

The National Newsmagazine

SPOTLIGHT

6-12 April, 2001



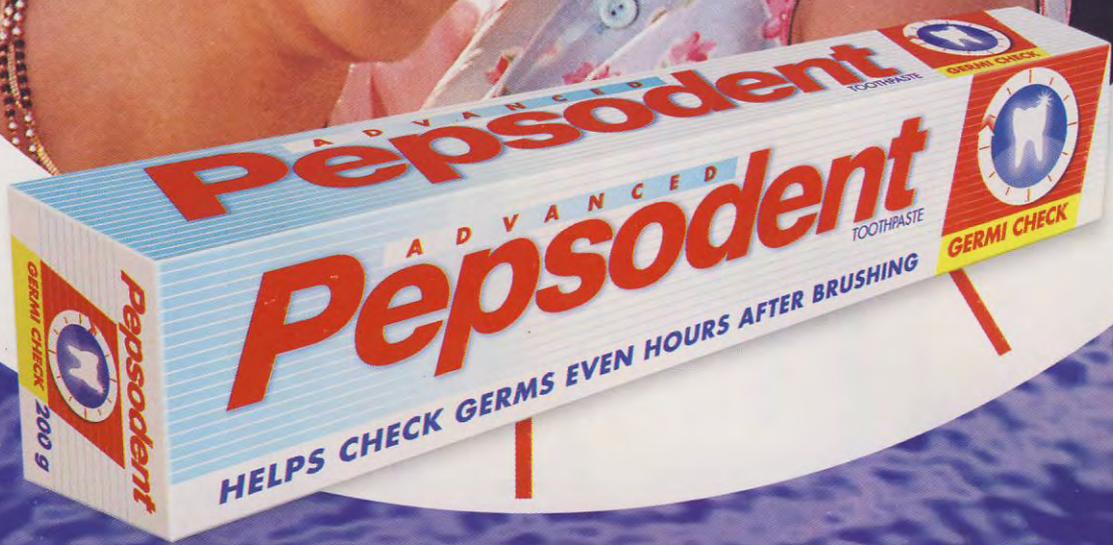
KOIRALA UNDER ATTACK

As the deadlock in the parliament continues and Maoists step up attacks, Prime Minister Koirala is in a Tight Spot

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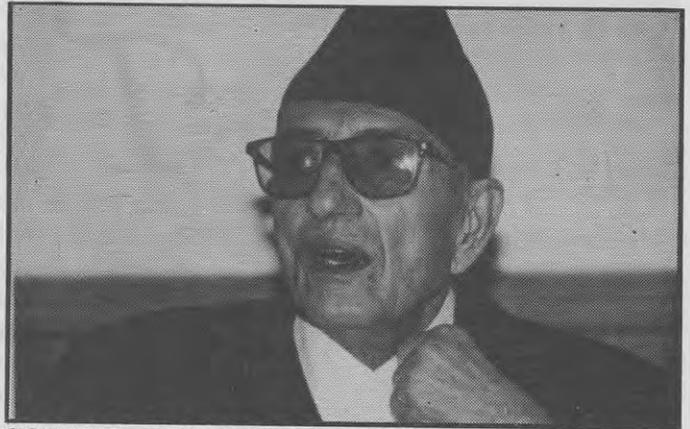
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COVER STORY : KOIRALA UNDER ATTACK

Prime Minister Girija Prasad Koirala remains unshaken even though he is under siege from every possible front.

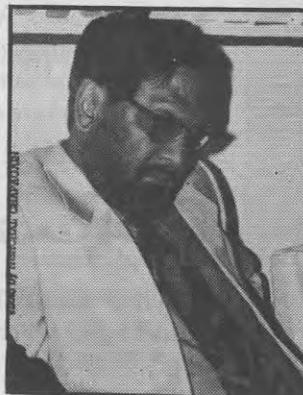
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ICE CREAM CULTURE : Scoops Of Solace

The onset of summer witnesses youths and children thronging at ice-cream parlours for cool delight

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INTERVIEW :

DR. RAM SHARAN MAHAT
Finance Minister Dr. Mahat highlights his agenda to tackle with the growing financial problems.

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SPOTLIGHT

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EDITOR'S NOTE

The miseries of the hapless people of the poor and unfortunate country do not seem to abate. In the last more than ten years, the sufferings of the people have not only increased, the whole country has been inching towards a civil war. And now the situation has got out of total control of the callous, corrupt and imbecile government. When the whole country is gripped with an atmosphere of fear and anxiety, the politicians in power still seem to be obsessed with the evil designs of sticking to the chair of authority so that they can continue looting the country with impunity. The non-functioning of the parliament for the whole session should have been ample reason for the Speaker and the Prime Minister to resign without any delay, if they had any conscience. But for men who have not even heard about integrity, morality or patriotism, conscience and virtues are alien terms not existent in their lexicon.

The recent massacres of the police officials in the western and eastern regions of the country by the antigovernment forces have sent waves of panic and uncertainty across the whole nation. The people have started losing all faith in the ability of the government to grant even a sense of safety and security to the nation. After the vicious killings of so many human lives, the home minister instead of resigning and going to Ridhi for penance, has started sermonizing as if he is the Messiah. And the shameless Prime Minister met a number of journalists the other day and talked to them with clear warning that every word he said was "off the record." As such, we are not in a position to comment on what he said. But, the Prime Minister tried to show that he was really worried at the sinister developments. He also tried to give a strong impression that, he was losing both sleep and hunger over the grave situation generated by the killings of the police officials. He did not take a bite from the well laid out table nor finished his cup of tea but smoked five cigarettes in about forty minutes. He, however, did not fail to blame the opposition, the dissident colleagues of his party and the journalists for not cooperating with him. Indeed. How the opposition, his party colleagues and the journalists are going to take his admonition time will only show.

We have, time and again, exhorted the king to act, to save the people and the country from the tyranny of the corrupt politicians. We have emphasized that constitutions are made for the country, countries are not made for constitution. Constitutions can be amended and even scrapped. Countries cannot. Countries can even survive without a constitution. The time is past when even our King could become absolute. But, he does have certain responsibilities he cannot shirk. He cannot behave like a disinterested spectator when the country is heading towards the brink of the precipice. No body can deny that the country is facing a disastrous civil war. And there is no dearth of friends and well wishers who would like to fish in the troubled waters. And the men in control are collaborators. When the persons responsible for saving the integrity of the country are turning quislings, where should the poor people turn to except the King. There are still honest and patriotic people in the country. It is the duty of the King to find them. If he wants to save democracy, he has to act and act quick. We have said it before and are saying it again, "Procrastination is the thief of time."



Madhav Kumar Rimal
Chief Editor & Publisher

FORUM: John Adams

SPOTLIGHT
The National Environment
30 March 2001

INTERVIEW: Hari Prasad Acharya

BANKS ON HIRE

Special Report: CIAA Vs AG

- Water Resources
- Crisis In Politics
- Refugee Verifications

Ensure Transparency

The central bank and the Ministry of Finance must make transparent each step they take toward handing over the management of Rastriya Banijya Bank and Nepal Bank Limited to private hands on lease ("Banks On Hire", SPOTLIGHT March 30-April 5). Any attempt to cloud the process would result in a fiasco. Past incidents suggest that the authorities would try to make the process as less transparent as they possibly can. That would be unfortunate. If this process lands in controversy, the ultimate losers would be the two banks themselves.

Sudhir Bista
Hattisar

ment after completion of his tenure.

Office of the Attorney-General
Kathmandu

Moderation Is Better

I want to make some comments on your article on changing food habits ("Changing Taste", SPOTLIGHT, March 23-29). I guess the main theme of the article was about the growing fast-food habits in Kathmandu. My concern, however, has to do with your discussion regarding diet and health. Your story gives the impression that eating meat is harmful — without any qualification. It does not discuss differences within animal products, red and white meat, etc. At least, that's how I read it, and I don't think we can make absolute statements like that. I also find the analogy of meat products being a slow-moving vehicles very misleading. It might have been more appropriate to talk about saturated fat and cholesterol in this context since you get saturated fat from plant products as well (oil, vegetable ghee). Of course, I've nothing against vegetarian diet. In fact, I myself limit meat consumption. However, if a person is strictly vegetarian (especially vegan), they better make sure that they're receiving adequate nutrients, especially proteins and calcium since plants are low on them. In addition, Vit. B-12 is found only in animal products. I personally think that it's more important to ensure that your diet is balanced and the key issue may be moderation. Moreover, meat consumption is mostly a problem in the West and not in countries like Nepal. The bottom line is that there are people who choose to be vegetarian for strictly health reasons, and I think your article may mislead them.

Kalyan Pande
Madison, Wisconsin, USA, via email

Reform Necessary

Time is running out if we want to save the two biggest banks of the country ("Banks On Hire", SPOTLIGHT, March 30-April 5). Instead of squandering our latest chance to reform the banks, everyone concerned should make honest efforts to improve them. As we have already lost precious time in introducing much-needed reforms, we must not waste any more time. Capable foreign clients should be given the responsibility to improve the management of these banks.

Sandeep Shrestha
Bangemuda

No Guts

It is absurd that the government has chosen to accept a loan to sell the management of its

banks ("Banks On Hire", SPOTLIGHT, March 30-April 5). As the bank employees argue, the real reform would be to bring to book the culprits who are responsible for landing these institutions in their present mess. Does the government have the guts to take action against the so-called business houses that are trying to default on their loans? If so, there is no need to hand over the management of the banks to anybody else.

Deepak KC
Jhamsikhel

Money Matters

Your cover story indicated that any serious damage to the Rastriya Banijya Bank and Nepal Bank Limited would result in a financial meltdown in the country ("Banks On Hire",

SPOTLIGHT, March 30-April 5). If that is the case, not a single moment must be lost in improving their situation. The country cannot afford to allow these two banking pillars to deteriorate further. Whether through management contract to foreigners, total privatization or anything else, the authorities must do something to prevent a catastrophe.

Suman Baidya
Patan

No Official Dispute

Our attention has been drawn to your write-up on the constitutional debate ("Question Of Jurisdiction", SPOTLIGHT, March 30-April 5). It is not at all true that the attorney-general has had any personal or official dispute with Mr. Bal Ram KC, who went on automatic retire-

Six Women Rebels Break Jail

Six Maoist rebels — all women — escaped from a prison in the western district of Gorkha Friday night by breaking the jail. Kantipur daily quoted jailer Nirmal Gautam as saying that the women managed to escape by digging a nine-foot-long tunnel early Saturday. According to officials, a bomb was exploded near the jail and a few fires were shot in the air in an apparent move to help the rebels escape. As the police officers' attention was diverted to the explosion, the rebels slipped out of the jail. Police said they have mounted an operation to arrest the women who are between the ages of 17 and 25 years. *Compiled from reports April 1.*

Hoax Call Delays IA Flights

A hoax call delayed scheduled Indian Airlines flights to the Indian cities of Kolkata and Varanasi by more than two hours Friday. According to officials, the Terminal Duty Office received a telephone call at 3:22 p.m. from an unidentified caller who spoke in Hindi, warning that bombs had been placed in the two planes. Security was stepped up and an extensive search was carried out with the help of army and police personnel. The flights later took off and reached their destinations safely. *Compiled from reports March 31.*

Maoist Leaders Produced Before Special Court

The government produced two senior Maoist leaders before the Special Court in the capital Thursday. The court started recording statements made by central leaders of CPN (Maoist) Matrika Yadav and Iswori Dahal, reports said. Earlier, police had taken the two leaders to Chautara, district headquarters of Sindhupalchowk on Wednesday where police had recorded their statements. The police have charged them with participating in an attack at a police post in the district. Talking to reporters in the court premises, both leaders accused the police of framing fake cases against them and



