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Deputy Prime Minister and Finance Minister Mr. Adhikary announced a Budget Estimate of Rs. 111 billion for 2004/05.

Mr. Bharat Mohan Adhikary Deputy Prime Minister and Finance Minister announced a budget estimate of Rs. 111.68 billion for the fiscal year 2004/05 issued through an ordinance on July 16, 2004.

While unveiling the budget estimate Mr. Adhikary said that an all party government has been formed as a result of peaceful democratic people's movement, launched for the restoration of democracy, peace, progression and activation of the constitution.

The country is now facing numerous political, economic, social and cultural challenges. In order to address these

challenges, the all-party government is fully committed to implement the CMP agenda for safeguarding and promoting national interest and democracy, resolving Maoist problems, restoring peace, and providing immediate relief and ensuring progression. Besides, the Government is fully dedicated to implement the commitment made in the political, economic and social sectors. In this respect, the government is also fully committed to strengthen the constitutional monarchy and multiparty democracy in the spirit of the Constitution of the Kingdom of Nepal promulgated as an outcome of the popular

movement of 1990.

Out of the total budget estimate of Rs. 111.68 billion Rs. 67.608 billion has been set aside for regular expenditure, Rs. 31.577 billion for Capital expenditure and Rs. 12.503 billion for debt servicing. As compared to the budget estimate of fiscal year 2003/04 the proposed regular expenditure is higher by 19.19 percent, capital expenditure by 29.05 percent and debt servicing by 14.53 percent respectively and the total expenditure proposed is higher by 21.26 percent.

While reviewing the budget of 2003/04 Mr. Adhikary said that Gross Domestic Product [GDP], in FY 2003/04 is estimated to have increased by 3.6 percent. The agriculture sector posted a growth rate of 3.7 percent due to favorable monsoon whereas improvement in trade and tourism sector has resulted in 3.3 percent growth in the non-agriculture sector. The analysis of the economic indicators of the first ten months of FY2003/04 reveals that the prices during this period increased by 4.0 percent compared to 4.8 percent in the corresponding period of 2002/03. According, narrow money [M1] and broad money [M2] posted increase of 5.4 percent and 9.4 percent respectively in the first ten month of the 2003/04 compared to the corresponding period of previous fiscal year. Similarly time deposit increased by 11.5 percent due to the increase in the remittances by the Nepalese working abroad. The Balance of Payments posted a surplus of Rs. 14.77 billion during the first ten months of FY1003/04. due to this reason, the foreign exchange reserves totaled Rs. 125.50 billion.

Despite satisfactory growth in revenue

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A Seminar on Alliance for Corporate Social Responsibility Held.

A Seminar on "An Introduction to the Alliance for Corporate Social Responsibility" was held jointly by Nepal-USA Chamber of Commerce and Industry and International CHILD Resource Institute on August 4, 2004.

Mr. Sunil Shakya welcoming the participants at the Seminar said it is indeed a great pleasure and honor to welcome you

all this afternoon. I know how busy you must be, so as one of the organizers I just want to thank you for taking your time to be with us to share our views and thoughts on this relevant topic which is Alliance for Corporate Social Responsibility.

This is not the first time that NUSACCI has taken up the issue on

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Mr. Sunil Shakya giving speech at the Seminar on Alliance for Corporate Social Responsibility.

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collection in FY2003/04, decline in performance, political instability and absence of elected local bodies, resulted in deceleration in the momentum of development expenditure. Even targeted poverty reduction programs were adversely affected by the conflict. Increasing pressure on regular expenditures has caused escalation of the structural problems in the fiscal system.

According to revised estimates for FY2003/04, regular and development expenditure will total Rs. 59.30 billion and 32.81 billion, adding up to Rs. 92.11 billion compared to the total expenditure of Rs. 84 billion with the regular expenditure of Rs. 54.97 billion and development expenditure of 29.03 billion in FY 2002/03. The revised estimate of revenue collection for FY 2003/04 is Rs. 62.23 billion, as target. Internal debt during this period has been contained within the desirable limit.

The implementation status of the policies and programs mentioned in FY2003/04 budget has been mixed. The process of attracting the private investment in five infrastructure projects has been initiated with the enactment of an Act under the BOOT policy. Works are progressing towards building small

powerhouses and extension of electricity distribution system with the joint contribution of the government and participation of the local bodies or cooperatives of communities.

