

Viewpoint: Ajaya Dixit

Interview: Professor Francis G. Hutchins

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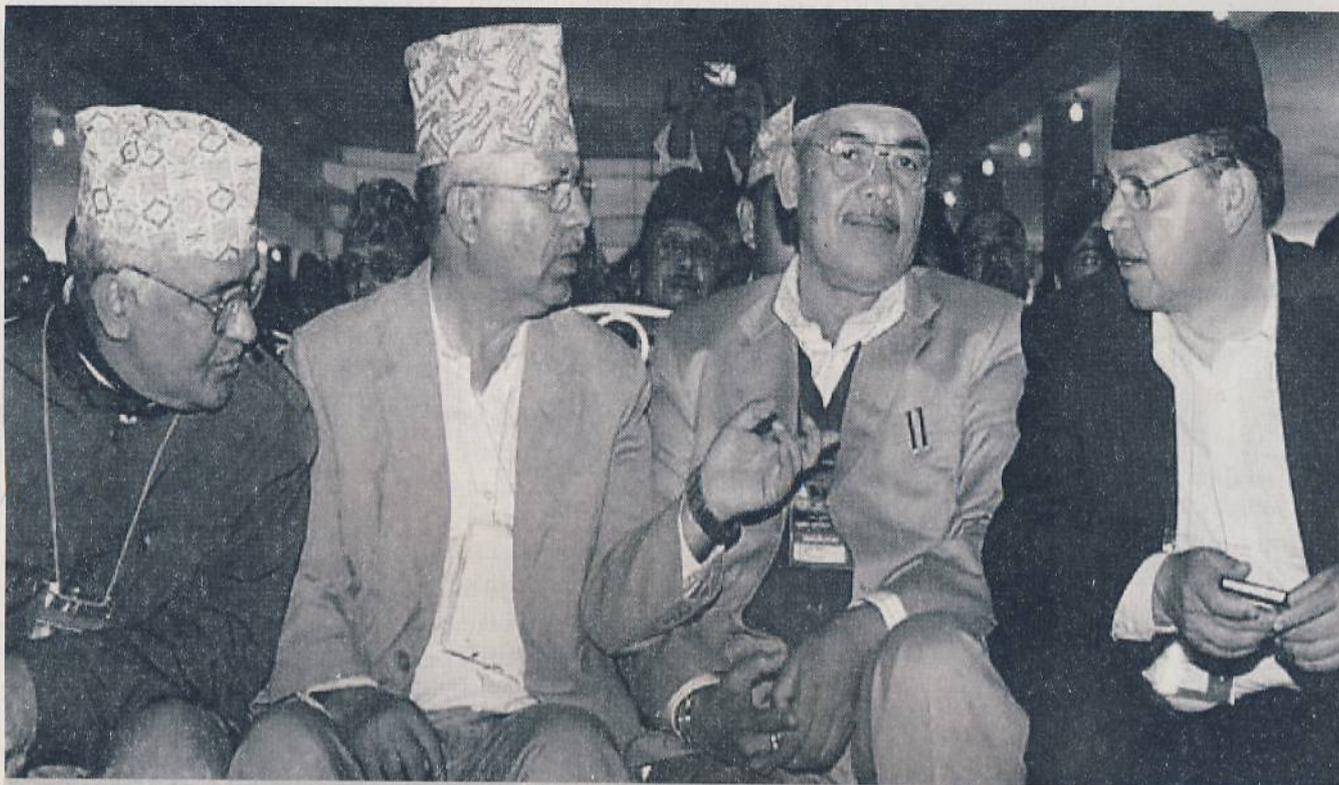
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UK Army chief visiting

British Army chief General David Julian Richards is arriving on a six day official visit beginning February 4 the invitation of his Nepali counterpart Chief of Army Staff Chhatra Man Singh Gurung. According to a press statement issued by Nepal Army's directorate of Public Relations, General Richard will meet president Dr. Ram Baran Yadav, Prime Minister Madhav Kumar Nepal and defense minister Vidya Bhandari. He will also hold bilateral talks with the CoAS Gurung.

UK ANNOUNCES TEMPORARY SUSPENSION OF STUDENT VISA

The UK Border Agency announces that, with effect from Monday 1 February, it will temporarily stop accepting student visa applications under Tier 4 of the Points Based System at the visa application centre in Kathmandu. This is a temporary suspension and the UK Border Agency will begin accepting Tier 4 visa applications again as soon as possible. Customers who are making applications in other visa categories are unaffected by this announcement.

The UK Border Agency has taken this decision in response to an unexpectedly high number of student visa applications at this time of year in parts of South Asia, and will therefore stop accepting any new applications under the Tier 4 student route in affected areas, including Nepal and North India.

Customers who have already made appointments at the visa application centers in Kathmandu to submit their Tier 4 visa applications from 1 February onwards will have their appointments suspended until the UK Border Agency begins accepting Tier 4 visa applications again, and will then be given priority.

The UK Border Agency's Regional Director, Chris Dix, said, "the UK Border Agency remains committed to providing an efficient visa operation for all our customers. We aim to process applications fairly, thoroughly and as quickly as possible."

"The visa operation will continue to work hard to process the student applications that we have received so far and ensure that they all meet the required standard. We will review the temporary suspension in one month's time."

UK announces aid to poor communities

The UK Department for International Development (DFID) committed today NRs. 800 million (£6.5 million) to be spent over the next two years for the second phase of the Community Support Program (CSP).

The funds go to an international NGO, Care Nepal and a national NGO, Rural Reconstruction Nepal (RRN), to implement the program.

Making the announcement, Head of DFID Nepal Sarah Sanyahumbi said:

"We are pleased to announce new support of £6.5 million to Nepal through Care Nepal and RRN to implement the second phase of the Community Support Programme. CSP has had a positive impact on poverty reduction, providing nearly 800,000 poor and excluded people with access to basic services over the last seven years. The logic for us to go to a second phase of CSP is that with an uncertain political environment, and with Local Governance and Community Development Programme taking longer to get off the ground than expected, DFID Nepal needs to continue to deliver essential services to remote and deprived areas. We expect, with time, that LGCDP will take over this important task."

Secretary at the Ministry of Local Development Shyam Prasad Mainali said:

"The Ministry of Local Development recognises the effectiveness and success of CSP in providing service delivery in remote districts of Nepal. We are confident that with the extension of CSP, the people of remote districts will be able to receive basic services as per their needs."

India Provides Buses

On the occasion of the 61st Republic Day of India on January 26, 2010, twenty one ambulances and six buses were gifted by the Government of India to various hospitals, non-profit charitable organizations and educational institutions from twenty one districts in Nepal.

At a public function held in the Embassy premises in Kathmandu to mark the Republic Day, Ambassador of India, Rakesh Sood hoisted the Indian national flag and read out the address the President of India delivered on 25th January, stressing, amongst other things, India's commitment to democratic principles and to work for peace and stability, and its desire to empower the poor and the disadvantaged for inclusive growth.



The ambassador presented sixteen ambulances and six buses to recipient organizations from 17 districts. The remaining five ambulances were gifted by Consul General of India at Birgunj, Shri T. Ashok to organizations coming under the consular jurisdiction of Consulate General of India, Birgunj.

WFP Will Supply Food

Two donations totalling US\$14 million will enable more than 1.2 million people in Nepal to receive vital food supplies for the next three months, the United Nations World Food Programme (WFP) said Thursday.

The two timely donations - US\$8

million from the United Kingdom's Department for International Development (DFID) and US\$6 million from the United Nations Central Emergency Response Fund - mean that more than 600,000 people who lost rations in December will now receive them again.

"The timing of the contributions couldn't have been better with so many people in need of critical food assistance," said Richard Ragan, WFP Country Director Nepal. "These generous donations will help ensure WFP can resume providing rations to most targeted beneficiaries over the coming months."

Japan's Assistance for Clean Energy

The Government of Japan has agreed to extend a grant assistance of up to six hundred and sixty million yen (¥660,000,000), approximately US\$7,298,000, which is, about NRs.537,900,000 to the Government of Nepal, for the execution of the Project for Introduction of Clean Energy by Solar Electricity Generation System in Japan's FY 2009.



Under the "Cool Earth Partnership" initiative which the Government of Japan has taken from several years ago, the program grant aid for environment and climate change aims to mitigate the effects of global warming by reducing greenhouse gas emission. This project is being implemented in response to the request made by the Government of Nepal for the sustainable and uninterrupted power supply to the Dhobi Ghat Reservoir, which will be used for pumping ground water to the Sundarighat Water Treatment Plant under Kathmandu Upatyaka Khanepani Limited (KUKL), which is responsible to

supply drinking water to the population of the Kathmandu Valley.

At present, due to the current energy crisis in the country, Nepal is experiencing severe load shedding hindering socio-economic development activities. On the other hand, due to the unavailability of adequate surface water resources, KUKL is largely dependent on the ground water resources to meet the water demand of the Kathmandu Valley.

In this regard, the Government of Japan has decided to extend this grant to introduce this clean energy resource to set up a sustainable solar electricity generation system that has a capacity of about 300kW for Dhobi Ghat Reservoir.

In this context, a set of notes was signed and exchanged between Tatsuo Mizuno, Ambassador of Japan to Nepal, and Rameshore Prasad Khanal, Secretary of the Ministry of Finance of the Government of Nepal, on behalf of their respective Governments.

Japan Helps Alleviate Difficulties of Working Children

The Government of Japan has decided to extend a financial assistance worth US\$ 68,706, which is equivalent NRs. 4,994,926 to Shapla Neer-Citizens' Committee in Japan. This is part of the Overseas Support in Japan's Fiscal Year 2009 under the Grant Assistance for Japanese NGO Projects Scheme of the Government of Japan.

Shapla Neer is to implement the Project for the "Alleviation of Difficulties of Working Children" in Patan City, Lalitpur District in coordination with a local NGO - The Center to Assist and Protect Child Rights of Nepal (CAPCRON).

The Grant Assistance for Japanese NGO Projects is a scheme to provide financial assistance for the implementation of social and economic development and emergency humanitarian assistance projects to be undertaken by Japanese NGOs in developing countries and regions.

The grant contract relating to this project was signed and exchanged between Tatsuo MiZuno, Ambassador of Japan to Nepal, and Ms. Yukiko

FUJISAKI, Resident Representative of Shapla Neer - Nepal Office.

Speaking at the grant signing ceremony, ambassador MIZUNO expressed his hope that the project will contribute in enhancing the welfare of children and ensuring the quality of their life.

Korea-Nepal Institute for Technology in Butwal

Prime Minister Madhav Kumar Nepal laid the foundation stone of the Korea-Nepal Institute of Technology in Tamnagar, Butwal. During the ceremony,



the Minister of Education, the Minister of Irrigation, the Minister of Forest and Soil Conservation, Vice Chairman of the Council for Technical Education and Vocational Training (CTEVT), and other Nepali dignitaries were present.

Hong Sungmog, Ambassador of the Republic of Korea and Ms. Doh Young-Ah, the Resident Representative of the Korea International Cooperation Agency (KOICA) Nepal Office, were also present on behalf of the Korean Government.

The government of the Republic of Korea has decided to support the Project for the Establishment of the Korea-Nepal Institute of Technology (KNIT) in Butwal worth US\$5 million. The project has the purpose of enhancing and upgrading the quality of technical education and vocational training in Nepal. ■

Nepal's Water and Energy Commission still searching for its soul

-Ajaya Dixit

Perhaps the irony was unintentional. On 27th January 2010, as Nepal's Water and Energy Commission (WEC) celebrated its 35th anniversary in a function, the Nepal Electricity Authority (NEA) announced a new schedule for power cuts. NEA, Nepal's state monopoly, argued that reduced flow in rivers had caused shortfalls in production and thus required longer load shedding hours for its consumers.