Dahal (left) and Yadav at Special Court

Photo : Kantipur

torturing them physically as well as mentally. Police had arrested both leaders nearly a year ago but their names were missing in the list of Maoist activists made public by the Home Ministry early last month. Both Maoist leaders also raised slogans within the court premises and told reporters that "people would not be free from exploitation unless the Maoist 'people's war' succeeded." *Nepal Samacharpatra March 29.*

Govt. To Probe Overstay Of Nepalis

The Foreign Ministry has instructed the Royal Nepalese Embassy in Tokyo to probe the overstay of 17 Nepali students who had gone to Japan for higher studies under scholarship, Nepal Samacharpatra daily reported. Foreign Secretary Narayan S. Thapa said the Nepalese embassy in Japan has already started the probe. The government's move came after Japanese Ambassador to Nepal, Mitsuaki Kojima, publicly warned that the tendency of Nepalese students and officials, among others, to overstay in Japan could harm bilateral relations. He also hinted that the Japanese government could take stricter measures while granting visas to Nepalese citizens. Illegal workers are considered one of the important elements supplementing the declining labor force in Japan. *Compiled from reports March 30.*

Govt. Distributes Land To Kamaiyas

The government has handed over

more than 200 bighas of land to 1,350 families of former kamaiyas (bonded laborers) in five districts in the mid-western and far-western region, RSS news agency reported quoting officials. According to Secretary at the Ministry of Land Reforms and Management Keshav Raj Rajbhandari, these kamaiyas have already received land-ownership certificates. He said the

process of providing land to more kamaiyas is under way. The government has also decided to provide homeless ex-kamaiyas a loan of Rs 5,000 each to construct houses. Officials said they were going to launch food-for-work programs for former kamaiyas. The government had declared kamaiyas free in July last year but is facing severe criticism from the local and international agencies for failing to rehabilitate them properly. *Compiled from reports March 30.*

'Maoists May Join A National Government'

General Secretary of the CPN (Marxist-Leninist), Bamdev Gautam, has said



Gautam

the Maoist rebels could accept the constitutional monarchy and join a "national government" in order to find a way out of the present political impasse. Talking to reporters Wednesday, Gautam said his party was also in favor of forming such a government. "There is no alternative to the resignation of Prime Minister G.P. Koirala to end the ongoing deadlock in parliament," said Gautam. He also urged Koirala to create an environment for forming a "national government" that could accommodate both the monarchy and "republican" Maoists. *Kantipur March 29.*

4 People Die In Bus Accident

Fourteen people were killed and 22 others were injured when a passenger bus travelling from Butwal to Balkot in Arghakhanchi in western Nepal fell nearly 200 meters off the road near Gaihrikhutta of Gulmi district Monday evening. The injured were treated at the Mission Hospital in Palpa. According to police, 12 the dead have been identified. The cause of the accident could not be known. Police suspect it may have been the result of brake failure.

Gorkhapatra March 28.

Refugee Leaders Slam Resettlement In Bhutan

As the Druk kingdom has been successful in stealing the international limelight by agreeing to verify the refugees that it had allegedly forcibly evicted more than a decade back, Bhutanese officials have expedited the resettling of people from northern part of the country in the area vacated by the Nepali-speaking Bhutanese, refugee leaders say. According to S.B. Subba, president of the Bhutanese Refugees Repatriation Committee, 70 percent of the land and houses vacated by the refugees have already been occupied by people from northern Bhutan. A Bhutanese refugee leader, Ratan Gajmere, demanded that the Bhutan government make it itself clear on the issue. King Jigme Singye Wangchuk, who is currently visiting southern Bhutan, is overseeing the resettlement process himself,

reports said. *Nepal Samacharpatra March 28.*

Rebels Abduct Police Inspector

Maoist rebels have abducted at least seven people, including a police inspector, in different parts of the country. According to reports, a group of half a dozen unarmed rebels stopped a passenger bus plying from district headquarter of Rolpa to Ghorahi of Dang Tuesday afternoon and asked police inspector Madhav Khatri to accompany them. Khatri's whereabouts could not be known. Khatri was on his way to Nawalparasi for a new assignment. Police said a search operation is underway to rescue Khatri. In a separate incident, rebels abducted headmaster Som Nath Kuwor and five students of Narayani High School in Jajarkot district last week. The motive was not immediately known. *Compiled from reports March 28.*

WTO To Bring Opportunities

Legislators participating in a two-day seminar on the World Trade Organization (WTO) and Nepal have said Nepal's joining the world body would bring both challenges and opportunities. Speaker of the House of Representatives Taranath Ranabhat said when the country had not been able to mobilize available resources

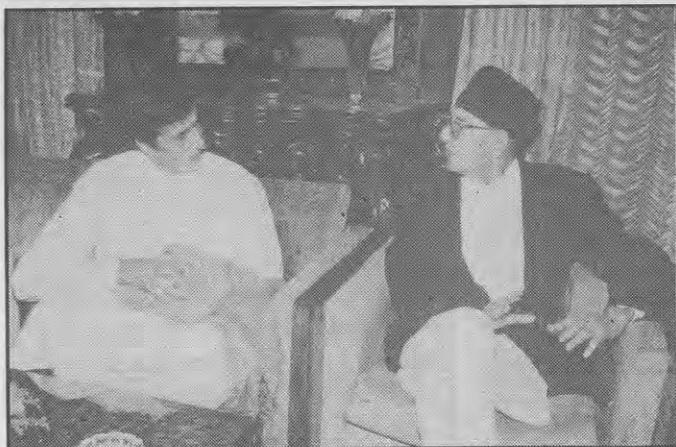


Ranabhat

properly, acceding to the WTO would mean daunting tasks ahead. Chairman of the National Assembly Dr. Mohammed Mohsin said there was a need to develop a minimum national consensus while joining the WTO. Minister of State for Industry, Commerce and Supplies said there stressed the need to assess the possible opportunities and challenges that WTO accession would bring. The seminar was organized by government and parliamentary agencies. *Compiled from reports March 28.* ■

Gorkha Brewery Honors Outstanding Personalities

Gorkha Brewery has felicitated four leading personalities with the Tuborg Outstanding Award. Senior musician Natikaji, singer Koili Devi, marathon-runner Baikuntha Manandhar and mountaineer Babu Chhiri Sherpa. In a special program organized in Kathmandu on April 2, 2001, the personalities were honored for their outstanding contribution to the country from their respective fields. Natikaji, 73, has given music to hundreds of popular songs. He has received several awards for his contribution. Koili Devi, 70, is one of the pioneer female singers of the country. Baikuntha Manandhar is known for his marathon-running not only inside Nepal but in the whole South Asian region. He won gold medals thrice in succession in the SAF games. Babuchhiri Sherpa made a history by climbing the mount Everest in record 16 hours. He also holds the record for longest stay atop the Everest peak. All of the awarded personalities received a felicitation certificate along with the cash purse of Rs 100,000.



Prime Minister Koirala (right) talking with Indian cine star Amitabh Bachchan who recently visited Kathmandu

HOTEL EMPLOYEES UNIONS WAGING MONTHS OF PRO-tests demanding mandatory introduction of 10 percent service charge filed a writ petition at the Supreme Court Thursday. Nepal Independent Hotel Workers Union and Nepal Tourism and Hotel Workers' Association jointly filed the writ petition demanding that the court issue mandamus terming the government's ban on strikes in hotels as illegal. The government had included the hotel and resort services under the Essential Services Act and declared strike in those establishments illegal early last month. The government's move was not only in contravention of the Labor Act and Trade Union Act, but also violates the constitutional provisions, the petitioners argued. They claimed that the government decision was also against the United Nations Declaration of Human Rights and International Labor Organization conventions to which Nepal is a signatory.

THE JAPANESE GOVERNMENT HAS AGREED TO EXTEND a loan assistance of US\$ 44.60 million (approximately Rs 3.29 billion) from Japan Bank for International Cooperation for the ambitious Melamchi Water Supply Project. Notes to this effect were signed and exchanged on Friday by Japanese Ambassador Mitsuaki Kojima and Finance Secretary Dr. Bimal Koirala. According to the Japanese Embassy, the loan will be used to construct a water treatment plant at Mahankal village development committee near Sundarjal, north-east of Kathmandu. The plant will obtain water from the trail race of the tunnel constructed under the Melamchi diversion scheme component. In this facility, the water will be converted into WHO-standard potable water through a treatment process. Upon its completion, MWSP will bring in 170 million liters of water per day to the capital valley. The Asian Development Bank is coordinating a consortium of donors and financiers in the US\$ 464 million project.

IN THE FIRST SEVEN MONTHS OF THE CURRENT FISCAL year 2000/01, total government expenditure has slightly accelerated mainly due to significant growth in regular expenditure while the growth in both development and freeze expenditures have decelerated, Nepal Rastra Bank (NRB) said. According to the central bank, of the total government expenditure, regular expenditure went up by more than 24 percent whereas development expenditure increased only by 9.3 percent thereby registering a higher budgetary deficit of Rs 5,918.4 million. During the review period, the revenue collection increased by 18.4 percent to Rs 24,632 million. In the external front, exports regis-

tered a decelerated growth of 21.8 percent to Rs 33,751.8 million out of which exports to India grew by 29.3 percent whereas exports to third countries went up by 16.2 percent only. A decline in the export of readymade garments, woollen carpets and jewellery to third countries has been noted whereas export of pashmina, tanned skin and pulses has increased significantly.

SUSPECTED MAOIST REBELS ATTACKED A POLICE POST at Pourai VDC in the central terai district of Rautahat in broad daylight last Friday, reports said. According to police, the rebels attacked the police post at around 10:30 a.m., killing a police officer and looting two rifles and nearly 100 bullets. Police have launched a massive search operation to find out the assailants.

JAPAN HAS BECOME THE FIRST FOREIGN GOVERNMENT to welcome the Bhutanese refugee verification process that began in eastern Nepal early this week. In a statement issued on Wednesday, the Foreign Ministry of Japan welcomed the start of the verification process and expressed hope that fair and smooth verification would be carried out, bringing the decade-old problem to an early solution. Japan has extended assistance to nearly 100,000 Bhutanese refugees through the World Food Program and the Office of the United Nations High Commissioner for Refugees.

THE BODIES OF TWO AUSTRALIAN TREKKERS, A MOTHER and her daughter, have been recovered near Deurali in Kaski district in western Nepal Wednesday, reports said. Four trekkers, including three Australian and an Israeli national, had been reported missing since Saturday afternoon. Police suspected they were buried in a snow avalanche.

THE JAPANESE GOVERNMENT HAS AGREED TO EXTEND a grant assistance of US \$936,000 to Nepal in fiscal year 2000 for the promotion of food production in the Himalayan kingdom. Finance Secretary Dr. Bimal Koirala and Japanese Ambassador to Nepal Mitsuaki Kojima signed and exchanged the notes Wednesday on behalf of the respective governments. According to the Japanese Embassy, the grant will be used to procure fertilizers and gear agriculture production to meet the growing demand for food in Nepal. Under the agreement, the government would deposit in the KR II counterpart fund, in Nepalese currency, two-thirds of the grants amount. The currency thus deposited would be used for economic and social development, including agriculture and fisheries development and increasing food production in Nepal. Japan had provided KR II grant assistance of 700 million Yen for a similar purpose in its fiscal year 1999.

THE FEDERATION OF NEPALESE CHAMBERS OF COM-merce and Industry (FNCCI) presented a proposal to the government Wednesday on making provisions related to duty drawback and checking imported goods at the godowns of businessmen in the upcoming budget. A team led by FNCCI President Pradip K. Shrestha told Finance Minister Dr. Ram Sharan Mahat that it had been very difficult to get refund on the money deposited by export-oriented industries for the import of raw materials through the government's one-window committee. The blocking of the capital has had an adverse impact on the running of industries, production and the export trade as a whole. The FNCCI demanded provisions of adequate money in the budget to immediately refund such deposit. The government owes millions of rupees in the form of duty drawback to exporters. ■

“That was out of season.”