Some progress has been achieved in financial sector reform program. Bank and Financial Institutions Ordinance has been promulgated in FY2003/04. All Banks and financial institutions have to abide by good banking standards, which mobilize deposits of the people. Debt Recovery Tribunal and Debt Recovery Appellate Tribunal have been established in FY 2003/04 to strengthen the regulatory mechanism of Nepal Rastra Bank for minimization of bad debt amount of banks and financial institutions.

Overall economic indicators are satisfactory. Nonetheless, structural problems are getting complex. Overall fiscal position is getting unfavorable due to the continued expansion in regular expenditure and shrinking development expenditure. Financial sector reform program has not been able to deliver the desired results. Problems of financial system are getting complex. Import trade is getting risky in parallel with rapidly growing trade deficit. The base of foreign exchange reserve accumulated through the inflow of foreign aid and remittances, cannot be strong and reliable. Most of the industries are susceptible to competition due to high cost and unfavorable investment climate. Moreover, situation of small and cottage industries is deteriorating. Benefit of the economic growth is urban centered and reaching only to a limited section of the people because of development strategies that would promote interrelationship between agriculture and non-agriculture sectors. Lack of coordination among targets of macroeconomic policy, economic reform program and poverty reduction has added complexities. Poverty could not be reduced as expected as benefits accrued from the economic growth has not been reach the ultra poor.

Discussing the present challenges He further added that the there is lack of elected bodies in the local level to represent the people.

Economic reform programs have not been able to support agriculture and rural economic activities at an expected level. Small and cottage industries are not

benefiting from economic reform programs. Less attention was given to management and austerity measures in course of resource mobilization. The lives of the laborers and the people at low-income strata have become further vulnerable due to ineffective implementation of Social Security Programs in the reform process. Unemployment, particularly educated youth unemployment, has been rapidly increasing.

Several important programs relating to poverty alleviation are still beyond the reach of the targeted region and community due to killings, violence and insecurity. The programs that are already within their reach are also not in a state of smooth operation. The rehabilitation works of the destroyed VDC buildings, bridges and culverts, school buildings, health posts, communication and drinking water facilities have to been possible. Quite a few number of foreign aided programs have to be postponed due to security reasons.

The challenge before us is to integrate national trade policy with international trade system to maximize the gains from the available opportunities while addressing the adverse impacts and challenges of globalization after Nepal's accession to WTO and Regional Trade Agreements.

Together with all these problems, we are facing a challenge to gain the people's confidence and progressing the country by freeing it from prevailing conflict and disorder. People's confidence has a weak base due to the lapses of the past governments. Therefore we are facing a great challenge to act in a responsible and commendable manner following the democratic norms and spirit so that the diverse problems of different sectors can be resolved.

Objectives :

Highlighting the objectives of the budget the Deputy Prime Minister and Finance Minister said that the budget has adopted the following objectives.

1. Restoration of peace, relief, rehabilitation and reconstruction,
2. Social and economic transformation

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Total Expenditure	Rs. 111.689 billion
Regular Expenditure	Rs. 67.608 billion
Capital Expenditure	Rs. 31.577 billion
Debt Servicing	Rs. 12.503 billion
Sources of Financing	
Revenue	Rs. 70.32 billion
Existing Sources	Rs. 50.51 billion
Tariff Adjustments and Administrative Reforms	Rs. 3.25 billion
Duty draw back	Rs. 2 billion
Deficit before Foreign Grant/Loans	Rs. 41.36 billion
Foreign grant/loan	Rs. 15.35 billion
Bilateral	Rs. 11.72 billion
Multilateral	Rs. 3.62 billion
Deficit before Foreign Grant/Loans	Rs. 26.01 billion
Sources of Deficit Financing	
Foreign grant/loan	Rs. 16.95 billion
Bilateral	Rs. 11.72 billion
Multilateral	Rs. 3.62 billion
Internal Borrowings	Rs. 9.06 billion