Thirty four years ago, WEC was envisioned as an institution to provide policy guidance to the government on issues of water resources and energy. Better research on water and energy produces knowledge that can inform contemporary debates and policies. One such debate going on currently is the rate of glacial melt in the Himalaya, with serious implications for science, and water and energy policies. The Intergovernmental Panel on Climate Change (IPCC) had to issue an apology, admitting that their claim that the Himalayan glaciers would disappear by 2035 was not based on sound science. Since early 1990s WECS, the secretariat of the Commission had engaged in research on glaciers and glacial lakes producing some useful insights.

When I received an invitation from WEC to participate in celebrating its anniversary, my expectations were high. I had hoped for an opportunity to listen to ideas on some of these pressing contemporary issues including on Himalayan snow systems. The programme schedule, however, turned out to be an utter disappointment. The agenda consisted of speeches by ministers, state ministers, a former minister and National Planning Commission member and the former secretary of WECS. The officials of WECS were to facilitate and welcome the guests. The programme would end with a cultural programme and then a dinner.

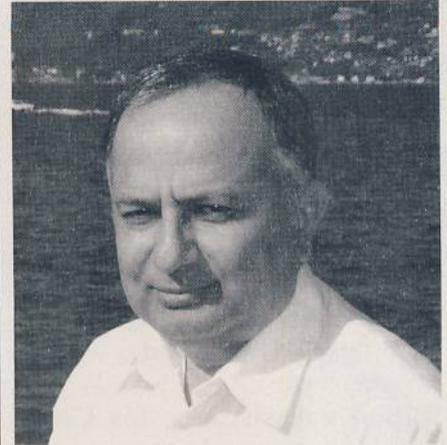
None of the speakers reflected on the state of water and energy conditions in the country. Nor did they provide a road map of how things would proceed in next decade. Only former secretary Mohan B Karkee of WECS mentioned the challenges that the institution faced. The Planning Commission member was conspicuous by his absence. So were many of the eleven secretaries of the Government of Nepal who are members of the Commission.

The cultural programme started with a short but well done video presentation on

water and a recital of *jal tarang*. So far, so good. The next item was a solo dance choreographed on a popular Nepali song followed by a poorly executed number. As the dances finished, a supposed comedian began mimicking the shouting of a crushed puppy and tried to tell the bemused audience how a cow would sing a song. May be next on the line was a buffalo. Unable to bear it any longer, I quietly walked out. Music does heal but at appropriate place and time.

The first WECS office, when it began functioning 34 years ago, was across the street from the Baneshwar hotel where the anniversary function was being held. WEC had tried to acquire a soul by becoming a much needed inter-departmental and interdisciplinary body coordinating the various governmental departments pertaining to water and energy. From the late 1970s to about the mid-1980s, Nepalis working in the agency engaged with some of the best Canadian academics and practitioners: hydrologists, geologists, and sedimentation experts, economists, and institutional and international negotiations specialists. Those who worked there included civil professionals like Dr. Hari Man Shrestha, Bhubaneswar Pradhan, Nanda Kishore Agrawal, late Dr. Chandra Kanta Sharma, Surya Nath Upadhyaya and many younger analysts. Dr. Sharma wrote many books on Nepal's water and geology. Surya Nath Upadhyaya went on to become the member secretary of the 1991 constitution drafting committee and later the country's chief Ombudsman. Many young analysts who worked in WECS have today acquired position of prominence in their respective profession. As came out of the hotel, I remembered the afternoon of 1983, when as a fresh graduate I had fiercely debated with some of them about the need for a robust hydrological data base as the foundation of water resource management. About ten years ago, after a sojourn of building capacity of WECS for almost a quarter century, the Canadian support came to an end. How did this input help? Did it have unintended consequences?

The function should have been a time for reflection, for looking back to examine success and failures, and used to make calls for increased scholarship on water and energy issues. The event should have allowed different perspectives to be articulated in a series of panels or public lecture. Eminent



economist Dr Claudia Saddoff of the World Bank was in the audience. She has been in Nepal for a while and would have been a perfect choice to deliver a public lecture on what she saw as the emerging challenges of water in Nepal, the region and the world.

These expectations may sound too idealistic but that is exactly what Nepal's Water Resources Strategy envisioned WECS to be: the central water planning and coordinating agency, an Information Directorate that would collect, collate, manage and disseminate information, and conduct liaison with other organizations on issues relating to water resources and water use. An agency that aspires to such a leadership role must take steps to cultivate new ideas, and to show appreciation of how to be part of the process for change.

Water after all is not only about technology and hard infrastructure solutions like dams and anniversary function was an ideal time to assess the country's water and energy policies and principles and reveal insights gained in last 34 years. It was a time to become critical and constructive to reflect irrigation canals. It forms the basis for the livelihoods of millions of Nepalis with issues like our identity, popular sovereignty, hydrological and ecological integrity remaining at the core. The on the challenges and inject some new energy into WEC'S forward journey. Despite our dreams and ambitions the venerated body that day seemed contended with clapping to the mimicry. It seemed to have lost its acquired soul.

Crafting of a prosperous future of Nepal is also about by invigorating institutions such as WECS. The other possibility would indeed be a cause for serious alarm. ■



Nepalese Political Leaders : Politics all the time

TEACHING

A Nobel Profession

While improving the quality of teachers emerges as an election issue in countries like UK, Nepali policy makers remain aloof

By **BHAGIRATH YOGI** in London

Major political parties in the UK are already in the election mode and education has become an election agenda.

Leader of the main opposition Conservative Party, David Cameron—widely seen as the future prime minister of Britain—said graduates with the highest grades in math and science could have their students loans paid off if they take up teaching as their profession.

Addressing a program organized at a school in South-east London last month, Mr. Cameron said his party, if voted to power in May this year, will introduce a set of new reforms including measures to attract talented graduates.

Billed as “Teach Now,” the Conservatives want to encourage people who have succeeded in other professions to go into education. “We want to make teaching the new noble profession,” said Cameron adding, “The quality of a teacher is the single most important factor in a child’s educational

progress. Those taught by the best teachers make three times as much progress as those taught by the worst.”

Election Agenda

Though political parties in the UK are yet to make their election manifestos public, issues like health and education continue to be top on the agenda for public debate.

Former Prime Minister and then Labor party leader, Tony Blair, famously said in 1997 that top three priorities of his government would be “Education, Education, and Education.” 13 years down the line, Labor party claims that it has brought about fundamental changes in the quality of teaching and learning in the country.

“The fact is that teaching has been transformed from a demoralized profession in 1997 to the number one choice for graduates today,” Schools Secretary Ed Balls told the BBC.

“To put teaching on the same footing as high-status professions like doctors and lawyers we are introducing a new License to Practice with a right

for all teachers to get ongoing training and career development,” he added.

Liberal Democrats, the third largest party in the British parliament, has also criticized the Conservative proposals. Said David Laws, schools spokesman of the Liberal Democrat party, “We need to get better qualified people into teaching, but the Tories can’t be trusted to do this. Their plans to slash education spending will mean that schools will simply not have the cash to pay good teachers more.”

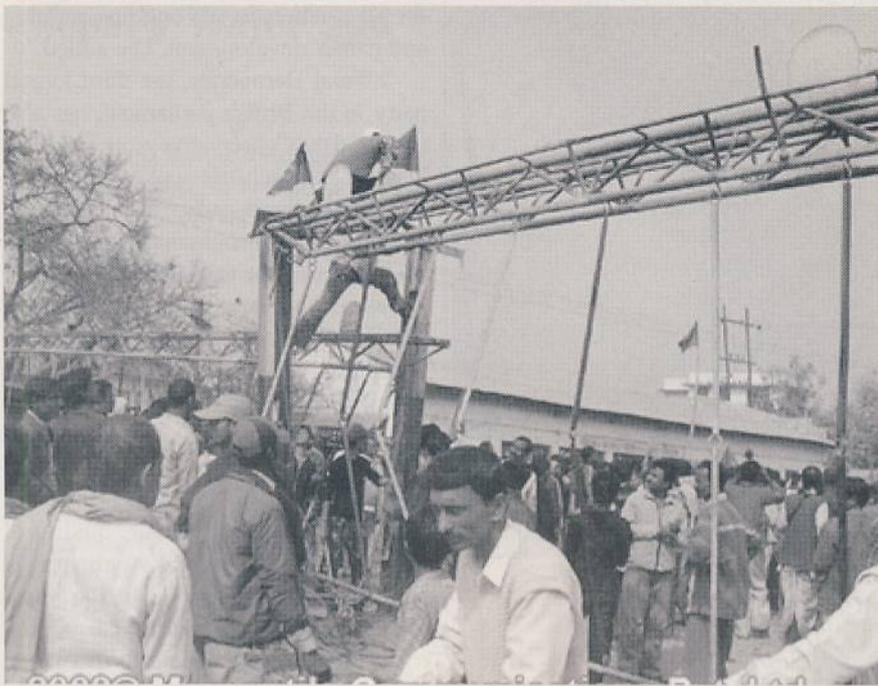
Nepalese Context

Nepali political parties seldom fight elections on an agenda like quality of teachers. Despite spending billions of rupees over the last decade, quality of education in most of the state-run public schools remains poor. Of late, the Nepal government has taken steps like making it mandatory for teachers to qualify in the exams conducted by the ‘Teachers Service Commission.’ The government has also raised the level of qualification for people who want to be school teachers. For example, those who want to teach at the primary level must have passed Plus-Two while teachers at the secondary level must have a post-graduate degree.

Experts, however, say over-politicization of Nepali society, including the education sector, is the main problem. “Recent international research has shown that attracting top ten graduates is the best bet to improve efficiency of the students. But in our case, the most important thing is aptitude,” said Professor Bidya Nath Koirala, an educationist and a researcher. “In Nepal, just opposite has happened.”

According to Prof. Koirala, poor people are abandoning the state-run schools seeing no immediate benefits to their children while rich parents have always chosen private and boarding schools for their wards. “As long as our political parties tend to recruit teachers on the basis of political affiliations, the quality of education can’t improve in our schools,” he added.

Given prolonged political instability in the country, it is most unlikely that Nepali politicians as well as policy makers may have time to look at the ongoing debate in the UK and elsewhere why the quality of teachers matters. ■



Birgunj Customs: Hult in Export

ECONOMIC CRISIS

Trading Imbalances

The key to ending the current economic crisis is simple: increase exports. But this cure is easier said than done

It was never under any doubt that the economy of Nepal would see this day when the ballooning imports would become untenable.

For a number of years, Nepal's trade deficit had continued to surge annually – it is said to have reached more than Rs 100 billion in the first four months of this year.

Initially, the handsome rise in the remittance income had offset the trade imbalance. But it could not and did not sustain the nosedive suffered by all other exports of the country.

Some hint of remittance growth taking southbound direction and all hell, literally, has started to break loose.

Whether it is the liquidity crunch or

the fear of the Nepalese currency getting devalued vis-à-vis Indian currency, the dwindling exports lie as a fundamental problem.

No country in the world can financially survive for long when it fails to strike Balance of Payment – that fundamental aspect of a country's economy so much like the economy of any family where expenses exceeding income cannot be sustained.

After the heydays of early and mid 1990s, the exports of Nepal like carpet, garment, pashmina have all fallen very badly.

The garment, which used to do export business worth Rs 14 billion a year, struggles to export even a billion rupees worth of goods these days.

The setback suffered by carpets and pashmina may not be as astounding but their loss is no less for country's economy.

Even the tourism – which has the enormous potential of earning foreign currency for Nepal – has been hurtling from one crisis to another.

As such, there is no quick fix to this problem.

Increasing exports is not an overnight job. It needs investment – a lot of that in the form of foreign investment – planning and vision.

