

Source: Karobar; 1 Nov 2015

Strike affects construction of transmission line

BABURAM KHADKA

The plan of Nepal Electricity Authority (NEA) to reduce load-shedding coming winter by importing additional 90 MW from India will be affected with the ongoing tarai movement obstructing construction of the Dhalkebar-Muzaffarpur 400 KV cross-border transmission line.

Construction of the 40-kilometer section from Dhalkebar to Bhitthamode has been stopped due to the unrest in tarai. The work was scheduled to be completed in September. The NEA currently is importing up to 180 MW from India. "Work in the 100-kilometer section from Bhitthamode to Muzaffarpur in India has almost been completed. But there is little chance of importing immediately from India as the work on the Nepali side has not been completed. It will be completed in a month after resumption of work. Import can be started soon if the tarai movement were to end soon," Managing Director (MD) of the NEA Mukesh Raj Kafle said.

He added that load-shedding can increase as the reservoir of Kulekhani has not been filled completely and the plan to import additional energy from India has also been obstructed. The NEA has already signed a 25-year agreement with the Power Trading Corporation (PTC) of India Limited to import additional electricity from India. The agreement has come into implementation from the current year.

Booking for exchange of 1200 MW through the 400 KV transmission line has been done. Preparations were made to import 90 MW from the transmission line by converting the 400 KV into 132 KV as the substation has yet to be completed at Dhalkebar. The NEA also plans to import additional electricity from Kussaha-Kataiya 132 KV Transmission Line.

The NEA aims to import 337 MW from India this year by bringing an additional 100 MW. But there will still be deficit of 600 MW in the system this year, as demand will rise to 1396 MW while supply will reach just 796 MW including that imported from India. The government, meanwhile, has expressed commitment to limit load-shedding to eight hours a day in the current fiscal year even as the NEA has already prepared a report projecting daily load-shedding of seven-13 hours. It had limited load-shedding to 12 hours a day during the last year.

Agreement to import additional 35 MW

The NEA, meanwhile, has signed agreement with the PTC on Friday to import additional 35 MW from coming December to May. It will be procured at IRs 3.50 (Rs 5.60) per unit, according to Kafle. The NEA will earn a profit by selling the additional 35 MW. The rate is half of that in the last year as price of electricity has fallen in India this year. The average selling price of NEA is Rs 8.05 per unit.

A team including director at the Power Trade Department of NEA Anil Raj Bhandari is currently in Delhi for procurement of electricity.

Source: My Republica; 2 Nov 2015

Modality for Budhigandaki Hydropower Project development still undecided

RUDRA PANGENI

It has already been four years that the government initiated work on Budhigandaki Hydropower Project, announcing the reservoir project as a national pride project. However, the government has not been able to finalize its development modality yet.

The project is being developed by setting up Budhigandaki Hydroelectric Development Committee (BHDC). However, many, including energy secretary Rajendra Kishore Kshatri as well as many lawmakers, argue that the government ownership modality does not work for project of this scale.

They have suggested forming a project development company under the Companies Act 2006 so that the company can raise equity and mobilize resources for the development of the project which is estimated to cost Rs 250 billion including around Rs 58 billion for land acquisition and resettlement of affected people.

Upon completion, the project being developed on the Budhigandaki River that borders Gorkha and Dhading districts is expected to end the country's power woes.

Speaking at a discussion program at the Agriculture and Water Resources Committee (AWRC) of legislature-parliament on Sunday, Secretary Kshatri said that the development committee modality will not suit for the project of this scale. He was for forming a company under Companies Act, while BHDC Chairman Laxmi Prasad Devkota has suggested forming an authority to develop the project.

Former energy minister Radha Gyawali had lobbied hard for the development committee modality to develop the project.

Speaking at the discussion, lawmaker Chinkaji Shrestha blamed lack of coordination between the BHDC and the ministry for delay in the project. "We had to move for pillar to post to secure even minor budget allocation," he added. Shrestha, who is among the project-affected people, said the government hasn't put the project in priority even though locals have extended all possible support for development of the project.

Joint Secretary of Ministry of Finance Kibal Prasad Bhandari, who is also the member of BHDC, also conceded that the state mechanism cannot develop the project. "It should be developed in the company model so that technical hands can be hired from the open market," he added.