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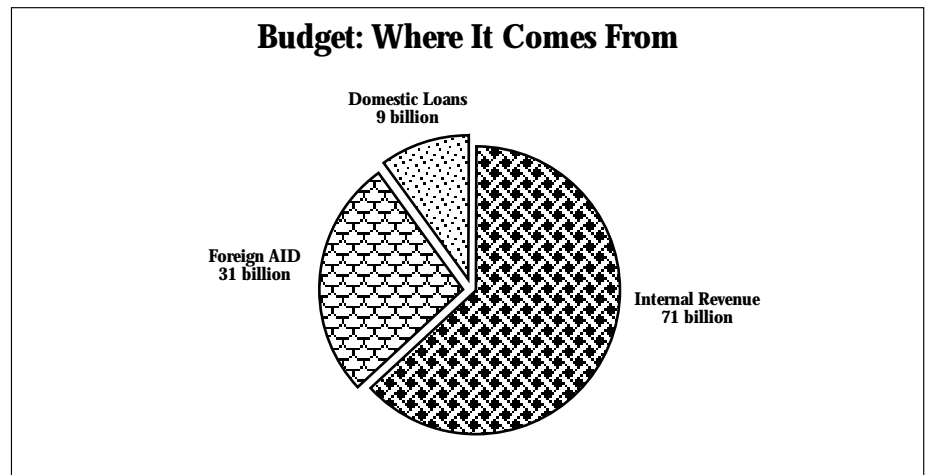
and progression ,

3. Judicious access to resources and opportunities, and devolution of authority,
4. Additional support to poverty alleviation program by enhancing economic activities and creating mass employment opportunities through economic reforms and investment promotion.

Policies:

He added that the following policies will be adopted to achieve the objectives of the budget.

- i) Render necessary cooperation in moving peace process ahead for the peaceful settlement of Maoist problem.
- ii) Make provision of effective rescue and compensation packages to the displaced families while speeding up the reconstruction work of infrastructures destroyed in the conflict- affected areas.
- iii) Support poverty alleviation and resolution of social conflict by launching participatory and targeted programs in the districts having human development, empowerment and social economic national average.
- iv) Take necessary steps for removing structural and institutional bottlenecks in agriculture sector effectively implement the Agriculture Perspective Plan [APP]. Similarly, land reform program meant for the access of poor and landless to the land will be carried out to support the socio-economic transformation.
- v) Generate additional employment opportunities to reduce unemployment and management and promote employment abroad.
- vi) Provision of institutional reforms and concessions in the cooperative sector to implement Village to Village Cooperatives and House employment campaigns with towering priority.



- vii) Establish the rights of deprived groups and communities at all levels of education, health services as well as in social services together with guaranteeing the universal primary education. Furthermore, reservation and other facilities in education will be considered for excluded groups of the people and women .
- viii) create a social safety for net senior citizens, widows, women and children beside blind, handicapped and conflict-afflicted families. Moreover, the forward systematic settlement programs for homeless and inhabitants living in the vulnerable places.
- ix) Accord fitting priority to the programs aiming at judicious access to basic services, human rights protection, equal property rights of women, and inhabitants social discrimination.
- x) Strengthen decentralized development process, for making service delivery reliable, quick, smooth and regular through strong local self-governance, devolution of authority, transparency and accountability.
- xi) Give utmost priority for socio-economic development of the people residing in Karnali Zone, which is acutely remote and backward in many respects.
- xii) Strengthen social security through the food security, reducing the vulnerability of Agriculture, provisions of health insurance, basic training and employment promotion.
- xiii) Extensively expand economic reform programs by gradually removing inherent distortion , orient the reform programs by targeting poverty

reduction with a balances, high , sustainable and broad-based economic growth.

- xiv) Promote private sector investment and Foreign Direct Investment [FDI] through minimization of transaction costs; simplified and time bound public service delivery, appropriate market mechanism and institutional framework , and guarantee of peace and security. Arrange one window policy for promoting investment.
- xv) Ensure smooth public utilities services and promote the public-private partnerships in these areas.
- xvi) Provide technical and institutional support for the revival of sick industries and protection of cottage and small industries.
- xvii) Strengthen the expenditure monitoring system to ensure delivery of allocated resources to the target groups and communities.

