

Business

GOLD		Kathmandu		Hallmark		(per 10 gms)		Rs		14,465.00	
Worked		Kathmandu		(per 10 gms)		Rs		-		-	
Hongkong		Kathmandu		(per ounce)		US\$		668.50		-	
SILVER		Kathmandu		(per 10 gms)		Rs		268.00		-	
NEPSE INDEX											
										515.39	

EXCHANGE RATES OF MAJOR CURRENCIES			
CURRENCY	UNIT	BUYING (in Rs)	SELLING (in Rs)
Indian Rs (INR)	100	160.00	160.15
US Dollar (\$)	1	65.70	66.29
Euro (€)	1	89.85	90.66
Pound Sterling (£)	1	132.50	133.69
Japanese Yen (¥)	10	5.65	5.70

Exchange rates fixed by Nepal Rastra Bank

NARC to focus on implementing research findings

POST REPORT
KATHMANDU, SEPT 1

Nepal Agriculture Research Council (NARC) is soon launching massive outreach projects to implement its research findings at the grass root level.

The agriculture research agency with a decade-long history has often been flayed for its failure to implement most of its research findings at the farmers' level. But this is set to change.

Hira Kaji Manandhar, chief of the planning division of NARC, told the Post that NARC, which had 58 outreach projects in the 2006/07 fiscal year, has twice as many projects this year.

"We will focus on technology transferring and maximizing benefits to the farmers through the outreach projects by providing technical support to them directly in their own farms. We hope to encourage them to

move into commercially viable farming," Manandhar said, adding that NARC's outreach drive aims at ensuring that farmers also enjoy access to NARC's research findings. Most of the new outreach researches of NARC are concentrated on crops, horticulture, livestock and fish farming. Manandhar said that NARC has allocated Rs 21.9 million for research and transfer of technology for the current fiscal year, which is a 44 percent rise from last year's Rs 15.2 million.

Under the new plan, NARC is also launching new outreach research on sheep, yak and mule farming in the western Himalayan district Mustang at the request of local farmers.

NARC also plans to encourage local farmers of Mustang to switch back to the production of indigenous varieties of crop, which has declined at present, by undertaking new researches on them, he added.

"By conducting research at the

farmers' doorsteps, we hope to enable the farmers to direct reap the benefit of the findings and increase production," Manandhar further stated.

NARC's total budget for 2007/08 stands at Rs 430.2 million. Out of this, it has allocated Rs 347.7 million for Agriculture Research Project (ARP), Rs 46.3 million for Natural Water Fish farming (NWF) and Rs 21 million for Hill Maize Research Program (HRP).

Apart from the budgetary programs, NARC has also plans to start a quarantine survey on five exportable products that were found to be susceptible to diseases. NARC will be looking to fund this Rs 2 million project with what it expects to receive from other sources.

According to Manandhar, the survey would concentrate on developing a technology for disease-free production of those items, which include ginger, orange, Chiraito and yellow lentil.



The Business Advantage team celebrates after winning the BOSS Corporate Quiz Contest 2007 on Friday.

NEPSE rising But meltdown eminent

POST REPORT
KATHMANDU, SEPT 1

The stock market recorded a rise of 13.67 points in its index over the week, which market analysts termed as an extension of unsustainable growth.

They said a meltdown in the market is inevitable, as a few players have been artificially plotting the higher trajectory in prices.

Nepal Stock Exchange (NEPSE) ended at 739.53 points, up from the opening of 725.86 points. Riding on the tide of the rising prices, market capitalization reached Rs 203.67 billion at the end of Thursday's transaction, accounting for around 28 percent of the total gross domestic product (GDP). The total trading stood at Rs 156.7 million over the week, with 216,227 unit shares having been traded.

Commenting on the rising prices, Dammar Dhungel, former chairman of the Securities Board of Nepal, said that the rise in prices had not been followed by a significant change in the supply of shares as it should have. "The trend around the world shows that this is quite unusual. When prices go up, more people will want to sell," he elaborated.

Dhungel explained that the reason behind this was that

there were only a small number of investors involved. "This allows these few players to manipulate the prices. They push them up or make them drop according to their wishes," he said adding that such manipulation would not be able to keep the prices rising for too long.

Things looked good, as usual, for the commercial banks with the group gaining 13.52 points to reach 824.91 points at the end of the week. The week was even better for the Development banks, which posted a big jump of 96.52 points to end at 631.01 points. The group's stock had opened at 534.49 points at the trading week's start.

