia.

New Israel technology boon to Eastern farmers

Irrigation project based on new technology has been found effective in places where there are possibilities of landslides in hilly regions. The new technology which irrigates by utilising water from small rivers and sources of water has been brought in from Israel.

From this project, water is collected in tanks and taken to fields of the farmers through pipes and irrigated from sprinklers. "When the pipes are laid, we need not dig canal and there is no possibility of landslides," said Eastern Irrigation Division Office Bhadrapur Chief Kunjan Bhakta Shrestha.

From this, the water reaches each and every root and water is well utilised. The Eastern Irrigation Division Office has completed such three projects and other three are in the final phase, said Shrestha. He said the technology was devised aiming at vegetable farmers.

The office completed Karpok Irrigation of Ilam, Porakhi Irrigation in Shantinagar of Jhapa and Dhanushmod of Jhapa. Other projects under construction are Silk Worm Sprinkle Irrigation in Ilam and Golakharka Irrigation and are to be completed in the current fiscal year.

Surya Nepal to hold social entrepreneurship award

After an inspirational start last year, Surya Nepal Asha Social Entrepreneurship Awards 2012, has officially begun Tuesday, 31st July with a 'Call for Applications and Nominations'.

The award, sponsored by Surya Nepal, organised by ChangeFusion Nepal, and supported by National Business Initiative, is the only event of its kind in the country.

"It gives social entrepreneurs a way to positively impact the communities in which they live," according to the organisers.

It aims to encourage people to become 'job creators' instead of 'job seekers' by supporting projects that create positive social/environmental change and are sustainable, innovative, scalable and credible.

"The aim of this initiative is to encourage social entrepreneurship at the grassroots level as well as to support projects which create positive social/environmental change, and are sustain-

able, innovative, scalable and credible."

"The award will bring hidden heroes out to the public, showcase their ventures and the impact they have made to their communities and award the best ventures," reads the statement.

Chhahari Production, one of the winners of the Asha Social Entrepreneurship Award last year, is a project that empowers women through capacity building and income generation training. Selected from among 66 applicants, the project staff say the award not only gave them the much needed financial aid, but also built public awareness about the project and its work through media coverage.

Last year, SNASEA had recognized five winners for their achievements and encouraged others to follow their examples.

India's central bank set to hold interest rates steady

India's central bank was widely expected to keep interest rates on hold Tuesday, 31st July, a day after saying it was worried about still stubborn inflation despite a slowing economy.

The Reserve Bank of India (RBI) hinted in a report issued on the eve of its regular policy meeting in India's financial hub that it was unable to cut interest rates further at this point to spur the nation's flagging economy.

"Persistence of inflation, even as growth is slowing, has emerged as a major challenge for monetary policy," the bank said.

India's once-booming economy grew just 5.3 percent between January and March, its slowest annual quarterly expansion in nine years.

While other central banks around the globe have been easing interest rates in bids to revive their troubled economies, the RBI suggested that economic reforms to boost investment were the key to India's revival.

The RBI, which will announce its rates decision at 0530 GMT, rebuked the government, saying "lack of a quick policy response to address structural bottlenecks and encourage investment exacerbated the (economic) slowdown".

The economy is now at a "critical juncture" and the RBI encouraged "policy actions to encourage investment", which would include removing constraints on foreign direct investment.

The bank lowered rates in April to kickstart growth -- its first such move in three years. But it has since kept monetary policy steady, citing inflationary pressures, despite calls from business leaders to stimulate the economy.

A weak monsoon, in which the rains have been more than 20 percent lower than normal so far, has stoked the bank's inflation worries because of the potential impact on food prices if crops fail.

Wholesale inflation already stands at 7.25 percent -- far above the bank's comfort level of five to six percent -- while the consumer price index, which covers a smaller band of goods, is at 10.02 percent.

"With upside risks to inflation, we believe that there is limited room for the RBI -- at this juncture -- to support growth through a cut in the repo rate," said Shubhada Rao, chief economist at private Yes Bank. (AFP)

Jumeirah hotels group in talks with developers to enter India

Luxury hotels major Jumeirah Group is in talks with a number of potential partners to enter India, according to a media report. City-based Jumeirah Group is the operator of the iconic Burj Al-Arab hotel. Discussions are taking place with a number of potential partners for developing projects, including developers in India, the report said.

These partners are interested in bringing Jumeirah to Delhi, Mumbai and other key destinations, Jumeirah Group Vice-President (Corporate Communications) Piers Schreiber was quoted as saying by daily 'Arabian Business'.

"India is a sector of strategic importance for Jumeirah Group, both as a source market for guests to our global portfolio of luxury properties and as a target location for our development plans," Schreiber said.

Earlier this month, the UAE and India signed an agreement to double the flow of tourists between the two countries.

Around 6.29 million tourists from the Gulf visited India last year and India's Tourism Ministry has said that it is looking to increase the share of foreign visitors from 0.6 per cent to one per cent by 2016.

Contd on page 13

Jumeirah hotels group in talks with

India gets just over six million tourists every year and the government wants to double this number by the year 2015, Tourism Minister Subodh Kant Sahai had said here during his recent visit.