Deputy Prime minister and Finance Minister Mr. Adhikary discussing the Sectorial Development Programs of the budget said that allocation of resources in development programs is made on the basis of all party's government Common Minimum Program in which special attention has been accorded to areas such as the settlement of the Maoist problem and restoration of complete peace in the country, immediate relief to the victims of violence, prompt rehabilitation of the displaced people and speedy reconstruction of the destroyed infrastructures. Resources have been allocated to the policies and development programs oriented towards poverty alleviation in order to resolve social

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A Seminar on Alliance for Corporate Social

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Corporate Social Responsibility. The Chamber had initiated few years ago with the KMC on PPPP (Public Private Partnership Program) for the beautification of the Municipality. The US Chamber brought in a dozen US based corporations based in India to Nepal for investment giving a special focus in the development of KTM Municipality infrastructures. The US Chambers also provided the leadership for some of the Corporate in KTM to sponsor traffic islands and beautification of the Kathmandu Municipality.

On the same line of thinking, I had the opportunity to talk with Ken Jaffery-Executive Director of ICRI, who got some of the business leaders interested in the idea of establishing an institution that would have the role of supporting the professional development of people working in Corporate Social Responsibility and also helping to spread the best ideas to others who could replicate them. We also had a couple of meetings in the Nepal US Chambers, on how we could get support and forge partnership with community and voluntary organizations to meet the long term business needs and community objectives. There is interest as you can see which is well reflected in the number of people here this afternoon. Our task is to ensure that enthusiasm is translated into actions and responsible approaches become embedded in the main stream of business practice. I hope we can share our optimism about what we can achieve.

Corporate Social Responsibility, as I understand, is a business strategy that works. In our complex, global society, business houses and corporations, are becoming increasingly visible. They are not only judged on their performance but on the behavior too! This is what the future of business is all about. We are confronted with CSR everyday, sometimes even without noticing it.

Today in Nepal, a concerned citizen feels absolutely helpless and lost. He doesn't know where to start. He needs direction and finds none. He is angry, yet scared. The biggest dilemma is that of survival. He cannot become a part of the system, neither can beat it, nor accept it. Hundred of thousands of our youths going overseas for employment, education, migrating are testimony to this ordeal. Youth is supposed to be symbol of dynamism, growth and development. Our objective is to bring them up with a positive attitude. The real

agents for change are not political or corporate leaders, but the youth and children, which form 100% of the future population of the nation.

Hope and trust is what empowers us to take calculated risks, which is fundamental for the development of any society. Without a strong civil society, political and economic structures will fail. By integrating CSR into our business as core value, we are not only making significant contribution to a better society, but just as importantly you are recognized for doing so.

The key for corporate is that this activity is seen not as PR, not merely as philanthropy, but also grounds for sound business practice. Otherwise it will not survive and we definitely want it to survive and flourish, because it can have such an immense impact in addressing big challenges which are among the toughest we face.

I don't want to go into details as I have left this topic to be elaborated by my able colleague, Ms. Freema Hillman, and the panel of speakers, who is much more aware and have a better insight on this topic. I don't think we could have identified a better moderator than Mr. Anil Chitrakar who is an international expert on this subject. I can assure you that this will be very interesting program for you all. I would like to thank you once again specially to the speakers for making the time to be with us this afternoon.

Ms. Freema Hillman while introducing the Alliance for corporate Social Responsibility said that the Special Session on Children of the United Nations General Assembly, held on May 8-10, 2002, launched The Global Movement for Children -- with a plan of action for the coming decade with a special emphasis on partnership, stemming from the realisation that no government alone can successfully address the increasingly complex agenda of children's issues. To do so requires the active involvement of all elements of society joined in inter-sector alliances to generate new synergies and recognises the critical role of the business sector in this new dynamic.

In response, The International Child Resource Institute (ICRI) will now propose a global initiative to enlist locally-owned enterprises in partnerships for children with government and civil society groups within the framework of corporate social responsibility. And, we are proposing beginning this alliance with a pilot project in Nepal and the SAARC countries.

To date the majority of firms involved in CSR have been multinationals headquartered in North America and

Europe. If, however, national expressions of this Global Movement for Children are to be durable forces for change, indigenous companies rooted in their own societies, who do not have a ready option to relocate when the operating climate turns adverse, must be enlisted. As parents and entrepreneurs, local business people have a vested personal interest in the survival, development and protection of their nations' children.

She said Corporate social responsibility, as practised by western leadership firms and described by Business for Social Responsibility, has two essential attributes.

- The first relates to conducting a company's internal and external affairs in a manner that meets or exceeds the ethical, legal and commercial expectations of society that also recognises needs of employees beyond their roles as workers.
- The second quality, is a corporate self-image and mission that acts as a force for change and good in the community.

