

# ECONOMICS

**THE LONG TRANSPORTATION OF HUGE EQUIPMENT FROM OUTSIDE NEPAL HAVE PRONOUNCED RISKS AND IS TIME CONSUMING**

Amul Shrestha  
Kathmandu

## Nepal has a growing capacity for in-house manufacture of transformers

sents a substantial financial burden. Failure to replace old equipment represents several risks, primarily accelerating maintenance costs and increasing loss claims. Power transformers have long been a major underwriting concern. Failure of a single unit can result in widespread loss of service with considerable lost revenue as well as replacement and other collateral costs.

The Nepal Electricity Authority (NEA) has stopped installing new electricity lines to small and medium scale factories for the past couple of months citing shortage of transformers. After a long delay, NEA recently initiated procurement of transformers as its officials were hesitant to place fresh orders after the earlier procurement process fell into controversy. The process of procuring trans-

formers and other auxiliary equipments including, metre boxes, was disrupted for 18 months due to the controversy. Investigations were launched after the previous supplier delivered substandard transformers. Further, investigation shows that the substandard quality of these transformers has created complex problems to the extent that the whole unit requires a replacement. The long transportation of huge equipment from outside Nepal have pronounced risks and is time consuming.

NEA provides transformers to industries requiring power up to 50 kVA. Firms that need power higher than 50 kVA have to manage transformers on their own. At present, the state-owned power mo-



hydrohighlight

nopoly has only used transformers in stock. At present, majority of transformer are imported, however there is a growing in-house manufacturing capacity in Nepal as well. Home grown private companies are providing good quality services and have expanded its reach to sectors like micro hydro and hotel industry.

Provided there be a facility for a detailed test (type test) for transformer in the country, which is apparently not available in Nepal, the issues faced by relying on foreign companies would be drastically reduced. Observable analysis will help to make appropriate decisions timely. Likewise, the Nepali companies would also have healthy competition in the market, because conducting Type-test inside the country would reduce cost for transportation and damage risk. It would also be convenient to test all the new transformers as the validity period expires after five years.

Since transformers play a crucial role in entire power system

value chain, NEA and other related government agencies should support and protect Nepal's transformer manufactures. In this context, the government should impose import of transformers from third country, and facilitate production of transformer in the country. The government should also establish type-test and routine-test laboratories to maintain quality of transformers in Nepal itself. This will lessen the hassles that the manufacturers have to bear while taking the transformer to other countries for type-test. To establish these facilities NEA and Nepal Bureau of Standards should play a vital role.

The author is Managing Director at Transweld Pvt Ltd, an EDC member organisation. Reach them at: www.fb.com/edcnepal.org

legaleagle

## Wrong approach

**NO POSITIVE PROGRESS ON TRANSITIONAL JUSTICE**

Ananta Raj Luitel  
Kathmandu

Despite a long wait the state is still unable to ensure speedy transitional justice in the country. The government's delay in promulgating Rules under Disappearance and Truth and Reconciliation Commission Act, 2014 and its wrong approach towards granting general amnesty to the perpetrators either one or another way has raised plenty of questions on the credibility of our transitional mechanism and transitional justice.

Since it is a matter of international concern on providing justice to the transitional victims, the provisions on getting transitional justice related matters including criminalisation to the perpetrators of enforced disappearance and making investigation credible are the need of the hour. Despite the order of the Supreme Court on June 1, 2001 and February 16, 2015 order, the government is yet to adopt clauses for punishment to criminals of enforced disappearance.

The signing of Comprehensive Peace Agreement (CPA) was signed almost a decade ago ensuring justice to transitional victims but no progress has been made in terms of meting out punishment to the perpetrators. The course for drafting Act on transitional justice and formation of the commissions was concluded almost a year ago but the work has not been made public from the commissions.

The Commission on Investigation of Disappeared Persons, Truth and Reconciliation Act, 2014 (TRC Act) was promulgated on April 25, 2014 with a wide range of amnesty powers. Although the political parties did insert an amnesty provision in the Act no progress has been made beyond that point.

Almost 1,500 people sacrificed their lives and there is no clue of more than one thousands whereabouts but the politicians who have been enjoying the result of the change are still adamant towards making it more trustworthy and systematic because they are not honestly recalling what should be done for the victims.

"The commissions with amnesty power are formed despite our objections because the political leaders do not want them to go properly with the compliance of humanitarian provisions. But the process reflects clearly that the commissions will not work properly as per our expectations," human rights lawyer Govinda Sharma Bandi told *THT Perspectives*. "We are not enthusiastic for proper transitional justice what has been seen in the scene," he added.

**TRADER SHOULD KEEP ENOUGH FREE MARGINS TO AVOID UNWANTED MARGIN CALL OR EQUITY HIT**

Lakshman Pandit  
Kathmandu

Gold is most liquid and tradable precious metal by volume in the commodity market that gives almost 28 per cent annual returns and is tool for hedging against inflation as well as insurance for unusual stock market.

**Know gold**

The total world's gold produc-

While trading in gold futures, investors must be aware of contract expiry, lots size, quantity, margin and fund availability

tion is 183,600 tons at the end of 2014 and annual production is 2500 metric tons. China is the largest producer, that is, 15 per cent and 20 per cent gold production comes from the African continent. India imports the highest with 20 per cent whereas Hong Kong exports 22.5 per cent. Surprisingly, India and China consumes half of the world's gold.