And these are the very things that are so very rare to find.

In fact, the news reports of last few weeks are enough to show that the country is heading exactly on the opposite direction than what is needed to arrest this crisis.

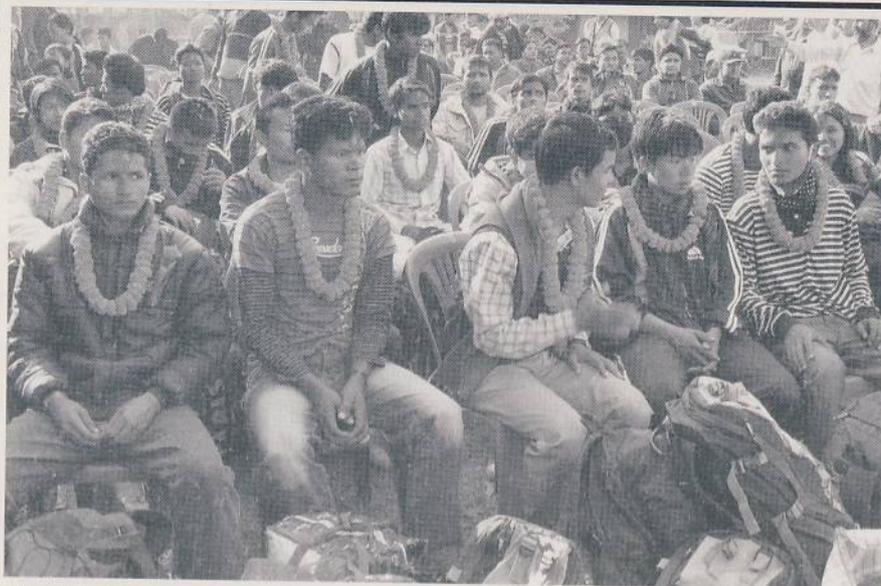
First, the Maoists have obstructed the big Upper Karnali hydropower project, which will have significant Indian investment once it goes into implementation. Their threats have already ruffled the feathers of the investors who are not likely to put up with further political instability.

Then, the government, under pressure from the parliament committee, took a decision on banning the export of stone, pebbles and gravels to India.

“This was a premature decision taken without appropriate investigations. This will further hurt Nepal's trade imbalance with India,” said an economist.

According to president of Federation of Nepalese Chamber of Commerce and Industry (FNCCI) Kush Kumar Joshi, the investments totaling Rs 40 billion in the stone-crusher industry could be jeopardized by such decision.

As Joshi noted, such counter-productive decisions will further worsen the burgeoning economic crisis. ■



Maoist Combatants : Good bye

DISCHARGE OF COMBATANTS

Farewell To Arms

Disqualified Maoist combatants are leaving cantonments for an uncertain destiny

By UMA KANTAKHANAL In Jhapa

Disqualified Maoist combatants have started to leave their cantonments amidst both hope and fear. If they are given chances for employment or studies, they will be integrated into the society as very able citizens. Failing to do so, the fear is that, they will join other armed groups, coming to existence later, because they are trained to use arms and ammunitions.

Jay Prakash Rajbanshi, a disqualified combatant, of Rajgadh, Jhapa, said, "UNMIN had asked us about the rules and regulations of war. But we didn't know anything about the norms and values of war, so, we couldn't answer the questions. Since we were not the professional army, how could we know about the rules? We fought according to the command of the party."

That was the reason he was rendered 'disqualified' and was compelled to go out from the first division camp in Chulachuli, VDC of Ilam, according to Rajbanshi.

"If peace is restored in the country, we can go anywhere on state orders. We do not want war and any type of insecurity in the country," he said.

"If the party wants to get involved in war, we are ready for that."

Rajbanshi, who said he was enthusiastic to meet his family after a long time, emphasized the new constitution should be made within the stipulated time.

Tripti Acharya, a disqualified combatant, of Khudunabari, Jhapa, who fought for her party since 2062 B.S., desires to be a teacher. She doesn't want to get involved in any kind of rebellion.

"I am sad to leave the cantonment but I am glad that I am going to meet my parents," Acharya said, "Now I am not going to do any work which hurts my family members."

She wants to continue her studies now.

Muna Dhakal of Baigundhura, Jhapa, has not yet planned what to do next. But her parents want her to stay with them. She said, "I will plan after I meet

my parents."

The disqualified Maoist combatants have varieties of plan for the future. The combatants, who fought as Maoists from the beginning, seemed aggressive that their contribution to the party went in vain. Some have threatened that they would join different armed groups which came to existence later.

Among them, Ratna Karki of Ilam was one. Karki said he intended to join Limbuwan, Khambuwan groups agitating for federal state in the east.

He told journalists, who were gathered in the first division cantonment, that he was going to change his political view.

The attention of the journalists was dragged by the voice of the disqualified combatants who were not satisfied to get out of the cantonment.

Saugat KC of Taplejung was another aggressive voice. He questioned, "We were qualified till the election of the Constitution Assembly and till the leaders went to the government. Now we will show our power that we are still qualified," he threatened.

According to UN, eight hundred and seventy eight combatants were disqualified from the first division. But in the farewell programme, only four hundred and seventy six disqualified combatants attended. Even UN doesn't know about the absentee combatants.

The man in charge of Maoist army, Barsaman Pun, tried to console the outgoing combatants that the party would give them work according to their capacity.

As the disqualified combatants left the cantonments, different armed groups in the east have welcomed them in the brigades of their armed forces. Recently, Kirat Janabadi Workers' Party released a notice that the disqualified Maoist's army will be qualified in their party.

Many political analysts say that this is the most challenging job to get them involved in employment within the country or abroad because otherwise there is a possibility that they would join the armed groups as they are habituated in handling weapons and explosives. They left cantonments with twenty two thousand rupees, not with the opportunities of employment and studies.

UML '(Dis)united We Fall'

As bitter rivalry and infighting show no sign of receding soon, the second largest communist party and the third largest parliamentary party in the constituent assembly faces the most serious crisis of identity – and survival

By SAROJ DAHAL

Last month, top five UML leaders including general secretary Iswor Pokharel and secretary Bishnu Poudel spent four days at Godavari Resort before moving to Gokarna Forest resorts for another ten days.

Luxurious hotels and resorts have lately been their second home. The

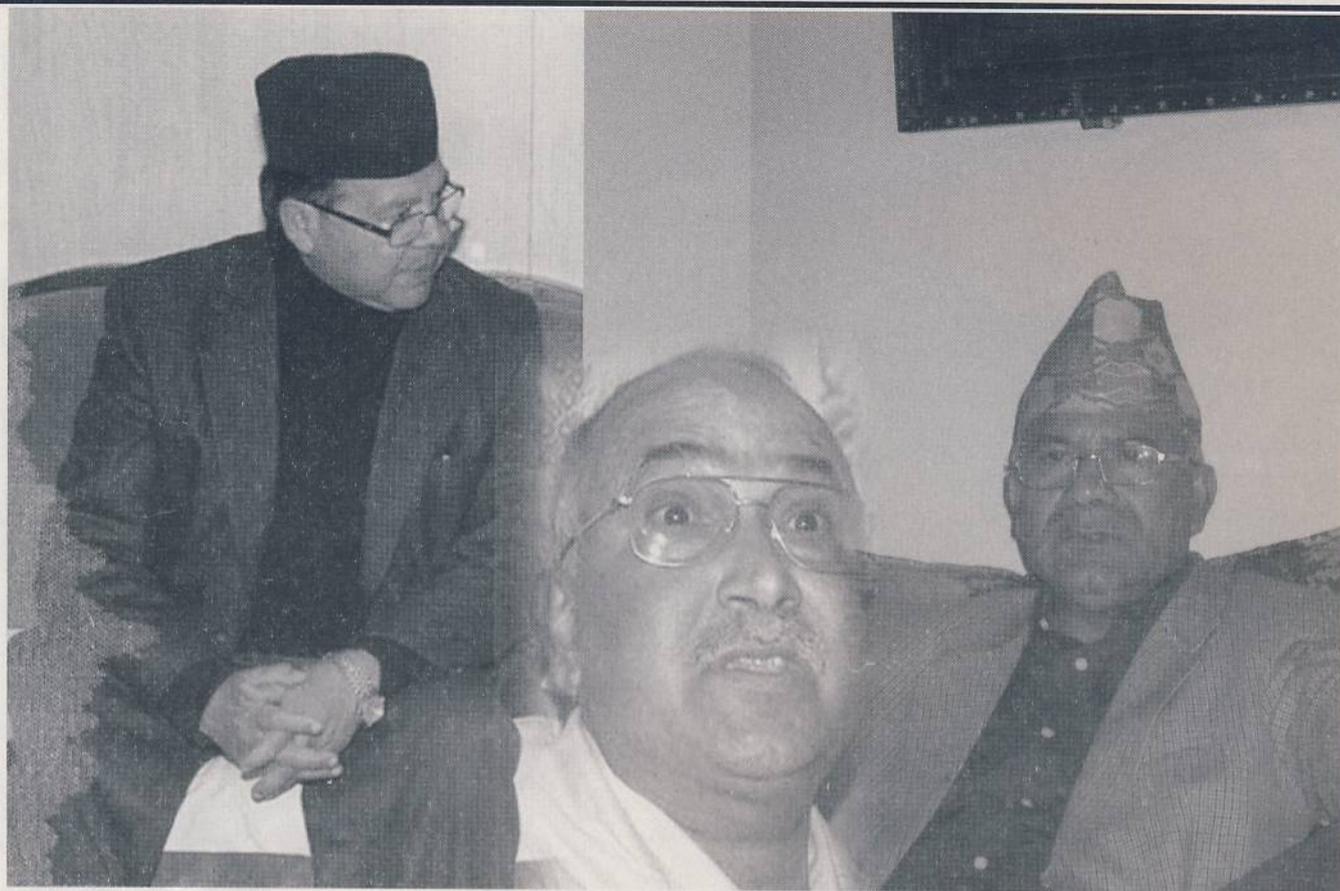
comrades are there not to party but to sort out party issues.

Their party, the CPN-UML, is in disarray. Ironically, it has its former boss Madhav Kumar Nepal at the helm of a shaky coalition government.

Many top leaders do not see eye to eye. Washing dirty linen in public has

become a rule, not exception. Two rival central leaders from Janakpur, Ram Chandra Jha and Raghubir Mahaseth, for example, accused each other of patronizing criminal armed gangs.

Parallel district committees have been formed in a number of districts. One owes allegiance to the chairman Jhalnath



Khanal (Left), Oli (Center) and PM Nepal: Divided we stand

Khanal the other to his bitter rival, K.P. Oli.

Interestingly, the five-man committee to sort out the differences also reflected the factional politics.

It comprised two from the Khanal camp – Iswor Pokharel and Ram Chandra Jha and three from the Oli camp – Bishnu Poudel, Beduram Bhusal and Prithvi Subba Gurung.

The division within the party has deepened by the day, fuelling speculations of a second vertical split in a little over ten years.

A major issue dividing the party is the relations with the Maoists. Chairman Khanal has been soft towards the ex-rebels while Oli favours a distance from what he calls killers and criminals.

One section voted with the Maoists on the issues of state restructuring at the constituent assembly, another with the Nepali Congress.

The difference surfaced on the form of governance too, with standing

committee contradicting the parliamentary party and some of the party's CA members defying the party decision.

The party kept shifting its position on whether to go for a directly elected executive president or a ceremonial president with a directly-elected executive prime minister.

As total confusion pervaded the party the politburo took another surprising decision – to back the call for a separate state restructuring commission.

“It is like cart before horse and not the other way round,” blasted none other than secretary Poudel himself.

Poudel was earlier denied the deputy leadership of the parliamentary party despite a formal decision of the party.