Madhav Kumar Nepal, leader of the opposition and general secretary of the CPN-Unified Marxist Leninist, commenting on the recent meeting between his party colleagues and Nepali Congress leaders on the Maoist problem held at the NC central office.

* * *

“Fifty percent of the country’s problems will be solved if a national (all-party) government including the Maoists is formed.”

Bamdev Gautam, general secretary of CPN-Marxist-Leninist, in Bimarsha.

* * *

“Should we return to streets again? I think we should find a way out from parliament itself.”

Mohammed Mohsin, Chairman of the National Assembly, commenting on the current political deadlock, in Deshanter.

* * *

“This issue has been brought to cover up the Lauda scandal.”

Jhal Nath Khanal, central leader of the CPN-UML, when asked about then-UML government’s alleged involvement in China South West Airlines scam, in Jana Aastha.

* * *

“Japan would then have to reconsider



Janu Asstha

before accepting anyone from Nepal for any future training programs.”

Japanese Ambassador to Nepal Mitsuaki Fujima, hinting additional measures to check the trend of “overstaying” by Nepalese who go to Japan on different programs, in The Kathmandu Post.

* * *

“Just to visit the temple of Pashupatinath.”

Amitabh Bachchan, Indian cine-star, who recently came for a three-hour visit to Kathmandu, when asked by reporters about the reason for his short visit, in Himalaya Times.

* * *

“After completing studies, I became involved in government service. Later, as I became more involved in work, I did not find time to marry. I don’t think marriage is compulsory.”

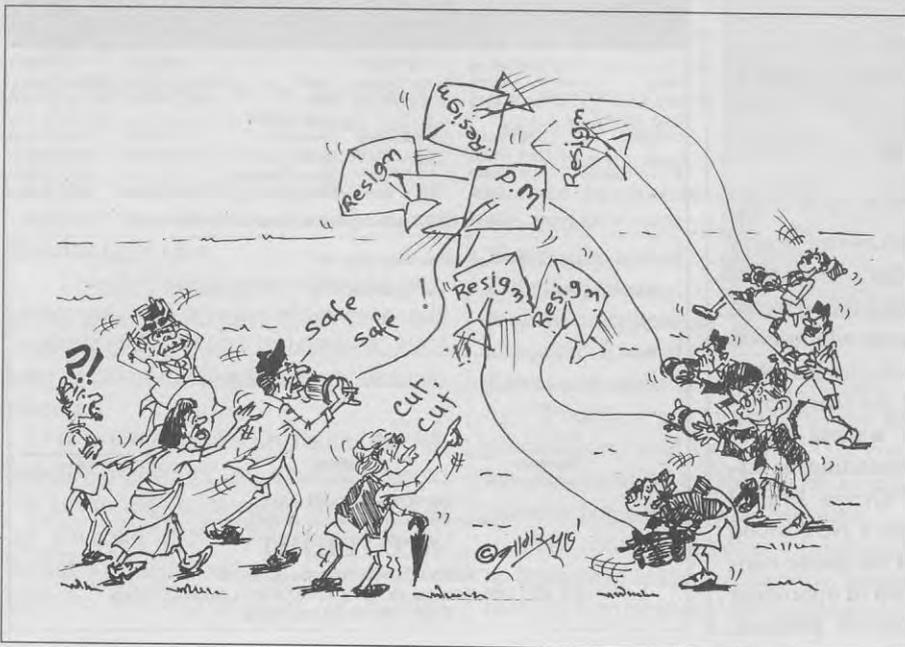
Indira Rana, member of the National Human Rights Commission, talking about her single life, in Gorkhapatra.

* * *

“Our business depends on Nepalese consumers. After the mobilization of army personnel, it has been our daily ritual of merely opening and closing down our shops.”

Mohammed Mustafa, general secretary of industry-commerce committee, Sunauli, India, reacting to the sudden slump in the arrival of Nepalese consumers following strict control by Nepalese army mobilized at custom points, in Nepal Samacharpatra.

* * *



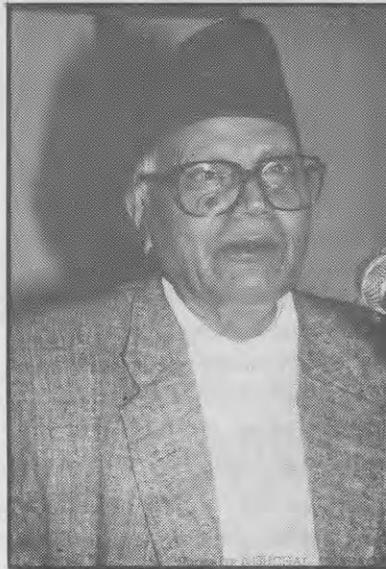
Nepali Putra

Deer Leader

When former prime minister Krishna Prasad Bhattarai organized an all-party meeting at his Bhainsepati residence last week, reporters suddenly rushed to the back of the building as if they smelled a scoop. Their olfactory senses did sniff a story: a protected wildlife species ensconced within a powerful political perimeter. As soon as they sighted a doe in a cage with a black belt on her neck, photo-journalists fell all over the



Koirala : Haunted by demands



Bhattarai : Oh, deer!

place. At the press conference, too, Bhattarai's new pet became the subject of more questions than the proceedings of the meeting. After his recent visit to the Tapoban, Rajneesh Ashram, north of Kathmandu, Bhattarai appears to have developed special reverence for the denizens of the animal kingdom.

Stalemate Mastermind

Former prime minister Krishna Prasad Bhattarai just can't stop leaving people

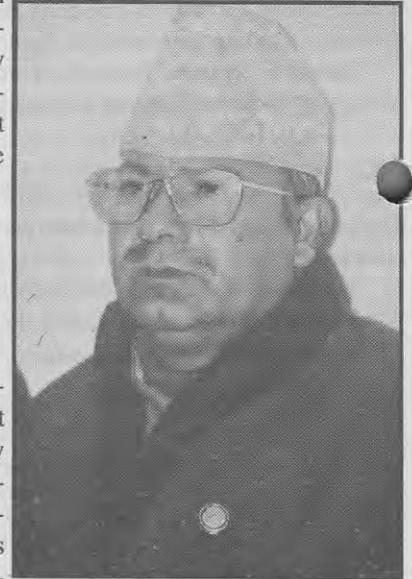
guessing about his next move. He brought up the wounds festering in the governing Nepali Congress out in the open when he demanded the resignation of Prime Minister Girija Prasad Koirala at an all-party meeting at his residence. Bhattarai even proclaimed that there could not have been a better venue to demand the premier's ouster. After Bhattarai spoke, UML general secretary Madhav Kumar Nepal and RPP leader Surya Bahadur Thapa seconded his demand. Now, who is playing second fiddle to whom?

Weapons Of Choice

Nepal Sadbhavana Party (NSP) leader Gajendra Narayan Singh has two weapons in his hands which he is using in turns to suit his interest. When all the other opposition parties walked out of parliament demanding the resignation of Girija Prasad Koirala, Singh's NSP stood firmly behind the prime minister on the plea of upholding the parliamentary process.

When the government decided to present two controversial ordinances in parliament, the NSP supremo joined the opposition in blocking the bid. Four years ago, when he was a member of Sher Bahadur Deuba-led coalition cabinet, Singh switched benches at the last minute to bring down the government. Those familiar with this steady record of flip-flops steadfastly refuse to predict what Gajjubabu might be up to next.

comrades are often at the front of the pack. From radical communist Lilamani Pokharel to so-called moderate Madhav Kumar Nepal, the task of breaking with tradition is just too difficult. This trait was on display last week when the red brigade took a leaf from the



Nepal : Tradition-bound

Comradely Conduct

Most Nepalese politicians are known for not practising what they preach. However, our communist leaders are particularly adept in doing things that are diametrically opposed to their ideology. Being progressives, they are supposed to oppose tradition. However, when issues of religion are concerned, our

Mahabharat and began their anti-government demonstrations by blowing the conch. ■

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Nepal	NRs Rs. 1400.00	NRs Rs. 2500.00	Nepal	NRs Rs. 1400.00	NRs Rs. 2500.00
India	IC Rs. 1400.00	IC Rs. 3200.00	India	IC Rs. 1400.00	IC Rs. 3200.00
Other SAARC			Other SAARC		
Countries	US \$ 75.00	US \$ 150.00	Countries	US \$ 75.00	US \$ 150.00
Japan	US \$ 100.00	US \$ 200.00	Japan	US \$ 100.00	US \$ 200.00
Asean Countries	US \$ 90.00	US \$ 180.00	Asean Countries	US \$ 90.00	US \$ 180.00
China/Korea	US \$ 100.00	US \$ 200.00	China/Korea	US \$ 100.00	US \$ 200.00

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GOVERNOR'S CASE

Courting The Court

The Supreme Court's decision to reinstate NRB Governor Rawal shows that it can enter any matter related to the state

By KESHAB POUDEL

It looks like there is no issue Nepal's Supreme Court is reluctant to hear. Following the promulgation of the Constitution of the Kingdom of Nepal 1990, the apex court has entered into tricky political issues, including controversial decisions on the prime minister's prerogative to dissolve the House of Representatives.

In some cases, like the Labor Act and citizenship issue, the court has set precedents. Many new trends have been introduced through public interest litigation.

But in some cases, the court's decisions have come under heavy public fire. Even though it has some exclusive powers, many experts believe it cannot enter areas where it does not have a specialized role.

But other constitutional lawyers do not agree with this minimalist view, arguing that the court can intervene whenever there is injustice against individual rights and duties.

After its interpretation of the constitution in 1995, the court recently intervened in the issue of the government's order to dismiss Nepal Rastra Bank Governor Tilak Rawal. As the interpretation of the constitution by the court on the rights of the prime minister has already created chaos in national politics, the full impact of the reinstatement of Dr. Rawal remains to be seen.

The court's intervention this time, lawyers argue, will ruin the whole economic structure of the country in the way its 1995 interpretation threw national politics into disorder.

In a six-month court battle, the full bench of Supreme Court issued an order to the government to reinstate Dr. Rawal as the governor of Nepal Rastra Bank. Dr. Rawal was dismissed just a few months after he was appointed by the Krishna

Prasad Bhattarai government.

Former executive chairman of the Rastriya Banijya Bank and former general manager of Agriculture Development Bank, Dr. Rawal has been in the banking sector for more than a decade.

Then finance minister Mahesh Acharya recommended Dr. Rawal's dismissal arguing that he did not support the government's financial sector reform package.

The apex court also ordered the government to allow Dr. Rawal to function for his full five-year tenure as governor. This is the first time the court delivered justice to an aggrieved party in such a short period of time and asked the government to allow the governor to serve out his full tenure.

When the bench, chaired by Justices Krishna Jung Rayamajhi and Top Bahadur Khatri, issued the order jubilant supporters of Dr.

Rawal welcomed it by sustained claps.

"Finally, I got justice from the Supreme Court," said Dr. Rawal. "The court has shown that it is capable of checking the injustice committed by the executive."

The controversy began following the resignation of Mahesh Acharya as finance minister from Bhattarai's government when

the prime minister proposed Dr. Rawal's name to head the central bank.

Following the decision of the court, Acharya, who was given the defence portfolio in the last reshuffle, submitted his resignation on moral grounds. But he later withdrew the resignation at the request of Prime Minister Girija Prasad Koirala.

When it comes to the apex court, few are as lucky as Dr. Rawal, whose case was settled within less than six months. Many other cases are pending for more than two years.