Sahai said outbound tourists from India are four times more than inbound tourists and the government has decided to take steps to improve these numbers. Jumeirah Group, part of gov-

ernment-owned Dubai Holding, has agreements to manage around 50 hotels.

The average occupancy rate for Jumeirah's beach hotels was 84.4 per cent in the first quarter of 2012, while the average occupancy rate for the company's city properties was 85.5 per cent.

RIL lines up close to \$1 billion plan in aerospace sector, may hire around 1,500 people

Reliance Industries Ltd (RIL) is expected to invest close to \$1 billion over the next few years and hire around 1,500 people in its new aerospace division.

Early this month, the Mukesh Ambani-led company applied for an industrial licence with the department of industrial policy and Promotion to "design, develop, manufacture, equipment and components, including airframe, engine, radars, avionics and accessories for military and civilian aircraft, helicopters, unmanned airborne vehicles and aerostats".

This decision by RIL comes after the creation of two new entities: Reliance Aerospace Technologies Pvt Ltd and Reliance Security Solutions Ltd.

The creation of these new businesses was set in motion more than a year ago when RIL created an entity called "new business" and hired the then Boeing India chief, Vivek Lall, for launching its aerospace and homeland security divisions.

The application with DIPP further discloses that "the company will also undertake research and produce new aerospace technologies, materials, components and equipment and test and carry out their certification".

RIL will also join hands with global players to bring in sophisticated civil and military aerospace technologies into the country, executives close to the matter said. It will also prioritise research and development and testing and certification of new aerospace technologies, materials, components and equipment.

In its application to DIPP, RIL has indicated Nashik as the headquarters for its aerospace division - the town is expected to be the centre of the proposed manufacturing hub. The company, executives said, will gradually set up more manufacturing units across the country with the aim of making India a global hub in aerospace manufacturing.

RIL also intends to align with smaller players and train them to produce high-quality products for the airline industry.

RIL is looking at creating synergies to begin with, until it develops technologies - and aircraft - on its own. It is in advanced talks with global aircraft majors for JVs and strategic collaborations, executives close to the matter said. -

ET Bureau

JK Tyre actively looking for rubber plantation overseas

JK Tyre and Industries, the number one truck and bus radial tyre maker in India, is "actively" looking for acquisition of rubber plantation overseas for its production requirement, a top company executive said Monday.

"We are actively looking for rubber plantation. This is more for securitisation of rubber for our requirement," JK Tyre and Industries Ltd president and director Arun K. Bajoria told reporters here.

"Although, it will be a small percentage of the natural rubber that we need, but it would help us to have our own supply," he said. Bajoria said that the company, manufacturer of "JK Tyre" and "Vikrant" brands, was looking for the acquisition outside India. "One of the areas we are looking into is southeast Asia," he said.

The company, which has already completed its second phase of expansion and is carrying out the third phase of green field ex-

pansion at its Sriperumbudur plant near Chennai, said after this, its production capacity in truck, bus radial (TBR) segment and passenger car radial (PCR) segment would be 7.5 million and 1.4 million respectively.

Bajoria informed that Sriperumbudur plant would be at its full capacity from October this year.

Stating that going forward the company would focus on PCR and TBR segment, he said in the fourth phase of capacity expansion, it will spend Rs.18 billion in the next three to four years. Focus will be on PCR and TBR.

The company, country's leading four-wheeler tyre manufacturer, however, said its fourth phase expansion plan would be "slightly modified" according to the market conditions.

Bulk of the investment would be at Sriperumbudur and some would also be at the company's Kankroli plant in Rajasthan. (IANS).

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Diller mulls making Newsweek online only

Media veteran Barry Diller's IAC/Interactive Corp is contemplating the end of an era for a U.S. publishing icon - making the weekly news magazine Newsweek available only online.

Diller told analysts on a conference call that a major problem with Newsweek is with the cost of "manufacturing" a weekly. He then strongly hinted at taking the Newsweek brand to a digital-only format similar to its sister title 'Daily Beast'.



"I'm not saying it will happen totally, but the transition to online from hard print will take place," Diller said on a call with analysts after the company's quarterly earnings were released. "We're examining all of our options."



Diller said his team would have a new plan for the future of Newsweek in place by October or early next year.

News-Week was launched in 1933 by Thomas J.C. Martyn, a former foreign-news editor for *Time*. The first issue of the magazine was dated

17 February 1933. Seven photographs from the week's news were printed on the first issue's cover.

In 1937 *News-Week* merged with the weekly journal *Today*, which had been founded in 1932 by future New York Governor and diplomat W. Averell Harriman, and Vincent Astor of the prominent Astor family.

As a result of the deal, Harriman and Astor provided \$600,000 in venture capital funds and Vincent Astor became both the chairman of the board and its principal stockholder between 1937 and his death in 1959.

In 1937 Malcolm Muir took over as president and editor-in-

chief. He changed the name to *Newsweek*, emphasized interpretive stories, introduced signed columns, and launched international editions. Over time the magazine developed a broad spectrum of material, from breaking stories and analysis to reviews and commentary.



Chairman Barry Diller

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

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