



Opinion:
Dipak Gyawali



Interview:
Daman Nath Dhungana



Viewpoint:
Dr. Tilak Rawal

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From The Editor

Earthquakes are an unavoidable part of Nepal as Nepal lies in a very active seismic zone. The seismic record suggests that earthquakes similar in size to the 1934 event occur approximately every 75 years. Experts predict that a devastating earthquake is inevitable in the near future. The economic loss of Nepal will be much higher given Nepal's weak infrastructure and unpreparedness. Many see valley's infrastructure systems are extremely vulnerable and their failure can result in failures of other lifelines and losses from disruption of activities that are much greater than the cost to repair damage. Nepal needs to search the way out to reduce the cost. Mitigation measures can reduce risks. As Nepal is celebrating National Earthquake Safety Day in commemoration of the Great Bihar-Nepal Earthquake of 1934, we have decided to look at the economic cost of the earthquake as a lead story. Along with focusing on other issues, we decided to focus on economic consequences of major earthquake in Nepal. Past experiences have shown that we can minimize the economic and other losses from earthquakes. Earthquakes do not kill but it is the building which kills. We have also covered other aspects of political and economic activities in other stories and columns.

Keshab

Keshab Poudel
Editor



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Russian Envoy Visits Janakpur Cigarette Factory

Russian ambassador to Nepal Dr. Sergey V. Velichkin inspected Janakpur Cigarette Factory building in Janakpurdham. Constructed under the cooperation from dissolved Soviet Union in 1965, Janakpur Cigarette Factory used to be the largest tax payer in the country and one of the major industries established in Nepal's southern plains.

With politicization, the factory is now virtually in the process of closure.

"We are very sad to know the closure of the factory which played a key role in economic prosperity of Janakpurdham," said ambassador Velichkin.

Talking to media persons in Janakpurdham, the Russian ambassador said he would make his best efforts not to allow shutdown of this factory.

"We will intensively study the state of the factory and will send the report to Russia. When the factory was built, there



were Soviet Union and Monarchy in Nepal and both elements were history now."

The ambassador also inspected the factory compounds, equipments and other surroundings. Along with JCF, Russia also supported to build Pathalaiya-Dhalkebar portion of East West High Way, Birgunj Sugar Mill, Agriculture Tool Center and Rosin and Turpentine Factory in the far west.

Japan's Assistance For Maternal, Child Health

The Government of Japan has decided to extend financial assistance of 470,807 US Dollars; equivalent to approximately 40,381,116 Nepalese Rupees to AMDA Multi-sectoral and Integrated Development Services (AMDA-MINDS) under the Grant Assistance for Japanese NGO Projects Scheme of the Government of Japan in Japan's FY 2011. AMDA-MINDS will implement the Project for Improving Maternal and Child Health through Promoting Capacity Development at four Village Development Committees (VDCs) in Rupandehi District.

The Grant Contract relating to this project was signed and exchanged between Kunio TAKAHASHI, Ambassador of Japan to Nepal, and Ms. Maiko KOBAYASHI, Country Director, AMDA-MINDS Nepal Office.

British Defense Staff Chief Visits

The Chief of the British Defense Staff, General Sir David Richards, visited Nepal from 3rd January to 9th January 2012. A great friend of Nepal, General Richards had visited twice before in his capacity as the Colonel Commandant of the Brigade of Gurkhas. However, this was his first trip since his appointment as the professional head of the British Services.

He was here to see British Gurkha Nepal's activities, including recruiting, and to be briefed on the Gurkha Welfare Scheme's development projects. He paid



Nepal Army Chief General Chhatra Man Singh Gurung with Chief of the British Defense Staff, General Sir David Richards

courtesy calls on the President and the Defense Minister. He also met the Chief of Army Staff, General Chhatra Man Singh Gurung.

Indian Assistance To Janakpur School

Indian Ambassador to Nepal Jayant Prasad inaugurated the newly constructed school and hostel buildings for Shree KSHSB Higher Secondary School and also laid the foundation stone of a bridge over Jaunt River to be constructed with India's financial assistance under Nepal - India Economic Cooperation Program.

Ambassador Prasad inaugurated the newly constructed school and hostel buildings for Shree KSHSB Higher Secondary School. The new buildings constructed with India's grant assistance of NRs. 2.88 crores will provide better facilities to over 2300 students, of whom half are girls. Their stay and study at the new facility will help them to secure improved results in their examination

and upgrade their overall academic capacity.

Thirteen KOICA Volunteers Handover

Thirteen KOICA Volunteers who arrived in Nepal on November 14, 2011 to work in Nepal for two years are handover to all the chief of the volunteer recipient organization attended the program.

Ambassador Yang Houlan Attends Health Camp

Chinese ambassador to Nepal Yang Houlan attended one day Free Health Camp organized by Arniko Society in Siddhipur Village, Lalitpur District. Dr. Harish, Chairman of Arniko Society, the local party leaders of CPN (UML), NC and UCPN (Maoist), CA member and Ambassador Yang addressed the function. Over 100 local villagers attended the opening ceremony.

According to Chinese Embassy website, ambassador Yang stated in his speech that China and Nepal are good neighbors, good partners and good friends and that the two countries have friendly contacts since a long time ago, and the two countries are always respecting each other, understanding each other and supporting each other. "Arniko Society is the real model of spreading Nepal-China friendship and cooperation of Nepal-China's 56th diplomatic relations," said the Chinese ambassador.

Dr. Harish stated in his speech that Nepal-China traditional friendship has a long history. China is always helping Nepal in various fields like health, education, culture, hydropower and road.

Former King Gyanendra speaks

Former King Gyanendra issued a statement on the occasion of the 29th birth anniversary of King Prithivi Narayan Shah the great. In his statement, former king said, "it was because of King Prithvi Narayan Shah's generous and liberal policies of building a great and unified nation that the feeling of patriotism took roots in Nepal. These policies also instilled in the Nepalese people the values of mutual friendship, coordination, cooperation, national pride, sense of independence, happiness, peace, security and prosperity. History is witness to the fact that, with these ideals as the guiding spirit, the Kings of the Shah Dynasty have always discharged their duties and responsibilities towards the nation. ■"

Global Bank In 6th Year

The Global Bank has entered the sixth year of its operation from January. In its five years, the bank provided services to more than 1 lakh and 20 thousand customers. Among them, sixty one thousand people have been using the bank's debit card service while more than 37 thousand people are enjoying the bank's mobile banking service, according to the bank.

The Global Bank is providing services to its customers from its 31 branches and 38 ATM counters and is only among the five commercial banks in the country that are allowed to perform government transactions.

The bank has till date collected around NRs 17 billion deposits and has invested more than NRs 14 billion.

Krishna Prasad Sharma Appointed New RBB CEO

Krishna Prasad Sharma has been appointed as chief executive officer of the Rastriya Banijya Bank (RBB).

The CEO selection five-member committee headed by Energy Minister Balanand Poudel selected Krishna Prasad Sharma as the new CEO following the approval of RBB's executive board. Sharma is the first CEO of the bank to be appointed through an open competition.



Sharma has been a proficient figure in banking sector for a long time and is considered as one of the most efficient bankers of the country. He had a long career in RBB spanning over 28 years and has been instrumental in implementation of financial sector restructuring program in the bank.

After his appointment, he said he would try to make the banking sector more competent and competitive.

Photo Exhibit Marks Lisanevich's Arrival In Nepal

A photo exhibition was organized at Russian Centre of Science & Culture, Kamalpokhari, Kathmandu, to mark the 60th Anniversary of Boris Lisanevich's arrival in Nepal. The exhibition was organized from 16th to 30th Dec, 2011 with the theme "Travelling in Nepal."

Boris is considered the pioneer of hotel industry in Nepal as he helped the growth of tourism in Nepal by opening the country's first international hotel the 'Royal Hotel' during the late 50s.

The exhibition was jointly organized by Russian Centre of Science & Culture, Nepal Tourism Board, Himalayan Academy of Travel & Tourism and School of Creative Communications.

The photographs of Russian and Nepali photographers were displayed during the exhibition.

EU and DFID extend EUR 16.5 million (NPR approx 1.8 billion) grant assistance to Nepal

The Government of the United Kingdom of Great Britain and Northern Ireland, acting through the Department for International Development ("DFID"), and the European Union have agreed to provide a grant assistance of EURO 16.5 million (equivalent to NPR 1.8 billion) to the Government of Nepal for the implementation of the Nepal Climate Change Support Programme: Building Climate Resilience in Nepal. Out of the total grant assistance of EURO 16.5 million, the Government of the United Kingdom will provide EURO 7.9 million and the European Union (EU) will provide EURO 8.6 million. In this regard, the Memorandum of Understanding between the Government of Nepal and the Government of the United Kingdom, was signed today at the Ministry of Finance, Kathmandu, Nepal. The agreement between Nepal and the EU was already concluded on 26 December 2011.

The MoU was signed by Mr. Krishna Hari Baskota, Secretary, Ministry of Finance and Mr. Dominic O'Neil, Head of DFID, Nepal on behalf of their respective Governments, in the presence of the EU Delegation to Nepal.

BFI

Bitter Realty

The banks and financial intuitions (BFIs) are still feeling the heat from realty disaster. The number of defaulters from the realty loan has gone up by many folds. BFIs have put around 1000 units of land and housing up for the auction in the second quarter of the running fiscal year. The number of units up for auction normally used to be around a dozen.

BFIs have invested around 120 billion in the realty sector and they are facing problem recovering their loan as well as the interest from their investment.

According to the experts, the situation might still get worse in the upcoming months.

"Banks are to be blamed for their current state as they invested for speculative purposes and now it is hitting them back. The real state of the problem will be seen only around the mid July 2012," said Sashin Joshi, CEO of NIC bank, at an interaction program organized by Nepal Economic Forum.

So, to ease the current scenario in the banking sector, government is planning to take some steps.

However, the possibility of introducing the asset management company any time soon was denied by Deputy Governor Maha

Prasad Adhikari. "To save the system we are even ready to introduce asset management companies but it should be used only as the last option as it will be bail out mechanism for those people who took millions of loan from bank promising to create jobs but didn't do anything productive for the country and invested in realty sector for their personal good," he said. "The size of realty is not big in Nepal, there are problems and we may incur losses but the future is not that bad. Any amount of loss is lesser than the lesson we learnt from realty bubble."

On the other side, to improve the current state, the government is planning to increase the loan limit on the personal loan for the realty transactions, as well as trying to tempt the officials to buy apartments and is also planning to make it possible for even the foreigners to buy property in Nepal.

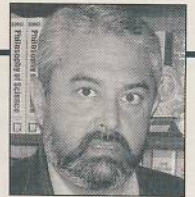
The full damage made by realty sector in the Nepalese economy is yet to unfold as currently remittances have helped to ease the problem a lot.

By DEBESH ADHIKARI



New Dalit Reflects on New Nepal's 'Pajeroaad'

By DIPAK GYAWALI



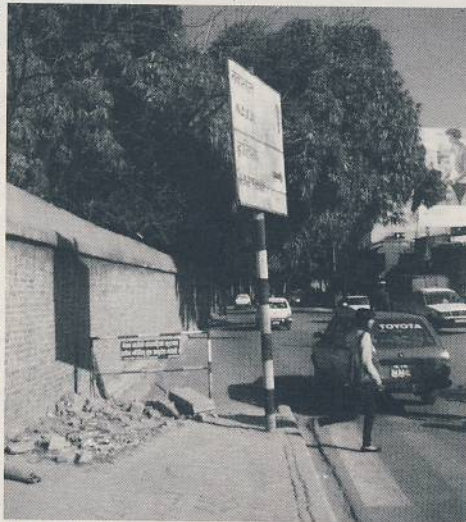
New Nepal is rapidly heading towards its innate "tarkik nishkarsha", i.e. a messy conclusion that confounds normal political logic and which will create more problems than it promises to solve. And the reasons are embarrassingly obvious: the street protests of spring 2006 were inspired more by alien concerns and forces than the political needs of the country; the architecture it gave birth to was based on fantasy theories reflecting very little of Nepali socio-economic reality; and the solutions it sought had nothing to do with the real problems facing her citizens or their aspirations. The result is that the political masters of New Nepal are focused less on finishing an un-writeable constitution or stabilizing the 12-point Delhi-imposed ceasefire and more on populist vaudeville known in Nepali as *nautanki*.

A ground-level view of the coming mess was provided to me recently at the neighbourhood newspaper kiosk by an acquaintance, one of the movers and shakers behind the now politically active Chhetri Samaaj. He waxed eloquent about how he was a 'New Dalit' in New Nepal. As an un-reconstituted constitutional monarchist, he was a politically marginalized figure. As a Chhetri, the largest and most widespread ethnic group in Nepal, he had been 'othered' and deprived of an identity in a land united by his forbears and served by him loyally. His religion and culture too had been knocked off their pedestals, and his history was being erased by the government headed by Brother No. 2. However, unlike Old Dalits, he was not going to let anyone keep him down for long, come what may! What made his tirade against the current dispensation intriguing was his take on current events and the indication of the direction protests might take in the coming spring.

Constitution making was in limbo, he argued, not because the 'revolutionaries' have not had the time to sort out the contentious issues: it was so because they had no idea what was to replace the foundations they had destroyed and because transition itself was a lucrative business that needed stretching as far as it would. Federalism as advocated ethnic populism was unworkable because, no matter how one drew the boundaries, it would 'other' over two-thirds of the population therein. On the form of governance, having sidelined the monarchy which was an institution outside of competitive electoral politics, the current crop of leaders have put every institution – bureaucracy, judiciary and army included – on the partisan auction block. It is a recipe for unending political instability, more so because the issue is not whether a prime minister or a president is directly elected and has executive

authority. It is about the separation and balance of powers; but to put in place such a system, there is no trust among the big party protagonists. None are confident that the capture of power by one, even with ballots and not bullets, will not result in the marginalization of others; and the partisan fight will then morph into whose electoral or judicial mandate is more legitimate. And there is no statesman in the observed political firmament with any ethical stature even to propose something halfway acceptable, especially when all parties and their bosses have packed the CA with murderers, embezzlers, passport sellers and the like.

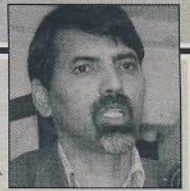
Bereft of substance, the current dispensation hopes to distract rising popular anger by *nautanki* forms such as removing King Tribhuban's statue, widening the capital's roads and promising to end power cuts with diesel power plants and imports from an already power-starved India. What angered my 'othered' friend with the road-widening program were its blatant bulldozing by disregarding due process and the ignoring of pedestrian needs. "Have the Maobaadis become *Pajerobaadis* so soon that they can only think of roads for cars and not for people who need to walk?" he asked. "And should this be their priority or that of an elected municipality? Their mandate to rule has long run out even to make the constitution they were supposed to make!" He was convinced this was all about feeding the official budget to their party thugs. *Pajeroaad*, named after the Japanese luxury SUVs, was the most iconic veniality that discredited the parliament of Democracy-1 in the 1990s and had contributed to the Maoist uprising.



A pedestrian forced off the "disappeared" footpath onto dangerous vehicular traffic at the Naxal-Nagpokhari stretch adjacent to the Royal Palace wall.

The politics of pelf is most obvious in the electricity sector reeling under the kind of worsening power cuts that happen only in war-torn countries, not one which was supposed to have received "peace dividends" since six years past. That is time enough to have *actually built and commissioned* a major power plant! The significant reform effort that would have set things in the right direction, the proposed new electricity act first tabled by Prachanda's government and subsequently re-tabled by all those following, is still languishing in the parliament. The reasons have to do with opposition by party trade unions in the NEA and assorted rent-seeking hydrocrats in cahoots with trading houses that would benefit from importing diesel plants and selling hydro licenses to Indian companies.