Constitutional lawyers argue that the



Rawal : Victorious

court cannot intervene in matters related to economic affairs because that is the sole responsibility of the executive.

The series of cases over the last few years shows that apex court is increasingly moving toward judging the actions of the executive.

LEAST DEVELOPED COUNTRIES Common Concerns

Civil society members from Asia come together to discuss the problem of underdevelopment

By BHAGIRATH YOGI

At a time when the rest of the world is marching ahead into a century of prosperity, 48 countries (33 in Africa, nine in Asia, five in the Pacific and one in the Caribbean) are destined to live under deprivation and underdevelopment. Together known as the Least Developed Countries (LDCs), they share common constraints in their efforts toward modernization and development.

With a view to bringing these countries into the development mainstream—that house 605 million people (that is, more than 10 percent of the world population), the United Nations agreed in 1997 to organize the third UN conference on the LDCs in Brussels this year (May 14-20). The conference, which aims at eradicating poverty in the LDCs through their progressive integration into the world economy with the support of the international community, will discuss and propose action for the sustainable development of the LDCs.

According to the UN, more than half of the population in the LDCs lives on less than US\$ 1 a day. Their economies are increasingly marginalized by global trade, as their share of world exports is 0.4 percent. Right from the beginning, the NGOs and other civil societies are also involved in the UN conference preparatory process both at national and international level.

As part of this exercise, representatives of non-governmental organizations from seven out of nine LDCs in Asia gathered in the Nepali capital last week (March 26-27) to discuss the issues of their concern. They unanimously called on the developed countries to waive debt to their governments.

According to the United Nations, between mid 1980s to mid 1990s, the total debt of LDCs grew from 70 billion dollars to 135 billion dollars. "Their cumulative debt al-

most equals their combined GDP, and a fourth of their total earning from exports goes into paying for debt. LDCs are becoming increasingly marginalized as consumers, producers, exporters and importers," said Dr. Henning Karcher, Resident Representative of the UNDP in Kathmandu, at a seminar in the capital last month.

The Kathmandu Declaration, adopted at the end of the two-day workshop here Tuesday, has identified four key areas of common concern to be raised in the upcom-



Asia regional meeting in Kathmandu: Solidarity for common cause
Photo: RRN

ing United Nations third Conference on LDCs due to be held in Brussels in May this year. The key areas identified by the workshop include finance and the market, governance and political structure, access to and control of natural resources and people's empowerment.

Trade liberalization and free market policies should benefit and protect the interests of the peoples of LDCs. Openness of markets should not be confined only to capital, but there should be freer flows of information, technology and people, said the Declaration. Regarding the governance, the Declaration said political structure must allow the involvement of the vulnerable sectors of society, particularly women, minorities and poor

people. Since the majority of people in LDCs depend on natural resources for their livelihood, appropriate policies should be formulated and implemented to ensure equitable access to and control over natural resources, it said. The governments should positively create new opportunities for the disadvantaged sectors of society, the Kathmandu Declaration said.

Inaugurating the workshop, leader of the main opposition, Madhav Kumar Nepal, said backward socio-economic structure, internal bad governance and external factors were hampering the development efforts of LDCs. He said good governance, enhancement of productivity through human capital building and equitable economic development, among others, was vital for the speedy development of LDCs.

There are other challenges too. "Though LDCs in Asia did quite well compared to other parts of Asia during the '90s, disparities between the LDCs and other developed countries have further widened," said Dr. Shanker Sharma, member of National Planning Commission. "Nepal is ahead of other countries in South Asia in terms of opening of trade and investment, market orientation, involvement of NGOs in social service delivery and empowering local bodies."

Poverty reduction remains a paramount challenge for the LDCs even in the new century. "The donor community and domestic governments must re-orient their programs for poverty reduction," said Arjun Karki, President of Rural Reconstruction Nepal (RRN) and member of international steering committee of LDC Conference from Asia. "Peace initiatives in the LDCs need to be promoted."

Jointly organized by the RRN and International Steering Committee of LDC's NGO Forum, the workshop laid emphasis on the immediate cancellation of debt of the LDCs, increased foreign direct investment, openness of market as well as the capital market regulation to reduce volatility and to protect vulnerable economics.

At least 600 NGOs, including about 250 NGOs from the LDCs themselves, are expected to participate in the NGO Forum and the Conference. In the pre-conference deliberations (May 10-12), they will finalize their positions and to agree their joint submission to the conference. ■

ARMY MOBILIZATION

Insecurity Concerns

The deployment of the army in the border regions also raises complaints of harassment

By AKSHAY SHARMA

The government's decision to use the Royal Nepalese Army to patrol the border checkpoints has been instantly hailed by some and more minutely scrutinized by others.

The decision to deploy the army at border customs checkpoints was taken on March 14 to control cross-border smuggling of goods and to stem the leakage of government revenue through rampant tax evasion.

The mobile team of army personnel will be under the directives of the chief custom officer, policy makers tell us. Deputy Prime Minister Ram Chandra Poudel, speaking at a recent program on the state of law and order in the country said, "His Majesty's Government is committed to maintaining good governance and law and order in the country."

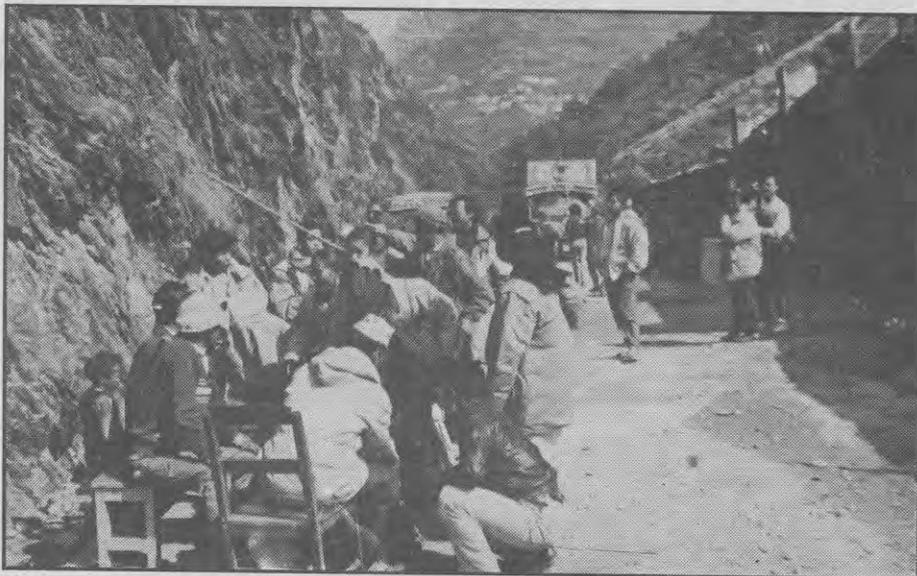
The government is facing the daunting task of restoring stability in the country. Control of unauthorized trade and other activities along the border could be seen as a major component of that task. Moreover, as one expert puts it, most of the contraband that enters the country is through the borders. "By mobilizing the army, maybe we can stop the huge amount of contraband that is smuggled into the country."

If national means of control or added influence of international coalition suffices to change the behavior of a targeted country, then the power trying to influence it may have to resort to force, says an analyst, on condition of anonymity.

"The least violent use of force is the blockade — either by land, as imposed by the former Soviet Union on West Berlin in 1948, or by sea, as used briefly by the United States against Cuba in 1962," writes

Karl W. Deutsch in his book "The Analysis of International Relations".

At the same time, however, the businessmen in the eastern terai have requested the government to review its decision of deploying the army. Some have even protested against the action, saying that the army was terrorizing the local business community. "It is wrong to arrest the



Tatopani custom point : Will army mobilization be fruitful?

businessmen without giving them the right to speak for themselves," said Parshuram Agrawal, the president of the Chamber of Commerce in Jhapa.

If a blockade is not challenged by another power, its enforcement might succeed without bloodshed. But if it is challenged, or if its enforcement fails, or if, though enforced, it fails to change the behavior in the country, then the would-be influencer nation may have to abandon its attempt at putting pressure on the country, or move up higher on the ladder of escalating conflict. And from this level on upward, some people are likely to be

killed, says the analyst.

Officials at the Mechi Customs Office claim that the mobilization of the army has improved the collection of revenue. The mobilization of the army has made significant progress by arresting Deep Chandra Agrawal, the proprietor of Manisha Electricals and has managed to confiscate goods worth Rs 450,000. During a raid conducted on March 28, the army also confiscated 4,000 pieces of saris from Dulhan Sari Center and saris amounting to 95,000 rupees from Suresh Enterprises.

"An obvious way of stepping up pressure on the target country is the infiltration of saboteurs and guerrillas, who mine roads, blow up weakly guarded installations, and attack isolated officials or local

agencies or minor center of the government," writes Deutsch, agreeing that limited violence can be used as a means of pressure on solving bigger crisis that may loom ahead.

He says, "The foreign input of radio, propaganda, armed agents, special equipment, technical expertise, and (perhaps) troops can be augmented to sustain or even trigger a genuine civil war."

The mobilization of the army in the border regions can also maintain an atmosphere of insecurity and harassment, says the analyst. ■

ANFA ROW

Brief Respite

The National Sports Council agrees to cooperate with the Ganesh Thapa-led ANFA — upping the country's chances to participate in qualifying matches

By SANJAYA DHAKAL

As the country's supreme sports governing body — the National Sports Council (NSC) — has sent positive feelers to the Ganesh Thapa-led All Nepal Football Association (ANFA), the chances of Nepalese players participating in the World Cup Qualifying

But after the Asian Football Confederation (AFC) sent a letter to NSC implying that they would not accept any team except the one recognized by the Thapa-led ANFA, the sports officials began to show signs of concession.

According to Binod Shankar Palikhe, the member-secretary at the

Rana as well as Thapa led ANFA. The initially selected players will undergo final selection which will choose the ultimate 20-member national team.

"Had we cooperated this much earlier, we would not have lost the chance to host the tournament here," Thapa is quoted to have said in a weekly.

Thapa has hinted that the present development in the Nepalese sports sector has put off the chance of FIFA imposing suspension on Nepal.

Last October, the NSC had constituted an interim (ad hoc) ANFA committee under the presidency of Geeta Rana even as the officials from AFC were present to witness the unopposed re-election of Ganesh Thapa as the head of ANFA.

A classic irony emerged subsequently with the national sports governing body recognizing the Rana-led ANFA while the international bodies like FIFA and AFC identifying the Thapa-led one.

Due to the stand-off between the two football associations, the qualifying match, which Nepal was to host in March, was taken away to Kazakhstan and Iraq — leaving the Nepalese football-lovers who were expecting to see the match among such teams like Iraq, Kazakhstan, Macau and Nepal high and dry.

If things move smoothly, Nepalese players led by NSC would participate in the qualifying match scheduled to start in the third week of April in Baghdad, Iraq.

Even though the sports-lovers have heaved a sigh of relief with the temporary truce in the ANFA, they are wondering why it took the chance of hosting an international match to make our sports officials reach a compromise.

But the current patch-up in the Nepalese football sector is not a permanent solution. As the differences between the two ANFA officials run deep, many say the NSC should seize this chance to reach a lasting solution. ■



A football game in Dasrath stadium : Rejuvenated

Matches to be held later this month in Iraq and Kazakhstan have sharply increased.

After messing up the country's maiden chance to host the World Cup qualifying matches, the row in the national football association had threatened to snatch away even the country's chance to participate in those matches and face the international suspension.

NSC, the council decided to cooperate with Thapa-led ANFA in choosing the national team representing Nepal that would participate in the match because they feared suspension from FIFA if the row persisted.