The hydropower sector saw an increase of 48.15 points to reach 1,187.91 points. The index of hotels' stocks rose to 276.45 points, from 274.54 points.

The insurance and finance companies, however, did not have much to smile about this week. The insurance companies' shares fell by 4.15 points to end at 648.31 points while the index of finance companies went down by 19.27 points to 503.88 points. Manufacturing, trading and the groups did not see any changes in their indices, this week.

Bush unveils modest mortgage proposals

WASHINGTON, Sept 1 (AP) - President George W Bush on Friday announced a set of modest proposals to deal with an alarming rise in mortgage defaults that have contributed to turbulent financial markets over recent weeks.



President Bush, center, accompanied by Treasury Secretary Henry Paulson, right, and Housing Secretary Alphonso Jackson

Similarly, Federal Reserve Chairman Ben Bernanke vowed to do all that is necessary to protect the US economy from the ill effects of a global credit crunch - but not to bail out investors and lenders "from the consequences of their financial decisions." President Bush confidently predicted the country would safely weather the financial storm.

While Bush announced steps to help homeowners struggling to make their mortgage payments, he made clear he has no interest in bailing out lenders, some of whom got cocky, took on too much risk and ended up with bad loans.

Transport ministers push for greater connectivity

BY GOPAL KHANAL
NEW DELHI, SEPT 1

The first ministerial meeting of SAARC transport ministers held in New Delhi has recommended nine pilot projects for greater transport connectivity among member nations.

Out of the projects recommended, two will connect Nepal with India and Bangladesh while the remaining will strengthen connectivity among other member countries, officials said.

The meeting recommended the projects after extensive discussions on a Multi-modal Transportation Report prepared with the assistance of Asian Development Bank (ADB). India proposed the 1,362 km long Birgunj-Kathiyar-Shihabad-Rohanpur-Chittagong project that will establish linkages between Nepal, India and Bangladesh, connecting Biratnagar of Nepal and two Indian cities - Joghani and Agartala, capital of Tripura.

Under the second proposed 1,323 Km long road

project, roads between Kathmandu and Birgunj will be widened and improved as express highways that will be connected with Kolkata.

The projects will ensure intra-regional market access for member countries, reduce transit-transportation related trade barriers and facilitate growth of trade, said officials.

The projects will also provide short route transport and transit facilities to the landlocked countries like Nepal and Bhutan as well as the northeastern Indian states.

"The decision of the meeting to recommend a higher SAARC body to link the Birgunj, Biratnagar and Joghani routes with important trading routes of other SAARC countries is the main achievement of Nepal," Ramesh Lekhak, minister of state for labor and transport management told the Post.

He elaborated that the projects were proposed as per the declaration of the 14th SAARC summit,

which called for building better linkages in South Asia.

The projects, once endorsed, would link 1.5 billion people residing in the region. In the meeting, India proposed four projects, of which two were related to Nepal, where as Sri Lanka and Bhutan proposed three and two projects respectively.

According to the participating officials, a feasibility study of all the proposed projects will be submitted in the inter-governmental meeting in Sri Lanka in the second week of 2008 March. The projects will move ahead once the SAARC Secretariat prepares the final report, compiling the views put forth by the ministers and technical experts in the meeting.

To establish full connectivity within member countries, SAARC has planned to build 6,540 km of railway line and 11,844 km of road along with the development of ten ports covering 2,757 km of waterways and 16 airports.

NEWSLINE

Signature apartment opens booking

KATHMANDU, Sept 1 (PR) - Lifestyle Housing, on Saturday, opened bookings for the residential apartment complex - Signature - which it has developed in Teku. Issuing a press release on Saturday, the housing company said that it is offering a special discount to the clients who book their apartment within a specified period. The apartment is set in natural environmental, is resistant to earthquakes and is attractive built, the release states. It also has adequate parking facilities, appropriate security arrangements and round-the-clock supply of electricity and water. The company has also arranged loan facilities from banks and financial institutions for clients who need financial support, concludes the release.

Hyundai labor union to keep negotiating

SEOUL, Sept 1 (AP) - Unionized workers at Hyundai Motor Co will negotiate further with management over a new wage package despite approving a resolution to go on strike, a union spokesman said Saturday. "We decided not to go on strike until September 5 to try to resolve the dispute smoothly," said Chang Kyu-ho, spokesman for the union, which has 44,867 members. Results of a union vote released earlier in the day showed that 28,243 members supported a walkout, while 12,544 opposed it. A total of 40,995 union members, or 91.4 percent of the total membership cast ballots. The company has offered a 5.4 percent increase, or 78,000 won (US\$83) more a month in basic salary, while the union is seeking an 8.9 percent hike.