This love of "200 MW diesel plant" is nothing new: it was the main motivating factor behind the push for the eventually aborted Arun-3. The only publicly available study on the economics of diesel is found in a 1992 study by the NEA,



Rejecting Review, SC Stirred Row

By JANARDAN SHARMA

which showed that the electricity from the Hetauda diesel plant cost about eighteen rupees per unit in FY 2045/46, and that was when the cost of diesel was close to single digits with the dollar buying only half of today's rupees. Even if ordered today, it would take two years to commission, but there would be no transport, storage or paying capacity to handle the voluminous diesel it would consume.

That same story applies to import from India: if all went well, and India had the surplus power to export, putting in place a 400kV transmission capacity could not be done before two years. In that time, for only two-thirds of the cost of Indian imports the roughly two dozen Nepali hydro developers are more than capable and willing to add at least a hundred megawatts every two years to the national grid (as are Nepal's solar enthusiasts); but no party is willing to support them because it does not fill party coffers. It is quite obvious that the real political interest is in the shower of benefits from the twelve billion in the diesel plant's procurement.

The naked anti-socialist *Pajerobaad* of the current dispensation is seen in their attempt to smother community electricity. The Nepali Kangress energy minister in the Madhav Nepal government closed down the NEA department facilitating rural communities in this direction: Baburam's government has recently closed down the government's support to the program under the 20:80 scheme. And these parties call themselves democratic socialists and communists! Again the answer is obvious: NEA trade union opposition and the shower of procurement benefits from conventional donor-supported centralized rural electrification whose political economy is the complete opposite of community-led efforts.

All of these and many other shenanigans by the parties in power since the street protests of April 2006 confirm the observation of my 'othered' New Dalit friend: "What Jana Andolan-2 gave us was the neo-feudalism of party aristocrats, the same characters who destroyed Democracy-1 in the 1990s!" ■

The recent verdict of Supreme Court is against separation of power. The court has no authority to say what the tenure of CA should be. Since the Constituent Assembly is elected by the people, it is the people to decide its fate. The Court intervened in the rights of Constituent Assembly. By rejecting the review petition, the court has shown how negative the judiciary is against the forum of people. The Constituent Assembly is the agenda of political parties and it is not the agenda of any court. So, political parties take decisions about its fate. We have already registered our voices in the Constituent Assembly. Court should have avoided this kind of controversy in involving in the affairs of the legislature.

Our party is committed to the peace process and constitution writing. It is Nepali Congress and CPN-UML which are creating hurdles one after another against the constitution. We have sacrificed almost everything for the peace process and constitution. However, Nepali Congress and CPN-UML have been making efforts to bow down us. There is a limit for surrender and we cannot go beyond this. If Nepali Congress does not agree on our demand of presidential form of government, there is no question to push the agenda of integration of People's Army. There is still time to make progress on what is required, and this is just a big heart of Nepali Congress in sharing power. We have already seen that the parliamentary democracy has already failed to address the challenges faced by people. There is no question to continue it. We are flexible on the issue of forms of government. Thus, we accepted the proposal for a mixed system with president elected by the people and prime minister by the legislature.

There is a conspiracy now against the peace process and constitution writing. We see some elements are trying to fish in trouble water. From so called civil society members to Nepal's two main parties, they are playing the game of invisible forces against the Maoists. As

a largest party with wider support in the country, our party is capable to fight against such a conspiracy. The recent verdict of Supreme Court is part of such conspiracy. I want to say that CA does not have any alternative and it can decide its own fate. If someone tries to defame it or try to make it defunct, people will not tolerate it. We will go to people and ask them to rebel against any move thwart the right of people.

Whatever one can say about our party, there is no difference over the peace process and constitution writing. I don't think Maoists have any responsibility in delaying the peace process and constitution writing. However, it is the CPN-UML and Nepali Congress which have been making every effort to discredit our party. It is a well known fact that CA is our child and we don't want to let it die without producing a people's constitution.

Nobody can bypass the political parties as they are the main agents of change. Had not UCPN-Maoists raised the weapons, the country would not have seen the present situation. We know some so called civil society members are supporting the court's verdict. I think they have vested interests and don't want to see the survival of people's institutions and constitution drafted by the people's representatives.

We are not against the Truth and Reconciliation Commission and Disappearance Commission. But, both the commissions need to have limitations. As Nepalese people have developed the way for their own home grown peace process. They don't want to see their past wounds. With support from some international forces, someone is making efforts to trial Maoist leaders in the name of TRC. We believe that violence is the history of past and people are living together with forget and forgive. In this scenario, there is no need to have a commission which can open the history of conflict. This is one of the main agenda of Comprehensive Peace Process also.

Sharma is a Maoist Central Committee Member as told to New Spotlight

“Political Leaders Are Betraying Us”

-DAMANNATHDHUNGANA

Former speaker of the House of Representatives DAMAN NATH DHUNGANA, who played a role of moderator in a series of failed Maoist and government talks before 2006, was a member of Nepali Congress. He remains as an active member of the civil society. At a time when there is uncertainty about the peace process and constitution writing, Dhungana spoke to KESHAB POUDEL on various issues. Excerpts:

Political parties are arguing over the numbers, ranks and integration process, how do you foresee the future of the process?

We celebrated peace day on November 21. However, the government and political parties did not remember it at all. Prime minister Dr. Baburam Bhattarai attended our celebration. I suggested to him that he had twin responsibilities to promulgate the new constitution and conclusion of peace process by May 27. The prime minister also agreed with me.

As the leaders of major political parties are condemning the recent verdict of Supreme Court, how do you look at this?

There is nothing negative in the court's verdict. Actually, the recent court verdict helps to make progress in constitution writing process. The court is confident that the CA will promulgate the constitution by May 27. Even CPN-UML leader Madhav Kumar Nepal has been saying that they can write the constitution within five months as they had completed such tasks in less than three months in 1990.

The Government and Constituent Assembly Secretariat are preparing to register a review petition. How do you look at it?

Political parties should concentrate on constitution writing rather than moving petition for review. They don't need to go for court to file petition. As a senior constitutional lawyer, I would like to suggest them that their right to petition will not expire. Court will give them another time if they go to court with progress in their work. I think the court is always in favor of writing the constitution. This is not a legal issue but the question related to work. Court is also part of our movement and I don't think it will create any hurdle in constitution writing process.

How do you see CA's decision to go for review?

They need to do their own review not the review of the verdict of Supreme Court. If parties work sincerely in the coming five months and even then they fail to complete the process, we will request the court to give some extensions. Court has never closed its doors. When Nepali Congress is saying that it cannot support the writing of the constitution without completion of peace process and Maoists have been saying they will not reintegrate their combatants till the promulgation of the new constitution, you are locking horns on this issue. There is no way out.

As political parties have already extended the tenure of CA by about two years, why do they fail to promulgate the new constitution?

Nepalese political parties are yet to have a consensus on the form of government even six years after Janandolan II, five years after signing the comprehensive peace agreement and four years after the elections of CA. It is strange to see debates among political parties over presidential or parliamentary system.

How do you see the peace process given the growing conflict?

Our peace process is heading towards conflict. Our political leaders are debating on numbers, ranks and modality for integration. Our peace process seems to be creating enough spaces for conflict mongers. If they cannot take a minor administrative decision to integration of Maoist combatants, it is foolishness to believe that they will settle the constitutional disputes. Integration is just an issue of administrative nature. It should not have taken five years to settle the issue of integration of combatants. It is just a matter of a day. If you can hold the elections of CA, abolish the monarchy and make the country inclusive, why did not you integrate 6000 combatants. The way political parties are working amounts to a treason.

If CA members extend their tenure ignoring court's verdict, what will be the consequences?

There will be another people's uprising in case they fail to promulgate the constitution and conclude the peace process.

Who do you blame for the present uncertainty?

I cannot blame general members but leaders of political parties are responsible for the present state. Prime ministers, political leaders and CA officials in responsible position are responsible for this. They are creating the mess. The CA should not be made a play ground to fulfill the wishes of the aspirants of prime minister.

How do you see the proposal for next extension?

People cannot accept such extension without proper reason. If you are not sincere to the revolutionary cause, we can call another rebellion directed against the present set of political leaders. We can instigate people against four or five parties. We still want to see the present set of political leaders to address the present problems.

What solution do you have for present model of CA?

There are several models calling fresh elections for new CA or replacing members of all proportionally elected persons, downsizing the number of members, reducing the present size, making high level political bodies and so on. You can remodel within existing CA without making it defunct. If there is possibility of repair, do it. People raised the voice against 1990 constitution, when it was not reparable. However, one has to work with the letter and spirit of the political change of 2006/07.

If present CA fails to promulgate the new constitution, what you will do?

After May 27, I am going to people opposing this CA. I will

call people to join against it. I will call all people to come against the parties which failed to promulgate the constitution.

Don't you think it promotes the regressive forces?

Nobody wants to go backward. I don't think there is any possibility to revive monarchy or other regressive system. Republic, Federalism and inclusiveness are fundamental parts of the change. Revival of monarchy, previous forms of unitary state and previous constitution is impossible.

How do you see the recent debates on transitional justice system?

Political leaders have not thought about the peace process. Political leaders are betraying us. Who had stopped four major political parties to make Disappearance Commission, Truth and Reconciliation Commission? Looking at all their acts what I can say is that they don't have the commitment towards the peace process and constitution writing. The way political leaders have functioned shows that they are very much liable to treason.

How do you view the question of blanket amnesty?

There is no question for blanket amnesty. We will oppose such move. Instead of working to establish Truth and Reconciliation Commission to see the crimes committed during the conflict, they are now proposing blanket amnesty. There seem to be compromises between Maoists and one faction of the state which don't want TRC. It is just a bankruptcy of Nepali Congress and CPN-UML not to stand against blanket amnesty. I think Madhesh based parties, Nepali Congress and CPN-UML have proposed TRC. Many of their workers were killed in heinous crimes.

Why is there the need TRC?

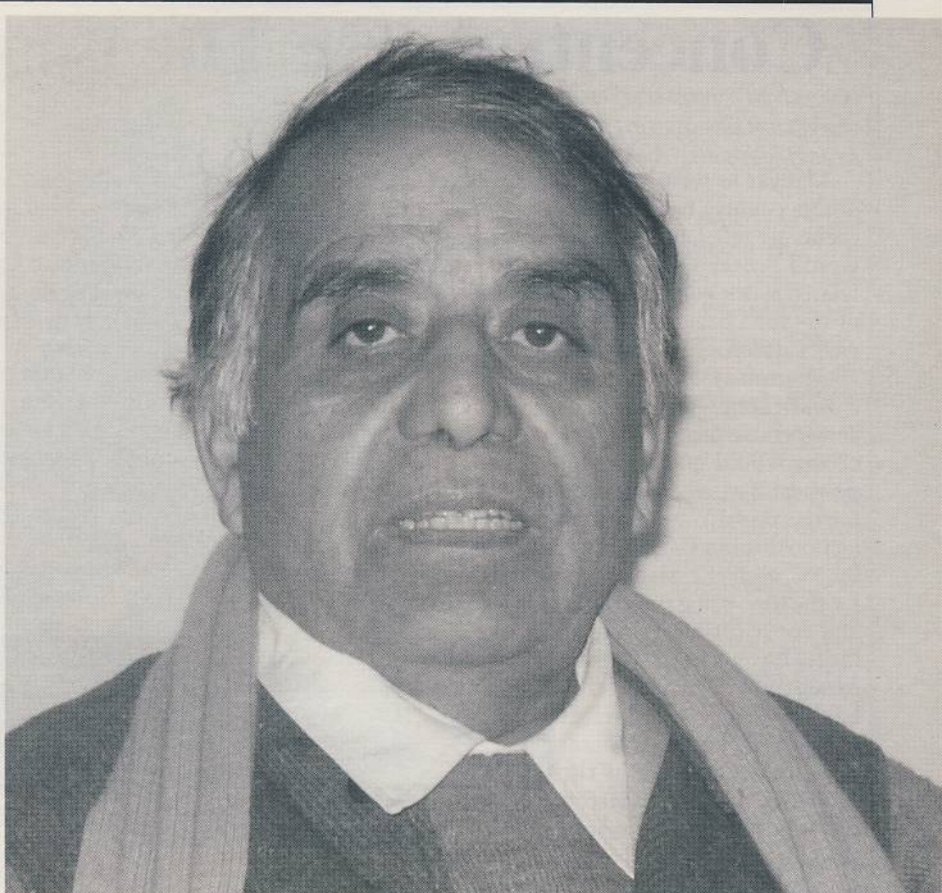
Without the formation of TRC, one cannot heal the wounds of conflict. Healing the wound is important. A person likes to know why my children and wife were killed. After agreement of both the parties, then comes the issue of forget and forgive. We are party to international human rights including many conventions endorsed by UN. We have committed to such conventions. If we don't abide by such conventions, our country will be declared as a pariah state.

What is the way out?

There is the need to seat all major political parties together. They have to identify national problems. If there is a solution within the House, they have to address them. If the CA is not sufficient for this alone, they have to summon the broader meeting of political parties and parties in the power should summon the round table meeting.

What do you suggest as a solution after May 27?

In such circumstances, forming a transitional government headed by an outstanding figure with the commitment to peace process or a person who is not a leader of political parties will be a way out. He may act like a judge. He should have the commitment to progress and should be forward looking. Current activities of political parties and leaders indicate that



sky may fall but they will never complete the peace process and constitution writing. Even if there is the need for another extension of Constituent Assembly, there is the need to change model of government.

Is it possible to run the country without involvement of political parties?

Political parties will be there in the government but they have to give up prime minister to apolitical person. Such government should have national character with inclusion of all former prime minister, representatives of Adibashi, Janjati, Dalit, Madheshi and women.

Political leaders have been saying that they will promulgate the constitution and complete the peace process. Don't you believe them?

Given last four years of experiences one can draw the conclusion that the government led by political leader cannot complete the twin tasks. We have already seen that political factionalism within the party prevented the peace process. Time has come for party leadership to come out of the box. They are in the conflict magnifying process. Those who are in the peace process, they should do auditing, monitoring and institutionalizing it.

What concerns you the most?

People are impatient because they did not get dividend of peace and change. Globally, the new trend of mass uprising is emerging like that of April uprising of Arabian countries. In such an uprising, nobody knows the leaders and organizations. If such uprising happened, nobody will be certain as to whether the current change will be undone. We are very much concerned about such a scenario. ■



Concentrate On The Economy

DR. TILAK RAWAL

Many of us were happy to see Dr. Bhattari as Prime Minister of this country because we thought the poor would get some economic relief and works related to peace and constitution would proceed satisfactorily under him. Expectedly, peace related work gained some momentum and unresolved issues of dispute began to be resolved. Special Committee (for supervision, integration and rehabilitation of Maoist combatants) and dispute resolution subcommittee of Constituent Assembly headed by Prachanda achieved considerable progress in their respective areas. Although major credit would go to Prachanda and other leaders of major political parties, Prime Minister would also get some credit for the positive work had it proceeded unobstructed. Acute factionalism in UCPN Maoist and the recent locking of horns by NC with the Maoists on serious constitutional issues has for the time being ruined the prospect of further work on peace and constitution. People at large have taken serious exception to this backtracking by political leaders. The Central Committee meeting of the Maoist, which started

Therefore, the situation warrants his serious attention and action on the more or less ruined economy, some good work where in will not only do well to the people but also help salvage Bhattari's eroding image.

towards the end of the year, saw mudslinging and trading of accusations between the two groups. Baidya, who often talks of launching a fresh revolt, must have made some calculation as to how much support will he get in this conflict-devastated Nepal desperately needing peace and stability. His arrogance, however, is likely to negatively impact peace and constitution writing work. Of late, however, the new row between UCPN Maoist and NC seems to be more detrimental than Baidya's adamancy as far as peace and constitution writing is concerned.

