News & News
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nepal

FNCCI, GTZ Sign MoU to increase productivity and to boost Youth Self Employment Programme

The Federation of Nepalese Chambers of Commerce and Industry (FNCCI) and the German technical agency, GTZ, signed two separate Memorandums of Understanding (MoUs) in a bid to increase the productivity of the labourers and to boost the Youth Self Employment Programme.

The FNCCI, GTZ, Inclusive Development of the Economic Program include National Business Initiative –NBI and the International Labour organization (ILO) have collaborated to strengthening, capacity building and enhancing mutual labour relationship to mitigate conflict issues at local levels.

FNCCI president Kush Kumar Joshi and GTZ, Programme Manager Horst Ammann signed the MoU on behalf of their respective organizations to promoting the Youth Self–Employment Programme and producing skilled manpower.

Similarly, Joshi, Ammann, NBI president Padma Jyoti And Shengjie Li, country director of ILO signed MoU to enhancing mutual labour relationship for capacity building at the local levels.

As per the MoU the FNCCI and the GTZ will provide facilities and training to the people under Youth Self Employment Programme who had applied for loans from banks to start their own small businesses and enterprises.

It will encourage the candidate to prepare a banking proposal and build their capacity to develop their business plans. The programme is expected to be completed within five months in Panchthar, Surkhet, Narayangarh and Palpa.

The second MoU signed to create awareness to mitigate the labour tussle, help create cordial relationship between the labourers and the concerned stakeholders and create congenial environment to develop good labour relationship.

Finance Minister Pandey unveils 285.9 billion budget

Finance Minister Surendra Prased Pandey on July 13 unveiled the budget estimates of Rs.285 billion 930 million for the fiscal year 2009/10.

Of the total budget, Minister Pandey has proposed Rs.160.63billion (56.18%) general expenditure and Rs.106 billion 284.8 million(37.17%) capital expenditure. Likewise, principal repayment is estimated to be Rs.19 billion 12.8 million (6.65%).

The proposed expenditure is higher by 33.87% than the revised estimates of the fiscal year 2008/9. The capital expenditure has been increase by 44.98%, recurrent expenditure by 31.58% and principal repayment by 4.53%) than the revised estimates of the fiscal year 2008/9.

Of the total expenditures, Rs.135.58 billion (47.42% will go for general administration and Rs.150.34 billion (52.58%) for development related expenses.

Of the total required resources, Rs.161.73 billion will be borne from the current sources of revenue. Out of the total foreign assistance of Rs.78 billion 516.2 million, Rs.56 billion 955.6 million would come in the form of foreign grants and Rs.21.56 billion as loans. The budget will have a deficit of Rs.46 billion 340.02 million.

Minister Pandey said that the government would generate an additional Rs.15 billion 430.02 million through new sources of revenue mobilization and there will be a net deficit of Rs.30.91 billion which will be financed through domestic borrowings.

The budget projected a growth rate of 5.5% for the coming fiscal year. The growth rate in agriculture sector is expected to be at 3.3% and the non agriculture sector at 6.6%. It is estimated that inflation rate will be around 7.0%.

Pandey said the government would run the economy on socialism and people oriented basis for the sake of high economic growth and distributive justice. All the three sectors of the economy cooperatives, private and public sectors will have significant role to play.

Structural change in the economy would be initiated with commercialization of agriculture, industrialization based on agriculture, forestry and available minerals, hydroelectric power generation and its commercial use and also focusing on the new dimensions of tourism development by relinquishing subsistence agriculture and tax benefits processing industrial structure.

Internal source will be increased and external dependency will be reduce for the sake of huge investment required to achieve high economic growth rate. Investment friendly environment will be created for the promotion of private sector investment by removing all kinds of policy and infrastructure oriented obstacles.

For the time being, emphasis will be given to mobilize foreign assistance for large physical and economic infrastructure of national priority, rural infrastructure, agriculture, social sector and inclusive development . In the long run, emphasis will be given to build a self reliant national economy without the need of foreign assistance minister Panday said.