Microsoft antitrust compliance on schedule: US Justice Dept

SEATTLE, Sept 1 (AP) - Microsoft Corp has submitted a test version of its Windows Vista operating system with features that make it easier to use non-Microsoft programs to search PC hard drives, according to a report issued by the Justice Department. The company was on schedule in other areas, including the massive task of rewriting documentation it provides to licensees of its technology, according to the report released Friday. The report was a regular update on Microsoft's compliance with a 2002 antitrust settlement. Microsoft agreed to make changes to Vista in response to antitrust complaints from Google Inc, which in June said Microsoft's hard-drive search program was interfering with Google's own tool.

In India, a big push into small cars

AGENCIES
MUMBAI, SEPT 1

For the past four years, auto enthusiasts in India have been eagerly awaiting the launch of one of the industry's most ambitious projects, Tata Motors' ultra-low-cost car. Ratan Tata, chairman of India's largest private-sector conglomerate, announced in 2003 his intention to make a \$2,200 car, which is now likely to debut at the Indian auto show next January in New Delhi.

Others are not just waiting to see what Tata unveils. The group's innovative venture into the very-small-car space has sparked the imaginations of a host of Indian entrepreneurs, who are planning to compete.

In the last couple of months, many Indian manufacturers -- from scooter and motorcycle makers to automakers, auto component players, and various auto professionals -- have announced plans to roll out low-cost cars. The price range: \$3,000 and below, with engine capacities ranging from 660 cc to 1,500 cc in gasoline, diesel, and hybrid versions.

If Indians are gung-ho about

the small car, so, too, are the foreigners. On August 22, Toyota Motor Chairman Fujio Cho revealed at a press conference in New Delhi that Toyota plans to enter the small-car market, and India could be its first destination.

For a Growing Middle Class

German carmaker Volkswagen is also said to have plans for a two-door, rear-engine car. And specula-

cost but life-cycle costs that are critical," he adds.

Leading the race are ambitious multinationals that lost prior opportunities to be in India and are now anxious to catch up. The Franco-Japanese alliance of Renault and Nissan is one. In April, Renault and Nissan Chairman Carlos Ghosn said he was watching the \$3,000 car market and intended to offer a product for India's masses. In

grumbling that the company was giving up a lucrative market of buyers who wanted to get a vehicle that was more than a scooter but less than a car.

Bajaj's fiercest competitor, the New-Delhi-based \$3 billion Hero Group, India's largest bike and cycle maker, has also stirred the car pot, but won't give details. The group's 23-year-old joint venture with Honda Motor for motorcycles,

users. The next move is a car - an affordable one, which bridges the gap between the \$1,450 average scooter to the \$4,800 small car currently on the market.

Up from the Bullock Cart

The transition away from two-wheelers makes the small car's success seem inevitable. Despite India's increasing

wealth and the multiple auto offerings, small cars continue to dominate Indian roads, with 70% of the 1.4 million-car annual market. That's likely to double by 2008. Spurred by a growing demand for compact and low-cost cars, auto sales are expected to soar from \$34 billion last year to \$145 billion by 2016. According to the Strategic Foresight group, between 2001 and 2007 about 100 million Indians moved up the ladder from being bullock cart-users to being two-wheeler

But profitability is a big issue, and the critical factor is making the car at the lowest possible cost. Tata is confident: says Ravi Kant, Tata Motors' managing director. "It is not just pure price play, but a lot to do with innovation and effective use of resources." This is not idle talk, as Ratan Tata produced India's first indigenous car -- the Indica -- in 1999, helping Tata Motors emerge as the second-largest carmaker in India. And that's why everyone wants to be in his game.

Hero Honda, has been one of the most successful in Indian auto history, but now Hero is looking at making vehicles with four wheels rather than just two.

For these players, entering the car market is yet another opportunity, say analysts. If the Tata car succeeds, it could eat into the 65 million-per-year two-wheeler market in India. The most affected would be premium two-wheelers with 35% of the market and 16% operating margins, double the average for

July, Renault began talks with Bajaj Auto for a \$3,000 car.

Four-Wheeler Technology

Rajiv Bajaj, managing director of Bajaj Auto, told reporters that he has been working on a new indigenous technology for a four-wheeler which, if viable, the company will showcase at the New Delhi auto show in January.

This represents a big move for Bajaj Auto. The company has been the second-largest player in the Indian two-wheeler segment, and investors have long been