Lawmaker Shrestha said they had asked the government to allocated Rs 29 billion, half of the estimated cost for land acquisition and resettlement, in this fiscal year. "But only Rs 3 billion was allocated," he added.

According to a study report, the project will displace 44,643 people of 8,117 households.

Shrestha also said the development committee model will not help as financing companies do not show interest in such projects. "Also people might not be interested to invest in initial public offering (IPO) floated by a government body," he added.

Lawmaker Bikram Khanal blamed political leadership for dragging its feet on the project despite having all-party consensus for development of the mega project.

Lawmakers from the project-affected area said many affected households, whose houses have been damaged by the earthquake, are desperately waiting for the government to endorse resettlement plans and compensation package.

The committee has directed the government to come up with a workable modality for the development of the project soon and expedite work for the development of the project considering acute energy shortage in the country.

Gagan Thapa, chairman of AWRC, also said that the project should be developed by mobilizing internal resources.

Thapa for mobilizing internal resources for Budhigandaki project

Gagan Thapa, the chairman of Agriculture and Water Resources Committee of legislature-parliament, has floated an idea of mobilizing domestic resources to develop Budhigandaki Hydropower Project.

The project is estimated to cost Rs 250 billion.

Among others, Thapa has suggested increasing tax exemption limit for deposits at Citizen Investment Trust (CIT) by Rs 100,000. At present, tax exemption limit for CIT has been capped at 33 percent of one's income or Rs 300,000 per year, whichever is low. "Tax collection from Rs 100,000 will be very little compared to collection of about Rs 15 billion every year or making Rs 75 billion within five years to invest in the project like Budhigandaki," Thapa said, referring to a recent study conducted by the Ministry of Finance.

Thapa also suggested launching a scheme to collect funds from mobile phone users like in Ethiopia. "Institutions like CIT, Nepal Telecommunications Authority and Nepal Telecom are sitting on a huge pile of cash in the absence of good investment opportunities," he said, adding that the government should utilize their funds and also make budgetary allocation every year to develop the project.

Speaking at a discussion program at AWRC on Sunday, Joint Secretary of the Ministry of Finance Surya Prasad Acharya said the government should mobilize internal resources to develop the project. He also said the finance ministry has expressed commitment to make needful budgetary allocation for the project.

Source: My Republica; 3 Nov 2015

IPPAN urges government to declare national energy crisis

Independent power producers have demanded that the government declare 'national energy crisis' and focus on hydropower development to address acute shortage of energy.

Issuing a whitepaper on Nepal's energy situation, Independent Power Producers Association Nepal (IPPAN) said the 'national energy crisis' should be continued until the country generates at least 10,000 MW of hydropower. Nepal's total hydropower generation is below 800 MW. Hydropower projects with combined capacity of 1,000 MW are in different stages of construction.

At a meeting with newly appointed Deputy Prime Minister and Minister for Energy Top Bahadur Rayamajhi, IPPAN officials urged the government to adopt needful measures for becoming self-sufficient on energy.

Referring to the acute fuel crisis that the country is seeing, IPPAN asked the government to look for alternative energy sources. IPPAN officials also said the country's dependency on other countries for energy is increasing because of factors like conservative energy forecast and conditional power purchase agreements, no hike in electricity tariff for a long time, and lackluster attitude of government authorities while dealing with independent hydropower developers.

Along with petroleum imports worth more than Rs 100 billion from India every year, Nepal also imports electricity worth around Rs 10 billion from India every year. Ongoing petroleum shortage has thrown businesses and industrial sector into disarray, resulting to loss of Gross Domestic Production (GDP) worth Rs 400 billion which is equal to the amount required for generation of 2500 MW hydropower .

IPPAN officials also apprised the energy minister that development of hydropower can save Rs 70 billion annually that the country spends to import LP gas. IPPAN has given the government seven-point suggestions to facilitate hydropower development. Among others, it has suggested that the government adopt fast track services in land acquisition and forest clearance for hydropower projects. Similarly, it has suggested preparing separate guidelines related to national energy crisis and endorsing a national energy security policy.