The NSC has even formed a committee under the convenorship of Dawa Gurung which selected a 35-member squad including players that were participating in training camps of both the

JUNOON CONCERT

Endless Passion

Referred to as one of the biggest bands in the world, Pakistani Junoon recently performed in the capital

BY AKSHAY SHARMA

Junoon means "passion" in Urdu and as Time magazine once wrote, "Junoon uses soaring guitar riffs to deliver the Sufi message of mystic harmony." The band mixes Sufi poetry that had reached heights in the 12th century.

After their tribute concert at New York's Central Park to the Pakistani legend Nusrat Fateh Ali Khan, The New York Times suggested that Junoon's music was, "Rock mixed with religious raptor". Salman Ahmed, Ali Azmat and Brian O'Connell are the members of the band.

"Sufism was a reality with no name," as Salman puts it. "None of the mystic poets called themselves Sufis. They were dervishes and their message to humanity was a connection with each other through love: the love of God, the eternal, and it's a great message because it looks at humanity as a whole and does not divide people into religion, nationalities, ethnicity or race. I have a deep interest in Sufi poetry and feel privileged that our music carries its spirit, but we will not call ourselves Sufi rock or Sufi whatever."

The music of the band speaks or sings for itself and, as Brian adds, "We get inspiration from great artists like Nusrat Fateh Ali Khan and Abida Parveen. They sang from the heart. They were very close to their music. There is a spiritualism that emitted from them and that inspires us as musicians. We don't want to replicate that. If we do it would indeed be an honor."

After the band's performance at "The House of the Blues", The Los Angeles Times wrote, "Junoon's ability to captivate audiences is inspiring like the Beatles."

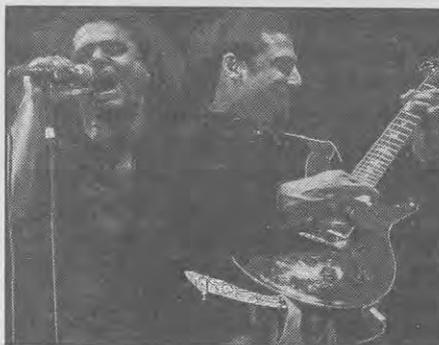
"The spirit of music makes people from different culture relate to us," the front man of Junoon, who also happens to be the songwriter of the band, told reporters in Kathmandu. "The *dolhak* and *tabla* revive Punjabi and Sindhi rhythm and I compose my songs after I write them. Because the sound of these are already imprinted in my subconscious."

"The concert is an confirmation of our faith in this region's age-old ties and contemporary cultural realities," said Dr Sabina Shah

Pahari of the Kanti Children's Hospital, Maharajgunj. "Junoon is the biggest band in the region and have mesmerized the audiences with their style of Sufi pop around the world."

The band has been known for its powerful lyrics and its latest release is *ISHQ*. "22 hours. That's all the time I have in Karachi. It's Shehyer, the Junoon manager's wedding reception. I have scissored through the serpentine red tape bordering India and Pakistan and watch me! I'm here, I'm here," excerpt from *ISHQ*.

The band had struggled financially and it



Junoon artistes : Transcending borders

was not an overnight success. The band members remember months of living only on 'dal' (pulses) and rice, the staple Pakistani diet. In 1996, Junoon scored its first hit with the song "Jazba-e-Junoon". The song roughly translated: "If you have the passion, never give up! The one who perseveres reaches the stars."

"In rough-and-tumble Balochistan, an audience of tribals applauded by shooting their rifles skyward," wrote Carla Powers. "At one concert in Karachi there was no electricity. When Ahmed asked at a nearby Islamic seminary if they could run a cable to their amplifiers, the mullah paused. Then recognized the guitarist as the author of the spiritual hit 'Saeen' (Saint). He mentioned Allah in the song so let's give him a line."

Junoon's linear notes in their labels read like an unofficial history of Pakistan's turmoil. After Karachi was rocked by violence in 1995, Junoon wrote a song titled 'Petition' — an appeal for peace that open with the first words of the Koran.

1996 saw Junoon put out another label called 'Ehtesaab' (accountability). The songs in the album mocked Pakistani politics. The band was banned from state-owned Pakistan TV. The reasons were that the songs would destabilize the country before elections. But this decision saw the band's popularity graph skyrocket.

The music video included a scene of a horseriding at a luxury hotel — a non-too-well appointed stables where Asif Ali Zadari, Benazir Bhutto's husband, was rumored to keep his polo ponies. As the government banned Junoon from PTV, the ban critique had some impact.

After Nawaz Sharif became prime minister and launched a program to trim Pakistan's debt, one of his aides had asked Ahmed to write a song called "Get Rid of the Debt and Save the Country". But Ahmed declined.

"Being a musician of a Third World has given my writing and music a creative tension that I would not have in a more affluent get-up," Ahmed says.

In 1997, Junoon recorded an album titled 'Azadi' (Freedom) on the label of EMI/Virgin, and made its debut in India. 'Sayonee' from that album became an instant hit in South Asia and the Middle East, as it shot its way to top the Asian charts. For over two months, the album held the top slot on the two predominant music channels of the region, MTV Asia and Channel V.

Salman composed the song 'Azadi' at the request of the Quaid project for the movie 'Jinnah' (the story of the founder of Pakistan Mohammed Ali Jinnah). "Freedom comes only through love and passion. Liberty lies in the cradle of Sacrifice," part of the song says.

"Socio-political turmoil, economic disparity and corruption are so vivid in Pakistan that by pretending that all's well, and singing love songs, we would be only fooling ourselves," Salman says. It was 'Sayonee' that brought the band into the limelight and hit the records with platinum sales in a period of four months. The band played at the star-studded Zee Cine Awards in Mumbai in 1998. "The song may have been a hit because it speaks directly to the people," Salman says.

"Why should we change now?" asks Brian. "If we start getting involved in the non-music or non-art aspect to our job — the fame, the popularity, the money — these are all distractions. Because what's selling is our heart, not our pretty faces."

Infinity International will donate Rs 100,000 in proceeds from "Junoon Live in Kathmandu" to the Kanti Children's Hospital," said Dr Pahari. "This amount will be used to purchase much-needed cardiac care equipment."

Those interested in making a donation to this cause may contact Dr Pahari at kanti@kch.mos.com.np

'New Guidelines Will Ensure Transparency'

—DAMBAR PRASAD DHUNGEL

DAMBAR PRASAD DHUNGEL, is the Chairman of the Securities Board, Nepal (SEBO). The board is responsible for regulating the capital market in the country. Dhungel spoke to SANJAYA DHAKAL on the recent upheavals in the stock exchange and their likely impact on the country's capital market. Excerpts:

How do you assess the overall condition of the capital market in the country?

Before focusing on the capital market only, we have to look at the impact of this market on our national economy. From this perspective, I think our capital market still has a long way to go. But, then, the overall condition of our market is indeed very positive. From a modest beginning of Rs 13 billion market capitalization in 1993/94, it has reached to Rs 50 billion (with paid up value up to Rs 7 billion to 8 billion) in 1999/2000. The floatation of shares, too, has increased. The investor attraction is also on the positive side. There are around 300,000 capital market investors in the country. Recently, when there was a demand for Rs 50 million worth of capital, investors pumped in over Rs 2 billion. Therefore, it is clear that investors are willing to invest if anybody comes up with suitable projects.

A sharp decline was witnessed in the NEPSE index in February 28 and there have been further slumps in successive weeks. Is this fluctuation a sign of instability in the stock market?

To better understand the reason for the current swings, one has to study the circumstances. A year ago in April/May the NEPSE index stood at around 333.61 points. The following months saw a rise in the index as the country witnessed positive market indicators in the form of swelling investor confidence, the second-tier reform initiatives by the government and other investor-friendly activities. After the central bank asked the commercial banks to raise their capital base to Rs 500 million (minimum), it pushed the share prices further as investors predicted that the banks would issue bonus and rights shares to match that level. All these matters pushed the share prices to the peak of 545 in November. The subsequent months witnessed a gradual decline in the index as most

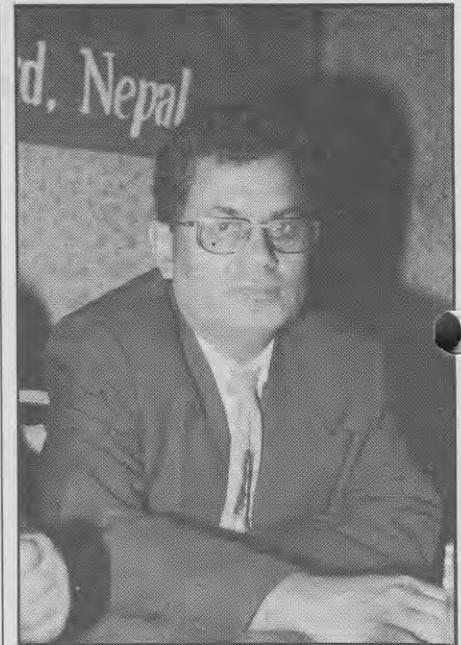
of the banks completed their general meetings and some did not issue bonus or rights share as expected. In the month of Falgun (February/April), the index began to take plunge after plunge, leading to the single-day fall of 22.71 points on February 28. There is a certain cycle to the rise and fall of the market index. So you cannot say there is instability as such. It is all the result of different market mechanisms.

Following the fluctuation in the NEPSE index, the SEBO has introduced new guidelines on securities registration. What are its salient features?

The guidelines are a timely and relevant improvement on the provisions and conditions for registering and issuing securities. These guidelines will come into effect from the new year 2058. We believe these guidelines will be able to protect the interest and rights of investors by making the whole process of issuing securities more transparent, simple and well-managed. The special features of these guidelines include the observation of at least one-year track record of a company that wants to go public, encouraging companies to issue different instruments of securities like debentures and preferential shares, clarifying the provisions for issuing premium shares, increasing the minimum number of shares that can be applied for by investors to 50 (from the present 10), promoting the formation of mutual funds, making issue managers more accountable, encouraging under-written shares and many more. We have focussed on the primary market because once listed, these companies will enter the secondary market, too.

During the February 28 incident, some investors charged that the share prices came down because of "cornering and rigging" by brokers, stock exchange officials and people with inside information of commercial banks. What do you say?

Well, I cannot deny or accept this totally. Our system is an order-driven one. A buyer can order shares only after making it in writing. So it is not possible to sway the market based on some sort of whim. Every order is recorded and the stock exchange is closely involved in the financial transactions. Our stock exchange is not controlled by brokers. It



is a government institution. Our stock exchange officials are not there only to operate the market but also to develop it. However, I do not claim that our system is flawless. We are evolving so there may not be the desired level of transparency. Take for instance, the bank transfer — which allows the transaction to take place without revealing the identity of buyers and sellers. Likewise, we also find the same client making both buying and selling orders. This type of transaction has to be transparent. We, at the SEBO and NEPSE, are looking into these aspects to ensure more transparency. As far as price fixing/formation is concerned, you will find that on February 28, only 22 points dropped and that, too, in the share prices of a few banks. It is not a case of a single institution losing significantly. Had that been the case, the reasons could have been grave. It is, therefore, hard to support the "cornering and rigging" theory. However, we concede that there is a lack of investment advisor to instil rationality among our investors and guide them, who are not experienced in the ways of capital market as such. In our system, the price base of shares is fixed by competition among written orders placed by buyers/sellers. If there is a thin intensity of competition, one or two big parties could always play the market. But how do you verify it? Apart

from being more vigilant, we can do nothing. We have to ensure that the intensity of competition remains high.

It is said our market is dominated by uninformed investors, resulting in speculative trading. How can we improve this situation and induct more institutional and informed investors?