Bhattari led government has suffered two more setbacks related to the decision to induct three thousand youths from the Madhesi community and the next one being the plea, both from the government and the legislature parliament, to the Supreme Court regarding its earlier verdict that bared CA extension beyond May 28, 2012. While SC stopped recruitment, saying it is against the spirit of the constitution, it also refused to register the appeal for reviewing its earlier decision on extension. It will be unwise for the two increasingly unpopular bodies (government and the assembly) to lock horns on this issue with not so unpopular apex court. Equally disappointing is the conduct and behavior of Bhattari's ministers about whom a lot is said and written. Small wonder people think corruption is on the rise in Nepal, states a survey report of Transparency International conducted in six South Asian countries. Bhattari is still not considered a corrupt person but the helplessness shown by him in checking corrupt activities of his colleagues has invited serious criticism of him. Further, with the row in his party still unsettled even after numerous central committee meetings and Nepali Congress and the Maoist Party allegedly back tracking on issues such as the system of governance (said to have been settled along French model) and other, the Constituent Assembly has amended its job calendar passed by it only a month ago. Under no circumstance, it is crystal clear, peace and constitution and governance (current cabinet) front will bring prime minister any credit. Therefore, the situation warrants

his serious attention and action on the more or less ruined economy, some good work where in will not only do well to the people but also help salvage Bhattari's eroding image.

Albeit little late, prime minister has begun to speak about the need to improve the state of the economy. If he is serious about it, he will find before him more than a dozen areas within the economy to concentrate on. Ever deteriorating trade balance, high level of inflation and shameful supply position of drinking water, electricity and petroleum products offer an opportunity for anyone in position and serious about the nation and the economy. No one can blame Bhattari for giving go-ahead signal to the concerned for hiking electricity tariff by twenty percent (now stayed by the court) but the Wiseman should not forget that any hike in price should be matched by some improvement in supply if the idea at all is to get some credit. However, it is difficult to say how will any improvement in electricity supply happen especially when government's decision to install thermal plant has met with strong resistance from parties and parliamentarians. It may be

recalled that Prachanda as prime minister and Bharat Mohan as deputy pm at two different points in time had vowed to do away with power outage but what they delivered is before every one of us facing increasing hours of load shedding today. This scribe on a number of occasions in the parliament had urged those at the helm of affairs to come up with short run measure to improve the supply and prepare long term energy policy taking full cognizance of priority given by government of India to hydro, solar and nuclear energy development. Needless to say that economic problems, if ignored for long, cause accidents of political nature. It is widely feared that the current debt crisis in Europe, if left unresolved for long, could provoke civil war in EU which appears on the verge of breaking. It may also be noted that recent improvement in the US economy is said to have increased Obama's chance of getting reelected as president in 2012. Who knows US could reemerge as locomotive for global growth in 2012. Further, look at the attention paid by Chinese authorities to contain inflation, which is blamed on, hike in pork meet price there. It may not be out of place to state that China where per capita pork consumption is 35 kg, is home to half the global pig population. It has been stated umpteen times that we have not been able to take benefit from the remarkable economic progress of the two nations on our north and south, while the rest of the world has done so. It may also be remembered that even when major economies all over the world went into recession, China and India did not slide into a state of serious recession. On the contrary, they helped moderate its effect elsewhere. What Nepal needs is competent sales persons to persuade countries like India to help us in a generous and magnanimous fashion. Nepal should be able to benefit from the recent decision of government of India to withdraw special additional duty on exports from Nepal. Agreement between the two countries on avoidance of double taxation is also a positive development. Get resources and concentrate on the economy if you do not want to be branded a total flop, prime Minister.

Dr. Rawal is CA Member and Former Governor of NRB



Finance Minister Pun

ECONOMY

Two Troubles

Despite astounding BoP surplus, the economy confronts serious trouble in share market and real estate

By A CORRESPONDENT

Finance Minister Barsha Man Pun Ananta is in a hurry to resolve the two remaining problems.

Last week, he made two meaningful comments in different programs.

First, he asked the investors to have faith in the share market. He even urged them to increase investment in the capital market to prop up the ailing sector.

Second, he dropped hints that government was exploring possibility to allow the housing apartments to transform the under-construction complexes into hotels – thereby allowing banks to switch their loans from realty heading to tourism.

In fact, the meeting of senior officials of the finance ministry and the central bank last week also decided to recommend the Nepal Rastra Bank to

relax measures to allow the banking sector a breathing space to deal with their huge loans in real estate.

The government is particularly worried because these problems have the potential to derail the stable banking sector.

Huge Turnaround

Despite these problems the government has been thumping its chest for the amazing turnaround it has been able to make on the balance of payment front.

The overall BOP recorded a surplus of Rs. 46.31 billion during the four months of the current fiscal year compared to a deficit of Rs. 5.72 billion during the corresponding period of the previous year.

This is the highest level of BOP surplus ever recorded since the BOP compilation started in 1974/75. The current account also registered a surplus of Rs. 20.73 billion compared to a deficit of Rs. 1.96 billion during the corresponding period of the previous year.

“The acceleration in the growth of remittance along with improvement in the service account attributed to the surplus in the current account,” states a press release by the Nepal Rastra Bank.

Migrant workers’ remittances increased by 34.2 percent to Rs.103.20 billion compared to a growth of 13.6 percent during the corresponding period of the previous year. Likewise, under the financial account, foreign direct investment of Rs 2.74 billion was recorded in the review period compared to such investment of Rs 3.42 billion in the same period a year ago.

The gross foreign exchange reserves increased by 25.9 percent to Rs. 342.74 billion in mid-November 2011 from a level of Rs. 272.15 billion as at mid-July 2011. Such reserves had declined by 2.7 percent to Rs. 261.68 billion during the corresponding period of the previous year. Based on the trend of import during the four months of the current fiscal year, the current level of reserves is sufficient for financing merchandise imports of 10.3 months and merchandise and service imports of 9.1 months. ■

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"THE GLOBE IS IN OUR HAND"



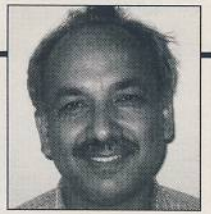


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Hero By Twisting History?

By YUBARAJ GHIMIRE



“When 73 Central Reserve Police Force Personnel were killed in Dantewada, there was a party in Jawaharlal Nehru University,” claimed R S N Singh, a retired officer of India’s external intelligence agency, Research and Analysis Wing (RAW), in a recent interview that he gave to Zee news. He was referring to an incident in which Indian Maoists, launching what they call a ‘People’s War’ to capture the state power, killed at least 73 CRPF Personnel in Dantewada area of Tribal dominated Chhattisgarh state some two years ago. JNU is considered a citadel of the pro-left student activists. Our own Prime Minister Baburam Bhattarai, and some of the major political actors, left and not-so-left, are JNU alumni.



King Prithvi Narayan Shah

If Maoists celebrated the ‘safaya’ of their ‘class enemies’, that is understandable politically. But one only hopes that there was no one from the Unified Communist Party of Nepal-Maoists (UCPN-M) that is ostensibly democratising and humanising itself, in that celebration. Nepali Maoists, ever since they joined the peace process, have been claiming that they have no links with Indian ‘revolutionaries’. After all, Nepali people have given them enough votes in the 2008 constituent assembly

with the message that if Maoists preach and act like democratic parties, respecting life, liberty and dignity of human beings, follow the rule of law and pluralistic system of governance that people elect and reject out of their free will, they will have a place in the country’s political spectrum.

But what will be an issue of debate—at least in Nepal for ever, and perhaps in India at some point of time later—is why the Maoists in India with same modus operandi and style are so hated by the agency that RS N Singh belongs to, and why the same agency is so pally with Nepali Maoists? No doubt, the fundamental difference between Indian and Nepali Maoists is there: that the Nepali Maoists have faced the electorate. But forget about Baidhya, neither Prachanda, nor Bhattarai is keen to implement the peace process, or send off the combatants from the cantonments as agreed under the Comprehensive Peace Agreement. They still believe that to manipulate people’s mandate in their favour, the party must have its own army. And it does not matter if they have the tag of voluntarily retired.

Prior to Bhattarai’s visit to Delhi, Hormese Tharakkan, former Chief of RAW, stated in his write up that Bhattarai was the best bet for India, and that he was a ‘Gandhian Marxist’. It’s a matter of debate how much relevance Gandhi or Gandhism has in today’s India, but comparing this Bhattarai with that Gandhi, is an act of profanity, to say the least. As Prime Minister, he followed a practice set by the government of India, and Baburam Bhattarai went to Rajghat to place wreaths on Gandhi’s samadhi. And he also scribbled something customarily in honour of Gandhi as a matter of courtesy. But will Bhattarai have the guts to tell his friends—if what RAW’s Singh said in his interview is correct—that rejoicing the killing of 73 or for that matter even a single CRPF personnel was wrong and inhumane? As Prime Minister of Nepal, Bhattarai is determined to reward all those from his side involved in Human Rights violation cases, including murder, and grant them general amnesty. Gandhism believes in pardoning enemies, but does not seek amnesty for wrong doers on the self-side. Bhattarai was taken to Rajghat to pay homage to Gandhi mainly because he has been honoured and recognised by the state

there as the ‘Father of the Nation’. Three months after he paid homage to India’s ‘Father of the Nation’, his cabinet has indulged in an act dishonouring Nepal’s ‘Father of the Nation’, late King Tribhuvan. There is no dearth of communists in India who call Gandhi a British stooge. They had called the Gandhi-led movement and the resultant independence of India a ‘fake’ (Yeh Azadi Jhuttha hai).

Bhattarai is indulging in a sinister campaign to distort history, and impose a view on posterity, that he was the biggest hero Nepal ever produced. That Prithvi Narayan Shah was nobody, that Drabya Shah was nobody, and that King Tribhuvan was nobody. And that all time all powerful Bhattarai showed them—long after they were dead and gone—their place. Tribhuvan may or may not be defined as a martyr. But not too distant history—1951—bears testimony that King Tribhuvan risked his life and throne, and took the asylum first in Indian Embassy in Kathmandu and then in Delhi, and he chose to be a nobody for three months he was there. He returned in February that year back as the King after the movement launched by the Nepali Congress with full understanding with and in co-operation of King Tribhuvan culminated in the end of Rana oligarchy paving the way for establishment of multi-party democracy.



Shahid Gate

The political map that followed was no doubt not a cherished one, but one great thing that happened post 1951 was Nepal’s evolution as a sovereign and independent nation with remarkable presence in the international comity, something that is on a shaky wicket today. Nor is democracy firmly established.

Corruption is at its peak, and accountability in politics and governance is almost nil. Yes, Bhattarai is a beneficiary despite all his track records. India is firmly behind him. US Ambassador DeLisi is a strong lobbyist for him. European Union may have raised feeble voices against his plan to grant a general amnesty to everyone involved in human rights violation during the years of insurgency. But beginning with Nepali Congress and the UML, Bhattarai is now being seen increasingly as a power-hungry politician no better in any way than any average Prime Minister in the past.

Nepal is atop a live volcano as people feel cheated and are angry, and definitely not helpless. They have learned a great lesson that democracy is not something that will take deep roots just because pro-democracy forces from across the world issue A plus grade to some leaders or parties that democracy is safe under their leadership. Democracy is all about whether people feel empowered, whether the rulers are at all accountable to them in practice in any way, and whether their life and dignity are safe. The grade that Nepalese will award to the Bhattarai government would be very different than what outsiders will be awarding to him.

And coming back to JNU incident—celebration of the killing of 73 people—all aspiring as well as practicing democracies in the world have to first agree on the definition of terrorism, and also decide if at all there is something called ‘good terrorism’, and home and outside. After that any government elected through a democratic process can be effectively made accountable for any deprivation and socio-economic disparity that may invite violent retaliation from the deprived or disadvantaged group. ■



Quickest Way To Provide Relief From Load-Shedding At Least Investment

By Dr. AB Thapa

People in our country would not have had to go through the present sufferings from the horrifying load-shedding situation had our planners and policy-makers cared to pay due attention to techno-economic aspects in course of planning hydropower projects in recent years. It is still possible to improve substantially the present electric power shortage situation within relatively a very short period perhaps at less than half the investment earmarked by the government for the generation of electric energy in near future if our power development plans are adequately rationalized based on sound engineering practices.

Understanding of Energy Economics

Our electricity planners do not appear to take cognizance of the fact that the electricity price (as well as generation cost) varies not only with the seasons but it also widely varies even within a very short period of just one day. The cost of generation of electricity for the supply of peaking demand in the evening hours can be usually about three times more expensive than that of the off-peak hours. For example, the 10,800 MW Karnali Chisapani hydropower would be generating annually 20,800 GWhr firm peaking energy whereas the much smaller 2,500 MW capacity alternative Karnali Chisapani hydropower could also have generated annually the same amount of 20,800 GWhr firm energy at almost one third the investment of the former if the latter was to be dedicated to meet the demand for the base load instead of peaking. The wide difference in value of energies used for peaking and base load is the prime cause that serves as the basis for the feasibility of pump storage projects, which are built at enormous investment to obtain one unit electricity for peaking purpose by spending two units of electricity generated during the off-peak hours.

Worsening Power Shortage Crisis

At present our country is reeling from acute shortage of electric power. Most of our industries are on the verge of collapse. People are facing great hardship due to long hours of load-shedding. We are now pushed to an extreme desperate situation. It has even started to cross the mind of some of our decision makers that the introduction of

diesel power plants on a gigantic scale is the only solution to end the present power shortage crisis. Our planners must bear in mind that diesel power stations might be feasible to supply power to meet the requirements for extremely short duration peaking demand but under no circumstances it would be feasible to meet the demand for base load at a time when the price of petroleum products are skyrocketing.

Nature of Load-shedding

At present during the wet season months quite limited areas are affected by load-shedding lasting only for a very short period in the evening. Even such limited disruption in supply of power might have been to a certain extent the result of transmission lines congestion coupled with the NEA's power purchase agreements biased in the IPP's favour. One of the executives of the NEA Keshav Upadhyay has painfully written in the NEA Bulletin dated Falgun 2067 touching on the subject of power tariff "...energy rate

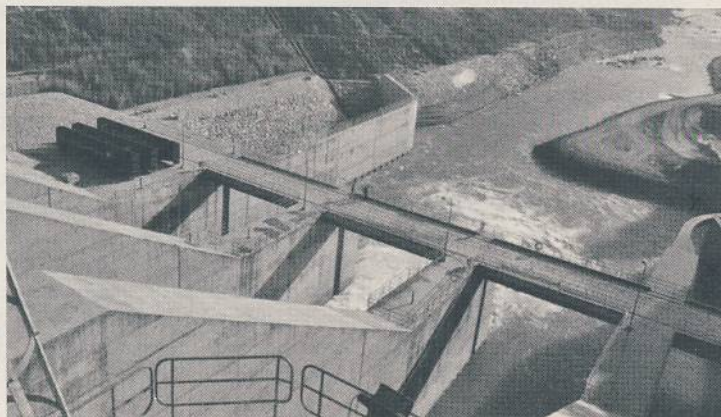
of the NEA plants would have further lowered but for stiff conditions in power purchase agreements like *take or pay* which forces the system operator to shut down NEA owned run-off-river plants...".