**Uses**

Gold is used 50 per cent in the form of jewellery, nine per cent in technology (in smart phones, cutting edge medical diagnostics), and rest in investment and miscellaneous purpose.

**Know product specification**

While trading in gold futures, investors must be aware of contract expiry, lots size, quantity, margin and fund availability while placing orders. No step should be taken in hurry in the gold market.

**Gold news**

There are abundant news



investosansar

channels that update gold news regularly to grab the opportunity of price fluctuation caused by the fundamentals indicators. The news links like bullionvault.com, kitco.com, mining.com, and business channels including Bloomberg and Reuters might be useful to keep an eye on gold.

**Gold/Currency relation**

Most of the time, gold is having an inverse relation with USD and positive with Euro, Yen, Pound, INR et cetera but it can vary any

time, therefore, investors need to be careful when placing the order in relation to the correlation of gold and currency.

**Others factors**

Gold is assumed to be having a negative relation with stock market but there exists a complicated relationship till now to prove the authenticity in many cases.

**Gold trading ways**

Gold is tradable in many ways; its business can be carried out in physical gold, futures, Gold ETF, and others CFDs.

**Trade ghost**

While trading in futures, few

things must be kept in mind as it can ruin the whole trade. Trader should keep enough free margins to avoid unwanted margin call or equity hit. These ghosts require to be kept away for strategic trading.

**Trade friend**

Traders should identify the support and resistance level to stick with the trend and have to accept the reversal some time. In order to come back into the market with the remaining amount, they should put stop loss to save money and win the trade.

Gold trading is the choice of most of the commodity traders because gold is never too old to give return on investment in quick time.



The author is associated with Mercantile Exchange Nepal Limited in the capacity of Manager in Business Development Department. He can be contacted through bcl@mexnepal.com

## Rebuilding Nepal

Nivida Lamichhane  
Kathmandu

All would agree that the twin quakes were a wake-up call for Nepal. On many fronts we were caught unprepared. The industry that was the most shaken up however, I can safely say, is the construction sector. Staying in a house that is a load-bearing structure, and having spent many sleepless nights along with my family whenever aftershocks struck, I understand how critical construction material and technology has become now. At the recently concluded exhibition on sustainable housing at Institute of Engineering, Pulchowk, I was witness to a growing interest among visitors that were intent on new construction and modifying built structures with technology that is sustainable, ecologically friendly, and most importantly safe in the event of a natural disaster. This is in sharp contrast to the cost-cutting that consumers and construction professionals resorted to. Also, people have become much more conscious regarding building codes and quality of construction material, two areas that were blatantly ignored and compromised upon previously.

Having volunteered time at ABARI, a company specialising in construction using earth and bamboo, I am aware how locally available material can be used to build structures that are eco-

friendly, economical in the long run, and sustainable – three parameters that is guiding mantra for construction professionals worldwide. To have an insider's insight into the issue of recon-



struction and rebuilding I met Dr Santosh Shrestha, Sustainable Housing Expert with UN Habitat, who is also one of the chief implementers of the Green Homes project in Nepal.

According to him, there is a renewed sense of urgency among policy makers to ensure that building codes are updated and implemented effectively. This, Shrestha says, is also a great opportunity to implement safer and sustainable housing considering local climate conditions and multi-hazard safety measures. He also feels that there is genuine interest among the gen-

eral public to understand safer technologies that are geared toward building sustainable residential or commercial properties. He stresses that the rebuilding effort should be economical,

eco-friendly and sustainable and that modern technological innovations should take advantage of local building material and expertise. On the issue of prefabricated building material Shrestha has mixed opinion – there are pros and cons, he says. Although fast and easy to build and most likely to cause less damage to residents of a building during a quake because of lightweight construction, the technology may not be socially acceptable in far-flung, remote areas of the country which have the most rebuilding to do.

Also, economically prefab con-

struction does not benefit the country's economy because most of money spent is ploughed back to pay the country from where the technology/material have been imported. International agencies that are funding rebuilding efforts encourage the use of local resources, technology, and manpower in reconstruction and rebuilding efforts. Shrestha believes that the construction industry is on the verge of a huge shakeup that is going to benefit the consumers,

more such examples need to be built to make people believe in the technology. Already, he shares, a hospital is being built in Accham and Kopila Valley School in Surkhet. An ideal case in sustainability, rammed earth buildings use earth from the local site. Use of cement still is minimal and no burnt bricks are used. With no additional finishing required on the walls and the thick earth walls keeping the interiors cool during summer and warm during winter, incorporat-

investor's impact

give rise to a greener and safer society, as well as inject economic prosperity overall by encouraging entrepreneurship in this field.

Hemendra Bohara of 'matoghar' fame opines that interest in sustainable houses is definitely on the increase as a viable alternative to concrete ones. Matoghar incidentally is the first house in Budanilkantha that was built with rammed earth technology. It is beautiful, modern and Bohara claims is earthquake-resistant. He feels that

ing passive solar design, energy costs are simply struck off. If clients want to take a further jump onto the sustainability bandwagon, Bohara recommends that waste water treatment, rainwater harvesting, passive solar design, and solar power as a means of electricity generation, be incorporated to be truly green.

Both believe that it is time to raise voice for safe, sustainable and eco-friendly construction which has the power to propel Nepal into the global conservation and sustainability map.



The author is a Project Leader at WriteWeavers, a specialised content planning and development company. She can be reached at lamichhane.nivida@gmail.com