Two other important features characterise CSR leadership enterprises.

- They see their role in social development increasingly in terms of the unique skills and capacities that their employees can contribute to partnerships with civil society groups and government rather than as merely providers of financing -- an approach that engages the company at a far more systemic level than cash donations.
- There is also the realisation, that CSR has a positive (and no negative) impact on business value. In other words, CSR is a legitimate business strategy wherein profit maximisation and social benefit meet in a win-win situation.

CSR is often expressed as corporate giving in the form of one-time cash or in-kind donations unrelated to a deliberate cause-related marketing strategy. The beneficiaries are frequently decided by management in conjunction with the public relations department, with limited staff involvement and sense of employee ownership. Many companies tend to view such corporate philanthropy as a cost factor in a highly competitive environment of small profit margins rather than productive, strategic investments, making this practise vulnerable to downturns in the business cycle.

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conflict and ensure the basis of progression.

The task of reconstruction and rehabilitation of school buildings, health posts, communication towers, bridges, powerhouse etc. damaged or destroyed due to conflict, will be promptly implemented.

Discussing of the Agriculture sectors reform the Finance Minister said that land reform program will be initiated for achieving comprehensive reforms in the agriculture sector. The long term Agricultural Perspective Plan will be reviewed and implemented in a coordinated and effective way.

Private sector will be encouraged to develop infrastructure in order to provide market for the agricultural products. The entrepreneurs, businesspersons or government agencies establishing cold stores for the preservation of perishable agricultural products will be granted concessions on electricity tariffs at par with other cold stores.

The government has adopted community forest management system as forestry development strategy. Implementation of programs on natural resource management and environmental conservation will be encouraged.

Income and employment opportunities will be enhanced through the cultivation, collection, processing and exporting of herbs. Special programs on the commercial farming of herbs will be launched in Midwestern Development Region especially in Karnali Zone.

A law related to intellectual property rights will be formulated and implemented to ensure the Nepal's rights on biological endowment.

While discussing the Basic infrastructure development and investment promotion Mr. Adhikary said that special measure have been taken to expand the road network nationwide giving priority to constructing roads in the districts not linked by roads, completing bridges that are under construction and implementing ongoing projects in the Midwest and Far-west Development Regions.

The private sector will be encouraged to build electricity railway, rope way, urban

roads, fast track and tunnel road under built Operate-Own-Transfer [BOOT] basis.

Power Development Fund, established for supplementing the private sector investment with the loan for the construction of small and medium –scale power projects, will be made fully functional in FY 2004/05.

Necessary legal and institutional arrangements will be made to avail IT service to the general public.

The private sector will also be encouraged to invest and expand the rural telecommunications.

Private sector's participation will be called for to construct an alternative International Airport under Built-Own-Operate-Transfer [BOOT] System. Furthermore, Gautam Buddha Airport, Bhairahawa and Pokhara Airport will be upgraded as SAARC Region level airports in FY 2004/05.

Mr. Adhikary discussing the support to private entrepreneurs and promotion of domestic and foreign investment said that to ensure the overall benefits of economic reform program in favor of general people, necessary modifications will be made in industrial and foreign investment policies, export and import laws, and commercial policies as well. Competition law will be enacted and made effective by the mid January 2005.

Foreign investment will be attracted with the perspective of promoting national interest. Recommendations of the conference of Non Resident Nepalese [NRN] held in FY2003/04 will be put into practice to create favorable environment to invest by NRNs in their homeland.

The process of privatization and transferring ownership of public enterprises [PEs] that can attract the private sector investment will be continued.

The shares of Nepal Telecom will be enlisted in the share market within FY2004/05. and 5 percent of the total government share will be sold to the employees of the company and next 10 percent to public. After completing the valuation of assets and liabilities, the Royal Nepal Airlines will be converted into a company, and private sector will be made involved in the ownership and management of it, through appropriate and transparent

mechanism.

A suitable mechanism which automatically establishes the internal market price of petroleum products in accordance with international market price situation.

In the context of Nepal having already become a member of WTO, various laws related to the industry and commerce will be reviewed and revised in order to make them compatible with the provisions of WTO by involving the private sector as well. Likewise, arrangement will be made in preparing an appropriate strategy and institutional structure to extend much benefit to country's industry and trade sector through regional trade approaches.