Economic growth rate below target

The country's economic growth rate during the fiscal year 2008/9 is likely to hover around 4.7%, much lower than the projected target for 7.0%.

The Economic Survey unveiled recently stated the growth in agriculture remained lower due to unfavorable weather conditions while long hours of power cuts combined with strikes and closures hit the industrial sector.

According to the Survey, the growth rate of agriculture and forest sector has been revised at 2.1% while the industry and power sector recorded a negative growth.

In the previous year, the agriculture and forest had grown by over 4.0%, industrial sector by 0.2% and power sector 3.7%. The savings/Gross Domestic Product ratio came down to 8.0% from 11.2% in the previous fiscal year. but the national savings ratio has gone up to 32.3% from 31.5 from the previous year.

The Survey shows very exciting growth in revenue this year. but the inflation remained very high.

GDP ratio to the revenue previous year 13.2% which is 14.8 in the fiscal year 2008/9.

Tourists arrival down

According to figures released by Tribhuvan International Airport tourist arrival figures by air has decreased by 5% on June as compared to the same month last year.

TIA informed the figures had decreased from 26, 460 last year, 25, 129 this year.

Though the overall the other Asian markets registered positive growth of 10.7%, the SAARC segment shows a 12.7% decline compared to the same month last year. The Indian market which is considered as a majir market showed a decline of 13.6%. Similarly, arrivals from Bangladesh and Pakistan have also witnessed a negative growth of 4.2%and 17.9%, respectively.

Only Sri Lanka registered a positive growth of 19.7%. out of the remaining Asian segment, Chinese arrivals have increased by 36.2% alone with Thailand with 87.8 and Singapore with 65.1%.

But other markets like Japan declined by 2.3% Malaysia 11.4% and South Korea% 23%.

The European markets have registered overall positive growth by 9.1%. Arrivals from the UK are up by 11.1% and Italy has also posted a significant increase of 24%. However, other destinations in Western Europe have posted weaker arrivals figures. France, Germany and Spain have suffered a decline by 7.2%, 9.4% and 14.7% respectively.

Arrivals from Australia, Canada and United States of America have registered positive growth of 7.6%, 8.5% and 4.4% respectively. According to Nepal Tourism Board markets like China and UK showed an upward trend.

Garment exports down

The exports of Nepali readymade garments to the US continued to go down with a double decline in may as well. The export during the month went down by 49 percent compared to the same month last year.

According to Garment Association of Nepal data,Nepal during May exported readymade garments worth US$ 541,232.94; whereas the total exports same period last year was of US$1,109,749.72.

The export during May last year had also declined by 51 percent compared to may 2007.

Garment export to USA has been declining continuously since November last year after a respite in October, when the export had increased by 44 percent.

Export during January, February, March and April this year had gone down by 73 percent, 55 percent, 32 percent, and 58 percent compared to the same months last year respectively.

Meanwhile, a US bill regarding trade relief to 14 developing countries including Nepal has been tabled in the US Senate. It if approved by both U.S. Houses Nepali garments will get preferential entry to the U.S. providing some relief to the beleaguered garments industry.

Nepal-Turkey CCI launched

The Nepal- Turkey Chamber of Commerce Industry was formally launched recently. This is the 11th bi-national chamber to be formed. According to Akhil Chapagain, president of the Nepal - Turkey Chamber of Commerce and Industry, it will act as a bridge between Nepal and Turkey to promote bilateral trade.

Ajay K. Mudbhari, Rupak Pradhan and Vijay Singh Vaidya are vice president, general secretary and secretary of the chamber respectively.

Chapagain said, ''This chamber will promote Nepal's exportable items in Turkey as well as try to attract Turkey's investment in infrastructure projects.

As of now bilateral trade between Nepal and Turkey is minimal. Household items, gas heaters, chocolates, juices and industrial raw materials are the major items that Nepal imports from Turkey. Likewise, handicraft is Nepal's exportable items to Turkey. According to Chapagain, tourism is potential sector for Nepal.