It is predicted that during the coming dry months the load-shedding is going to exceed 16 hours a day from the present 11 hours. Even now, the midnight hours when the electricity demand is the lowest are not excluded from load-shedding. It is quite obvious that the NEA is now facing acute shortage of base load energy which could have been produced at exceptionally low cost within a very short period. Seasonal energy produced on a massive scale during few monsoon months could not be substitute for the firm energy needed to meet the ever increasing unfulfilled demand for base

load during the dry seasons.

Seasonal Energy is Worthless

In the context of Nepal the seasonal energy is now worth nothing. At present there is not any demand for seasonal energy inside Nepal. The export of such short duration seasonal energy might not be feasible because its value could be only equivalent to saving in costs of the fuels in Indian thermal plants as a result of substitution to electricity imported from Nepal. According to the World Bank financed Karnali Project report the value of such exported seasonal energy could be equal to only 10% of the value of the firm energy. Contrary to very low valuation of the seasonal energy, the cost of the transmission specially provided to export seasonal energy could be as high as 20% of the value of



Middle Marsyangdi Power House

the firm energy.

Storage Projects Not Suited

Large storage projects like the Budhi-Gandaki project and West Seti project would not be suited to resolve quickly the present power shortage crisis because it would take quite a long time to make arrangement to recover irrigation benefits accruing to downstream region. The irrigation benefits are found to be far exceeding the power benefit. For example, according to the detailed feasibility report of the Kankai Storage Dam Project carried out by the German Government in 1978 the annual irrigation benefit was found to be US Dollars 31.4 million whereas the power benefit was only US Dollars 7.2 million.

Gross Misuse of Existing Hydropower Projects

All the NEA owned hydropower

projects, like the Kali-Gandaki, both Trisuli, both Marshyangdi, both Kulekhani and others are capable to run at full capacity even during the dry season periods. They have been built at enormous cost to supply electricity to meet the demand for peaking. Obviously, the generation cost of such peaking energy is always very high. Unfortunately at present the full capacity of these hydropower projects built to generate high valued peaking energy has not been fully utilized during the critically important dry season periods. They are now operated to produce a very large proportion of cheap energy to meet the demand for base load. Thus, the reservoirs, high barrages, turbines, generators, transmission lines and civil structures provided to generate and transmit peaking energy have not been utilized to the full extent. It is one of the reasons why the generation cost of the NEA produced electricity is high.

Horrorific Plan

The generation cost of the peaking energy, as explained above, is about two to three times more expensive than that of the energy supplied to meet the demand for base load. A fifty percent proportion of the base load and the peak load capacities of the power stations operating in a power grid is normally considered to be optimum mix. It implies in our case that the overall firm generating capacity of our power grid should have already grown very high on top of the existing 450 MW firm capacity (400 MW peaking capacity and 50 MW base load capacity) in order to effectively use the additional peaking capacity of the NEA proposed 456 MW Upper Tama-Kosi project. Thus, it would be too uneconomic under present circumstances to implement a hydropower project suitable to produce excessively large peaking power such as the 456 MW Upper Tama-Kosi project.

We are at present grossly underutilizing the capacity of the existing hydropower plants and at the same time we are preparing to implement at huge cost excessively large new hydropower projects that are not feasible to meet the required type of demand for electricity supply in immediate future. As a result, the generation cost of the electricity would be sharply increased in future, and it would also take a very long time to implement the project earmarked to provide quick relief from the worsening power shortage crisis.

Mini Upper Tama-Kosi Project

For quick relief from the present power shortage crisis relatively a much smaller alternative of the NEA proposed 456 MW Upper Tama-Kosi Project would be best suited for implementation in near future. The proposed alternative to NEA's 456 MW project would involve far less risk of damages to structures at the time of glacier lakes outburst floods (GLOF). Similarly, the possibility of substantial drop in generation of electricity resulting from the seepage of water through the highly porous floor of the reservoir particularly in dry seasons, when the demand for electricity is the highest, would be almost totally avoided.

Considering the nature of the present demand for electricity in our country and also the vulnerability of main project structures, the installed capacity of the Upper Tama-Kosi Project must be limited to just over 100 MW. Even after such drastic reduction in installed capacity the total generation of electric energy during the dry season period would still be equal or even exceeding the generation by the NEA proposed 456 MW project despite the fact that the cost of such mini-project would be only about one third. As the demand for peaking energy grows in future the installed capacity could be raised with ease by providing additional structures if it is found after some years of operation that the GLOF and the geology of reservoir site would not pose serious threat to the safety of the project.

Danger of GLOF

There are several rapidly growing glacier lakes near the project site in Tibet. The great risk of glacier lakes outburst floods (GLOF) to high gated barrage and other structures of the NEA proposed Upper Tama-Kosi project should not be underestimated. We already have a bitter experience of the 1984 Digcho GLOF when the Namche hydropower built on the upper reach of the Dudh-Kosi river was completely washed away.

The reconstruction cost could be too much if the barrage and intake structure of the NEA proposed Upper Tama-Kosi project would be seriously damaged by big GLOF. Power supply would be suspended for a very long time which would have terrible consequences for the economy of entire country.

The Mini Upper Tama-Kosi project



Koshi Dam

would be having only ungated weir across the river. The GLOF would cause only limited damage to the weir. The damage could be repaired within a short period at a relatively small cost.

Seepage through Reservoir floor

It is reported that the flat reach of the Tama-Kosi river serving as the floor of the reservoir of the NEA proposed hydropower project is made of 300 meters high fill materials over the original river bed. The fill materials had accumulated after the landside dammed the river. There is a great possibility of excessively large seepage of water from the reservoir. As a result of such seepage, there can be significant reduction in electricity generation in dry season.

The mini Upper Tama-kosi project would not require the provision of a reservoir. The question of energy losses resulting from the seepage through the floor of the reservoir does not arise.

In Conclusion

Nepal does not need to go for large storage projects to generate enough firm energy needed to meet our demand for base load for coming many years. There are many suitable identified run-of-river type projects in the mid hill regions.

The Mini Upper Tama-Kosi hydropower would be relatively a very small project which could be implemented within a short period to provide quick relief from the present severe load-shedding. The generated electricity would be very cheap and thus it might not be necessary to raise significantly the electricity tariff within the coming few years.

There would not be much hitches in implementing initially the proposed mini project as first stage of the large 456 MW Upper Tama-Kosi project.

Dr. Thapa is a water resources expert and former member secretary of Water and Energy Commission.



A Book On Burning Issues

By **DHRUBA ADHIKARY**

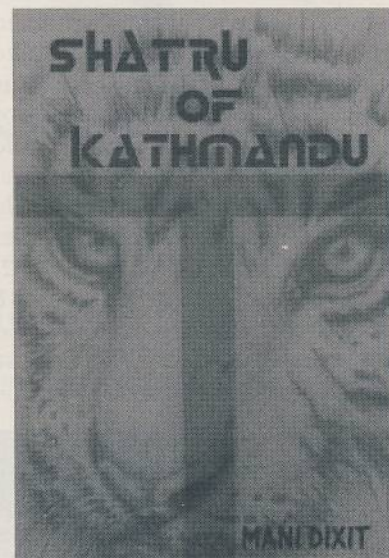
Can an incredibly busy medical doctor find time to produce a book that reads like a thriller of unique kind? And are 180 printed pages adequate to tell a story having a set of players and characters who travel back and forth from Nepal to India, Singapore, Malaysia, Canada and countries en route? The answer to these questions would undoubtedly be in the affirmative. This view, I believe, are shared by existing as well as potential readers of this literary work.

Denizens of the Kathmandu valley—and beyond—might recall a sensational news of 4th May 2006, reporting that one of the country's leading medical professionals (a pediatrician, to be precise), Dr. Hemang Dixit was shot at by unidentified assailants as his car was heading towards his workplace: Kathmandu Medical College. But God saved him—probably to enable the doctor to save several other lives subsequently. And the doctor who had this miraculous escape was no other person than our present novelist, Mani Dixit. The story, therefore, is bound to be a lively tale full of anecdotes and dialogues. "Taking that [incident] as my starting point," says Dixit in the preface, "I have tried to weave a story of present-day Nepal." Actually, this prelude is good enough to assure his readers—those at home and abroad—that the author has not gone too far from the real world.

Shatru is the central figure of story at hand. It is the shortened version of his full name: Shatrughan. Since the young man got involved in an "extortion racket" from early youthful days, his name sounds as if he was born to be the enemy to those who run manpower agencies and "export" credulous men and women to be turned into slaves in the countries of the Gulf. As the storyline goes, Shatru is one of the two persons who have to flee Nepal immediately after an accidental shooting of a Canadian visitor. As the extortion gang itself instantly realizes, the visitor, an anaesthetist, was the wrong target. So in a bid to evade police arrest the two in the gang decide to run away from Nepal for the time being. Accordingly, Shatru flies to Singapore and the other guy travels by road and

crosses the "open" border to the south and reaches New Delhi. Shatru gets admitted into a hotel management course; and meets a young girl, Rita, there. Shortly afterwards, Shatru sneaks into nearby Malaysia and takes up the job as a factory worker. His employer, Pudke Chang, is attracted by his potential and offers him a special training opportunity in a jungle site. It enhances his confidence as a extortionist, who could now fire sure shots at targets. The final aim of all those in the training group is common: to collect or extract as much money as possible without having to work for it.

Using one of his three passports—two Nepali under different names and one Indian—Shatru returns to Kathmandu, accompanied by his employer, Pudke Chang. They set up a sports-wear shop in a downtown market place; and it prospers in no time. Then they look for greener pastures. Fly to New Delhi and then on to Canada. Lenient laws there initially encourage them to try growing marijuana (ganja) in an isolated area on the outskirts of Ottawa, the capital city. But the project does not take much of a headway, persuading them to their change plans. In New Delhi, Shatru's friend Rocky talks about his Boss, apparently an NRI in Canada, who is prepared to spend some of his earnings to help Nepal revert back to its Hindu status. Create some disturbances so that a need to return to the original order arises quickly. And the process could require to eliminate a couple of politicians of discredited political parties. Shatru, remains unconvinced at first, citing his ethnicity as a Janajati and his open hatred towards Bahun-Chhetri community. But later changes his mind, mainly lured by the "good money" being offered. Back in Kathmandu, the racket expands together with its criminal activities. The network includes even a hired hand from Kosovo in the Balkans. Then there is a Kashmiri Muslim, Abdul, who has a shop in Thamel area. At this point, police intelligence does some good work in would-be Nayaa Nepal, forcing the Tiger Gang to dismantle itself. The story ends on an optimistic note with the group members agreeing to form a Tiger Inc,



Shatru of Kathmandu (fiction).
by Mani Dixit. First Edition, 2011.
Educational Publishing House
Rs. 195.

an NGO committed to engage in social welfare activities.

The author's observations—both plain and satirical—can be found all along the story. To cite one example, those who prefer to call themselves NRNs—using Western amenities, and living thousands of miles away from Nepal—are rightly criticized for being unkind about their own homeland. "The only thing they send back are e-mails to publish in the English dailies saying how bad things are in Nepal," says the author through Shatru. Like their Indian counterparts, NRIs, some erstwhile Nepalis want dual citizenship so that they can reap benefits from both sides! As the saying goes, the wearer knows where the shoe pinches. Those who live in Kathmandu and urban centers elsewhere are enduring upto seventy-hours-a week of load-shedding. And several million others are trying to survive chilling winter cold without warmth of fire or a simple blanket. The ironies abound.

Mani Dixit deserves sincere appreciation for detailed explanations, and also for having depicted the issues, from almost all possible angles, contemporary Nepal is facing.

Let's hope Dixit's pen does not stop here. ■

Combating Suspicion In Peace Process

By JEEVERAJ BUDHATHOKI



The history of organized armed conflict has been reluctantly written in Nepal where peace messengers like Buddhha and Bhrikuti were born. This situation occurred because of incoherent sentiments of the people based on different class, cast, language, religion and sex under the fake umbrella of national unity. Resulting from this, the armed struggle, running since 2052, formally ceased after the comprehensive peace accord between the Interim Nepal Government and the Nepal Communist Party Maoist on 05 Mangsir, 2063. This peace accord is also a part of the Interim Constitution. As mentioned under the peace accord, supervision, integration and rehabilitation are to be done by the special committee formed by Government. The same committee has now completed the re-verification of the Maoist combatants at the 7 main and 21 sub-cantonments.

However, the peace process is based on a temporary ceasefire; it is a prerequisite to be permanently settled down through managing Maoist combatants before writing the Constitution. So, the modality of working plan of combatants' management, its process and time frame, and the proper utilization of cantonments after combatants leave are the main facts this write-up deals with. Besides this, the alternative packages brought under the combatants' management program, selection of combatants, their response and the far going impact and the issues of fewer combatants than first verified, institutional corruption and investigation are the part and parcel of things to be discussed here. By the light of these facts and issues, a conclusion has been reached.

Let us go first to the facts. The Special Committee formed by the Government on supervision, integration and rehabilitation of the combatants under

the comprehensive peace accord has brought three alternative packages under the combatant management program. Of them the first option is integration into the security sector. In which, 6,500 combatants are to be integrated as per the provision of seven points agreement reached among the main political parties. Second is voluntary retirement which provides minimum 5 to maximum 8 lakhs of rupees for each combatant according to their ranks. The last one is rehabilitation which comprises more than 60 options including many



Maoist Combatant

vocational educations and skills. Under this package, programs are categorized from one up to four years and the cost has been fixed for each program from 6 up to 9 lakhs rupees respectively. Subtracting the cost of any selected program and 1,000/- Rs per month for daily allowance of the total amount, combatants get the 30% of remaining amount at the beginning of the program, and 70% after the program completing. However, the deadline for making cantonments vacant by the end of Mangsir, it seems taking some more time due to not completing the home works about handing over combatants to related authorities, leaving them for retirement and managing security measure about the cantonments having worth of more than two hundred million's amount, although a separate directorate under the Nepal Army is going to be formed for integration.

The latest statistics of re-verification has shown 16,982 combatants in total. Among them 9,690 prefer integration

into security sector. The 7,286 prefer voluntary retirement and only 6 prefer rehabilitation. The 2,620 combatants seem less than verified first time by the UNMIN. Including the 7 division commanders, those who prefer integration say military service is better than politics to build new Nepal. Besides them, those who prefer rehabilitation and retirement, have committed not to raise weapons again and wanted to spend rest of their lives peacefully. They say further, their enmity prior to this was only against the autocracy but after their gaining the

Republican Democracy they don't have any foes. But the disabled and wounded combatants are worried about the situation where they are not taken proper care of by those who made them to fight.

Now, let's analyze the above facts. However, the task performed by the special committee hitherto, can't be said evil but it hasn't had a foresight. Combatants' management should be in favor of sustainable peace and national interest. For this purpose, the scheme's conditions should have

been firstly compulsory integration, secondly rehabilitation only if some would be unfit for security sector and lastly retirement, which should have only been allowed for ladies, disabled and over aged. Because, the only way of integration and rehabilitation would keep a grip on combatants for some time until peace gets maturity. Integration limits 6,500 and only 6 have chosen rehabilitation. It means a large number of combatants are going to be released and they can be used by those rebellions who want disorder in the country. The potential is there because they have military knowledge, skills and they may be offered good amount of money.