The reason: the leader Khanal has to appoint him, but Poudel belongs to the rival Oli camp.

“No other party is in such disarray,” said a political analyst.

Secretary Poudel rules out a split. He says, “efforts are on to bridge all differences which should yield results soon.”

Tall talks, given the progress so far. The five-man team has not even been successful in stopping new parallel district committees, let alone uniting the existing ones.

“The dispute at Balkhu (the party headquarter) was understandable, but the scene our colleagues created at the CA was too dirty,” said a politburo member.

“Under the circumstances, to expect smaller committees to unite the party is a wishful thinking.”

The problem with the party is it has lost its ideological base. The Maoists have hijacked the ‘communist’ agenda while the Nepali Congress retains the “democratic” credentials.

Left with no choice, the UML has been treading between the two, ending up a loser.



UML Leaders With Other Political Leaders: Playing with rival

Earlier, it joined hands with the Maoists in a coalition government. Later, it rode to the top ladder of power on the shoulder of the Nepali Congress.

The much touted middle-of-the-road



PM Nepal: Time out?

policy has led it to nowhere.

After failing to get the party behind him for a national consensus government in place of the fellow comrade Madhav Nepal-led coalition, chairman Khanal has stopped making reference to it.

But he has not given up the hope yet. Through a high level political mechanism comprising of himself, Maoist supremo Prachanda and the Nepali Congress boss, Girija Prasad Koirala, he is still trying to pull the prime minister's leg. Khanal has not forgiven him for "a betrayal".

According to sources close to Khanal, when he proposed Nepal as prime minister the latter assured full cooperation to run the party in return of the party's support to the government.

But the party has never been fully supportive of the prime minister. And vice versa.

Said central committee member Yogesh Bhattarai, "the relations between the two soured after the prime minister ignored the chairman's invitation for a meeting to discuss the government affairs."

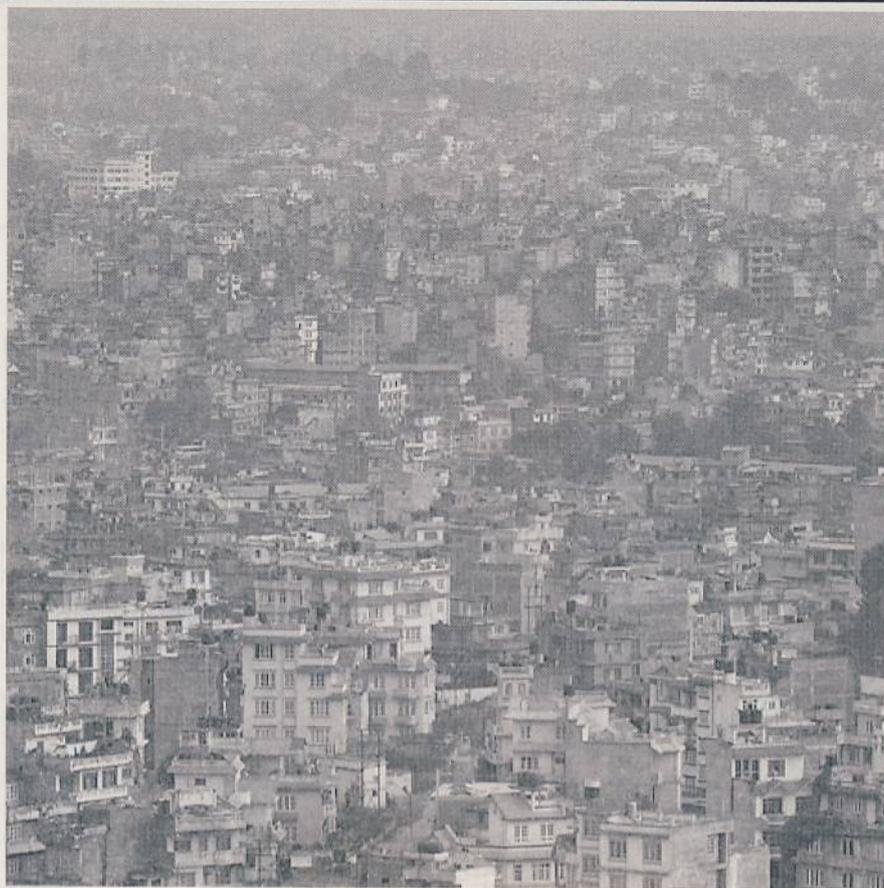
As crisis of confidence deepened and mutual trust dwindled a politburo meeting was called several weeks ago to discuss ways to restore order in the party. It has been inconclusive so far.

The meeting witnessed acrimonious debates, not constructive dialogue.

Said politburo member Pradip Gyawali, "such meetings are supposed to focus on serious agenda, but we focused on hollow criticism of each other."

Yes, the UML has lost its direction. It has forgotten the real business. The only business it knows now is pulling each other's legs.

As the things stand now, it might end up pulling down the party itself. ■



Congested Kathmandu: Under a threat

Earthquake Preparing For Worst

The Haiti quake, that took a toll of more 200,000 lives, understandably triggered alarms in Nepal.

By **ABIJIT SHARMA**

When the Caribbean nation of Haiti was hit by a major quake of 7.2 Richter scale, Nepal was preparing to celebrate its National Earthquake Safety Day four days later, on 16th January.

Experts said a tremor of that magnitude and devastation was not only possible, but inevitable in Nepal, which lies in an earthquake-prone region.

In its history of tremors now and then, Nepal saw a devastating quake

hitting it in 1934 A.D and killing more than 8,500 people.

Based on the records, experts warn that Nepal can expect two earthquakes between 7.5 – 8 Richter scale in magnitude every forty years and one earthquake of more than 8 Richter scale every 80 years. If the data have their day, it is quite certain that a devastating earthquake is definitely on its way.

Kathmandu Valley is listed among the most vulnerable places in terms of quakes, primarily due to two main reasons. One, the valley's surface is made up of soft sediments, which

amplifies an earthquake tremor and the risk of damage. Two, experts have cautioned that the valley will suffer largely due to a phenomenon called liquefaction in which soil transforms into a semi-liquid material when shaken during an earthquake, hence losing its ability to support buildings and other infrastructure.

Despite looming dangers for a huge disaster, unplanned urbanization is escalating in the valley, making matters worse.

According to 2001 census, the population of the valley was more than 1.6 million with an annual population growth rate at 4.7%. If the census is to be taken as a basis, between 1.5 to 2 million population would be added in the next 10 years. The current population of the Kathmandu Valley has surpassed 3 million.

The current area of the valley is insufficient to fulfill the demands of the growing population and 5000 hectares of more land is needed to fulfill the settlement requirements. The aftermath of a huge earthquake amidst this oversized population is unthinkable.

According to a 1998 estimate, more than 40,000 people would lose their lives and 95,000 would be critically injured. This toll will undoubtedly rise with the current population. The study further predicted that more than 60 percent of the buildings would be completely damaged in the valley and many other parts.

NGOs like National Society for Earthquake Technology (NSET) have carried out programs for public, regarding various aspects of earthquakes. It is high time the Government and the Kathmandu Municipality enforce strict actions to control rising urbanization as the foremost step in minimizing the risks and casualties associated with an earthquake for the valley in the near future. Although some laws and codes regarding constructions have been set up, they are not enforced at all and construction works continue to be carried out haphazardly. Most of the people are even unaware of such codes.

Of course, it is not possible to prevent an earthquake but by simply minimizing the risks, thousands of lives can be saved. ■

“Nepal’s geostrategic position is its major strength”

PROF. FRANCIS G. HUTCHINS

Before the publication of his book *Democratizing Monarch*, a memoir of Nepal’s King Birendra, in 2007, only a few people knew **PROFESSOR FRANCIS G. HUTCHINS**, who taught late King Birendra at Harvard University in the fall of 1967. Professor Hutchins has a high regard for King Birendra, who was killed in the June 1, 2001 massacre. “I had felt for a man who had taught me as I was teaching him,” writes Hutchins. Almost nine years after the incident, Professor Hutchins, says he is yet to come to terms with King Birendra’s death. “I don’t know how much of an effect it had on my thoughts. I do know that Birendra shaped my career path, my thinking about the United States, and about the ways nations can beneficially interact,” writes Hutchins in his book. Professor Hutchins, who recently came to Kathmandu, spoke to **KESHAB POUDEL** on various issues of contemporary Nepal. Excerpts:

What do you say of your visit to Nepal?

I am so happy coming here. I came to Nepal several times since 1961. I came here in 1970 as a guest of wedding of King Birendra and again in 1975 in his coronation after being his tutor in Harvard in 1967-68.

What was the age difference between King Birendra and you?

I was 27 and he was 22 in 1967 and we were able to establish a very good relationship. Chiran Thapa was saying King Birendra was actually somewhat shy and did not have many personal relationships. He did not have too many personal friends outside his family.

What was your friendship like?

We were able to establish real and personal friendship. We met every week for one hour. He brought a paper for me. It was a very happy time and he was a matured young man and he knew what he was going to do with his life. He was happy with that. He felt duty and discipline to do that and he was preparing to do so. I was a young scholar who had no relations with Nepal. But, we developed a very open and cordial relationship and that continued till his death. We continued correspondence. I used to send him books, animal fables, prince’s stories etc. Birendra needed those kinds of book to his young son and prince Dipendra. He was always cordial and friendly.

Why did you stay away from him?

I stayed away from Nepal after 1975, after he took over the reign of the country. I didn’t want to interfere in his country, in everything he was doing and he had to take many decisions. I didn’t want to embarrass him. I did not want to take any advantage of our personal relationship. I felt it was some sort of sacrifice by me because I love Nepal. But, I thought this is Birendra’s country and I didn’t want to embarrass him. He was king and he was my student and I had so called title of Guru which I loved being called that but of course it did not mean anything in our relationship.

Tell us about your visit now?

It is wonderful to me coming back after many years.

A few years after his death, people are reading now Birendra’s part of history. He was one of the prominent kings in Shah Dynasty. I have already written my book dedicated to him. For me, Kathmandu’s June massacre was traumatic because it ended three and a half decades of my empathy I had felt for a man who had taught me as I was teaching him.

After his death, Shah Dynasty was over and Nepal became republic, how do you see the transformation?

Of course, Shah dynasty is over but they essentially have created nation Nepal and this is always to be remembered as I was saying the other day about French monarchy which has created the modern nation of France. Monarchy disappeared but the nation remains as a creation of the monarch of Nepal.

Everybody is denouncing 240 years of Shah Rule as a curse to the nation. How do you look at it?

Some people may forget the monarchy. However, others in time increasingly remember the Shah dynasty which is essentially responsible for the creation of modern nation of Nepal. Even more important is preserving it, intact even in British period, when all the princely states including Sikh nation were abolished. However, nation of Nepal was preserved from British control. Nepal even had to blockade the road to stop the British coming in. They had made all out efforts to keep the independence of Nepal.

How do you look at Nepal’s transformation?

Transformation was immense. The first airplane landed in Kathmandu in 1949. The first motorable road from India to Kathmandu was completed in 1956. The second half of the twentieth century brought dizzying changes to this once-shut country. Tribhuwan, Mahendra and Birendra presided over this potential chaos with an inner compass ultimately traceable to Prithvinaryan. Now you have international airport, road network from east to west and south to north, hospitals, and university and education institutions.

There are growing tendencies to look at things in terms of regional and ethnic identities rather than the national identity. What do you say on this?

I don’t think this can make any changes. Now Nepal is able to retain its ancient role as a center of cultural and other activities up to China and India. I have seen so many progresses and now Nepal is a strong modern nation with so many educated people. When Shah Dynasty was restored to power, there was no university here and everybody had to go to India for a degree. Now you have education here and you have so many trained people. There is so much going on. I have to be coming back regularly.

Nepal is writing the new republican constitution now. Does it make any difference?