SAARC

Indian fiscal deficit

Indian Finance Minister Pranab Mukherjee forecast a growing fiscal deficit recently as he presented a budget aimed at returning the economy to 9.0% annual growth "at the earliest".

While stressing the need for fiscal "austerity."Mukherjee announced increased funding for farmers and poverty alleviation programmes in a spending splurge that would push the ballooning fiscal deficit in 2009/10 to 6.8% of GDP.

The estimate was greeted with dismay on the stock market, where the benchmark 30 share Sensex tumbled to close 5.83% lower. The proposed deficit was far higher than the 5.5% put forward by the government in an interim per election budget in February.

India's fiscal deficit has risen sharply in recent years on loan waivers for poor farmers, subsidies and stimulus packages to boost the economy. It had ballooned to 6.2% in the year to March 2009 more than double the government's target of 2.5% and the highest in nearly two decades.

Indian economy likely to grow

An upbeat industry, riding on impressive Indian growth achieved in the January-March 2009 period, feels the economy can grow at much faster pace and possibly as high as 9% depending on the success of the Manmohan Singh government 100- day action plan. A cross section of industry TOI spoke to was of the opinion that the 100-day agenda set by the government, if pursued in right earnest, could sustain a high GDP growth rate of 9% -10%.

Venu Dhoot, chairman of Videocon Industries said 5.8% growth in the last quarter is very encouraging, given the negative growth achieved by the US and many of the western economies, 'If the global slowdown is contained by the end of this year and the government implements the much required reforms, the GDP growth towards the end of this fiscal could be in the range of 9% and thereafter 10% in the next few years, 'said an optimistic Dhoot.

HP Singhania, MD of J&K Paper, said a lot of things depended on the implementation if the 100-day agenda of the government. 'if it implements the reforms as promised I don't see why 9% growth cannot be achieved, 'he added.

Indian exports decline

India's exports fell the most in at least 14 years as the worst global recession since the Great Depression slashed demand for the nation's jewellery, clothing and other products. Merchandise shipments dropped 33.2% from a year eaerlier to $10.74 billion.

Exports slid 33% in March. New commerce minister Anand Sharma said the government is likely to announce steps to help exporters in the Budget due in the first week of July. Interest -rate cuts and fiscal stimulus worth 7% of gross domestic product helped the nation grow by 5.8% in the three months to March 31, making it the world's fastest –growing major economy after China.

India's low reliance on exports and an aggressive double-barrelled fiscal and monetary response softened. The blow to the economy, he said Rajeev Malik, a regional economist at Macquarie Group Ltd in Singapore. Further economic reforms will boost the economy, he said. RBI governor D Subbarao on April 21 cut borrowing costs to a record low to support an economy forecast to grow at the slowest pace since 2003.

Bangladesh economy to grow

Bangladesh's economy is forecast to grow by 5.9 percent in the current fiscal year with the country escaping the brunt of the global economic meltdown, an official said recently.

The forecast growth for the year to June for the impoverished South Asian Nation is below an earlier government estimate of 6.5 percent but higher than the 4.5percent projected by the World Bank. 'Our economy has done relatively well despite the global meltdown. Remittance inflows have been robust and agriculture also did better,' Ikramul Haq, head of the country's national statistics office, told AFP.

"Exports have been hit by the global economic recession but still performed better than many other countries in Asia and across the World," he added.

Remittances and exports have been Bangladesh's main growth drivers for the past four years when the economy grew by an average of over six percent annually, marking the strongest growth spell since independence in 1971.

Pakistan unveils deficit budget

Pakistan unveiled a deficit national budget recently proposing an increase in defence expenditure to help fight Taliban militants while boosting agriculture and industrial output and reducing poverty. The budget for fiscal 2009-2010 starting from July 1 comes amid increasing suicide attacks and other militant violence in the major towns and cities of the nuclear-armed South Asian country. "We now face the prospect of incurring huge costs on account of counter insurgency expenditures," state minister for finance Hina Rabbani Khar fold parliament as she introduced the 35.85 billion dollar budget. She said the government had fixed the defence budget at 343 billion rupees (4.24 billion dollars), an increase of 47 billion rupees (581 Million dollars) for the next fiscal year. She said that the government had a big challenge to deal with as million were left homeless due to military operations against the Taliban.