New opportunities and challenges have been created in the field of cottage and small-scale industries along with Nepal's membership of WTO. In this perspective a fund has been created to provide technical services, capacity building market access to cottage and small scale industries/businesses and also to provide institutional support for other infrastructures.

The exiting labor acts and regulations are reckoned counterproductive in relation to promote private sector investment, employment creation and also for the labor welfare. Steps will be taken in the current fiscal year to amend the exiting labor related Acts. Flexible labor policy will be adopted in the specific sectors.

It is imperative that legal framework is necessary for prosperous private sector-led industry and commerce for which some new Acts are in the process of formulation. New company Act, Secured Transactions Acts, Insolvency Act, Anti-money Laundering Act, will be put into implementation.

Private sector will be encouraged, in order to involve them in public utility services, in the areas like industrial establishments, public housing roads, airport, drinking water in urban areas, public gardens under the BOOT regulations.

It is crucial that a healthy, strong and capable financial sector along with capital market is essential for the development of entrepreneurship and commerce and industry. The following programs will be implemented to strengthen the financial and capital market:

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- The management reforms of the two large commercial banks will be continued.
- Necessary help will be made available to Nepal Rastra Bank for its supervisory capability improvement to enable it to effectively monitor and control the deviations in the financial sector.

The Committee for the Revival of Sick Industries will be made effective for resolving the problem of industrial sickness.

Macro economic policies will be reviewed and revised as per the need of the time to make economic reform programs broader and more poverty reduction oriented. An institutional arrangement for timely review of the macro economic policies by an independent authority will also be made.

While informing the provisions of direct taxes, he said "Large Taxpayer's Office" LTO was established in 15 January 2004 with a view to simplify the functioning of tax administration related to large tax payer and for their effective monitoring. Arrangement has been made for LTO to undertake tax registration audit, collection and other functions in a full-fledged manner from the beginning of this fiscal year.

To encourage the investors involved in petroleum exploration and extraction, special arrangement has been made to provide them the facility of loss carry forward for 12 years.

To broaden the tax base, Permanent Account Number [PAN] will be made mandatory for medical partitioner, legal professionals, auditors and consultants.

Accelerated tax audit system will be introduced to make tax audit procedure more productive, transparent, and effective by updating tax audit manual. Chartered Accountant firms shall be registered as an experiment and this firm shall perform tax audit. Also, an arrangement will be made to submit independent report of their audit work.

Considering the commitment made

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In order for local business to become sustained partners in national expressions of the Global Movement for Children, new concepts and practises of CSR will have to be introduced. Approaches taken by leadership companies will have to be adapted and business models of CSR relevant to the local operating context developed. Finally, if local companies are to become credible allies for children in the communities in which they operate, their internal working environments must be made consistent with their external conduct.

NATIONAL NON-GOVERNMENTAL ORGANISATIONS (NGOs)

If national child-focused NGOs are to become viable partners with local business, many will need to strengthen their technical and administrative capacities. This is especially true for those organisations that have yet to make the transition to a more professional operation with full-time staff. Skills in strategic planning programme and project design, monitoring and evaluation, financial management and reporting, income generation, advocacy and external relations will need to be enhanced. Ideally, such improved capabilities should be validated in a universally recognised manner to certify these civil society groups as bona fide partners for business and government.

TRI-SECTOR PARTNERSHIPS

The World Bank's three-year project (1998-2001), Business Partners for Development, instigated tri-sector partnerships among business, government and NGOs in twenty developing and transitional countries to address issues related to national development. Its final report acknowledges the key role of governments in these relationships, especially in creating "an enabling environment that allows for and rewards experimentation from partnering work". It recommends that developing country governments ensure "that core national standards are in place, so that a company can gain credit for going 'beyond compliance'"; and that these requirements "permit and encourage innovation", allowing for modification "as experience of partnering is built". The report advocates that governments stimulate "local and

national dialogue on partnering, particularly on the relationship between public sector responsibilities and those of the private sector and civil society", and that they issue "guidelines for reporting and external validation, so that a company can gain credit by reporting on its partnering activities using a process and a format that will not be challenged".