Whether you have a written constitution or not, it does not matter a lot as long as there is a consensus.

Now you have international airport, road network from east to west and south to north, hospitals, and university and education institutions.

One of the great strength of Nepal is it has always been independent for more than 2000 years. This is a unique achievement. All Nepalese are proud of that and they don't want to sacrifice and endanger that by making so much disorder. If your country has long disorder, the neighbors would be in time to invade and reestablish order and so forth.

In the growing disorder, don't you see possibility of more violence?

I am hopeful that Nepalis have enough sense of their common identity in their common need to pull together to avoid bearing too much foreign influences. I feel that there is strong bond among people and it is difficult to go for civil war again. The long disorder would be danger for her neighbors also.

Nepalese are looking forward to a new constitution by May 2010.

The constitution is nice but the important thing is the sense of security and economic progress, education, and development. There is so much energy there with so many young and so much happiness you can see in the people's faces. This is a happy country and I am sure that they will pull forward for the overall development and prosperity. But, stability is the key for the development of nation.

Coming back to King Birendra, why do you remember him so much?

Frankly speaking, he was part of my life. Birendra shaped my career path, my thinking about the United States and about the ways nations can beneficially interact.

But, some people have been denouncing Shah Dynasty for their misrule. What do you say?

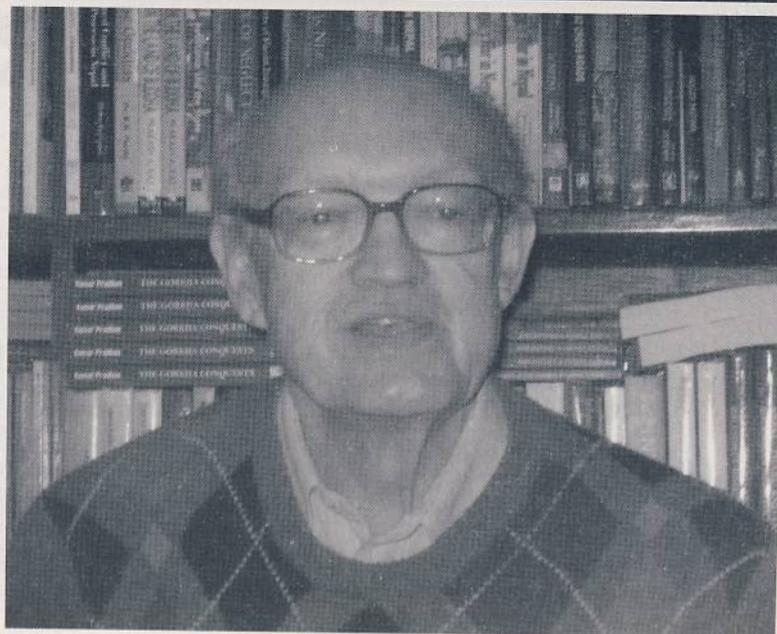
Prthivinarayan Shah created an eighteenth century empire which evolved into a twenty-first century nation. Remarkable, he died only six years after completing his conquest of their predecessor regimes whose capital cities were located in the Kathmandu valley. One of the important parts of Nepal is that she never lost her independence even as the surging British methodologically annexed one *rajadom* after another bordering Nepal. Although a little known beyond Nepal's borders, Prthivinarayan Shah not only founded the modern country of Nepal but did so in an original manner of enduring international relevance. Shah is a figure from whom twenty-first century Nepalis can and do draw inspiration. His position in Nepal resembles that of George Washington in America, as a visionary who was undeniably progressive within his historical setting.

There are tendencies to denounce the process of unification. How do you look at this?

I never doubted that India's swallowing up princely states benefited most people living in those areas. Then, there was Nepal, nominally also a British-allied princely state, which stood apart as the British Raj disintegrated, and managed to transform itself into a modern buffer state between India and China. This twentieth century accomplishment would not have been possible had it not been for Nepal's eighteenth century consolidation as a dynamic pre-modern empire by Prthivinarayan Shah.

How should late King Birendra be remembered?

As the last great Shah ruler, Birendra seems certain



to be remembered as a pivotal figure in the history of Nepal. A sense of Nepal's uniqueness was fostered by the Shah dynasty, and benefited it, but is now deeply shared by all Nepalis.

How will historians see Birendra?

I have mentioned in my book that like Dhruva, polar star or pivot of the planets, Birendra seems certain to remain a fixed point of reference. For Birendra, Nepal was a garden filled with magnificent vistas and shade trees, among which for a few decades he was privileged to stroll, and which he did his best to shield from harm. Nepal's gardens may change, but only when distinctive landscape elements are cared for will people not feel lost.

Many political leaders are now accusing Prthivinarayan as an oppressor and expansionist. How do you look at this?

One might not expect guidance from Prthivinarayan relevant to modern-day democratic realities. But, Prthivinarayan was a popular leader who knew how to motivate people, and also was not afraid to yield to political pressure on occasion.

What is the most celebrated remark of Prthivinarayan Shah?

Prthivinarayan's singlemost celebrated remark was probably his likening of Nepal to a gourd lodged between two boulders, Indi and China. In the second half of the twentieth century, Nepal was still between these two boulders.

At a time when there are fears about Nepal losing its independence, how hopeful are you that Nepal will remain strong?

Whether your country turns federal or remains unitary, Nepal's geostrategic position is its major strength. Nobody can change Nepal's border with Ganga's plane of India and Tibetan Plateau of China. The country has its own strength. As Prthivinarayan Shah said Nepal is a yam between two boulders. The boulders are still there which guarantee the sovereignty and independence of Nepal. ■

I have mentioned in my book that like Dhruva, polar star or pivot of the planets, Birendra seems certain to remain a fixed point of reference.

Inflation Report

SUMMARY:

- The Year-on-Year (Y-o-Y) inflation rate as of mid-November 2009, according to Nepal Rastra Bank's (NRB) latest macroeconomic report, is 9.9%.
- Price index of food and beverage group up 16.4% while price index of non-food and service group up 2.2 % as of Mid-November 2009.
- The annual budget of the Ministry of Finance and the Monetary Policy report of the NRB has projected an inflation target of 7% for FY 2009/10
- After remaining in negative territory for over 3 months, Wholesale Price Index (WPI) based inflation in India as of Oct 17th, 2009 is 1.51 %.
- As economic activities improve in major global economies, inflation numbers are climbing globally.

Inflation in Nepal

According to the latest macroeconomic report from Nepal Rastra Bank (NRB), the year-on-year (y-o-y) Consumer Price Inflation (CPI) moderated to 9.9% in mid November 2009. Though still high compared to international standards, after reaching the highs of above 14% on mid Jan 2009, inflation has moderated gradually during the last few months (see figure 1). The annual budget of the Ministry of Finance (MOF) of Nepal for 2009/10 and the monetary policy of the NRB has projected an inflation target of 7% for Fiscal Year (FY) 2009/10. The annual average inflation in FY 2008/09 was 13.2% which was higher than the target of 7%. In its annual monetary policy report, the NRB has indentified supply side constraints as the primary cause of the high inflation.

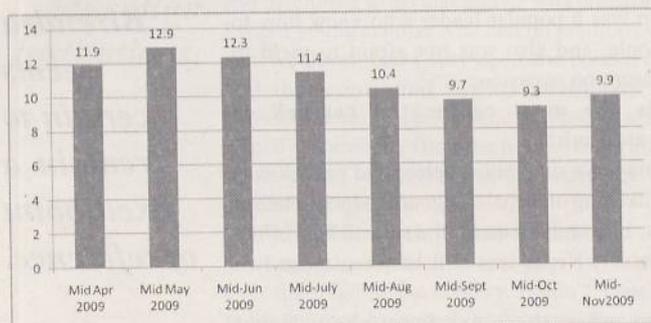


Figure 1: The Year-on Year (y-o-y) inflation figure (Source: NRB)

Inflationary pressure, according to the NRB macroeconomic report, has been driven primarily by significant price rise of 16.4% in **food and beverages group** and a moderate rise of 2.2% in **non food and services group**. Despite a recent decline in inflation figures, the high price increment in food and beverage group is making an average consumer worse off whose consumption basket is predominantly tilted towards food and beverages side.

Product-wise break down of Inflation figure	
Food and Beverage Group Index	16.4
Sugar and Sugar Related Products	50.6
Pulses	29.5
Grains and Cereal Products	8.1
Meat, Fish and Eggs	29.5
Vegetables and Fruits	38.7
Non-Food and Services Group Index	2.2
Tobacco and Related Products	11.6
Transport and Communication	8.0
Geographic breakdown of Inflation figure	
Kathmandu Valley	8.1
Hills	10.3
Terai	10.7

Figure 2: Breakdown of October 2009 Inflation numbers

Global inflation

Recently the Indian government has come out with a new guideline on disclosing inflation statistics to the public. According to the new guideline, Wholesale Price Index (WPI) based inflation figure will now be released on a monthly basis compared to previous weekly releases. As per the new guideline, the monthly WPI based inflation for October 2009 is 1.34% compared to 11.06% a year earlier.

In March 2009, the CPI based US inflation turned negative for the first time in 54 years reaching negative 0.38%. At the end of Oct 2009, the Y-o-Y inflation in US is still negative 0.20% (see figure 3 for details). Low inflation in major advanced economies is largely due to the economic recession from the fallout of the financial crisis of 2008 and remarkably low oil and other commodity prices. Experts however are divided over the outlook of the inflation in the United States. With the fed funds rate at the lowest bound possible, there is abundant liquidity in the US which could push up price levels. And because of the high unemployment rate in the US, the Federal Reserve is not in the position to raise the fed funds rate any time soon as a rate hike could kill the nascent US economic recovery.

Japan is fighting another deflationary spiral as inflation has turned negative for last eight months. According to Bank of Japan, Y-o-Y inflation fell by 2.2% during October 2009 due to decline in gasoline prices. In China, however, inflation has turned positive for the first time in a year largely due to massive

credit expansion fueled by the Chinese government's recent USD 500 billion stimulus plan. As a result Chinese industrial output rose 19.2% in November – highest expansion since 2007. Similarly, inflation in Euro Zone has also turned positive for the first time in seven months as price level in 16-countries Euro bloc climbed 0.6% in November 2009

Countries/Economic Zone	Inflation rate	Data
United States	-0.20%	Oct 2009
India*	1.34%	Oct 2009
Euro zone	0.6%	Nov 2009
Japan	-2.2%	Oct 2009
China	0.6%	Nov 2009

Figure 3: Global Inflation numbers

Reasons for high inflation in Nepal

While the inflation rate is falling all over the globe, why inflation has been skyrocketing in Nepal is still a conundrum, and worrisome for policymakers and public in general. During the first half of 2008/09, global food crisis and huge increase in commodity prices were significant drivers of high inflation. However, despite sharp fall in commodity prices, we have not seen commensurate decrease in domestic inflation level. Officials at the Nepal Rastra Bank (NRB) and the Ministry of Finance (MOF) have attributed higher inflation to supply constraints emanating from energy crisis, constant strikes and bandhs and carteling among businessmen.