We have to improve the education and consciousness level. Given the short history of our capital market, the level of consciousness is definitely inadequate. Our market is dominated by retailers. That is why we are calling for an institutional mechanism to give authentic advice to small and marginal investors. Rating agencies and investment advisors are necessary. That apart, all the market players need to work towards helping the investors. Recently, the government reached an agreement with Asian Development Bank (ADB) on corporate finance governance, which, hopefully, will be launched by next year. The objective of this program is to improve the corporate finance scenario by ensuring transparency, accountability, improve regulations and information flow. In the same direction, we have revamped the existing Securities Exchange Act. Likewise, we are working to improve the Company Act and the Institute of Chartered Accounts Act. Furthermore, this program also aims to build the capacity of institutions like NEPSE, SEBO. Privatizing the stock exchange will also be mullied. These apart, there are provisions to reform the market infrastructure by forming a central depository system, developing insolvency proceedings and so on.

Why is the NEPSE dominated by financial institutions?

There are five sectors in the NEPSE — banking, financial, tourism, manufacturing and industrial. Not that we don't have other sectors. But their track record is not good and hence, they are not visible. Maybe the industries need to restructure themselves to become attractive. The visibility and transparency of other sectors is poor. There is no debate about their problems. But if you look at the history, there are reasons to be happy. Only few years ago, there were no hotels listed at the NEPSE. Now, we even have an airlines. In India, the information technology sector has a big hand in improving the profitability to the capital market investors. The same thing should happen here, too. I am sure there will be a gradual improvement in the attraction of the NEPSE. ■

MELAMCHI PROJECT

A Shot In The Arm

Japan pledges a loan assistance up to US\$44 million for the implementation of the Melamchi Water Supply Project

By A CORRESPONDENT

In what is seen as good news for thirsty Kathmanduites, the Japanese government has decided to extend a loan assistance of up to US\$44,606,000 to the Nepalese government for the implementation of the Melamchi Water Supply Project.

The Japanese assistance, extended through the Japan Bank for International Cooperation (JBIC), will be utilized to construct a water treatment plant at Mahankal village near Sundarijal, north-east of Kathmandu. The water treatment plant will obtain raw water from the tail-race of the tunnel constructed under the Melamchi Diversion Scheme component. In this facility, the raw water will be converted into World Health Organization-standard potable water through a treatment process which includes aeration, sedimentation, rapid filtration and other methods.

The Melamchi Water Supply Project is expected to be jointly by the Asian Development Bank (ADB), Norwegian Aid Agency (NORAD), Nordic Development Fund (NDF), Swedish International Development Agency (SIDA), OPEC Fund and JBIC.

Melamchi Water Supply is a multi-million dollar worth ambitious project that aims to divert 510 million litres of water daily from Melamchi, Yangri and Larke rivers in Sindhupalchowk district, via a 28-km long tunnel, to Kathmandu. The first of the three-phase project, which expects to be completed within next three to four years will divert 170 million litres of water daily.

Tagged at US\$400 million, the project has four major components — diversification scheme, water treatment plant, bulk distribution and the rehabilitation and

expansion of the distribution network in the capital valley.

Different donors have assured to support different components of the project. NORAD has agreed to finance the diversification scheme (up to US\$24 million). The ADB has agreed to provide loan for the bulk distribution and the World Bank has agreed to chip in with the assistance in rehabilitation and expansion of Kathmandu Distribution System.

At present, the government is able to provide less than half the daily water requirement of the capital residents. This project has the objective to quench the thirst of Kathmanduites.

The percentage of the Nepalese population with access to water supply stood at 61 percent as of 1997. However, compared to the rural area, where the access has greatly increased, the urban area is lagging behind and unable to meet the rapidly increasing water demand brought about by the significantly accelerated population inflow since 1980s.

Water resources within the Kathmandu Valley have been almost exhaustively developed. In addition, except for the upstream of a river on the northeastern edge of the valley, it is extremely difficult both technically and economically to divert water from rivers running through the surrounding regions to the valley, which is situated at an altitude of 1,200 meters.

At present there are more than one million people living in the Kathmandu valley. The population is growing by 4.5 percent per annum. Any delay in the implementation of Melamchi project will create further chaos in the country. Already during the dry months like March and April, many residents of the city have to stay awake till midnight to get hold of few buckets of drinking water as the supply is limited. ■

PRIME MINISTER KOIRALA

Fighting A Lonely Battle

Despite all-round pressure from opposition parties and dissidence within the Nepali Congress, Prime Minister Girija Prasad Koirala appears confident that his rivals would eventually have to compromise. Even after 45 days of disruption in parliament and a major Maoist offensive in the mid-west, Koirala shows little sign of weakness

By KESHAB POUDEL

Even as all opposition leaders and Nepali Congress rebels continue pressing for the resignation of Prime Minister Girija Prasad Koirala and the CPN-UML along with other communist parties declared a street agitation, Koirala shows no sign of weakness.

As the disruption of parliament continues, the Maoist rebels mounted a major attack in the mid-western region killing more than 35 police personnel on Monday.

In the first year of his fourth stint as prime minister, Koirala has shown positive as well as negative sides. Although he replaced his rival Krishna Prasad Bhattarai charging him with failing to restore law and order and to fulfill the aspirations of the people, Koirala faces a far worse situation than his predecessor's.

In recent months, Koirala has seen both favorable and hostile situations within the party and outside, but nothing has been able to diminish his role.

He proved himself as a man committed to

internal democracy when Koirala became the first Congress member to secure all the positions by contesting elections. He defeated his disuple, Sher Bahadur Deuba, in the elections to the parliamentary party and party presidentship.

The existing conditions prove that Koirala is the only leader who is prepared to stand behind the rules of the game and is committed to upholding the rule of law.

"I don't know whether the main opposition is harming Koirala or is pushing Koirala as a democratic leader by proving themselves as undemocratic," said a political analyst. "The agitation of opposition parties will further boost Koirala's image as a democratic leader."

For his part, Koirala has shown all kinds of flexibility while the opposition turns more irresponsible and arrogant. Koirala has already declared that he will resign if the Commission of Investigation of Abuse of Authority (CIAA) indicates his involvement in the Luda Air scam.

"All the opposition actions are well planned to cordon Koirala and to weaken his patience. Unlike his party colleague Bhattarai, Koirala

will sacrifice everything and accept all terms to teach the opposition a lesson," said the analyst.

When Koirala succeeded in establishing his position in the party and parliament, the main opposition parties, along with his party rivals, launched another crusade against him. In the last leg of his political career, Koirala is facing all-round attack from different political forces, including his long-time colleagues.

Thanks to the displeasure of powerful western donor countries over the UML's unconstitutional agitation and other influential external forces, Prime Minister Koirala seems to be in a confident mood.

The situation is hostile with many decisions coming against him, but Koirala finds no time to talk about nonsense issues.

Koirala was elected prime minister replacing his old colleague Krishna Prasad Bhattarai last year. Though Koirala opted for a path of compromise with his opponents in the party and outside, no one seriously responded to his overtures.

Koirala has visited the residence of main opposition party leader Madhav Kumar Nepal



PM Koirala (right) with Nepal : Defiant against opposition

and RPP leader Surya Bahadur Thapa to work out a solution and sought the cooperation of Bhattarai. Nobody responded to his peaceful efforts. The more he visits the houses of opposition and ruling party colleagues, the more complicated his problems turn out to be.

Strangely, political parties are trying to isolate him from mainstream politics. Even within his family, Koirala promoted his nephew Prakash Koirala instead of supporting his only daughter Sujata. Other powerful members of the family are not happy with that decision.

Diehard supporters like J.P. Ananda, Khum Bahadur Khadka and Bijaya Kumar Gacchedar joined the opposition camp, but Koirala's position was strengthened.

Even after threatening to call mid-term polls and form a national government, his partymen, who always have a record of betrayal, have not shown the guts to replace him. Over the last year, Koirala has shown that he is a full-time political worker and nothing can change his position soon.

"There is no alternative to Girijababu in the party. The Nepali Congress cannot meet the challenges posed by the opposition without Girijababu," said Suresh Malla, Minister of State for Works and Physical Planning, a staunch Koirala loyalist.

Prime Minister Koirala seems to be rejuvenated by the fact that he still commands majority support in parliament as well as in the party. Although Koirala has threatened to call the mid-term elections and form a national government, his party MPs, who are desperately opposing the elections, have not shown the courage to desert him.

The CPN-UML, which is alleged to have been involved in its own scandal while leasing

a South-China Airlines aircraft, has declared a nation-wide agitation demanding the resignation of Koirala.

Instead of weakening his power base, it seems that the agitation launched by the CPN-UML and other opposition parties is further strengthening Koirala's position.

Opposition leaders reject the argument that Koirala remains strong and confident. "I have more than four decades of political association with Prime Minister Koirala, but I have never seen him in a weaker position like this. He is weak in the party and outside," said chief whip of the CPN-UML Bharat Mohan Adhikary. "Every day the events are going against Koirala. The latest killing of more than 30 police personnel in Rukumkot is a major setback for Prime Minister. One of his loyal supporters, Minister of Agriculture J.P. Ananda Gupta resigned following disputes over the Space Time Network, the Supreme Court challenged his dismissal order of Dr. Tilak Rawal, governor of Nepal Rastra Bank, Defence Minister Mahesh Acharya forwarded his resignation and Commission of Investigation of Abuse of Authority asked to take action against Minister of Local Development Govinda Raj Joshi. If you see all these symptoms, the time is against Koirala." (See box)

Even after the attacks from all quarters, the situation shows that Koirala is a necessary evil for the Congress party as well as other forces. Even in such a weak position, no one wants to change the leadership. Bhattarai and Deuba are harping on anti-Koirala statement to irritate him.

Opposition parties are also constantly demanding Koirala's resignation knowing well that he would not resign under pressure. In-

stead, Koirala will compromise with anyone to deal blow to his opponents.

In the first one month of parliament's winter session, Koirala was really in trouble when he faced one humiliation after another. Despite his willingness to bring all opponents in his fold, no one sided with him.

He tried to convince CPN-UML leaders and other opposition leaders but no one listened to him. Koirala's opponents stalled the house for such a long time and dissidents within his party failed to lend a helping hand to the premier.

Koirala is said to be planning a nationwide tour to address mass meetings to counter the move of the main opposition party. He is also mulling an address to the nation on radio and TV.

"Girijababu knows how to tackle the main opposition and other communists as he himself has long experience working in the opposition as an insurgent and organizing street agitation, says an analyst."

Unlike his party rival Bhattarai, Koirala may easily be influenced as he does not consider the results when he sees trouble all around him.

Like in his first tenure, Koirala is totally isolated by the main opposition communist party. Then, they called him a traitor and anti-national and burnt more than a hundred of effigies, accusing him of selling out Tanakpur. (Interestingly, Surya Nath Upadhyaya was member-secretary of the Water and Energy Commission that finalized the Tanakpur agreement. Today Upadhyaya heads the CIAA that is probing the Lauda Air deal.)

When the main opposition party was in power, it proposed the integrated Mahakali Treaty with India, which was ratified by two-third majority of the parliament. A party that accused Koirala of selling out a river went on to ratify an accord that incorporated all the tributaries of Mahakali.

In his first three-and-a-half-year term, Koirala had a long stick to discipline members, but now even his own party colleagues do not respect him because his stick was taken away by the Supreme Court, which restricted the prime minister's prerogative to dissolve the parliament in 1995.

Koirala seems to be fully cognizant of the current challenges, including the ongoing opposition agitation, the Maoist problem and internal dissension in the Nepali Congress. He remains confident that he would be able to bring the Maoist rebels to the negotiating table.

"Koirala has no moral right to remain in power as he is involved in the Lauda Air deal," said UML leader Adhikary. "We have already decided to take the issue onto the streets."