Implicit in this recommendation is the need for a tax structure that rewards such corporate partnering, including provisions for monetising in-kind contributions at fair market value and credits for making the workplace child-friendly

ICRI Proposed Initiative

The proposed Initiative is a six-year demonstration project whose aim is to introduce a sustainable process for creating tripartite partnerships among governments, locally-owned businesses and child-centred NGOs to implement National Plans of Action for Children and develop the tools and processes to permit global replication of the model. The approach will not attempt to create new organisations but rather marshal existing entities in new partnerships to achieve the intended purpose. It will employ the following strategies, some of which are drawn from Molalets, a Unicef / CSR initiative under the direction of Dr. Steven Simon. in Botswana (1995-99). This project brought together government, business, civil society groups, and multi- and bilateral donors in partnerships for children and has been acknowledged as an international best practise. While some of these individual strategies have been employed in various initiatives past and present, the proposed project adds innovative new dimensions to them and, uniquely, combines them into a single coherent package.

Mr. Anil Citrakar, Regional Director, Ashoka Foundation made a keynote speech, while Mr. Purna Shakya, President, Rotary Club of Kathmandu presented a Corporate Social Responsibility (CSR). A business prospective, Mr. Deepak Sapkota, Director, Central Child Welfare Board spoke on CSR - A government prospective, Ms. Pramada Shah presented a CSR - An NGO Prospective and Mr. Sanjay Upreti, General Secretary, Junior Achievement, Nepal Chapter explained about the Junior Achievement Program.

The Seminar which was Cochaired by Mr. Sunil Shakya, President NUSACCI and MS. Freema Hillman of ICSR, was attended by representatives from various NGOs, INGOs, Educationist and Businessman. ■

Seminar at a glance



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during the accession of World Trade Organization, lowering the rates of customs duty and other fees have been initiated. In this connection, the customs duties of brake oil, waste chemicals, plastic pipes, tire tube, batteries, furniture, furniture parts, mattresses and prefabricated house have been reduced to a new slab of 35 percent from its present level of 40 percent.

Special duty of 0.5 percent has been waived on commodities, which has implied 5 percent customs duty. Likewise special duty has been removed on imports under baggage rules.

For the development of agriculture sector, customs duty has been reduced to one percent on the import of goods such as harrow, cultivator, lebeller and thrasher, which are used for agronomy and horticulture purpose. Similarly, customs duty on imported goods like petroleum coke, telephone sets and sugar have been reduced. In order to adjust import duty for similar kind of goods, customs duty has been adjusted for forklift truck, calculator and spare parts of typewriter, equipments related to information technology and camera lenses.

Customs duty has been marginally increased on commodities such as photo paper, photo film, leather garments, parqueting, retreated tire, and oil filter. In the process of complying the principle of imposing lower rate of customs duty on the import of raw materials compared to finished goods, necessary adjustment will be undertaken on the basis of study in this regard.

In order to promote export, provision has been made to waive export duty on the exportation of copper wire, zinc oxide, and marble. Likewise, rate of export duty has been reduced and fixed at 2.0 percent, 1.0 percent and 0.50 percent from the previous level of 3.0 percent, 1.5 percent and 0.75 percent, respectively.

An arrangement has been made to accept bank guarantee for 6 months instead of previous provision of 1 year for the industries which has the permission of bonded warehouse facility.

Bank guarantee of export industries who has already exported the goods but

has not been released until 15 July 2004, may be released if application with necessary documents are submitted by 16 October 2004. Bank guarantees of industries that are unable to export will also be released upon payment of customs duty as per the rules and regulations.

Regular monitoring of billing system shall be continued for the effective implementation of Value Added Tax.

Arrangement has been made to file Value Added Tax return on monthly, bimonthly and quarterly basis according to nature of its business.

In order to simplify tax refund procedures and to make it transparent, classification of taxpayer will be made on the basis of risk criteria. The taxpayer with low risk categories will enjoy the fast tax refund benefit with minimum verification of documents.

At present, there is no provision of

refund of value added tax to foreign tourists, who have paid value added tax while purchasing commodities. By November 15, 2004, arrangement will be made to refund value added tax to the foreign tourists departing from Tribhuvan International Airport carrying such commodities.

In order to make excise administration effective and systematic, provision has been made to apply excise stamps in each bottle of liquor and beer. Likewise, necessary arrangement will be made to implement similar provisions for applying stamps in cigarettes.

Rate of excise duty has been slightly increased for liquor and cigarettes, which are harmful to health.

In order to increase female ownership in property, arrangement has been made to provide 10 percent rebate in land registration fee. ■

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