In conclusion, the combatants' management has picked up speed which is positive dimension of peace process and Constitution writing. It should always be in favor of sustainable peace and national interest. So combatants should not be the puppets of evil hands and we must be aware of such potential and doubt that can be created by our weaknesses. ■

Earthquake Economic Risks

Even five months after the earthquake, a vast majority of the people are yet to recover from the loss of property in eastern parts of Nepal. As Nepal is celebrating National Earthquake Safety Day on January 16, 2012, the time has come to look at the way by which to prevent economic catastrophe in the future

By KESHAB POUDEL

Months have passed since an earthquake of magnitude of 6.8 in Richter scale shaking Eastern Nepal. But people are yet to get the economic relief from the government. The majority of the houses destroyed by the earthquake are yet to be repaired and rebuilt due to lack of money.

According to the Ministry of Housing and Physical Planning, the economic loss from the last earthquake ran over 4 billion rupees. However, the estimate by other groups on the ground is much higher. Along with houses, the earthquake damaged large numbers school buildings, health posts and other infrastructure in the eastern hilly region.

Experts argue that it was a wakeup call for the valley which risked facing devastation of a very big scale. As Nepal is one of most vulnerable countries, it needs to prepare for earthquakes. Nepal has recorded over five dozens earthquakes measuring 4-5 Richter scale annually and there was a big quake in every 75 years.

At a program, organized by Nepal United States of America Chamber of Commerce and Industry (NUSACCI) in partnership with National Society for Earthquake Technology Nepal (NSET-

N) and USAID, bankers, insurers and representatives of other financial sectors sat together to discuss the economic consequence of earthquakes in a seminar understanding potential impact of natural disasters on banking and insurance sectors and the need for preparedness.

"All disasters impact country's economy - they disrupt economic activity and damage infrastructure. But the extent of the impact depends not only on the magnitude of the disaster, but also on society's resilience; its ability to bounce back quickly. Both Haiti and Japan experienced devastating disasters in terms of human suffering and loss of life, but the long-term overall economic impact of those disasters will be strikingly different in Haiti than they will be in Japan. And this offers lessons for countries like Nepal," said US ambassador to Nepal Scott H. DeLisi at the opening.

"As representatives of banks and insurance companies, you control access to capital and insurance - two critical inputs for those building new structures. Your standards and your decisions, as you issue loans or write insurance policies, can influence behavior and ultimately

change the way buildings are constructed. Your impact is potentially every bit as powerful as government regulations if not more so. After all, money talks," said ambassador DeLisi.

Along with loss of life, an earthquake may ruin Nepal's economy given Kathmandu Valley's rampant constructions of buildings and apartments and the investments by banks and financial sectors in the business.

"Over ninety-percent of housing and apartments in Kathmandu Valley are constructed without getting permission from the department," said Shiva Hari Sharma, Deputy Director General Department of Urban Development and Building Construction.

Sharma's statement indicated risk involved in high rise buildings due to earthquake. According to an estimate of National Society for Earthquake Technology (NSET), a pioneer organization working in the areas of earthquake safety, over sixty percent buildings will collapse in Kathmandu valley and over 200,000 people will die in case of an earthquake like that of 1934.

"It is unfortunate that a couple of companies have completed the process of EIA and remaining buildings

constructed without EIA approval," said Uddhav Banskota, joint secretary of Ministry of Environment. "Many buildings ignore safety issue."

Non-compliance of building codes, EIA and CIEA by the private developers make valley's population unsafe. Thus, bank's investment in the housing sector is also at high risk.

"Imagine what Kathmandu might look like if banks and insurance companies insisted on the checks and balances necessary to ensure compliance with the building code. You would be protecting not only your investment, but the people of Nepal and the end product would be buildings that are sturdier and more likely to survive an earthquake than many of the structures going up around town as we speak here today," said ambassador DeLisi. "Just imagine further that the private sector helped to implement those sound land-use plans by ensuring that loans and insurance would only be provided for sound investments that supported those plans. If that were a reality, Kathmandu might not be the sprawling, unplanned, and highly vulnerable city it is today."

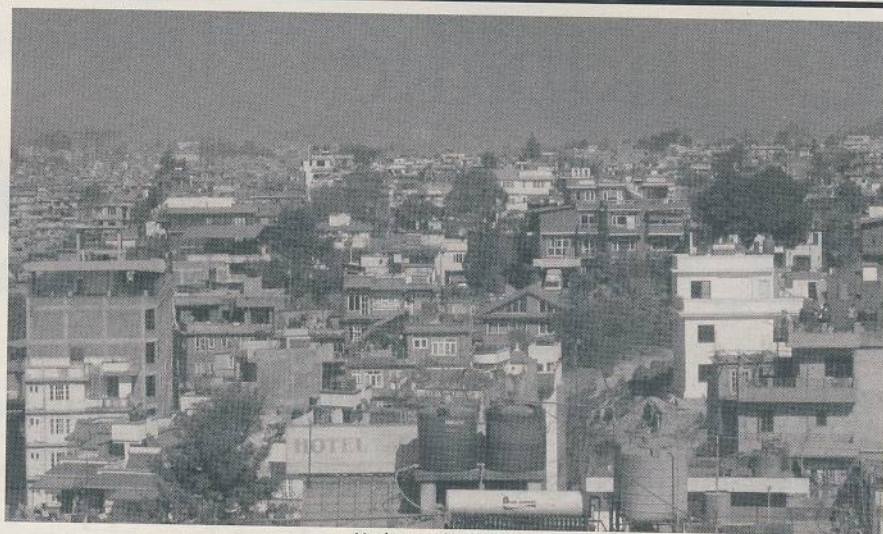
Experts say very low building standards, weak infrastructure and the Kathmandu's geology which is built on the soft sediment of a former lake bed all contribute to the high risk level.

NUSACCI secretary general Anil Shah expressed the hope that this program will help financial sector to understand risk of earthquake.

History of Nepal's Earthquake

Although Nepal was flat by 1934 earthquake, the country failed to learn from the past. Late Sardar Bhim Bahadur Pande in his book *Tes Bakhat ko Nepal Vol III* writes how Kathmandu Valley missed a great opportunity to transform as a modern open and spacious city due to visionless rulers of that time. "Had the rulers made efforts to reconstruct the city sketching a model, the city would have been open and spacious," writes Pande. "It was a great misfortune when Nepal's rulers declined to accept the international support offered by various countries of the world."

Behavior of Nepalese has not changed much even today. Remaining open space and land of Kathmandu Valley are filled by unplanned haphazard constructions. Out of 10 multi-storied buildings,



Kathmandu Valley

several are constructed at banks of the three major rivers. According to experts, the liquefaction process will be much higher in the river banks than other places.

"Keeping the vulnerability and risk of earthquake in the mind, we organized the workshop to learn risk and vulnerability of earthquake in banking, insurance and financial sector," said Narendra Kumar Basnyat, president of NUSACCI. "This is just a beginning and we will discuss the matter more in the future."

Quake on the line

According to geologists, it is only a matter of time before a major earthquake hits Nepal's densely populated Kathmandu Valley, where over 4 million people live in cramped, poorly-built housing with little or no awareness of the dangers.

Experts hold the view that as Nepal lies on the border between two huge plates that have moved together over millions of years to form the Himalayas, Nepal is at risk from an earthquake with a magnitude of around eight — 10 times as powerful as the Haiti shock that killed more than 212,000 people.

Experts say that the area to the west of Kathmandu is undergoing the processes that drive earthquakes, and there has not been a quake on that section of the fault for hundreds of years. The larger the time gap (between quakes) the larger the quake is going to be. Many other major cities in the region are vulnerable to large earthquakes.

From the available data there has been no great earthquakes of magnitude

8.0 in the gap between the earthquakes of 1905 A. D and 1934 A. D. and there is a real threat that a major earthquake may occur in this gap that will affect Western Nepal.

Is Nepal's banking sector alert on the risk posed by earthquakes? How Nepal's central bank is preparing to provide the banking sector with all the liquidity they may require at the time of crisis? "We will integrate the economic risk of major earthquake in our national strategy," said Finance minister Barsha Man Pun.

"While many earthquake hazard-reduction issues have been addressed by the national program during the past 14 years, one issue that warrants more attention is the economic consequences of a catastrophic earthquake. Efforts to manage earthquake hazards must include an assessment of the public and private sectors' ability to reduce and recover from earthquake-induced losses. Stricken communities and states should have the ability to maintain sufficient financial stability, thus allowing them to rebuild their economic bases following a catastrophic event," says expert.

Measures to protect buildings against the effects of earthquakes must be taken. The economic consequences of seismic events are becoming greater every year. As Administrator of the United Nations Development Program Helen Clark in her recent visit said, Nepal needs to build strong enforcement for building codes and increase the sense of awareness and preparedness to avoid catastrophe. ■

“We Learn About Disasters From Childhood”

- SHOKO NODA

Nepal is said to be ill-prepared to cope with disasters like earthquakes while it is celebrating the National Earthquake Safety Day. SHOKO NODA, country director of UNDP-Nepal, spoke to NEW SPOTLIGHT on various issues. Excerpts:

When Nepal was rocked by a 6.9 Richter scale earthquake last September, panic set in as devastation ran high. However, when the same magnitude earthquake hit Tokyo recently, there was no damage and human loss. How do you look at this?

I knew that there was an earthquake in Tokyo. We get the information about quakes immediately from Radio and Television. We were informed whether there would be Tsunami or not. Early warning system is a key issue to minimize the damage. Although the scale was high, looking at other countries, it was more or less normal for the Japanese people. There was no damage and casualty. We have a very good information system and preparedness. One of the major things is the level of preparedness in Japan. Japanese are educated from early childhood about earthquake and earthquake safety issues. Even I was taught from childhood on this. Every day, we were told to do some kind of preparedness exercise against earthquake. We organized memorial services about the disaster. From the age of six or seven, we were taught about the danger of national disasters. This is the reason there is always a low casualty.

As Nepal lies in an active seismic zone and it was rocked by major earthquakes in the past, with an earthquake last September, how do you see is the level of preparedness in Nepal to face an earthquake in future?

The government of Nepal is much prepared now compared to few years ago. The government has set up the National Emergency Operations Center (NEOC). After the last earthquake, UNDP also supported the establishment of local level centers. National Strategy for Disaster Risk Management has also been approved. The legislative environment is being prepared now. Of course, these are not enough and there are many steps to be taken.

There is the need to establish an operation center to cope with disasters. Secondly, there is the need to map the vulnerabilities. We need to look at all nine or ten storey buildings and other constructions whether they abide by building codes or not. It is not only the law and setting up the center but citizens also need to look at their own responsibilities. Citizens need to be sensitive about the possible damage caused by those buildings which were constructed violating building codes. These are the major initiatives taken by Nepal. If there is a high level of preparedness, the damage will be reduced.

Experts have already predicted that there will be massive devastations in case of a major earthquake in Nepal like that of 1934. How will international communities like UNDP support Nepal in such scenarios?

During that kind of major disaster, the international community will always play a major role. Whether in Haiti or in Pakistan, the international community came to launch rescue operation as well as rehabilitation program. In light of the situation, the international community also set up the consortium supporting the government. That consortium will also help to increase the level of awareness. International community continues to support during disasters. If the government is also in the driving seat, international community will back them. If there occurs a disaster, it becomes important to extend life saving, humanitarian assistance. We will be there before the government ownership.

As a leading international organization working in disaster preparedness what specific role can UNDP play?

UNDP has been working in different countries in similar activities. We don't bring rescue operation equipments in a big way but we are in the process of capacity building of government agencies and we also support the government's formulation of different laws and national strategy and public awareness.



Do you think Nepal's current level of preparedness is adequate to face a major earthquake?

The central government is better prepared than before. But, we also need to think about the likely scenario of quake in Kathmandu which is itself a capital. Any major earthquake will likely affect Kathmandu. In that sense, if the central government is well prepared, it will help. If the central government is not well prepared, the consequences will be like that of Haiti. The rescue operation will be more difficult in Kathmandu because it does not have any port and it is landlocked. Land and air routes will be two options. In case of major earthquake in Kathmandu, India will also be affected. In that situation, Nepal's road connectivity will also be disrupted. As there are high mountains in northern border, support from China will also be difficult. We need to think about decentralizing the capacity. In case of major earthquake in Kathmandu, we need to find out other cities from where we can start the operation. This applies not only to major earthquakes but even rescue operation here and there in different forms of disasters.

Nepalese officials including security agencies have been saying that they are ill prepared to launch the rescue operations. As a front line organization in rescue operation, what needs to be done to enhance their capabilities?

We often look at the equipment for rescue operation but rescue and rehabilitation are not only about

equipments. They are also about trained specialists. We need to look at the capacity and those people will not only be concentrated in Kathmandu but they need to be sent in different districts. If you put all here, how can you send personnel outside when his or her family members face casualty?

You were here in the last earthquake, what is your observation about the level of awareness among Nepalis?

That was a wakeup call for all of us. I was surprised to see people rushing from one place to another. As a person from Japan, it was really strange to see various actions, nervousness of people. I saw all the people coming out of the houses. If the same case happened in Japan, people would have remained inside homes. That showed the level of preparedness and awareness. I don't know how people will face more severe earthquakes. We need not panic in case of earthquakes. If we panic in such a situation, we don't know what to do. There is the need to take more steps at school, community and government level. Everyone needs to take preparedness courses.

In her recent visit to Nepal, the administrator of the United Nations Development Program also stressed the need for Nepal to prepare for disasters like earthquake to minimize the loss?

UNDP's administrator Helen Clark and Crown Prince Haakon Magnus also underscored the vulnerability of Kathmandu. Again, it is not only the preparedness from the government side but citizens also need to be vigilant. Kathmandu's buildings have not fully respected the building codes. If you look at the wiring of telephone, electricity and construction things, all these add the vulnerabilities. The risk of earthquake in Nepal is very high. Nepal speaks so proud that it is fast mover of Human Development Index (HDI). In the past thirty years, Nepal has made a big progress and stands as a fastest mover. Nepal has made a bigger stride than other countries in health, life expectancy, gender, literacy and child health. That progress of thirty years can be destroyed just in one minute if a major earthquake damaged the country. This is such an important issue. We need to include risk reduction elements in our program and activities. ■

“NPC Focusing On Policies”

-PURUSHOTTAM GHIMIRE

At a time when Nepal is celebrating National Earthquake Safety Day, PURUSHOTTAM GHIMIRE, joint secretary and spokesperson of National Planning Commission, spoke on the role of National Planning Commission regarding the coordination efforts. Excerpts:

How do you see Nepal's preparedness in earthquake? What role is the National Planning Commission is playing?

We are working to introduce long term and short term plans. We have already identified 22 open places in the valley to use as a temporary shelter in case of major earthquakes. So far as the capability to face the earthquake is concerned, Kathmandu valley is in a highly vulnerable and risky place and the country does not have the capability to face major quakes. It is a fact that buildings and infrastructure in the valley are not earthquake-resistant and overwhelming numbers of buildings were constructed without applying the building codes. In case of a major earthquake, the economic and human damage will be unrecoverable. It will have long term implications. This is the reason National Planning Commission is considering to look at the overall policy issues.

What is the economic cost?

The economic cost of earthquake will be very high, given Nepal's preparedness. We have ignored the building codes and basic security things during the process of constructions. There are many houses which are on the verge of collapse. We need to protect the century old heritage sites and old houses in urban areas. We don't have national policy about this. We need to have at least twenty or ten year's long policy.

How can NPC play its role in bringing the public and private sectors together?