In internal party politics, Koirala does not see any major challenge from his party colleagues, as he has already asked his party friends to bring the vote of no-confidence to remove him. Even during the last vote of no-confidence in the Congress parliamentary party, Bhattarai

rescued Koirala by not signing on as the crucial 57th MP.

Even UML leaders like Nepal and K.P. Sharma Oli ignored the feuding in the Nepali Congress as the ruling party's internal matter.

In a situation when parliament is stalled and the opposition is taking to the streets, Koirala still does not see any pressure building against him.

A mastermind of Nepali politics, Koirala knows what he has to do and what he doesn't. No one would be able to defeat him in politics

since he knows every skill needed to survive in politics.

"I don't know the reason behind his confidence, but I will promise you that the CPN-UML will bring down this government any time soon," said Adhikary.

Koirala replaced Bhattarai on the ground that his government was unable to restore the law-and-order situation in the country and control increasing Maoist insurgency. But in the last one year, the situation has worsened.

"At a time when the government is unable

to check the Maoist insurgency and prime minister is, himself, a part of corruption, he cannot stay in power," said Rabintra Nath Sharma, a senior leader of RPP. As the opposition is making a desperate move to weaken the Nepali Congress, Koirala still is in a strong position.

As the deadlock continues between aggressive opposition parties and a confident prime minister, nobody knows what price the country will have to pay — internally and externally — to stabilize the situation. ■

'I Have Never Seen Koirala In Such A Weak Position'

— BHARAT MOHAN ADHIKARY

CPN-UML leader and chief whip BHARAT MOHAN ADHIKARY is confident that Prime Minister Girija Prasad Koirala will resign within the next few days. Adhikary holds the view that Koirala's resignation is the only way to end the current political stalemate. Adhikary spoke to KESHAB POUDEL on various issues on Tuesday morning. Excerpts:

How long will your party's agitation last?

We will continue our agitation as long as it takes to force Prime Minister Girija Prasad Koirala to resign.

But Koirala seems to be more confident in his recent public meetings. What do you say?

I have had a four-decade-long political association with Prime Minister Koirala, but I have never seen Koirala in such a weak position. He is weak in the party and outside.

How do you justify your claim that Koirala is weak?

Look. Every day events are going against Koirala. The latest killing of more than 40 police personnel in Rukumkot is major setback for Koirala. One of his loyal supporters, Minister of Agriculture J.P. Ananda Gupta, resigned following a dispute over Space Time Network, the Supreme Court challenged his dismissal order of Dr. Tilak Rawal, governor of Nepal Rastra Bank, Defence Minister Mahesh Acharya forwarded his resignation and the Commission of Investigation of Abuse of Authority has asked to take action against Minister of Local Development Govinda Raj Joshi. If you see all these symptoms, the time is against Koirala.

The government blames the incident in Rukumkot on opposition efforts to block the Armed Police Force ordinance in parliament. How do you look at this allegation?

There is no basis for this accusation. It is

just a ploy to avoid taking responsibility. If the armed police can contain control the insurgency, what happened when the Maoists attack the armed police station when ordinance was still alive? For the sad incident in Rukumkot, Prime Minister Koirala and Home Minister Ram Chandra Poudel should resign owning moral responsibility.

When there is a constitutional process to change the prime minister, why is the CPN-UML following unconstitutional means to force Koirala out?

We are not alone, as all opposition parties, including the RPP, Nepal Sadbhavana Party and others, are demanding the resignation of the prime minister.

Why don't you let parliament function and abide by the constitutional process?

Street agitation and stalling house proceedings are also part of the democratic exercise. There is nothing undemocratic in them. In the Philippines, the president was forced out of office by street protests. President Alberto Fujimori of Peru fled the country following similar agitation.

This means you are confident that Koirala will resign?

Definitely. It is just a matter of time. Koirala has no choice in front of him. He can quit gracefully like former prime minister Krishna Prasad Bhattarai or be forced out like Mohan Sumsher. When there is a total breakdown in the country's law and order and the economy is in a bad shape, how can he remain prime minister?

Your activities of the last two months question the commitment of the CPN-UML to the democratic process. Many donor countries have expressed displeasure with your effort to take the law into your hands. How do you look at this?

We believe in parliamentary practices and are committed to its norms and values. When the normal course does not bring results,

we have to accept other democratic means to bring down the corrupt regime.

How can you label an individual corrupt when an investigative agency like the CIAA is yet to charge him formally?

When his own minister Tarini Dutta Chataut and senior officer Hari Bhakta Shrestha resigned, Prime Minister Koirala should follow them to pave the way for an impartial investigation. If the CIAA clears him, Koirala can become prime minister again. We would not have any objection then.

You mean Koirala is in a corner?

Yes. You can see how strong he is only after he quits as prime ministership. In the last days of his career, he is organizing a rally like the last prime minister of the Panchayat system Marich Man Singh did.

Can't Koirala address a rally?

We are not saying that he cannot address a rally, but the question is why does he need to do that? If you look at the situation of the last month, you can see the misrule of Koirala everywhere.

How do you evaluate the current economic situation?

The country's economy is in bad shape. The decision to mobilize the Royal Nepalese Army in customs offices shows that there is a complete breakdown of the civil administration. Development activities are at a standstill. If you look at the budget expenditures, the situation is bleaker. The government sanctions 9 billion rupees but spends less than 4 billion rupees. All these signs show that Koirala has completely failed to normalize the situation in the country. ■



MAOIST REBELLION

From Periphery To Center

A little-known rebel outfit establishes itself as a major political force in the country through violence. And the chances for peace are still remote

By BHAGIRATH YOGI

As the rest of their countrymen were celebrating 'Chaita Dashain', one of the major festivals of Hindus, more than 100 policemen were guarding one of the strategically important posts at Rukumkot in mid-western district of Rukum Sunday. Though they knew that their job was full of risks, they seemed little prepared to what was in the offing as the night progressed.

A few hours before midnight, hundreds of Maoist rebels attacked the post killing at least 30 policemen, injuring more than two dozen others and abducting an equal number of police personnel. By targeting a relatively strong police striking camp in their strongholds, Maoist rebels have once again proved their combat skills.

"We are at a loss to know why our policemen could not resist the rebels," said a senior police official. The policemen, in fact, fought against the rebels for more than four hours before surrendering. Reports said the rebels killed even the surrendered policemen in cold

blood. The episode also exposed lack of intelligence gathering and lack of preparedness on part of the police regarding possible assault.

The biggest-ever attack by the Maoists in the last five years has come days ahead of a nationwide shutdown strike called by the rebels on April 6. In September last year, the rebels had mounted a major attack at Dunai, the district headquarters of Dolpa in mid-western Nepal killing 14 policemen and looting nearly Rs 60 million from a local bank.

Genesis

A little known, ultra-left outfit, Com-

munist Party of Nepal (Maoist), decided to launch 'people's war' in the remote and impoverished western hills of the country in early 1996. The party said it wanted to turn Nepal into a 'people's republic' and ensure transition of the society into socialism through communism — something what China practiced under Mao Zedong in the latter half of the 20th century.

Five years down the lane, there has been much bloodshed in the country known world over for its peace and tranquility.

The Maoist activists launched their "war" by killing innocent people, school teachers, chopping of limbs of political workers, most of them belonging to the ruling Nepali Congress party, who did not support them. Later, the rebels started targeting the police posts and ambushed policemen. Starting from remote mid-western hills where there is no road, electricity and other modern means of development, the rebels have gradually expanded their activities in nearly half of the 75 districts in

the country.

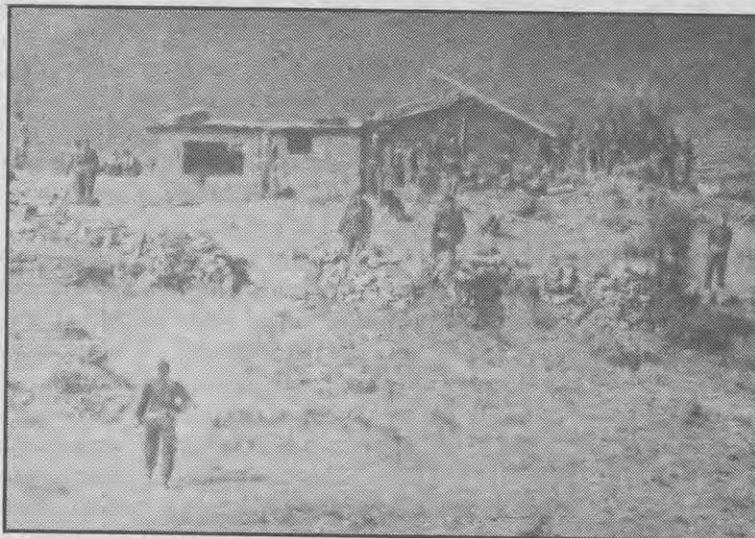
The violence continues

The government forces, too, started killing innocent persons in the name of Maoists, burning the houses of civilians, allegedly raping women and torturing anybody whom they thought as Maoists. International human rights organizations, including Amnesty International, have alleged that both the sides were committing extra-judicial killings.

Successive popularly elected governments saw the Maoist rebellion as a 'terrorist activity' and focused on

strengthening the security forces over the last five years. But as the rebels continued to target ill-equipped police posts in the remote hills, it exposed lack of coordination among security agencies in the country.

Hundreds of Maoist rebels mounted their attack at Dunai, the headquarters of remote northern district of Dolpa bordering Tibet on September 25, 2000 killing 14 policemen, injuring nearly 40 and abducting 12 others. (They later released the abducted policemen.) The rebels completely destroyed district police office, a local prison and set the inmates free. (Inter-



The police post in Rukumkot : Scene of rampage Photo : Nepal Samacharpatra

According to official figures more than 1,600 people (including nearly 1,000 Maoist rebels and nearly 300 policemen) have been killed during the rebellion. Human rights groups say figures may be much higher than that.

Whatever be the figures, one of the poorest countries in the world has witnessed unprecedented surge in security budget at the cost of development budget. The government has raised its budget for internal security by more than double to Rs 7.15 billion for the year 2000/2001, up from Rs 2.91 billion only two years back (1998/99).

estingly, the inmates later returned to the authorities). They also looted nearly Rs 60 million in cash and kind from a local bank. A day later, they attacked a police post in western district of Lamjung and killed eight more policemen.

The impact of the attack was quite devastating. Home Minister Govinda Raj Joshi resigned from his post. Home Secretary Padma Pokhrel was transferred and police chief Achyut Krishna Kharel was forced to go on an extended leave only a few months before his retirement.

"The Dunai attack was an indicator of rising Maoist clamor to move from primary guerrilla war tactic to concentrated efforts in destroying the state's strongholds located in the district headquarters with frontal attack," said Prof. Dhruva Kumar, a strategic analyst with the Center for Nepal and Asian Studies (CNAS) at the Tribhuvan University. "As a result the civil authority in the country has paralyzed and the political authority discredited."

The United People's Front, considered to be the political outfit of the Communist Party of Nepal (Mashal)— later known as CPN (Maoist), was the third largest political force in the parliament after the general elections of 1991. Though it did not have decisive numbers (with only nine members in the 205-member House of Representatives), the party used the parliament to "expose" the system rather than to fulfill people's aspirations. The UPF, led by Dr. Baburam Bhattarai, boycotted the 1994 mid-term polls and presented the 40-point demands to the then Sher Bahadur Deuba-led coalition in early 1996. Within a month, the Front supported "people's war" launched by the CPN (Maoist) and all its top leaders went underground.

By raising arms against the establishment, the CPN (Maoist) has placed itself into the center of national politics from the periphery. Its leaders claim that it is the only mainstream communist force in the country, though the Communist Party of Nepal (Unified Marxist-Leninist) party is



Cupboards of police post destroyed : Utter vandalism

Photo : Nepal Samacharpatra

the main opposition in parliament, with respectable representation (69 seats in the 205-member lower house of the parliament).