Indian manufacturing sector recovering

India's manufacturing sector showed marginal signs of recovery in the second and third quarters of the last fiscal compared to the corresponding quarters in 2007-08, says a report by an industry lobby. Due the prevailing global recession, most countries in South Asian, Southwest Asia and Asia Pacific are hampered by liquidity crunch and Confederation of Indian Industry (CII)-Ascon survey said that five sectors fertilizers, low and high density polythene, pin iron steel and mopeds moved from negative to moderate growth.

ASIA

China growth forecast

The World Bank raised its 2009 economic growth forecast for China from 6.5% to 7.2% due to its stimulus-driven investment boom but cautioned it was too soon to say a sustained recovery was on the way.

The stimulus impact is bigger than expected and will "strongly support growth," said Ardo Hansson, the bank's lead China economist. The 4 trillion yuan ($586 billion) plan is aimed at shielding China from the global slump by pumping money into the economy through spending on building airports and other public works.

"Growth in China should remain respectable this year and next, although it is too early to say a robust recovery is on the way," Hansson said at a news conference.

Trade and private investment will remain weak, consumption will slow and a full – fledged recovery has to wait for the global economy and export demand to rebound, the Washington –based lender said in a quarterly report.

China's economy grew 6.1 percent in the first quarter from the same time last year, the strongest rate of any major country but below the government's 2009 target of 8 percent and far from 2007's explosive 13 percent.

The first time the bank has raised its outlook for China since November, when it slashed its 2009 forecast from 9.2 percent to 7.5 percent. The bank cut that again in March to 6.5 percent. The bank said the growth rate should rise slightly in 2010 to 7.7 percent. Hansson expressed surprise at Beijing's " Buy China" order, reported by state media, for stimulus projects to use domestically made goods.

Japanese economy shrinks

Japan's economy suffered its worst contraction on record in the first quarter as a depending global recession crushed demand for its cars, electronic gadgets and other goods, data showed recently.

Analysts said the dismal performance may mark the trough in Japan's worst slump since World War II, although a swift recovery seem unlikely.

The economy contracted 4.0% in the three months to March compared with the previous quarter, logging an annualized drop of 15.2%, the Cabinet Office said.

Prime Minister Taro Aso said the economy was in "a severe situation," with the recession spreading from the corporate sector to household spending.

It was the weakest performance since comparable records began in 1955, eclipsing an annualized fall of 13.1% in the first quarter of 1974, when the economy was reeling from a global oil shock.

It was also the first time the Japanese economy has contracted for four straight quarters. It shrank 3.8% in the fourth quarter of 2008, even more than previously thought, the government said.

Japan entered recession in the second quarter of 2008 as consumers around the world stopped buying big-ticket items during the economic downturn.

China, Japan to boost recovery

China and Japan on recently vowed to jointly promote world economic recovery during a meeting of top ministers and senior officials in Tokyo, Japanese Foreign Minister Hirofumi Nakasone said.

"On the global economic and financial crisis, both countries agreed to implement what was agreed at the London summit swiftly and in a solid manner in order to realize the global economic recovery as soon as possible, "he said.

At their London summit in April, the Group of 20 developed and emerging economies agreed to commit one trillion dollars to the International Monetary Fund and other global bodies to help struggling economies. They also agreed to push for greater regulation of the global financial system to tackle the deepest global crisis in decades.

Japan boosts output

A sharp rise in Japan's industrial output is boosting hopes of a recovery in the world's second biggest economy even as government figures recently showed employment had reached a five-year high.

While companies are starting to bet on an economic upswing, Japan's worst post-war recession is still impacting the world's number two economy through job losses and falling prices, the data show.