Under the home ministry, there is a disaster management committee which is responsible for execution and mobilization of necessary actions during natural disasters. There is no doubt that Home Ministry is the focal ministry in the course of rescue and rehabilitation. National Planning Commission is just considering playing a role as a coordinator among various ministries and donor communities to formulate the policy and plan. In the course of formulation of policy, coordination is lacking. Natural disaster involves various sectors and ministries. We are considering making a central coordination committee to deal with various line ministries. Our efforts will be to mainstream the planning and policies related to disasters.

What is the role of NPC in this?

National Planning Commission can only do the coordination and policy level work. So far as the implementation part is concerned, it is the role of Home Ministry which is responsible for all actions. Home Ministry has the various tools and the private sector has necessary resources. This is the reason there is the need to make coordination.

“Preparedness Level Low”

- CHANDI PRASAD SHRESTHA

Former Home secretary CHANDI PRASAD SHRESTHA is a well known name in Nepal's bureaucracy. Shrestha, chairman of JICA Alumni Association Forum of SAARC countries (JAAFSC) and immediate past president of JICA Alumni Association of Nepal (JAAN), is now president elect of Rotary Club Lalitpur mid-town. Having worked in disaster management during his tenure as Home secretary, Shrestha spoke to NEW SPOTLIGHT on various issues. Excerpts:

As a former home secretary and now member of one of the active social organizations like Rotary, how do you look at the level of preparedness for earthquakes in Kathmandu valley?

Along with the government, organizations like NSET have done a commendable job. During my tenure as a secretary of Home affairs, I had the opportunity to work with them. I really appreciate the dedication and commitment of NSET team. We need to boast about their good work. So far as other civil society organizations are concerned, I have not seen much in their working focused on earthquake. Of course, Nepal Red Cross Society, international non-governmental organizations and other local non-governmental organizations have been working in the area of disaster. We have to accept the fact that NSET is just for earthquake.

How about organizations like the Rotary International?

We are yet to start programs on earthquake preparedness and other such disasters. Rotary is now focusing on polio, education, drinking water, income generation and other service sector. Even my own club has never thought about earthquake disaster. We organize programs like blood donations and other such programs.

Since JICA has provided a lot of support during earthquakes, what about the role of JAAN?

During my tenure as the president of JAAN, we organized some programs with the NSET about the need to promote earthquake safety in Nepal. One of our members and former secretary engineer, Barun Prasad Shrestha, who is also member of NSET, helped to bring JAAN and NSET together.

How do you see the level of preparedness in general?

Frankly speaking, our level of preparedness is very low compared to the threat and risk of earthquake in the Kathmandu valley. I am also not satisfied with the role of organizations I have seen involved in the areas of earthquake risk reduction. Of course, problems in the areas like health, education, water and sanitation are much higher but we also need to give some attention to earthquakes and natural disasters.

As a former home secretary, how do you see the role of civilian authorities in managing disasters like earthquake?

The role of civilian authorities is important. The Ministry of Home at the center and Chief District Officer at the district level are the main civilian authorities to coordinate the works during the disaster. Similarly, officials at the District Development Committee, Municipalities and Village Development Committees up to ward level play a crucial role during disasters. Of course, security related agencies have the most important role in the rescue operation as they all are frontline agencies. It is security agency which set up the command post to launch effective relief and rescue operation but it is the civilian authority which is responsible for the management of command post. There is the need to create an awareness level from the grassroots about these works.

I see there is the need to start preparedness from the grassroots level. It is unfortunate that we have hardly done any drill in our area. As the risk of a major earthquake is there in Kathmandu Valley, we need to do some kind of a drill at least twice a year. I think this must start from the citizens level. Due to regular drills, Japanese citizens are really prepared.

How do you see the economic impacts of the quake?

We have hardly looked at them. Frankly speaking, it will have a devastating impact. For instance, a modern apartment in the valley reportedly cracked during the last September earthquake. Constructed just a couple of years ago with the estimation to face certain level of earthquake, the crack in that apartment building has already created a panicky situation among many people. Many others might have a similar fate. The last earthquake



was just a wake up call. If the epicenter was closer, most of the houses would have collapsed in the valley. The economic impact will be unimaginable in case of a major earthquake in the valley. We need to take this possibility into account. Study reports have already suggested that more than 60 percent of the houses will be destroyed or partially destroyed. Frankly speaking, we are yet to give priority to earthquake.

How do you see the level of awareness regarding the quake?

The level of awareness has gone tremendously high. My concern is whether this awareness level is enough given the projected level of destruction by the earthquake. People are much concerned now about earthquake safety and taking some initiatives also. We know many bridges will collapse in the valley and it will disrupt the whole process of rescue work. We have to see the level preparedness at the hospitals. It is very sad that there is no open space. Most open space is encroached by various groups.

What is your impression about the preparedness taken by the other sectors?

Other sectors have also their own preparedness. In telecom sector, for instance, NCELL has a backup system in a couple of places out of Kathmandu and within Kathmandu. NCELL has backup system in Hetauda. There are regional centers in Biratnagar, Pokhara and Bhairahawa. If quake hits one center, others will back up. Similarly, many banks have already set up data back-up centers in one or two places in different destinations like in Biratnagar. This is a good beginning. We cannot stop the economic damage made by earthquake.

“Quakes Don’t Kill, Unsafe Constructions Do”

-AMOD MANI DIXIT

Working as a government official in the aftermath of a major earthquake in Dharan in 1988, AMOD MANI DIXIT, Executive Director of National Society for Earthquake Technology-Nepal (NSET) realized there was a real need to do something from the non-governmental sector for earthquake safety in Nepal. A few years following the quake, Dixit left the government job at National Seismic Center and gathered some like minded people to set up NSET. It is now one of the largest non-governmental organizations working in the area of earthquake safety, not only in Nepal but around the world, offering its technical knowhow. When Dixit set up the NSET, nobody accepted the fact that the earthquakes did not kill people but unsafe buildings did. One can see a massive change in their perceptions now. Dixit spoke to NEW SPOTLIGHT on various issues related to earthquake. Excerpts:

People think that the earthquake brings devastation and kills people. How do you define an earthquake?

One universal truth is that earthquakes do not kill people but unsafe buildings and other constructions do. If your buildings and infrastructures are earthquake-resistant and constructed by complying with building codes and guidelines, you are safe. There is a often a havoc attached with earthquake. In reality, it cannot destroy or kill people by itself.

What are the economic implications of earthquakes?

Oh, it has major implications. If banks cannot operate for four days during the major earthquakes, the loss will be a lot. Similarly, the loss of insurance money will be much higher. The cost of the damage made by earthquake in star and non-star hotels will be high. If an earthquake of 8 Richter scale hit Seattle of US and Nepal, the two places might have to face different things. There will be a massive human casualty in Nepal and more economic damage in Seattle.

What was the loss like in the recent earthquake?

There was a huge loss in the recent earthquake. The recent quake also partially damaged community buildings like schools, health posts and village development community. Although the quake did not destroy many houses in the valley, it partially damaged many buildings, including the cultural and heritage sites of Kathmandu like the Basantapur Palace. Besides the human loss, NSET estimated that the economic damage of September earthquake is over 7 billion Rupees. This does not include the government property, bridges and other infrastructures. This is direct damage. We don't know the indirect loss. According to government estimates, the country lost 4.5 billion rupees in the recent earthquake.

You have recently said that Nepal's overall economy will badly suffer in case of major earthquakes. Even our insurance companies and banks will have to face severe financial crisis. Their data will be badly damaged and the buildings they are living will collapse. What solution do you have to make them safe?

I don't have any doubt that in case there is a quake like that of 1990 B.S, everyone will be bankrupt. The earthquake of such Richter scale is overdue in the valley. If we don't take early precautions and prepare, our financial system will be badly hit. Insurance companies and banks will be bankrupt. Even if houses are insured, the devastation will be such large that they will be unable to pay the insured amount. So far as bankers are concerned, they too are much vulnerable. Their data, servers, employees and buildings all are under risk. Even their investments are under risk.

How do you define safety?

There are the issues of in-house safety and investment security. As banks are investing a huge money in infrastructure like apartments, cars, roads, hydro projects, houses and other such areas, they must consider whether the buildings and infrastructures are earthquake-resistant or not before taking

decision on investment. Similarly, they also need in-house safety or safety of their data and employees. For this they need to invest to make their places earthquake resistant.

Do you mean there will be a great risk?

If one or two houses are damaged, the banks can reimburse them or they can make a claim from insurance. If there is a hundred percent damage, how can they recover the debt? For instance, our projection is that there will be a damage to 60 percent houses in case of an 8 Richter scale quake.

How about other losses?

There will be irrevocable losses in cultural heritage, social capital or economic prospects. Can cultural and social relations remain similar after the quake? If the courtyard is destroyed in Itumbahal, everything will be destroyed. It will damage everything. We can limit the damage but what is required is to invest taking in mind earthquake safety. For the first time, we have been able to interact with bankers, insurers and others regarding this.

You have been saying this for more than two decades that Nepal in particular is highly sensitive to earthquakes. However, investors are constructing tall buildings and apartments haphazardly. What is your reaction?

I have not been saying that the construction of tall apartments is bad. There is the need more tall apartments in the valley. Now we are constructing apartments of up to 10 or 14 floors. If we can construct apartments of up to 25 floors, there is no harm at all. What is important is, whatever we construct, they should be adaptive to Nepal's geography. As Nepal is seismically vulnerable, our construction must comply with building codes and guidelines.

How do you look at the apartments coming up here and there?

Buildings should be constructed looking at the conditions of their locations. You cannot construct a 15-

storey building near Taleju temple or in the areas adjoining the banks of major rivers. The process of urbanization needs to be guided by land use policy keeping in mind the earthquake risk sensitivity. Buildings should be allowed in specific areas where the process of liquefaction is low. It is the job of the municipalities to develop the land use plan and construction should be made accordingly.

It is reported that after the recent quake, many people were hesitating to move to their apartments. Why was this?

It may be true. Naturally, everyone needs to be afraid of the way of construction of buildings. I have already told you that earthquakes do not kill people but unsafe buildings do. People might have realized that apartments are unsafe or they are constructed without following requirements of normal structural engineering practices. People need to be assured of their safety and security.

Most of the apartments are along the river banks like Balkumari, Sankhamul, Samakhushi and Jamshikhel. Do you think they are safe?

I agree with you that there is the need to be sensitive about the development. The government must regulate apartments. They should be earthquake-resistant. You have to use common sense. I would like to request the banks and insurance companies to use common sense before making decisions on investment. If the investments of the banks are hazardous, they should think about this. Banks should ensure that they will not invest in the housing sector, if that is hazardous.

How was your recent interaction with the banks and financial institutions?

It was a good start. I found that they are aware of the safety issue. What we need to do now is to change our mindset that the government is the doer and others are the watchers and promoters. Actually, this is not true. Doers are those who really do things. It is their responsibility to see what they do is secure. If they invest a little money, the bankers can make themselves safe. Disaster reduction is not a costly affair.

It is a one-time investment. If you are smart, you need to look into long term investment.

What is the message of Earthquake Safety Day?

We will evaluate what happened to last 364 days and try to formulate the programs for what we can do in future. Earthquake Safety Day is not there to start and to do something new. It is the day to think about the new technology and safety during earthquakes. The day is for reaffirmation of collective work, commitments to prepare for the future shock. Every next time, the earthquake day brings more people. We have been targeting the common people since its inception where we can share the possible scenario of the valley and what can we do to cope with the situation. We have targeted the government in the last five years in the areas like emergency services. Our focus was Nepal Army, Armed Police Force and Nepal Police to demonstrate collectively in emergency preparedness.

What Nepal needs is a secure development. What Nepal desires is a risk free development.

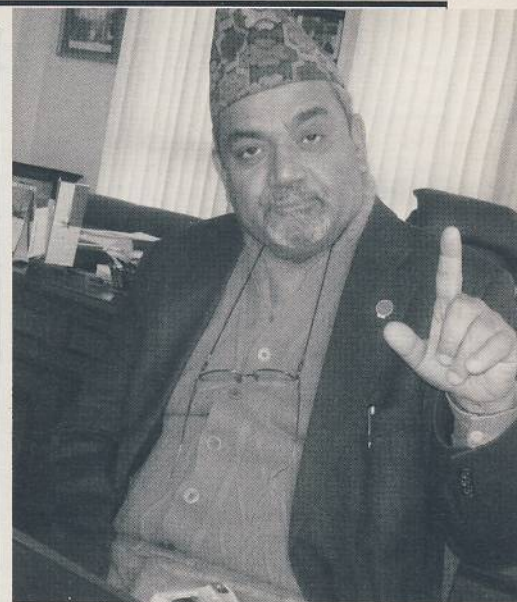
If there is a major quake in Kathmandu, we will lose our cultural heritage and such important sites. People rebuilt the 55-windows palace of Bhaktapur because there were artisans and other workers available. If a quake destroys the palace, can the country afford to reconstruct it again? The latest quake even partially destroyed Basantapur Palace. Old Pagoda buildings remained intact but the new white places were partially damaged. The government has already set up a committee to look into this.

The issue raised by you that Nepal is earthquake sensitive has become the national agenda now. How do you view this change?

This is a phenomenal success. Fifteen years ago we were solitary singers. Now thousands of people are singing the song. The government has also started singing it. The private sector is also coming to take part in the same orchestra. Over the years, the awareness level has increased tremendously.

How is the demand for earthquake safety?

Demands are coming from schools,



hospitals, municipalities, wards and private entrepreneurs. All of them want earthquake safety measures. I am happy that the demand has been created and it has increased a lot. On supply side, we have not been able to do so much for them. I can say that there has been qualitative change.

Is there any change in the construction method?

There is a fundamental change in the construction side. What I can say now is that building construction in the Kathmandu valley is getting better. Of course, it is still not up to the mark or up to our satisfaction level but what I can see is a fundamental change in thinking. We have already trained 5,000 masons as well as other low skilled manpower who know how to construct earthquake safe buildings.

What do you say of the achievements?

The problem is that Kathmandu is building too many houses - approximately 10,000 buildings are added per year. This means all the masons are not able to cater to these demands. Still there have been tremendous accomplishments. As former UN secretary general Kofi Annan said the indicators of risk reduction are only intangible. You always count the number of deaths but not the number of those who survive. Risk reduction means to save the vulnerable construction and vulnerable people. One needs to feel what risk reduction is all about. ■

Is A Chinese Economic Slump On The Horizon?

By ROBERT J. SAMUELSON

Even China? Could the world's economic juggernaut, having grown an average of 10 percent annually for three decades, face a slowdown or what for China would be a recession? Does it have a real estate "bubble" about to "pop"? What would be the global consequences? Treasury Secretary Timothy Geithner visits China and Japan this week. These questions form a backdrop. With Europe's slump and America's sluggish economy, a sizable Chinese slowdown would be bad news.

China inspires ambivalence. Its policies — especially its undervalued exchange rate — are skewed to give it an advantage on world markets. This has cost jobs in the United States, Europe and developing countries. Still, China is now such a powerful economic force that an abrupt slowdown would ripple beyond its borders. Trade would suffer. China's protectionism might intensify to offset job loss. If surpluses of steel and other commodities were dumped on world markets, prices and production elsewhere would fall.

There are warning signs. Economist Nicholas Lardy of the Peterson Institute cites three. First, Europe's slump has weakened China's trade; Europe buys about a fifth of its exports. Second, housing is showing signs of a bubble and is deflating. Finally, China's government will have a harder time deploying a stimulus than during the 2008-09 financial crisis. Government debt rose from 26 percent of gross domestic product in 2007 to 43 percent of GDP in 2010.