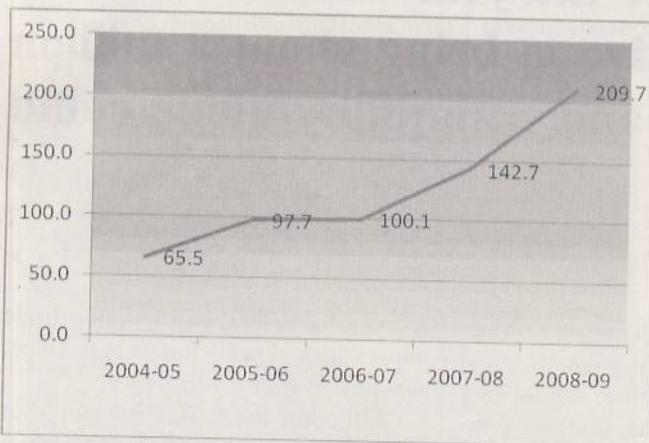


Figure 4: Annual Remittance for last 5 years (amount in Rs. Billion)

These supply-side factors have played major role in pushing the prices up, however, going forward if the NRB is not able to soak up the excess liquidity in the market then inflation might further creep up especially with a larger govern-

ment expenditure programs. Domestic economy has been undated with record remittance inflow – Rs 210 billion in FY 2008/09 (See figure 4 for details). Though there is no formal research on the uses of remittance inflows in Nepal, anecdotal evidence shows that most of the remittance income has been used up for consumption purpose. Even if the remittance incomes are used predominantly in consumption, they can be productive provided that higher consumption, through multiplier effects, leads to expansion of production. However, manufacturing sector has not been able to pick up in Nepal (In FY 2008/09, the manufacturing sector witnessed a decline of 0.5%). Given the above background of elevating remittance inflows and shrinking and stagnant production sector, one can argue that remittance has also been instrumental in driving up the price levels.

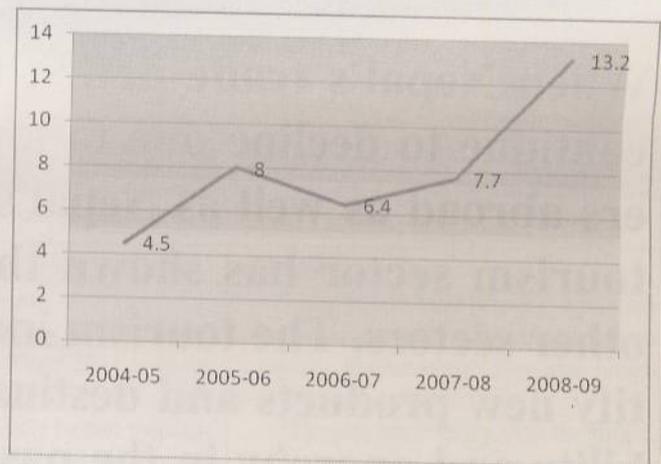


Figure 5: Annual average CPI based inflation for last 5 years

In these contexts, the inflation target of 7% in FY 09/10 might not be unattainable. On the monetary side, the NRB, with the view of containing inflation, has put a lower projection on the growth of M2 – broad money- of 17% in 2009/10 compared to 21% in 2008/10.

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Retaining Recovery

When Nepal's trade deficit and foreign currency reserve continue to decline due to low demands of Nepalese workers abroad as well as Nepal's shrinking export market, the tourism sector has shown that it can support recovery of other sectors. The tourism industry, however, needs to identify new products and destinations. Growing political instability and anarchy in the past rendered all efforts futile. As Nepal is preparing to celebrate the year 2011 as Tourism Year, with an ambitious objective to bring about a million tourists to the country, peace and tranquility alone could help meet the target.

By KESHAB POUDEL

A group of tourism entrepreneurs in Sauraha, Chitwan, 150 kilometers south of the capital city, organized a press conference urging political parties, particularly the Unified Communist Party of Nepal (Maoist), to discipline their trade unions, which, it said, had been creating terror in the hotels surrounding the Chitwan National Park.

"Maoists have terrorized the entire

area in Sauraha and hotel owners are living under constant psychological threat. When the hoteliers are making efforts to celebrate the Tourism Year-2011 by upgrading their facilities, the new threat has discouraged all of us," said Mitra Raj Dawadi, chairman of Narayangadh Industries and Commerce Association. "Because of the Maoist threat, one has to think twice whether to go to hotel or not?"

A similar situation confronts tourism entrepreneurs of Pokhara. Only a few

months back, Maoist affiliated trade unions, locked many hotels in Pokhara, sending away the tourists.

Although the hotels are not shut down, the Maoist trade unions continue to threaten the industry in the capital city. An uneasy tension remains between hoteliers and Maoist affiliated trade unions.

Along with the threat of trade unions, the frequent general strikes called by various political parties, ethnic groups, transport entrepreneurs, student unions

and locals are further damaging the travel trade.

At a time when Nepal's tourism industry is gradually recovering from the effects of the decade-long violent conflict, with the substantial growth to show of late, these new kinds of phenomena has have sent the wrong message across the world. After about a year, some western countries have issued travel warnings, placing Nepal again as an unsafe country.

Nepal Advantages

Despite the existing bleak scenario and unhelpful travel notices, the number of tourist arrivals in Nepal is a positive sign. Interestingly, the number of second time visitors is higher in these arrivals. Tourists seem to give up everything when they choose the destination with natural beauty and cultural diversity.

From the highest peak of the world to the lowest areas with tuna to temper climate, Nepal has sufficient naturally-attractive places as well as cultural and ethnical diversity. Thus, Nepal is full of potential spots to hook the tourists.

The sad part, however, is Nepal has been unable to fully tap these potentials. The tourist arrival is hovering in Nepal just over 500,000 figures which were even achieved in the year 1999.

Preparation of Nepal Tourism Board

As the Nepal Tourism Year 2011 is approaching, Nepal Tourism Board, with support from the private sector, has



Natural Scenery: Tourist attraction

Photo: NTB

trails as well as the new culturally interesting destinations.

"We are making every effort to make the Nepal Tourism Year 2011 a great success. In the process, the promotional campaigns have already begun through Nepal Tourism Board," told Minister of Tourism and Civil Aviation Sarat Singh Bhandari to New Spotlight. "Given the present situation, there is the possibility to bring a million tourists by 2011. We have also started work to bring a new jet aircraft for Nepal Airlines."

From identifying to opening up new destinations, Nepal Tourism Board has been actively taking part in the promotion and preparation for the Nepal Tourism Year.

The board is also encouraging private sectors to actively take part in the next year's mega tourism event. With 669 star and non-star hotels, including 10 five-star hotels, with capacity of 2603 beds, Nepal has enough space to cater to a million

tourists. Some hotels have begun the process of expansion and upgrading of their capacity. Kathmandu's five star hotels are also doing the same.

"Despite uncertainty over the future, we have to invest money to maintain the facilities," said Prasiddha Bahadur Pande, chairman of Hotel Association Nepal. "We need peace and tranquility."

Tourism industry contributes a major portion in foreign currency earning. According to Economic Survey, Nepal earned foreign currency equivalent to more than 18 billion rupees in the eight months of fiscal year 2009/2010. Tourism contributes 2.6 percent to GDP and a total of about eight percent in the foreign exchange earnings.

"It is unfortunate that Nepal's tourism industry has been facing all kinds of problems all the time. When we are in the process of some recovery, growing uncertainty is hitting hard again," said Pandey. "Since tourism industry is a very sensitive industry, any uncertain situation may create trouble to it."

According to recently released data, total tourist arrivals in the country via



Elephant Riding: Popular event

Photo: NTB

already initiated a global campaign in several countries.

Since Nepal is one of the culturally and ecologically diverse regions of the world, there is the need to open trekking

air in 2009 recorded a marginal growth of 1.1 percent over the arrival figure of 2008. Nepal Tourism Statistic 2008 recorded the number of tourists arrival in the year was 5,000,277. The figure was lower than in the year 2007 when the tourist arrivals was 526,705, highest number recorded so far.

Issuing a press statement, NTB said the year ended with positive notes in the sense that arrivals from China witnessed an encouraging surge. Arrivals from China increased by a whopping 51.4 percent in December. Visitors from other Asian countries, excluding SAARC countries, also increased. According to NTB, tourist arrivals from South Korea, Malaysia, Singapore, and Thailand registered a growth of 25.1 percent, 7.8 percent, 22 percent and 26.5 percent respectively.

The aggregate tourist arrival from Asian segment, other than South Asia, registered a growth of 19.4 percent in December and 10.1 percent in 2009.

Arrivals from Pakistan grew by 8.2 percent but the arrivals from India and Sri Lanka declined by 5 percent and 31.5 percent respectively in December. Likewise, arrivals from European countries registered an overall growth of 10.1 percent in December and 4.5 percent in the year 2009. Visitors from UK, France, Germany, Italy, the Netherlands and Austria also saw a growth. However, arrivals from Spain, Denmark and Norway posted a marginal decline.

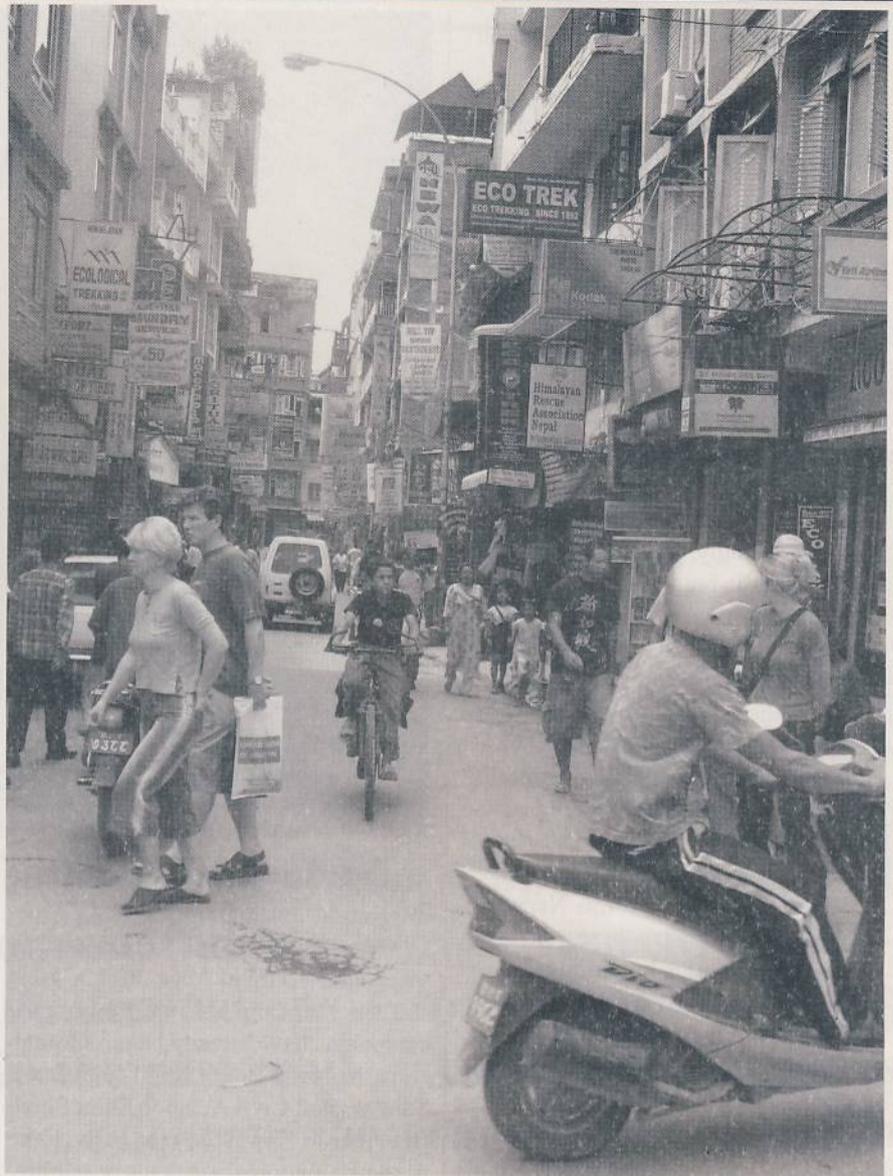
According to NTB, over 75,058 trekkers visited Annapurna region in 2009 while 1,769 trekkers visited the Manaslu region.

