

FinMin asks secretaries to forward action plans on reducing arrears

POST REPORT

KATHMANDU, AUG 5

FINANCE Minister Shankar Prasad Koirala on Monday asked the secretaries of various ministries to forward their action plans on reducing arrears within the next 15 days.

According to the 50th report of the Office of Auditor General (OAG), arrears from advance payments stand at Rs 14.7 billion as of 2011-12.

Koirala, who also heads the "committee to implement report of constitutional bodies", asked the secretaries to set a target of reducing the arrears by 20 percent within mid-September, 50 percent by mid-March, 100 percent by mid-June.

In the absence of a parliament to discuss issues related to arrears, the government formed the committee to take measures to reduce the arrear size.

The Finance Minister gave such an instruction to the secretaries during the second meeting of the committee held at the Finance Ministry. He asked the secretaries to form a team to look after the issue of arrears within the ministry, saying that the ministry was ready to provide neces-



sary resources for the purpose.

During the meeting, Chief Secretary Lilamani Poudel said the advance payments made to contractors have been a big source of corruption and stressed that it should be stopped.

Poudel was responding to complaints of secretaries about the categorisation of the advance payments as arrears. They said advance payments should be categorised under a different heading.

According to Poudel, advance payments made as "mobilisation

fund" before the start of the work have encouraged contractors to invest the money in real estate and subcontract the projects to others at reduced costs.

"Contractors should be asked to take loans from banks to start the work instead of providing the mobilisation fund," said Poudel.

"We award contracts based on the financial strength of contractors. The contractors' tendency of not starting work before receiving the advance payment should be stopped."

Record auto registration in 2012-13

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AFTER a slow growth in 2011-12, the automobile business made an impressive turnaround in the last fiscal year, with vehicle registration reaching an all-time-high.

A total of 208,483 vehicles were registered in 2012-13, the highest so far in a fiscal year. Vehicle registration had last crossed the 200,000-mark in 2009-10 when 201,787 automobiles were registered.

After a high in 2009-10, the automobile business had suffered a setback in 2010-11 when the government hiked the excise duty and bank interest rates surged due to liquidity crisis. The slowdown continued in 2011-12, with a meagre 3.93 percent growth in registration.

Almost all automobile segments

saw an impressive growth last year, with the overall registration increasing by 22 percent. Traders attributed the growth to the decline in bank interest rates on auto loans, increased sales in markets outside Kathmandu, and a surge in two-wheeler sales.

"The major contributor to the overall market growth was increased sales of two-wheelers and passenger cars," said Saurav Jyoti, immediate past president of Nepal Automobile Dealers Association. "The decline in interest rates on auto loans also helped grow the business."

The two-wheeler segment grew by a healthy 21 percent in 2012-13, according to the Department of Transport Management (DoTM). A total of 175,381 motorcycles were registered — 84 percent of the total vehicle registration — in the review

period. "Two-wheeler sales increased mainly due to the growth in demand from rural markets," said Devi Ram Bhandari, director at DoTM.

Passenger cars registration increased by 10 percent to 9,595 units, from 8,711 units in the previous fiscal year.

Registration of heavy equipment (excavators, cranes and dozers) grew by a whopping 150 percent, according to the department.

Last fiscal year, Mechi, Koshi, Narayani, Bagmati, Gandaki, Dhaulagiri, Lumbini, Veri and Mahakali Zones saw vehicle registration increase, while the registration in Sagarmatha, Janakpur, Rapti and Seti declined.

Bagmati, Narayani, Lumbini, Koshi and Gandaki were the top five zones in terms of the number of vehicles registrations.