How all this affects China's growth is controversial. "Most likely, China will have a soft landing," says Justin Yifu Lin, the World Bank's chief economist. "Growth goes to 8 percent or 8.5 percent." That's down from about 9 percent in 2011. Government debt is still low enough to permit ample stimulus, Lin thinks. Many forecasts agree.

But skepticism is mounting. The Japanese securities firm Nomura sees a

one-in-three possibility of a "hard landing" — a drop in growth to 5 percent or less. To Americans, now experiencing annual economic growth around 2 percent, this may seem fabulous. But for China's modernizing economy and huge labor force, a 5 percent growth rate would raise unemployment and social discontent. The adverse GDP swing would roughly equal the U.S. decline in the 2007-09 recession.



Chinese Port

Housing may settle who's right. China has vastly overinvested in housing, argues Lardy in a new book ("Sustaining China's Economic Growth After the Global Financial Crisis"). The main reason, he says, is that financial policies prevent savers from realizing adequate returns on their money. The stock market is seen as rigged. Government regulations keep interest rates on bank deposits — the main outlet for savings — low. From 2004 to 2010, they were less than inflation. Frustrated savers invest in housing, where prices are not regulated.

The result seems a classic speculative bubble. People buy because they believe prices will go up; and prices go up because people buy. A 2010 survey found that 18 percent of Beijing households owned two or more properties; another 2010 survey of all cities found that 40 percent of purchases were for investment. Many units, Lardy reports, are vacant because rents in Beijing, Shanghai and other major cities are low.

Unfortunately, booms breed busts. Buyers ultimately recognize that rising prices reflect artificial demand. Purchases slow. Prices fall. New building declines. The process feeds on itself. With modest imbalances, the result is a correction. Otherwise, there's a crash.

Which does China face? A popped real estate bubble could exert a big drag. Housing construction exceeds 10 percent of GDP. That's historically high, says Lardy. At a similar stage of economic development, Taiwan's housing investment was 4.3 percent of GDP. In the recent U.S. real estate boom, housing peaked at 6 percent of GDP. In China, housing stimulates much consumer spending (furniture, appliances) and accounts for 40 percent of steel production, notes Lardy. Land sales are also a big revenue source for local governments. All would suffer from a housing bust.

There are mitigating factors. Outside Beijing and Shanghai, it's unclear that housing prices are "out of line with household income growth," says economist Eswar Prasad of Cornell University. Chinese buyers also typically make large cash payments for their properties. Compared to United States, a housing bust is less likely to become a banking crisis as mortgages sour.

Whatever happens, China's economic model is reaching its limits, as Lardy argues. It has relied on exports, promoted through the controlled exchange rate, and investment, including housing, subsidized by cheap credit. Meanwhile, Chinese savers have been punished by the low returns on deposits. This dampens their incomes and consumption spending. The trouble is that the global slowdown threatens exports and housing's excesses threaten investment. Unless China can switch to stronger consumption spending, its economy will slow — or it will achieve growth by becoming even more predatory toward other countries.

(The Washington Post)

Concerns Raised On India's Economic Prospects

By OLIVER JONES

The Indian economy is not looking good to investors, with two top financial organizations indicating concern on its prospects in 2012.

"Economic prospects [in India] remain grim; expect multiple compression. The Indian economy continues to slow, and the fiscal situation continues to worsen", notes a January 9 Credit Suisse report.

In the last quarter of 2011, the market had become less concerned about a hard landing in China and more concerned about the prospect of a hard landing in India, Andrew Swan, managing director

In contrast, 2011 began amid an environment of moderate growth, with inflation being a key point of stress. Central banks tightened quite aggressively and, by mid-year, the situation in Europe had deteriorated while inflation remained sticky in many countries around the region. Swan notes that monetary policy, driven by inflation, is a key determinant of PE [price/earnings] multiples. Consequently, with a tight monetary policy, earnings downgrades began to feed through. He cautions that the effects of liquidity tightening in the second half of 2011 have



Indian Industry

and head of Asian equities at BlackRock, observed in a recent media briefing.

BlackRock's Swan notes that China and India account for about two-thirds of industrial production growth in the region and - while equity returns don't always follow industrial production by country - they do for the region as a whole. Observing that the market was heartened by recent PMI [purchasing manager index] numbers for China and India, "I wouldn't be surprised to see PMI rollover again", he adds.

Swan views 2012 as a "mirror image of 2011", noting that, while the year is starting at a point of weakness, "stability will come by mid-year," assuming a "muddle through" global assumption, whereby crisis is avoided.

yet to fully filter through. The Credit Suisse report notes that government revenues for India are only 45 percent of fiscal year

2012 targets in the first eight months of the year, versus a 14-year average of 54 percent - annualizing the figure would result in a fiscal deficit of 6.5 percent. "Higher bond yields and low GDP growth have historically meant low P/E multiples", the report adds. In contrast to India, China has ample room for policy response with many expecting further monetary policy easing by the end of the first quarter, combined with supportive fiscal policy measures.

India is one of a number of countries in the region facing increased political risk for 2012, with presidential elections in July. A number of asset managers have identified rising political risk as a theme in their outlooks for 2012.

The Assest.com

SCARCITY OF OIL

Subsidy Politics

Despite the release of Rs.1.5 billion as a loan by Nepal Provident Fund and other banks to Nepal Oil Corporation, the smooth supply of petroleum products seems to be far away.

Nepal Oil Corporation is selling petroleum products incurring a huge loss. According to NOC, it is incurring Rs.1.07 loss per liter on petrol, Rs.17.84 on diesel, Rs.7.07 per liter on kerosene and Rs.431.47 every cylinder (14.2 KG) of LPG. NOC is however making a profit from aviation fuel to the tune of Rs. 12.89 per liter from domestic airlines and Rs.27.50 per liter from international airlines.

Annually, Nepal Oil Corporation imports petroleum products worth of Rs. 85 billion rupees and it is one of the biggest products imported for domestic use.

Due to absence of fuel, along with the normal lives, industrial, transportation, tourism and education sectors are also adversely affected.

Nepal Oil Corporation (NOC), the monopolist in the petroleum market, should be blamed along with the Minister for Commerce and Supplies for the current crisis. NOC, an already troubled company which has been facing losses on the sales of fuels except for petrol and air fuel, has not been able to pay enough money to Indian Oil Corporation (IOC).

According to acting managing director of NOC, Suresh Kumar Agrawal, an uninterrupted supply of petroleum products is impossible without increase in the price of petroleum.

Due to the reluctance of governmental and non-governmental organizations to provide any loan to NOC, to ease the supply, government has decided to provide loan to the corporation from Employees' Provident Fund (EPF). NOC signed NRs 1.5-billion loan agreement with the (EPF).

With this the government has taken a big risk by putting on stake the hard earned money of around 4 lakh and 60 thousand government and non-government employees, and the supply situation will slip back again.

The only option for the government is to adjust the petroleum products at par with the international market.

By DEBESH ADHIKARI

Digital Lessons

By SHRADHA GYAWALI, in Utah, USA



Will college book stores ever go out of business? Some might think, yes! Digital books have become one of the most current popular items this year for students across North America. Various companies have recently published statistics providing the idea that paper textbooks won't be around for much longer.

Some organizations like Student Monitor—a private student market research company based out of New Jersey, has shared that an incredible “5% of all textbooks” bought over the typical fall term within the U.S. were actually digital. “This is more than double the 2.1% of the spring term,” of the same year.

Similarly, Simba Information—a publishing research company—amazingly believes that “electronic textbooks will generate about \$267.3 million this year” alone in sales; that is only in the U.S. If Simba Information is correct, this will be a whopping 44.3% over the last year. Another fierce prediction on Simba Information's part is the belief that digital textbooks will make up 11% of the textbook market revenue by only 2013. The American Association of Publishers says that the college textbook market has already generated a very large “\$4.58 billion in sales last year”.

With statements like these, how could large firms not want to jump in on the action? Amazon announced this year that for the first time, their digital books outsold their paper books. Because of this outcome, Amazon will now partner with three other firms and will reduce the renting period to as low as 30 days; then they will expire. This will also lower the price of digital textbooks up to 80% as compared to a brand new paper textbook.

Digital textbooks will not only be changing with expiring textbooks, but also by re-focusing their main targets. Freshman college students will now be a big deal. By focusing on entering college students, digital textbooks will be able to target a wider variety of people while still only focusing on core- class textbooks. This, they hope, will grab a younger audience and keep them to use the digital books throughout their life or at least until their student life.

Two examples of firms which will target this audience range are Chegg (a big-time textbook rental company in the U.S), and CourseSmart (a partnership of five major U.S. textbook publishers). Chegg has only started renting out digital books this year because of the huge possibility that digital books will be popular. CourseSmart, on the other-hand, has just released their plan to take their digital project “overseas this year”. Each company is able to see that this industry is growing, and they both want part of it.

One large factor changing this industry is tablets. The popularity of tablets such as the iPad and Kindle has changed the growth of digital books. Digital books and these tablets complement each other. If the sales for Kindles go up, so will the sales for digital books. A negative look at this is the loss of employment of “middle men” and bookstore owners overtime. An Increase in digital books will contribute greatly to a decrease in paper books; and a decrease in “middle men” jobs.

Either way, digital is the way of the modern world—whether most people like it or not. It is a way to lighten the load of carrying textbooks, and life. It is a way to stop wasting paper in our current environmental-friendly ways. However, can we sacrifice loss of employment for these “goods” of life?

(Gyawali is at Westminster College Salt Lake City, Utah, majoring in Economics. She is a Sophomore, 2nd year)

Had A Nice Time?

By ADITIARYAL



People were celebrating the new year and bidding goodbye to the old. Restaurants and clubs in the capital were full of people with high spirit. Facebook homepage crammed with night long plans. The next day featured hangover traumas. People did tell us what a nice time they had ‘celebrating’.

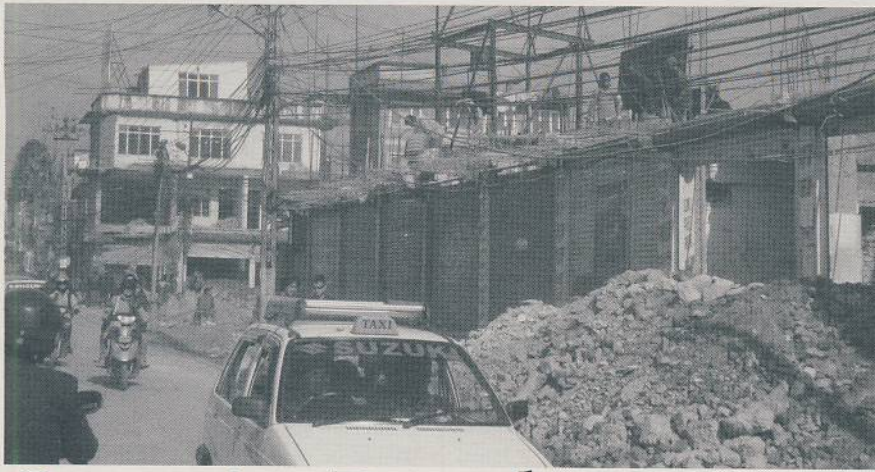
Apparently we have become much more extravagant and eager to celebrate than before. The result in the end is that we don't celebrate, we overexert. We just don't stay within the boundaries of what would have been a very decent peaceful celebration. We give it that degrading touch to worsen it with over-the-top, unnecessary add-ons.

Grand occasions like weddings and graduations have always been over rated and thus followed by gaudy celebrations. Tales of people struggling financially to pay the expenses to fund such events are not unheard of. On the other hand, a small part of the larger whole have realised the unrequited expenses and moved on to much simpler celebrations, regardless of their material possessions. Most people sadly choose to go with the horde and not the wiser minority. Let alone grand occasions, we tend to make simple things complex too. Simplest of occasions like birthdays or anniversaries gain the superfluous light, again with great expenditures. In addition to that, the invitees are clad in meretricious apparels topped with loud jewellery themselves to go shoulder to shoulder with the event.

Celebrating once in a while is never a problem because with growing westernization, it has become a part of our normal lives. But for many reasons, it looks as if we love to celebrate everything in the wildest way possible, be it birthdays, Christmas or even Dasain! And it is more depressing when the tender youths get enthusiastic with every such celebration and find ways around their families to attend one very often. This in turn plays a major role hampering their mental and emotional status.

Not all families consent to younger members staying away from home at late hours to attend parties, especially if with friends. This then carves the urge in them to find false excuses to get out of the house. Lying and deceiving obviously does increase but this also gives way to delinquent actions like underage drinking or violating vehicular rules. Moreover, the productive time gets wasted along with the vigour.

If it is true that we learn to like what we do, tomorrow will we become one of the overdramatic party organisers and goers looking for reasons just to gulp down the drinks? Will we put our pretentious self forward to dress histrionically and not care about the sentiments of those who cannot afford to do so? While we ourselves criticize the worsening of ‘teej’ by women who earlier merely fasted, how can we then worsen rest of the events ourselves and get away with it? ■



Operation Demolition

Haphazard road expansion and demolition campaign launched by the government receives mix response

By DEBESH ADHIKARI

Although the Supreme Court issued an interim order to suspend the demolition campaign launched by Kathmandu Valley Town Development Planning, it continues on the roadsides in many parts of the valley.

According to Kathmandu Valley Town Development Planning Office, demolition targeted houses built by encroaching sides. However, house owners reject the government claim saying that their houses were destroyed illegally.

Introduced 30 years ago, Kathmandu Valley Town Development Planning has set certain specifications for the construction of houses along the sub-roads, main roads, city roads and highways. However, the plan was grossly violated by house owners due to lack of strong inspections.

Kathmandu Valley Town Development Implementation Committee (KVTDIC) Chief Dr. Bhai Kaji Tiwari said, "Although I tried to initiate the process of widening the roads of the valley way back, but due to lack of support, I was not able to start it back then."

Now, finally the government of Nepal is paying heed to the people's need of wider roads and has started the process of widening the roads.

The expansion of roads began to meet the standards set by Town Development Planning Committee in which the width of roads has been fixed between 8 meters and 61 meters, depending on the grade that the road belongs to.

The road expansion process was initiated from Maitighar-Tinkune road,

where the parking space of Toyota Company which was built on road was bulldozed along with the surrounding spaces, said an official involved in the expansion.

The encroachment of public land has a long history. "In the past, only people with power had the courage to encroach on the public land, but now this has been a trend and people have been trespassing on as much public land as possible," said Tiwari.

The construction in the roadside public land is very tempting as very high revenue can be earned from the rent of the roadside shops, plus the astronomical price of roadside land makes it difficult not to encroach. So, when the high money is involved and when the lands of big hotels, shopping centers, and police headquarters and foreign embassies fall within the public spaces, expansion of road was not easy to kick start as the officials involved in the demolition process had to face pressure from various quarters by many influential people. "There were pressure at the beginning but once the prime minister publicly came into our support, there has been no pressure at all," said Tiwari. "The process has also been easy unlike previous times, all the concerned authorities like road department, municipality, urban development and traffic police have helped us and worked in unison," he added.

Common people have welcomed the road widening step. On the contrary, they have expressed serious doubts about the reconstruction of the road and fear that the government might not be able to

build proper roads and pavements. And looking at the current uncertain politics, there might be a turnaround in the government anytime and the expansion process might be stalled for years, which could make roads even more miserable.