Independent power developers have also suggested that the government introduce single desk services for hydropower developers for better coordination among government agencies. It has asked the government to come up with more realistic energy forecast and initiate work to reduce consumption of fossil fuel as far as possible.

Likewise, IPPAN has also suggested that the government prioritize development of reservoir projects, and open door for private sector to construct transmission lines in Build, Own and Transfer (BOT) model. IPPAN has also asked the government to provide tax discounts on import of electric vehicles and cooking appliances.

Source: The Himalayan Times



Photo: Courtesy IPPAN

A delegation of Independent Power Producers' Association, Nepal meeting Energy minister Top Bahadur Rayamajhi, in Kathmandu, on Monday. During the meeting, the IPPAN team discussed current energy crisis and possible long-term measures that need to be adopted to mitigate the challenge of energy security in the long run.

Source: The Rising Nepal; 4 Nov 2015

Tarakhola Hydropower to collect amount from locals

The Tarakhola Community Hydropower Project which was in limbo for some months now for lack of sufficient funds has started to fund from the locals to advance the project.

A total of Rs 90 million would be collected from the residents of Hill, Tara and Argal VDCs in Baglung district in its bid to meet the financial need for the completion of the 394 kilowatt project.

The project started some three and a half years ago was stopped after completing some 60 per cent of the construction works.

The project has aimed to collect Rs 40 million from the locals of Tara VDC, Rs 30 million from Hill and Rs 20 million from Argal.

The locals' have already invested Rs 23.2 million in shares while the Alternative Energy Promotion Centre of the government has provided Rs 62.3 million in grant. Similarly, Pahadi Hydropower Company has the investment of Rs 10 million in the project. Total cost of the project is estimated to be Rs 170 million, secretary of consumers' committee Kul Bahadur Roka said.

The project officials said that the remaining jobs of the construction would begin after the Tihar festival once the fund was collected from the locals. RSS

Source: Karobar; 4 Nov 2015

Construction of hydropower projects hit by blockade

BABURAM KHADKA

Construction of over three dozen hydropower projects has been stopped in lack of import of fuel, construction materials and equipment due to the Indian blockade. Construction of these projects has again been stopped as India imposed blockade on Nepal even before work could be resumed following the earthquake on April 25.

Cement, iron rods and electromechanical equipment needed for construction are stranded across the border due to the blockade. Foreign contractors import construction materials like cement, iron rods and others, and equipment for construction of big projects. The project will have to pay billions to the contractors in compensation due to stopping of work after the blockade. Promoters say the contractors get insurance claims for losses due to the earthquake but compensation has to be paid for the delay owing to the blockade.

Work of 456 MW Upper Tamakoshi, 111 MW Rasuwagadi, 42 MW Lower Sanjen, 15 MW Upper Sanjen, 102 MW Mid Bhotekoshi, 60 MW Upper Trishuli 3 A, 14 MW Kulekhani III, and around two dozens small and big projects constructed by the private sector has been stopped now. Promoters say the projects face uncertainty as work has again been obstructed after being affected by the earthquake for six months. This will delay the projects and also raise project cost.

President of the Independent Power Producers' Association, Nepal (IPPAN) Khadga Bahadur Bista said the blockade has affected work of all under-construction projects. He claimed that all the projects have been delayed by a year due to the earthquake and blockade. He revealed that projects with combined installed capacity of 100 MW being developed by the private sector have been stopped now.

“We were preparing to resume work from October after obstruction in work since the earthquake on April 25 and subsequent aftershocks. But work has again been stopped due to the blockade,” Project Chief of Upper Tamakoshi Bigyan Prasad Shrestha said. He rued that work has to be stopped again even as preparations were on for mobilization of workers following agreement with contractor Sinohydro Corporation to resume work. “We are currently doing work for preliminary preparations. Work will resume at war footing once import eases after lifting of the blockade,” he added.

Work of Rasuwagadi Project, ravaged by the earthquake, has also been stopped. Project chief Madhav Koirala said work had to be stopped due to lack of fuel and construction materials when civil contractor China Water and Electric Corporation had mobilized 150 workers. He added that work has been affected due to the blockade as the contractor imports all the construction materials from India. Revealing that the manager of contractor has gone to China to bring workers, he stated that the contractor is asking when the blockade will be lifted. “We have not been able to provide answer,” he added.

