

## Premier Indian steel group to pull out of Nepal

One of India's prime steel manufacturers, the Rs.60 billion Bhushan group, has decided to pull out of Nepal because of the prevailing political, power and labour problems.

'We don't need the tension,' Roshit Unnithan, general manager of Aarti Strips Private Ltd, the group's venture in Nepal, told IANS. 'We can do better business in India.'

Begun in 2001 with an initial investment of about Rs.200 million, Aarti Strips today has a paid up capital of about Rs.2.5 billion and provides employment to nearly 300 people.

'We pay the Nepal government a revenue of Rs.200-250 million every year and bring in about Rs.5 billion by way of export at a time Nepal is facing an acute shortage of Indian currency,' Unnithan said.

On Sunday, the board of directors of the Bhushan Group decided to wind up business in Nepal and relocate the factory either to Assam or West Bengal in India.

'We earned Rs.5 billion last year and this year have contracts worth Rs.6 billion,' Unnithan said. 'We didn't suffer a loss but the tension became unbearable.'

Last year, another Indian company, Hindustan Steels' Crescent Nepal, decided to move out of Nepal.

'Nepal is the only place where we have to pay export duty,' said Unnithan, whose group has business dealings in countries as diverse as Ethiopia, Iran, Australia, the UAE and China.

'Before every budget, we wrote to the Nepal government with no result. In India, we have a better power situation and better tax incentives.'

'Our departure is definitely going to affect the import-export balance.'

The Indian industry is located in Biratnagar town in Morang district in southeastern Nepal. Though the hometown of Prime Minister Girija Prasad Koirala, who began his political career as a trade union activist in a jute mill, Biratnagar's industrial base has been suffering due to a combination of several factors.

It is located in the Terai plains that have been volatile since 2003.

Earlier, the Maoist guerrillas used to blockade the highway connecting Nepal with India to choke off supplies. Though the rebels signed a peace pact with the government last year, the plains still remain turbulent due to an ethnic protest that began in January.

The Madhesi Janadhikar Forum, a group of people from the Terai plains, is demanding an autonomous state for the diaspora and has been enforcing a series of transport strikes, blockades and general strikes in the plains.

To add to industrialists' trouble, Nepal's electricity authorities have begun enforcing a 40-hour

weekly power cut in Kathmandu valley and a lesser outage in the districts to cope with a mounting power scarcity caused by a lean monsoon.

But perhaps the worst irritant for businesses is labour trouble.

Growing rivalry between the Maoists, Koirala's Nepali Congress and the second-biggest party in the government, the Communist Party of Nepal-Unified Marxist Leninist, has resulted in an increase in trade union activities.

Business houses countrywide have been facing forcible closure of factories by the labour unions as they try to woo workers by promising higher wages and permanent jobs.

*Sudeshna Sarkar* ( © IANS / India eNews)