With the signing of comprehensive peace agreement in 2006, the number of tourist arrival continues to increase.

Tourist arrival to Nepal has increased in all twelve months of 2009. The growth in tourist arrival was contributed by a robust growth from China, Japan, Singapore, South Korea and Thailand.

In the SAARC region, arrivals from Bangladesh and Pakistan registered growth. However the arrivals from India decreased compared to the same month last year.

European countries also recorded impressive growths. Arrivals from



Tourist at Thamel: Growing number

France, Germany, The Netherlands, Spain and Denmark all increased. The only market which has not seen high growth was the UK.

Tourist arrivals from New Zealand and Canada also registered good growth. The arrivals from the US remained stable.

Recovery in the arrivals to Nepal in the beginning of second half of 2009 is in line with the onset of recovery from recession. As the world economy comes out of the global recession, tourism activities are forecast to expand as a result of rebounding consumer confidence. However, as advanced economies are projected to expand sluggishly, the impact of recovery in tourism sector might be realized slowly.

This is the third consecutive year

Nepal has witnessed positive growth in the international tourist arrivals. Recovery in the arrivals to Nepal in the beginning of second half of 2009 is in line with the marginal improvement observed in some of the economies.

As Nepal is in the process to welcome a million tourists, what is required is peace and tranquility. Tourism industry is a very sensitive industry; it cannot survive in case of anarchy and disorder. Nepal has advantages as well as possibility to make all things possible since the country has immense natural and cultural treasure to sell to the international tourism market. This is what Nepal Tourism Board is doing to make the Nepal Tourism Year 2011 success. ■

“Lawyers Voted for Independent Judiciary”

UPENDRA KESHARI NEUPANE

President of Democratic Lawyers' Association **UPENDRA KESHARI NEUPANE** is well known in his community. Nepal's democratic lawyers swept the Nepal Bar Association elections, with Neupane as the president. This is for the first time in two decades the entire democratic panel won the Bar elections. Neupane spoke to **NEW SPOTLIGHT** on various issues. Excerpts:

What do you say about the victory of all democratic candidates in the recent elections of Nepal Bar Association?

In the history of Nepal Bar Association, this is the first time democratic lawyers swept the elections results. As the president of Democratic Lawyers' Association, I am very happy. Actually, these results express the commitment of the entire lawyers' community towards an independent judiciary.

How do the results show that?

I think this is the expression of our commitment and faith to independent judiciary. Although our rival panel, led by advocate Hari Krishna Karki of progressive front, also holds a similar view, voters seem to have chosen democrats in hopes that they won't compromise on independence of the judiciary. Lawyers are a very aware and sensitive community. They chose us because of our faith.

In what sense is the election important?

This election is very important in the history of independence of judiciary as some political parties are now trying to restrict the independence within the control of legislature. The lawyers have clearly expressed their views that a controlled judiciary is not acceptable to them.

How do you evaluate the political situation?

The country has been passing through a very crucial situation. If we are unable to promulgate the constitution by May 28 2010, the country will enter into a new phase of

constitutional crisis and uncertainty. If you see the present political scenario, there is a very thin possibility of promulgating a new constitution.

What role does NBA need to play in this situation?

When the deadline crosses, the role of Nepal Bar Association is going to be very important and crucial. Even the efforts to prolong the present situation by amending the interim constitution are against the mandate of the people. In both the situations, Nepal Bar will have to play a very crucial role. In this sense, the recently elected members of Nepal Bar Association will have a historical role to play. Thus, the voters gave a clear-cut mandate to us expecting that they will defend the independence of Judiciary.

How do you look at the Maoist role?

I have only one worry about the present situation. I am a bit concerned about the Maoist strategy to drag political parties in their tricks. Nobody is sure which party will fall in the Maoist traps? Maoists have already fooled the political parties one after another. Maoists have already betrayed Nepali Congress. Nepal Bar can play an important role to protect and promote democracy, rule of law and supremacy of the constitution. This is an umbrella organization to protect the rule of law, democracy and supremacy of the constitution. After the election results, the competition is now over and Nepal Bar has to work as an organization of all the professional lawyers. NBA has to give leadership to all different views keeping in mind independence of judiciary, democracy, free press, human



rights and rule of law.

What are the challenges in front of the judiciary?

Like all other social organs, the judiciary is also not free from corruption. Even our judges have been openly saying this. One of the important roles of NBA will be to work together with judiciary to eliminate corruption. We need to establish an independent judiciary within the framework of democratic setup. We have to make the judiciary more accountable. Just denouncing the judges on the subjective basis will not benefit anybody. We need to take every care while denouncing the judiciary. There must be provisions to declare property. There are many ambiguities in the interpretation of law.

Although democratic lawyers won the elections, your vote is less than what other groups' secured. How do you look at this?

Of course, our votes are lower compared to the votes of two groups. But, our position is strong within NBA. We need to encourage more youths in our fold. Our position will be better if our leaders show their commitments. There are a large number of people who are committed to liberal and plural democracy, independence of judiciary and rule of law. This is the good thing. NBA's new team has challenges as well as opportunities before them. ■

Social Change and Nepal's Socio-Economic Development

By: Mohan D. Manandhar and Rojan Bajracharya

Social change is a core of positive socio-economic development and growth as it influences development and growth of new social movements, by both pushing the pace of change and checking the excesses of the state. Civil society, in the form of NGOs and other private institutions, which advocate for good governance, equity, poverty alleviation and recognition of human rights represent some of these forces. Sometime, these social changes are defended as secularism for developed society so faces challenges of revivalism of existing social norms and/or state institutions with the assurance of demands of people being met.

In this regard, the contemporary Nepal which is in course of state transformation and constitution making, the issues of social change and its impact on socio-economic development is the major discourse.

The 15th to 18th century Europe had experienced dramatic social, economic and political changes in course of colonization process resulting international movements of people and goods; the slave trade and trade in minerals and precious spices. Further, late 19 century socio-economic changes were the results of technological advancements, education, conquests, trade and colonization. The population of Europe grew with improved living standards and other developments relating to human wellbeing. This guided Europe from religion socio cultural to individualistic culture and conservative to secular. However the niches of conservatism still observe in Europe in 20 century as in Yugoslavia and Northern Ireland.

Most social movements for positive changes have been led by people whose ideals actually appealed the masses, often there have been times when such movements have been hijacked by radicals with extreme aims. The crisis of secularism in contemporary India – Hindu fundamentalist vis-à-vis Muslims radicals – is one of good example for

such affair. The genuine social, political, religious and cultural movements are in tussle with extremist strands. Some such short term movements have fizzled out while others have grown to become legitimate institutions of state while others continue their opposition to state. Some examples of destructive movements are that led by Afghanistan's Taliban, The Communist Party of North Korea, Naga movement of Northern Indian and the uprising of Nepal's own Maoists.

Before unification of Nepal by King Prithvi Narayan Shah in 1769, Nepal was divided into various small kingdoms and fiefdoms, which went through their own change processes. During King Prithvi Narayan Shah's rule, he unified these diverse kingdoms and fiefdoms and sketched the shape of modern Nepal. The Ranas ruled for another 104 years. This period was characterized by increased militarization, centralization of power in the hands of the elite and the exclusion of people from the political

The result has been staggered instability which has begun to affect the economy. Specifically, decade long Maoists revolution have attacked development infrastructure hitting both the State and the people where it hurts most. The losses to the exchequer have also been massive and the number of deaths since November 2001 has exceeded the numbers killed in the last six years. Overall the insurgency and counter-insurgency has already cost over 4,000 lives.

In this regard, Nepal is at the crux of social change guided by movement's determination and conservative state structure. The result has been staggered instability which has begun to affect the economy. Specifically, decade long Maoists revolution have attacked development infrastructure hitting both the State and the people where it hurts most. The losses to the exchequer have also been massive and the number of deaths since November 2001 has exceeded the numbers killed in the last six years. Overall the insurgency and counter-insurgency has already cost over 4,000 lives.

To understand the chronology of social change and the impacts on the economy, let us look back at history.

processes. However, social movements opposing Rana rule did begin to take shape, especially in urban areas. These early movements were part of political process initiated by elite and educated classes who had been excluded from the existing political process and were also influenced by the democratic movement in India.

The Rana rule ended in the 1950s, replaced temporarily by a democratic government in 1951. There was visible social change during the short democratic rule. But this was short-lived because absolute rule Saha was re-established in 1960 with one party Panchayat was instituted in Nepal.

The one-party Panchayat regime lasted for 30 years. It had created

systems of surveillance and reporting by regional administrators who were responsible for prediction and prevention of movements that would threaten State power. The State also created a number of class-based organizations and also directed and implemented development programs, including the creation of public enterprises. The regime was able to generate employment of youth and tried to-albeit artificially-re-organize the composition of the largely elite-controlled bureaucracy to include people from different ethnic and caste backgrounds. The regime also initiated social mobilization of rural people all aimed to "integrate" the process of creating national identity through promotion of national language, culture, and religion. Political parties were banned, an attempt to de-politicize the citizenry to prevent any challenge to the power and legitimacy of the regime. There was, however, no independent mechanism to check the excesses of State. Meanwhile, underground political parties' activities of student unions, teachers, literary societies and cultural associations flourished despite the ban on forming organizations and social

movements. The movements came into being to fill the vacuum created by the absence of independent entities to check and balance government.

Social movements help to empower civil society, especially to establish social checks and balances. They also help to lead the change process. It was the underground political movements that forced the establishment of democracy in Nepal in 1990. The demand for change came from the urban areas and gradually spread nationwide. The social dynamics took a major leaf after 1990, which included manifestations of the aspirations that had been subdued during the Panchayat period and reflected in the rise of a new class of people into leadership positions. It is a different matter that the new elite soon developed their own alliances within which the benefits of state were shared, isolating again, the "others" and leading to new social movements to challenge the status quo.

Nepal continues to experience rapid socio-economic and political changes. The aspirations for change rose with the restoration of democracy but succeeding governments have continually failed to

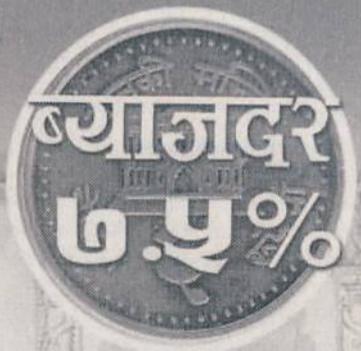
deliver on promises of accelerated and equitable development resulting better life for all. The failure of the political class and the bureaucracy to deliver has created a sense of resignation and disappointment and has alienated majority of people. The hope that democracy will lead to opportunities including access to jobs and economic resources for all, remains a distant dream. The politicization of State apparatus by political parties for partisan interests has resulted in the fragmentation of government systems which consequentially reflected in poor delivery of services.

Social change has to be understood from a different perspective. Genuine grievances of deprivation, exploitation, discrimination and injustice deserve sympathy and support. Perhaps, there is a need for radical socio-economic transformation that can provide the poor and disadvantaged groups the access to public services. Not enabling this access can trigger another movement of the poor, sick, illiterate and the marginalized which was also the Maoists' main political agenda. ■

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Market Choices

NCF organizes talks program on social and ecological market economy

By **ACORRESPONDENT**

At a time when Nepal is in the process of constitution making, there is a debate over what model of economy Nepal needs to have. Various political parties are pursuing the economic model based on their own ideologies. There is debate going on state control Vs Market oriented.

Organized by Nepal Constitution Foundation (NCF) in cooperation with the German Federal Ministry of Economic Cooperation and Development (BMZ), various speakers participated in a discussion program on Social and Ecological Market Economy today in the context of constitution making in Nepal.

The social market economy is a system of countervailing powers through which a dynamic equilibrium is created in the economy. The fundamental institutional requirements are the rule of law and a democratic order in which the interests of the different social groups are respected.