Source: The Kathmandu Post; 4 Nov 2015

Tarai banda, blockade hit hydel projects

The construction works of various hydropower projects in the western region have come to a halt due to lack of raw materials and equipment as the country has been facing supply disruption in the wake of India's undeclared embargo on Nepal. Having already incurred millions of rupees in losses, hydropower companies fear construction costs would shoot up as the projects are running behind scheduled deadlines. The prolonged blockade has left most of the projects are in dilemma. The 25MW Upper Madi Hydro Project in Kaski district, scheduled to be completed in April 2016, has been halted for the past month. Eighty-two percent of the works has been completed. Raj Kumar Baral, assistant project coordinator, said that the construction works had been halted due to shortage of petroleum products, cement and steel. The company has told its 600 labourers to stay on leave and some Chinese staff have returned home. The project needs 5,000 litres of fuel daily, said Baral adding that it is losing Rs500 million each day because of the blockade. "Equipment that were brought on lease have been sitting ideal. The project is facing landslide risks due to accumulation of water in the tunnel," he said. "Workers are unable to cook their meal due to shortage of gas." Project Director Bijay Babu Malla said that 4,200-metre tunnel had been constructed but they were not able to continue the concrete lining process. While 90 percent of works on intake has been completed, turbine fitting work has been stalled. The company has completed the construction of a switchyard and 31 transmission towers. "We had estimated that the project would be completed at the cost of Rs6.6 billion, but the overall cost would be increased," said Malla. China International Water and Electric Corporation has 80 percent stake in the project, while Nepali investors hold the remaining stake. Similarly, the blockade has also affected construction works at 20 MW Middle Modi and 15.1 MW Lower Modi hydropower projects in Parbat district. The Mid-Modi project is scheduled to be completed by next year, while Lower Modi is slated for completion by 2017. Labourers returned home before Dashain after the project works came to a halt. "The blockade has caught all of us by surprise. We had never expected of such a problem," said Pawan Kumar Yadav, head of the project. According to him, the project incurred a huge loss as 60 percent of the 4,200-metre tunnel construction had been halted. The project needs 1,000 litres of diesel a day. It has also been hit by the lack of construction materials due to the ongoing unrest in the Tarai. Meanwhile, the maintenance work of United Modi has been stalled due to fuel shortage. "We need to use heavy equipment but we are unable to do so due to lack of fuel," said project CEO Upendra Gautam. In Lamjung, works at five under construction hydel projects--50MW Upper Marsyangdi A, 27MW Dordikhola, 25MW Upper Dordi A, 2MW Chhayngdi and 3MW Superdordi 'kha'-- came to a halt due to lack of fuel. Similarly, the construction works at Myagdi-based 4MW Ghalemndi Hydro Project have been stalled for over a month. "Due to lack of fuel, we are not been able to operate generator and equipment," said Bimal Rijal, company secretary of the project. (With inputs from our correspondents Lalprasad Sharma in Pokhara, Agandhar Tiwari in Parbat, Ghansyam Khadka in Myagdi and Aash Gurung in Lamjung)

Source: My Republica; 5 Nov 2015

Power producers suggests govt to reduce fuel dependency on India

Independent power developers have said Nepal should sign fuel import agreement with third countries for energy security.

Officials of Independent Power Producers Association of Nepal (IPPAN) have suggested that the government limit fuel imports from India at 40 percent and source the rest from other countries. Speaking at a press meet organized in Kathmandu, IPPAN President Khadga Bahadur Bisht said that fuel diversification is important from strategic point of for landlocked countries like Nepal. IPPAN has also welcomed the government decision to import petroleum products from China. "Nepal should also study the possibility of importing hydropower from recently completed plans on Brahmaputra River," he said, adding that the country should sign Power Trade Agreement (PTA) with China.

Nepal signed PTA with India last year. But the agreement is yet to come into implementation.