Factory output in April rose 5.2% on the previous month, the fastest monthly jump in more than half a century and far above market expectations for an increase of around 3.3%, the trade ministry said.

The second monthly increase in a row fuelled hopes that companies have run down most of their stockpiles and will keep ramping up production.

Manufacturers forecast that output may rise 8.8% in May and 2.7% in June, raising hopes for a rebound in Asia's biggest economy.

WORLD

US housing construction up

Constriction of new homes jumped in May by the largest amounts in three months, an encouraging sign that the nation's deep housing recession was beginning to bottom out. The Commerce Department said recently.

That construction of new homes and apartments jumped 17.2% last month to a seasonally adjusted annual rate of 532,000 units. That was better than the 500,000 unit pace that economists had expected and came after construction fell in April to a record low of 454,ooo units. In another encouraging for building permits, seen as a good indicator of future activity, rose 4% in May to an annual rate of 518,000 units. In another encouraging sign, applications for building permits, seen as a good indicator of future activity, rose 4%in May to an annual rate of 518,000 units.

The better –than expected rebound in construction was the latest sign that the prolonged slump in housing is coming to an end, which would be good news for the broader economy.

The current recession the longest since the Great Depression the triggered by a collapse in the housing market that led to soaring loan losses and a banking system crisis. A healthy home market is economic recovery.

$3.4 billion aid for developing nations

ADB Board of Directors has approved allocation of $3.4 billion in additional funds to help developing member countries (DMCs) respond to the global economic crisis. ADB has established a $3 billion Countercyclical Support Facility (CSF) that will provide short-term, fast-disbursing loans. It will support DMCs aiming to ramp up fiscal spending to counter the crisis but who lack the means to do so. CSF, which will be available to DMCs who qualify for loans from ADB's Ordinary Capital Resources (OCR), will be capped at $500 million per country. ADB will also make available a further $400 million to the Asian Development Fund (ADF). This will benefit countries with no access to OCR. ADF resources are provided in the form of concessional loans and grants to low-income DMCs with limited debt repayment capacity. The additional ADF resources will be used to provide funds to finance key development investment in low income countries that are among the most fiscally constrained in responding to the crisis. ADB plans to in crease its lending assistance by more than $10 billion in 2009-2010 bringing total ADB assistance for these two years to about $32 billion. This compares with about $22 billion in 2007-2008. Of the proposed $ 10 billion increase in lending $ 1 billion is committed to support trade finance, $3 billion to the CSF and $6billion to extending loans for infrastructure investment.

Russian economy suffers blow

The Russian economy contracted by 11% in the month of May compared with the same month last year, the government said recently, in the latest blow to hopes of a swift recovery in the country.

Deputy economic development minister Andrei Klepach also said the Russian economy had shrunk by 10.2% in the first five months of the year and offered a bleak prediction for the year as a whole. In light of the latest figures, "a contraction of only 6% in GDP (gross domestic product) in 2009 would mark a heroic achievement for the economy," Russian news agencies quoted him as saying.

Zimbabwe could grow at 4%

Zimbabwe's Finance Minister Tendai Biti said recently the economy could grow by 4.0% this year after being battered by years of hyperinflation and economic contraction. "We do have the vision and I think we should easily, easily achieve a growth rate of 4.0% this year, which is way above the expected African growth rate of 1.9% in 2009," Biti said. He was speaking at the World Economic Forum on Africa in Cape Town, where he discussed challenges to recovering from Zimbabwe's economic crisis which has been compounded by a year of political turmoil following failed elections in March 2008.

Compiled and Edited by :
Bidur Chandra Lamichhane
Published by :
Federation of Nepalese Chambers of Commerce & Industry (FNCCI)
P.O.Box: 269, Panchali, Sahid Sukra FNCCI
Milan Marg, Teku, Kathmandu
Tel.: 4262218, 4262061, 4266889
Fax: 977-1-4261022, 4262007
E-mail: fncci@mos.com.np