The budget to complete the process might also be an obstacle for the reconstruction after the expansion. "We have only NRs 50 million allocated in the current budget for regular expansion of roads in the Kathmandu valley. We asked for addition NRs 450 million to undertake black-topping of the expanded roads," Tulasi Prasad Sitaula, secretary at the MoPPW (Ministry of Physical Planning and Works), said.

Prime minister Dr. Baburam Bhattarai has himself given assurance regarding this matter. "We are going to not only expand the roads but also upgrade them to match with the standards required for the upcoming 18th SAARC summit in our country," he said.

Minister for Physical Planning and Works Hridayesh Tripathi also has similar opinions. "Widening of roads in the valley will continue as per the law. We have already started demolishing illegal structures and there is no shortage of funds to develop the roads," said Tripathi.

LAW ENCROACHMENT

The expansion of roads have been greeted and cheered from all the quarters. But, the people whose property are being brought down into pieces are complaining that they have not received enough time to dismantle their property on their own, especially during the initial phase of expansion.

Listening to people's concerns Supreme Court has stayed the expansion process in some places, whereas on others it has given a green signal.

People who are facing the demolition are feeling aggrieved and have protested against the process. However, government is ready to compensate people if they have done everything legally. "If people have constructed legally or have constructed their property before the law came into action then the government will surely compensate them," said Bhai Kaji Tiwari.

If enough budgets are provided and there are no other glitches and disturbances then the face of Kathmandu can be changed within two years, said Tiwari.

With this road expansion step, state has shown its unused power and has left a strong message that if the state wants, it can take action against the people who defy the law. ■

Discussion On The Draft Of Electricity Act (Bill), 2065

Background of Draft

Before the draft of the Electricity Act (Bill) 2065, there were no laws, rules and regulations covering entire areas of electricity. However, that this Act was not just made to fill in the absence of such an act has been justified in the preamble of the proposed bill itself. This bill was made with the intention of replacing the Electricity Act 2049.

Purpose of Presenting the Bill

Although the preamble of this bill states that it is being made to unify [centralize] electricity related laws, the content matter of the draft is contradictory. The purpose of unifying act is to replace the various scattered laws and include them in one act. The bill only talks about replacing the current Electricity Act. On the other hand in Article 2 (c) the bill envisions an Electricity Regulation Commission to regulate electricity related issues. Till date no laws have been made to establish such regulatory commissions. This bill has raised the necessity for such a law to be created by the lawmakers. The proposed Act has given the Regulation Commission the main responsibilities through Article 16 concerning the national grid, Article 17 about affiliation to the grid, Article 18 about purchase and sale of electricity, Article 19 about electricity purchase process, Article 22 about electricity tariff setting, Article 24 about quality of electricity and import, Article 60 about investigation and monitoring, Article 62 about presenting an annual income expense report, Article 64 about the responsibility of assigning distribution, and in the [Index] 2 of the Annex about regulating the production of, and income from electricity. In such a context where due to the lack of a regulatory commission the bill will not be effectively implemented, instead of keeping a provision for the commission in one paragraph a separate law should be envisioned whereby the development, operation and regulation of related electricity related issues can be systematized. This bill alone is insufficient in fulfilling its said purpose of unifying [all electricity related laws] in the preamble nor can it be trusted to do so.

4. Implications of the bill being implemented as the law

There is no basis on which it can be believed that the implementation of this

bill will bring effective changes in the current state of electricity production, distribution, and trade.

In the event that the bill is adopted it will not have any special changes other than those brought in by continuation of the status quo and time. The Nepal Government itself has made this clear through its conclusion in the draft Electricity Energy Crisis Regulation Act (Bill), 2067 (proposed).

Likewise the Bill has mentioned regulation and unification on one hand and at the same time also provided for multi regulation. In Article 2 (C) the regulatory commission has been established for the purpose of regulator. Articles 3,4,5,6,10,11,12,13,38,52 have provisioned for an appointed official with the responsibility of conducting various regulatory words related to the license (official permission letter) as well as right to recommend punishment as per Article 52. While in Articles 16, 17, 18, 19, 22, 24, 60, 62, 64 and Annex 1, the various regulatory rights have been provided to the regulatory commission defined under Article 2 (C). However in some situations like under Article 60 (G) it states that the regulatory commission (which will be as per the laws created by the lawmakers) will recommend punishment, and the official (who will be appointed on the basis of the law by the government) will implement duties related to punishment.

Likewise in Article 6 related to providing license it states that the Nepal Government Electricity Department and the Ministry of Water Resources will provide the permit. The bill has thus created four regulators i.e a multi regulatory system.

5. In the proposed bill, except for the matter of regularly changing the necessity of the authorized legal body as per time, other issues should be clarified by the Act as far as possible. This is even more important for a country like Nepal which has no effective history of parliamentary review and monitoring of such legal bodies.

Until the bill is able to include rules regarding the following, the Act (Bill) cannot be implemented: Article 3 (licensing process and tariff setting), Article 4 (form of request, code) Article 4(7) (projects that are to be selected on the basis of free competition), Article 5 (process of publishing public notice to those who oppose), Article 6 (form of

license and conditions), Article 9 (amount to be put in as security and process), Article 10 (process of extending deadline of license), Article 11 (renewal fee structuring), Article 12 (process of transfer or sale of license), Article 17 (finalizing the code on which affiliation to the national grid will be granted), Article 41 (Value Added Tax waiver), Article 44 (mandatory requirement of rural electrification), Article 47 (compensation structuring), Article 61 inclusion in the distribution system.

6) As it is better not to leave development works in the gray realm of discretionary rights in a country where there is a lack of good governance, administrative value and norms, there should be clear regulations regarding code of conduct. According to Article 4 of the current Electricity bill those applicants who have completed the necessary process "must be given license" not "can be given".

Therefore instead of allowing discretionary rights while issuing license there should be clear terms and conditions under which the license can and cannot be issued. Otherwise in the name of using discretionary rights there can be lack of transparency, abuse of authority, and corruption. Likewise in Article 10 which talks about extending the time period of the license, Article 11 about renewal, and Article 13 about disqualifying the license, the official has been given discretionary right. Instead of allowing decisions to be made in such unclear and potentially harmful basis, it will be better to state clear on the basis of the prescribed standards in what circumstances they can and cannot be allowed.

7. Necessary adaptation

2. As per the definition provided under Article 2 (C) which states that by "commission" it must be understood as the Nepal Electricity Regulatory Commission formed under the current law, while the various responsibilities prescribed in Articles 16, 17, 18, 19, 22, 24, 60, 62, 64 and Index 2 of the Annex, has been assigned to the Electricity Regulation Commission. But in its absence the entire bill itself will be incomplete and ineffective. Therefore it might be best to include in the proposed draft itself an extra paragraph about the regulatory commission and provide for the establishment of the regulatory

commission. If the Indian context is to be analyzed the Central Electricity Authority, Central Regulatory Commission, and Regional Regulatory Commission and the Appropriate Commission have been allowed to be established by the Electricity Act 2003, Paragraph 9 and 10.

3. Under Article 6 of the bill, related to the provision allowing for the official license, based on current fixed capacity, if it is upto 25 MW, the license will be given by the Director of the Electricity Development Board while if it is above that the Secretary of the Ministry of Water Resources will give the license. In the context of the interim constitution of Nepal declaring a federal system, and the upcoming constitution guaranteeing that the administrative structure of the country will be on a federal basis, the borders of authority on license issue of the central government, state government and the local authority must be clearly delineated.

4. The limit on Article 7 (1) is not justified. It is not appropriate to stop one person from obtaining more than one license as other laws only limit a business/trade activity from having monopoly over the entire business not expanding it. It is not appropriate to make weak Acts just because there is a policy weakness in the structure of the country. As **broadcasting, distribution,** and trade are connected together, those who have license to broadcast, should also be given the right to distribute, and those with distribution rights should be allowed to trade, as a priority.

5. Article 10 Sub section (1) (2) (3) are not integrated. Sub Section 1 says that for projects of upto 100 MW, the surveillance license can initially be issued for one year, with sub section (2) saying it can be extended to upto 3 years. However as per the provision in sub section 3 it states that the term cannot be extended for more than 5 years. Therefore the word "in common practice" [under normal circumstances] must be removed. The entire subsection (3) must be removed.

6. The provision in Article 12 promotes trade of license more than electricity production, therefore as per Article 12 if the license is to be sold to another party, there must be a provision stating that before the license can be sold, 50 percent of the works must be completed and only then can it be allowed to be sold.

7. The provision in Article 15 is based on Build Own Operate and Transfer module. Therefore in projects with a specific character, the Nepal

government must make conditions for the implementation of the **Private Investment** in Infrastructure Construction and Operation related Act 2063.

8. As per the provision under Article 31, the meaning derived is that when establishing broadcasting lines in protected areas, those with the license to develop and operate upto 50 MW capacity must conduct the Initial Environmental Examination, however those that are greater than this do not which goes to mean that while establishing such distribution lines through protected areas they do not have to conduct IEE. It therefore looks like instead of liberating them it is instead prohibiting.

9. Under Article 33 (5) for those people who are displaced the provision only provides for compensation for the persons house and land but does not take into account the persons profession, employment, and effect of being displaced. These must be also valued with issuing compensation.

10. The provision in Article 35 (3) has no importance. Most of the project sites are not near settlements. Therefore there is no significance behind mentioning "within 500 meters". In most of the projects there are less than 20 houses/families in the project areas.

11. Under Article 47 which mentions that those rural areas that do not have access to the national grid, the management of those hydroelectricity projects owned by the Nepal Government, may be given to local cooperatives formed as per the law, which can be abused by the clever people. The negative characteristics seen in community forestry user groups may also come to the hydroelectricity sector. If the intention is to allow for local participation as well as give the local community some benefit, only those cooperatives which have a certain fixed percentage of local consumer's shares should be allowed, fixing a minimum qualification for the cooperative.

12. There is no logical relation between the offence mentioned in Article 50 and the punishment mentioned in Article 52. The punishment allotted for the offence mentioned in Article 50 (A) is less than the punishment mentioned for offences as per (B). Those involved in electrical survey, production, broadcasting, and distribution without a proper license, have only been confined to financial punishment while those

found involved in conducting activities that directly affect the infrastructure negatively, those inciting such activities, have been provisioned for 10 years of imprisonment. Offenses under A) and C) have been taken as offenses that are to be regulated by the regulator while offense under B) have been provisioned as crimes against the state. This inappropriate provision created to stop local opposition to a project must be changed. The punishment must be prescribed as per the damage done.

13. The provision under Article 55 is not transparent. This provision allows for the government to fully use discretionary rights to develop and conduct electricity while other provisions mention works that must be done as stated. Here the process of issuing public notice, calling for applications, and completing the public purchase act process must be included.

14. Article 48 only provides provisions for assistance to DDC and VDC. The development of hydroelectricity projects normally displaces indigenous peoples. Some are of the opinion that allowing provisions for assistance only to local authorities and not to those indigenous communities who are directly affected by it is inappropriate. If a large number of indigenous peoples are displaced only providing rehabilitation will not be adequate. Some participants were also of the opinion that they must be given assistance in education, health, employment and other issues.

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Alternative Medicine

-By BUDDHA BASNYAT, MD



Many countries including Nepal have a long tradition of their own local medicine which is different from Western or allopathic medicine. There is much to be said about this local form of therapy which is termed alternative medicine. In China and Taiwan if you check the regular pharmacies sometimes you will be hard-pressed to find Western style drugs. Medical procedures and herbal therapy from India, China, Taiwan and other countries holds sway for many people, and people have tremendous faith in this form of therapy. However there may be some limitations.

If you are having a heart attack, it is probably not a good idea to seek immediate treatment with homeopathy, herbal medicine or acupuncture. In that setting it is best to be treated with Western (allopathic) medicine where available. However there are many illnesses where Western medicine has nothing effective to offer. These diseases range from terminal cancer, certain neurological problems like amyotrophic lateral sclerosis (Lou Gehrig's disease) to common colds where you can only treat the symptoms. There are also diseases like rheumatoid arthritis, diabetes mellitus, and hypertension where there is clearly effective control with Western medicine but no cure. Many people desire a cure and choose alternative medicine.

Also in cases of many common allergies which do not pose any immediate danger to life, there may be a role for alternative medicine as the drug can take its time to work. However especially in an emergency situation you want a drug or procedure that will work promptly. In addition you would like to be assured that the life-saving therapy is based on good evidence.

However reports based on recently published findings show that 95 % of alternative or complementary medicine is not evidence-based and borders on quackery. This is strong medicine to

swallow for the practitioners of alternative medicine. Western medicine as mentioned often in this column is based on randomized controlled trials which try to show that a drug for a certain disease is better than a placebo (sugar pill). However alternative medicine therapy does not look better than a placebo. Many alternative medicine researchers have reached a point where they do not want to carry out more trials because the trials show the ineffectiveness of their medicine and risk hurting their trade in the long run. Even meta analysis (putting together small trials to see if the sum effect shows efficacy of the drug in question) of these alternative medicine drugs have increasingly shown negative results.

Rather than giving up, more rigorous trials of diseases using herbal and other

complimentary medicine drugs with adequate sample size of the population being tested needs to be carried out. There may be many useful herbs with an effective drug molecule that needs to be tested to show benefits. Making use of the placebo effect for certain patients may also be a great idea. But in reality most people who have a clear-cut disease will want to know if there is proper evidence for use of that particular drug for them. What needs to be dispelled is that that unlike Western medicine, alternative medicine drugs have no adverse effects. Not true.

What also needs to be shunned are statements by "scientifically-challenged" celebrities and godmen (in our part of the world) who think that alternative medicine is outside the realm of scientific scrutiny. That is superstition.

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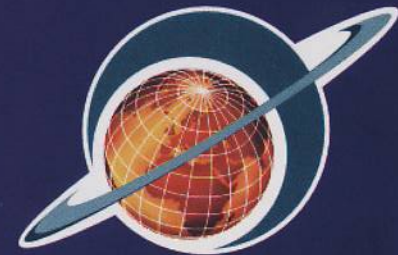
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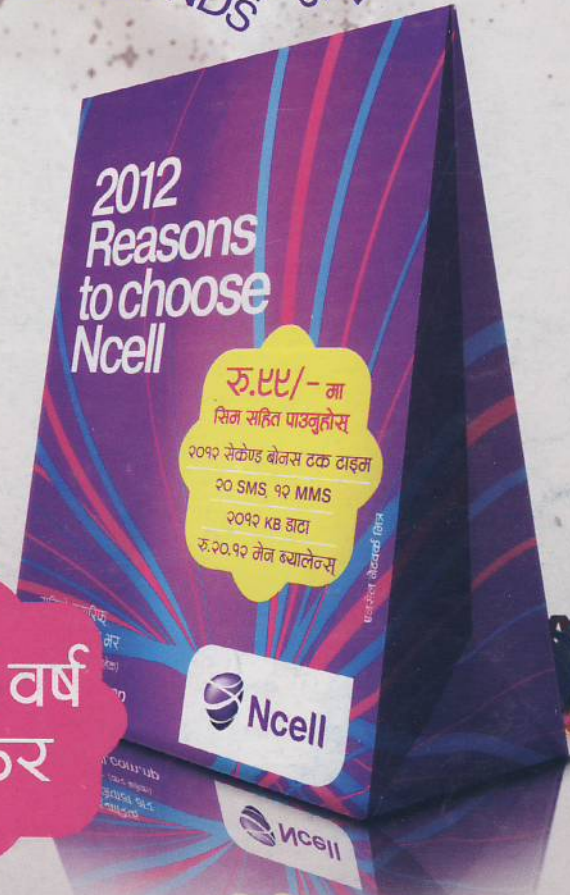
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