IPPAN has also suggested that the government increase petroleum reserve capacity to 100 days from existing 17 days, diversify energy sources, and put focus on hydropower development. It has also asked the government to reduce dependency on fossil fuel by promoting use of electricity for different purposes.

Experts claim sufficient hydropower generation, introduction of electric vehicles for mass transportation, and increased use of electric stoves for household use can reduce consumption of fossil fuel by 43 percent.

Officials of IPPAN also said Nepal Electricity Authority (NEA) was hindering hydropower development by preparing suppressed and conservative forecast. Though studies say the country can consume 6,500 MW of hydropower at present, NEA says country's energy demand stands at around 1,300 MW, they said.

"NEA's reluctance to sign power purchase agreement (PPA) is discouraging independent power producers like us," IPPAN officials said in the press meet. "Several ready-to-build projects are failing to achieve financial closure due to NEA's reluctance to sign PPA."

Country's energy demand is increasing by 100 MW annually, but power generation is growing by less than 50 MW.

'BLOCKADE INFLICTS REVENUE LOSS OF Rs 5.5b ON HYDRO PROJECTS'

IPPAN officials say the delay in reconstruction of hydropower projects damaged by the earthquake has been affected by the Indian blockade, inflicting revenue loss of around Rs 2.5 billion.

Reconstruction of many hydropower projects, including Upper Bhotekoshi, with combined capacity of 85 MW, has been affected by the blockade. These projects were expected to be ready for power generation within the current fiscal year. Similarly, the blockade has affected several

undergoing projects, with combined capacity of 100 MW, which were expected to be connected to the national grid in this fiscal year, according to Kumar Pandey, secretary general of IPPAN. "These projects will lose around Rs 3 billion," he added

Projects like Upper Marshyangdi (50 MW), Upper Madi (25 MW) and Upper Chaku (22 MW) were expected to start generation at the beginning of this fiscal year. However, shortage of petroleum products and construction materials because of the blockade has construction works, according to Pandey.

Source: My Republica; 5 Nov 2015

HIDCL's IPO oversubscribed by 17.5 times

The Initial Public Offering (IPO) of Hydroelectricity Investment and Development Company Limited (HIDCL) has been oversubscribed by nearly 17.5 times, indicating a big attraction of the public toward investment in primary offerings.

According to initial data of Citizens Investment Trust - the issue manager, around Rs 35 billion has been raised from subscribers.

"The Rs 2-billion IPO has drawn a very good response. We have received around 210,000 applications worth around Rs 35 billion for primary shares of the HIDCL," Sushil Kumar Aryal, chief manager and spokesperson of HIDCL, told Republica. "The figure is based on our initial calculation. We can ascertain the number of applications and the ratio of institutional and individual investors only after few days," added Aryal.

The IPO, which was launched on October 29 for seven days, was oversubscribed on the opening day itself, according to the issue manager.

The state-owned hydropower investment company, which has already allotted one million units of shares to six mutual funds, floated 18.6 million units of primary shares to general public.

Established as a public investment company on July 6, 2011, 80 percent of the company's shares are held by the government (50 percent) and three state-owned companies (30 percent). General public will have 20 percent stake in the hydropower investment company following the allotment of primary shares.

The government established HIDCL, realizing the need of a special agency with huge financial might, professional expertise, and single-point agenda that could implement its hydropower development programs.

The company has already started making investments in eight hydropower projects including Lower Solu and Dordi Khola hydropower projects. It plans to utilize the money generated from the IPO in business expansion.

ICRA Nepal had assigned '[ICRANP] IPO Grade 3' rating to the shares of the HIDCL, indicating average fundamentals. ICRA Nepal has attributed a number of constraints to the grading it assigned to the IPO of the company.

Investment attraction toward IPO is growing in recent years as thousands of public through collection centers to subscribe public offering of various companies. Analysts attribute the face value of Rs 100 per unit for shares, which they can sell at higher prices in the secondary market, lack of good investment alternatives, falling interest rates in bank deposits, and growing awareness about the capital market to the rise in attraction of public toward IPOs.

"Since there are no better avenues for investors and the public to make investment, IPO has become a safe bet for them. Deposit interest rate of banks is in the downward trend and the secondary market was recently at an all-time-high. This has lured investors toward buying

primary shares," Shreejesh Ghimire, CEO of NMB Capital - a co-issue manager of the IPO - said.