Social partnership between trade unions and entrepreneurial associations is an essential component of labor market design to allow for entrepreneurial dynamics, investment, high employment rates, and social justice

Two German experts Dr. Dieter Beneckend and Cornelia Richter made their

presentation on the theme which was followed by floor discussion on the issues involved in the context of the draft constitution Nepal is working on. While Dr. Beneckend focused on the principles of social and ecological market economy, Richter elaborated on impact of social and ecological market economy drawing on examples from Countries in transition.

The implementation of social market economy is based on three general principles: individual spirit of achievement and self-responsibility of citizens, solidarity within society and subsidiary of the state.

Presenting his paper Dr. Beneckend said that there has been certain crisis in the thinking of neo-liberal approach - financial crisis. He said there have not been enough discussions done about economic vision in Nepal. He did not intend to give a recipe or blueprint but wanted to highlight the requirement of private initiative, free entrepreneurship, and free competition. Discussion has to be done at the local level on social and ecological market economy.

Equal opportunities have to be created. Education for all is important in society as it creates opportunities. Speaking on areas of legal regulation in the social and ecological market economy Dr. Beneckend said the highest rate of income tax has to be determined.

Giving his views on institutional framework of the State, legally autonomous institutions, he said Central Bank should deal with monetary policies and not the Ministry of Finance. In case the latter dealt with the monetary policy there would be inflation.

He elaborated on the concrete functions of the government. The role of the State as entrepreneur has to be defined. Entrepreneurs should be given incentives for innovations.

Concluding his deliberation he said that State of law and good governance are half the way social and ecological market economy success.

Cornelia Richter spoke of the role GTZ is playing in different countries in different capacities. She told the gathering that GTZ is the implementing agency of the German government. GTZ has been working in more than 130 countries around the world with more than 12000 national experts. Almost half century old partnership has been developed with Nepal. The achievements in Nepal is encouraging was her assessment.

GTZ has an expertise in local self government, renewable energy and family planning. Sharing of other countries' transitional experiences will be beneficial to Nepal was her opinion.

Welcoming the participants, Dr Bipin Adhikari, Chairperson of the Nepal Constitution Foundation, said that a market economy is based on division of labor in which the prices of goods and services are determined in a free market system set by supply and demand.

Emphasizing that the concept of free market economy has gone far ahead, he pinpointed that recent advances have gone beyond the thoughts of David Hume, Adam Smith, Ricardo, Karl Marx etc. The social and ecological market economy provides a perspective from which to approach many problems that many economies face today. He said this discussion can help us find out what special provisions we might need in the new constitution that can address both the need for protection of the environment and the social fairness.

The program was participated by more than 35 members of the Constituent Assembly (CA), lawyers, university professors, business consultants, and social activists. CA members Ratna Sherchan (Nepali Congress), Lucky Sherpa (UML), and Sita Gurung (NC) also participated in the program.

The discussion session was wrapped up by Dr. Horst Matthaeus. He also emphasized that political stability was important for economic development, welfare for all including for Dalit women and men. ■



Lamsal (Right) with his wife Sabita : Hard working

MADAN LAMSAL

Commitment Pays

Editor and publisher of New Business Age Monthly, Madan Lamsal is a three-in-one personality

By A CORRESPONDENT

Madan Lamsal is a successful journalist in the field of economic and business journalism, having two related publications under him, he has also shown his talent in literature and music.

His music video and satires are very popular. In his music album, Lamsal expresses his compassionate and inner feelings about his life, whereas his satires explain social and political lacunas that prevailed in the social sectors.

"It was my hobby to write poems in the early days. I also have my own dream to be a good singer," said Lamsal.

Lamsal, hence, is a three-in-one personality.

He has already published a collection of his satires written by him and he has already released music video with the songs with his sound and attractive vocal sound. At the time of leisure, Lamsal always prefers to listen to music and write poetry.

"After working for a long time in office, I feel relaxed when I seat to write

the poem or listen to the music," said Lamsal, a father of two children. Having complete dedication and commitment to his work, Lamsal is able to establish himself in all the ventures he has set foot on.

He started his business journalism career as a reporter of The Financial Times (weekly) back in 1992. The journey of Madan Lamsal remains long. He was promoted to sub-editor in 1995 and worked there till 1996. Lamsal became an editor of Business Age (Monthly) in June 1998 and served as editor of the magazine till 2001. He continues to be an editor and publisher of that magazine since 2001 to till to date.

His quest to journalism has not stopped here. In 2005, Lamsal started to publish Aajako Abhiyan (Nepali political and economic weekly) as an editor and publisher. He is now planning to bring daily business newspaper with a big investment.

Madan Lamsal proves that everything can be achieved through strong dedication and commitment. An individual can make a difference in his life. One of the strengths behind his success is her spouse Sabita Subedi,

who sided with him in his all ups and downs, in the business.

Whether Lamsal released a music album or published a book or did a magazine business, Sabita always solidly backed him.

"She looks after distribution as well as administration of the New Business Age office with more than 50 employees," said Lamsal.

Since his joining to the business journalism, journalist Lamsal continues to move forward in destiny to establish himself as a person of note in business journalism. Along with publishing monthly business news magazine in English, he is also publishing a weekly vernacular business tabloid.

Born in Jutpani-2 of Chitwan district, Lamsal did his Master's in English and economics from Tribhuvan Universtiy.

Soft spoken and mobile, one of the major contribution of Lamsal to Nepalese media sector is to run and establish a business magazine.

At a time when numbers of television, FM Radio stations and broadsheet newspapers with huge investments are competing in the market, Lamsal is able to maintain his media, bringing depth business stories, economic analysis and other things.

"I don't have to face any competition now. I have my own market which is created by my magazine," said Lamsal. "One of the major challenges right now is the manpower who can write the story understanding the business and economic matter. Other challenges are to make balance between journalism and business."

In short span of a decade and half in business journalism, Lamsal proves that there is nothing impossible if a person has commitments and dedication to his job. ■

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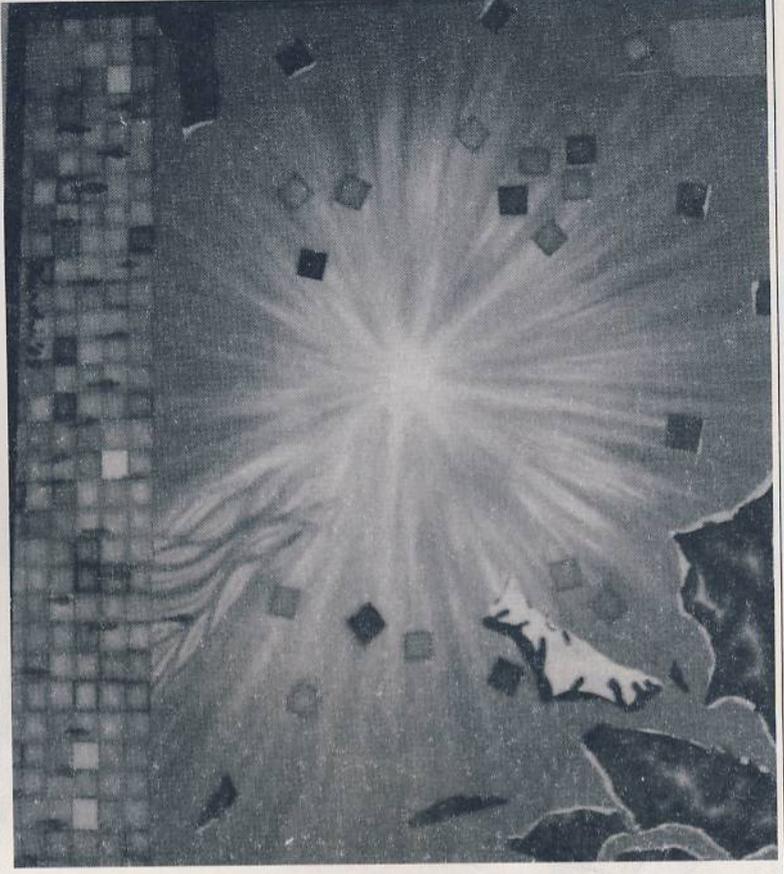
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Art

The Mahabharata: As She Sees It

Artist Kurchi Dasgupta's paintings show the Mahabharata as she sees it

By PRADIPTI BHATTA

The Mahabharata, the longest epic ever written, has been recreated by many people. The way people see it has always been different and so are the recreated versions. Kurchi Dasgupta has beautifully expressed her feelings about the epic through her paintings, which are on exhibit at the Siddhartha Art Gallery, Babar Mahal Revisited. The exhibition which was inaugurated by Rakesh Sood, the Ambassador of India on January 23, will be held till February 11.

Her paintings reflect the way she sees the Mahabharata. She has used bold colors and various forms to tell stories of the various events, taken from the epic, on canvas. Dasgupta has given

even the smallest details on her paintings with every little thing trying to give us a meaning.

The tiny silhouettes represent men and the braid represents women. The men in the paintings are not unified, thus a reason to go into war and the essence of woman is seen in some of the paintings with the men. She has represented time with a shell in her paintings. Other than the war, her works of art also tell us about enlightenment and love. Love here is not only limited to souls but also human beings and nature.

The paintings can be compared to the current situation of the human race, especially in places where people are not

unified and this has caused disturbances in the lives of many. Although they are related to the Mahabharata, they can be seen in different ways. Above all, the exhibition is a must-see as the artist has wonderfully expressed her thoughts in her creations in a very beautiful and deep manner. ■

NEW SPOTLIGHT

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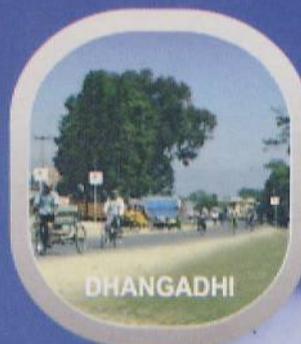
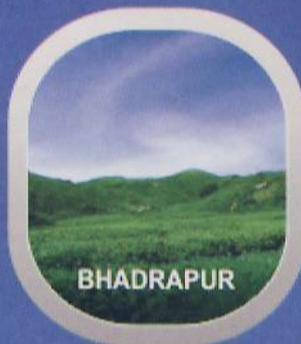
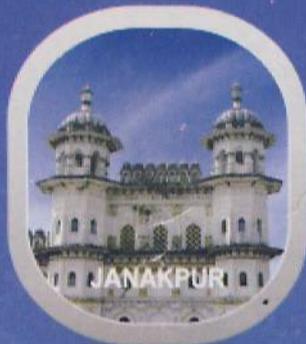
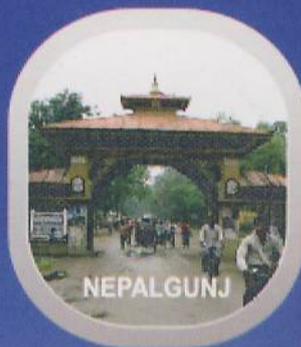
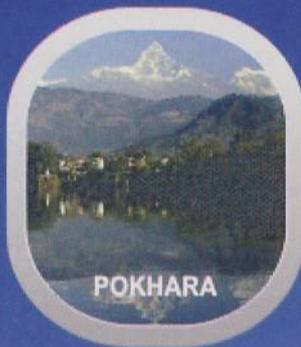
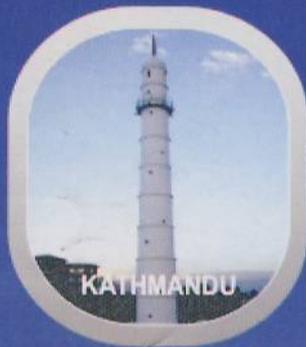
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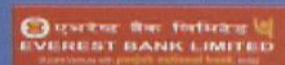
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