According to Securities Board of Nepal (Sebon), a total of 28 companies acquired permission from the capital market regulator to float their primary shares or debentures worth of Rs 6.66 billion in the last fiscal year, up from Rs 3.02 billion in 2013/14.

Source: My Republica; 5 Nov 2015

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Source: Karobar; 6 Nov 2015

Applications worth over Rs 35b received for HIDCL

BHUWAN POUDEL

Applications worth over Rs 35 billion have been received for shares in the initial public offering (IPO) by the Hydropower Investment and Development Company Limited (HIDCL). The company had offered shares worth Rs 1.86 billion for public. Thursday was the last day to submit applications and the amount of applications can rise further when final details arrive.

Applications received are around 18 times higher as the capital with institutional investors have been invested for shares in the company. Institutional investors could invest up to Rs 500 million, and commercial banks, development banks, and finance and insurance companies have accordingly submitted applications, according to Spokesperson at the Citizen Investment Trust (CIT) Sushil Kumar Aryal.

He revealed that applications worth Rs 35,000,200,000 have been received as per preliminary details, and the amount can rise by up to five percent. He added that share apportionment will be completed within 60 days of stopping sale of shares. He stated that commoners prefer shares on hydropower companies and commercial banks in comparison to others.

The HIDCL had issued 20 million units of shares worth Rs 2 billion, but 400,000 units have been allocated for its staffers, and one million units for the Collective Investment Trust. More applications were received also as the deadline for submitting applications was extended to seven days from four. Aryal said everybody from students, youths, elderly, staffers and others submitted applications. "Attraction of the primary market of stocks is increasing even though the secondary market is unstable," he opined.

The CIT is the share issue and sales manager while NCN Merchant Banking and NMB Capital are associate managers. The government-owned company, established for development of hydropower sector in Nepal, has invested in eight projects in four years. Its paid-up capital will rise to Rs 10 billion after issue of shares.

Source: The Kathmandu Post; 4 Nov 2015

National pride projects stall due to fuel crisis

PRAKASH ADHIKARI, DAILEKH

The construction work of various national pride projects like the Mid-Hill Highway and the 900 MW Upper Karnali besides a number of small hydro projects in Naumule has been affected due to the fuel crisis caused by India's unofficial blockade. The Mid-Hill Highway had already stalled due to the negligence of the contractor before the start of the monsoon. The project's employees have been out of work as the fuel crisis has hindered the construction process. The first phase of the project, digging a track in Dailekh, has not been finished due to a dispute between locals and representatives of the contracting company who remain out of contact. "The project's contractors had remained out of contact for almost seven months; and when they did finally get in touch with us, the monsoon started," said Jagbir Shah, the engineer of the project. "The unrest in the Tarai and the blockade has led to a fuel shortage, and this has become an excuse for the contractors not to resume work." Initial work like track opening, removal of landslides, wall making and bridge building that had just started also came to a halt. According to the project's western office in Tulsipur, the construction work had remained at a complete halt for a year due to the negligence of the contractor. Meanwhile, various small hydropower projects have also been hit hard by the Indian blockade. The 3.75 MW Dwari Khola and the 4.2 MW Lohore Khola hydro projects have come to a complete stop due to lack of fuel. The Dwari Khola project is scheduled to come into operation in April. However, project officials said that it wouldn't be completed by the deadline. Mohan Bikram Karki, board director of Bhugol Energy, the promoter of the project, said that they would be compelled to shut down the project if the supply situation did not improve within a month. "We have run out of stock of fuel and cement. We need to bring various equipment from India, and they are lying idle," he said. The employees have returned to their homes on leave. Indian company GMR has also suffered from the fuel shortage caused by India's blockade. The construction work and the movement of the workers has been affected by the fuel crisis. GMR has not seen a conducive environment. Work has also stopped on a building which was under construction. "We are not able to continue the construction of many small projects as the supply of essential goods has been halted by the blockade and prolonged unrest in the Tarai," said a company employee. As per the contract provisions, Nepal has to provide compensation to the company if the construction work comes to a halt for any reason.