"The Maoist insurgency has turned out to be the most powerful social movement over the last one decade," said Dr. Chaitanya Mishra, professor of sociology at the Tribhuvan University. As the political leaders failed to deliver and inspire people from their deeds, Maoist rebels tried to fill in the void by giving popular slogans and intensifying conflicts both at the local and national level, say analysts.

Impact of "People's War"

The "people's war" has had its impact in almost all sectors of the Nepali society. Besides law and order, economy is suffering due to the on-going insurgent activities. The rebels are said to be targeting big industries, joint venture companies and major businesses in the country. They occasionally explode bombs in the premises of those businesses that don't patronize them with "donations." No major investment has come over the last couple of years. Tourism is the first victim of insurgency. Besides tourism, education sector is also suffering out of the insurgency. All schools and colleges remained closed for one week late last year at the call of ANNFSU (Revolutionary), a sister organization of the Maoist party. The National Human Rights Commission has expressed its concern over the growing violation of basic rights during the course of the Maoist

insurgency. Reports say growing number of children, women and students are becoming the victims of the 'war.'

Future of the Maoist insurgency

As both the government and rebels are working on to equip themselves, there are possibilities of more bloodshed in the future. The Maoists have already lured hundreds of poor and unemployed youth into their fold. Prime Minister Girija Prasad Koirala has said the government will launch a package of administrative, political, economic and development

activities to counter the insurgency. But officials haven't said how will this 'package' be implemented and if there is any mechanism to see that it is not getting misused.

Some political leaders see wider implications of the Maoist rebellion upon the country's future. "Nepal's sovereignty may come under threat if the Maoist insurgency continues," said Surya Bahadur Thapa, former prime minister and chairman of Rastriya Prajatantra Party, the third largest party in parliament. He, however, did not say from where such a threat will emanate.

We could gather some indications from an interview given by Comrade Prachanda, general secretary of the Maoist party, to Revolutionary Worker magazine in early 2000. "There are big contradictions among the ruling classes (in Nepal) and there is also an unstable situation with India. Ultimately, we will have to fight with the Indian army. We will have to take into account of the Indian army," said Prachanda. The Maoist leader was of the view that Indian forces would ultimately enter Nepal to protect their interests if the 'people's war' gained strength and protracted over a longer period of time.

Prime Minister Koirala, during his visit to India last year, tried his best to assure the Indian government that Nepal will not allow any anti-India activities from Nepali soil. In turn, he urged Indian authorities to check activities of Nepali Maoists in India. Given the more than

1,600 km long common, open border between the two countries it would be a difficult thing for the Indian government to do, even if it wanted so.

Maoist leaders, too, accept that they are receiving international support for the cause of their war. "In the whole process of the final preparation (to declare 'people's war') there was consistent international involvement. There was the Revolutionary International Movement (RIM) Committee and from the RIM Committee, we got the experience of the Peru Communist Party. We went to Bihar and Andhra Pradesh states of India and tried to understand the practical situation and practical problems of armed struggle there," said Comrade Prachanda, in his interview.

Failure of Peace Initiatives

The high-level committee formed to recommend ways to resolve the Maoist problem, headed by Nepali Congress leader and former Prime Minister Sher Bahadur Deuba, said peace talks were the best thing to do to end the politics of violence in the country. Deuba, however, alleged his own party's government for not cooperating him to bring the rebels to the table of dialogue.

As if to outbid Deuba, Deputy Prime Minister Ram Chandra Poudel managed to talk to a rebel leader, Rabindra Shrestha, in October 2000 through the intermediation of a human rights activist, Padma Ratna Tuladhar. Though both the sides termed it as 'informal contacts,' people were hopeful that something positive would be coming in. After his dramatic release in early November last year, Dinesh Sharma, a central committee member of the Maoist party, along with his colleague Dinanath Gautam, told reporters in the capital that they denounced the violent means adopted by the Maoists.

Sharma refuted the statement made by him within a few hours saying that he had done so under duress leading to 'cold relations' between the authorities and the rebels.

Though both the sides maintain a 'warring posture,' analysts say Maoists are beefing up attacks only to pressurize the government to initiate talks. Newly elected chairman of the Communist Party of Nepal (Maoist), Comrade Prachanda, has said his party would sit for dialogue only if the government created 'minimum environment' for it. The 'minimum environment,' according to the rebels includes making

public the whereabouts of its members and leaders, release them from detention unconditionally, and stop alleged "state terrorism" immediately.

Though belatedly, the government responded to these demands and made public whereabouts of nearly 300 Maoist activists under its custody or behind bars. The rebel leaders, however, dismissed this important gesture saying that it was a ploy to save the beleaguered Koirala government.

As the domestic and international pressure is mounting upon the government as well as the rebels to start peace initiative, both the parties seem to be trying to put themselves on a strong position from where they could bargain hard as and when they sit across the table of negotiations. The government initiated a process to set up a 9,000-strong 'armed police force' under the Home Ministry to combat insurgent activities within the country but has failed to get it through the parliament. The rebels, too, have reportedly started recruiting more guerrillas in their strongholds to take on the government forces.

Resolving the Conflict

Though the government forces and Maoist rebels seem to be coming face to face, there is no other viable alternative to end this conflict than

to bring the rebels to the table to negotiations, say analysts. "It is the right of the government to take necessary measures (such as setting up the armed police force) to strengthen security apparatus within the country, but the best way out is negotiations," said Prof. Dhruva Kumar.

"This conflict could have been prevented to a great extent if the previous governments had acted sincerely. Even now, if the government acts seriously it can still be prevented from getting escalated."

Given the geo-political situation of Nepal, neither India nor China would want to see an outbreak of major insurgency in this Himalayan kingdom. Nepalese democracy still has enough space to accommodate

extra-parliamentary forces like the Maoists into its fold. In fact, they have got a breeding ground due to brewing corruption, poverty and unemployment in the country. As the government can't channel its scarce resources to fight insurgency for long, it must go ahead with peace initiatives

By adopting "Marxism-Leninist-Maoism-Prachanda Path" as their guiding philosophy and demanding for an interim government with representation from all sides to form a "people's constitution," the Maoists have indicated that they want to participate in the parliamentary process sooner than later, say analysts. "But they don't want to hold talks with the Koirala government as long as the present political stalemate doesn't come to an end," said Shyam Shrestha a pro-left academic. "In fact, their latest attack at Rukumkot seems to have been motivated at forcing the Koirala government to resign."



Source: Time

Rescuers transporting the dead and injured : Senseless violence

There are other bigger issues too. "The most worrying factor is that the gap between the ruling elites in the capital and people in the far-flung areas has further widened and there is no communication between them," said Prof. Kapil Shrestha, member of NHRC, who has recently returned to the capital after visiting Maoist strongholds of Rukum and Rolpa.

"Unfortunately, you can't find a solution to the problem of insurgency militarily and right now, there is no congenial environment for peace talks."

As such, the sounds of guns will continue to be heard in remote Nepalese hills, once known for their beauty and tranquility around the world. ■

'Security Threats Seen By Potential Investors May Not Be Real'

— DR. RAM SHARAN MAHAT

Though he accepted his new assignment rather reluctantly, Finance Minister DR. RAM SHARAN MAHAT swung into action as soon as he assumed office at Bagh Durbar last month. Realizing that the budgetary deficit was rising as the revenue collection was low, he decided to mobilize army personnel at the borders to check illegal trade. One of the architects of the economic liberalization in the country, the former Foreign Minister spoke to KESHAB POUDEL and BHAGIRATH YOGI at his residence Monday on contemporary issues. Excerpts:

The Finance Ministry recently concluded its mid-term review of this fiscal year's budget. In which areas you will be focusing on the basis of its findings?

As indicated by the mid-term review, the area where we have to be more alert is on the question of regular government expenditure. The regular expenditure of the government has been rising very fast. The liabilities of the government in future will increase further. The government has very little control over the expenses such as wage bill, pension, security expenses, debt services, etc. It will be very tough for me to remain within the budget in the next half. So, this is the most worrisome part of our finances that the Finance Ministry is concerned about. Arresting the tendency toward increased public liability will be my main preoccupation. Something to that end will be announced in the next budget.

The Public Expenditure Review Commission (PERC) has also made some recommendations to cut down unnecessary government spending. What will the government do to implement them?

If the present trend of public expenditure continues, it will simply be not sustainable. Regarding development expenditure, we have thousands of small projects where resources are scattered. So, we need to consolidate them. We have to prioritize the development projects so that you can get better returns on the investment you make. There are other recommendations about public sector and expanding public enterprises and institutions (to which we will give due attention).

Will you continue to present the budget weeks before the end of the fiscal year?

Yes, we will stick to the time table as in the last year, that is, we will present the budget well in advance so that it could be approved by parliament before the end of the fiscal year. Then we will have a whole year to implement the budget. Though this year's budget was presented quite earlier there were slippage in implementation, decisions were not taken in time. Appropriate modalities were not decided in time, contracts were not awarded in time, institutional frameworks were not created in time. The result was that activities could not be implemented as scheduled. We expect to bring about improvements in this scenario. The implementation schedules of various development projects will be decided well in advance so that these activities can be implemented in a timely manner. Most importantly, the problem is that most of the construc-

tion-related activities take place at the end of the fiscal year, which is very unhealthy practice. I will see to it that this doesn't happen next year. All the construction activities will have to be completed by the third quarter of the fiscal year so that the last quarter of the fiscal year is devoted mainly to monitoring and evaluation. That will ensure better quality in the development projects.

The business community has been complaining of the deteriorating law-and-order situation and growth incidents of violence.

Of course, we are taking this issue very seriously. There have not been any recent attacks on industrial houses. There were one or two cases some time back, but there have been no such cases of late.

The government has mobilized army personnel to check illegal trade. Is it a short-term measure? And, what could be its security implications?

Of course, it is a short-term measure. We are not using the army *per se* to control cross-border smuggling. We are using them as our customs guards. We have a provision of customs guards. At the moment they are not properly trained and properly equipped. As a result of which this group was not able to control the cross border smuggling. As a result there have been customs leakages and all that. So we requested the army to provide their personnel on a temporary basis who could be mobilized as customs guards. Their total number is not large. This group will be there for a maximum period of three months and we may ask for another group to do the same job unless we create the customs guard. The experience shows that they have been very effective. But it is too early to pass a judgment. There are security implications in the sense that cross-border crimes and criminal activities have come down and people are happy.

For the last few years, the privatization process has come to a virtual standstill. Do you have any plans to re-start this process?

Even in the past, we made several attempts to privatize public enterprises. But this is not an easy thing. Privatization has a lot of socio-economic, political and labor implications. The first phase of privatization was a smooth affair. But we encountered various problems in the course of implementing privatization programs in the second phase. It is not for lack of government commitment but because of some practical problems. Look, for example, the privatization of Nepal Tea Development Corporation. It took so long as one or the other problems continued coming up. You can't do privatization in a mechanical fashion. But on the whole we want to go faster and we are going in that direction. But the pace in which to move in that direction is not entirely in the hands of the government. In a democracy everything should be done in accordance with law and building consensus. That is why it can't be a quick affair.

Some export-oriented companies are complaining about the problem related to duty drawback. Will you take some steps to address the problem?

"We are not using the army per se to control cross-border smuggling. We are using them as our customs guards."

Certainly, I will give more attention to resolve the problems related to duty drawback system. I have already asked the concerned officials to attend to this problem. I hope we will be able to find some solution to this problem in the near future.

Is the government serious about the declining foreign investment scenario?

Of course, this is a problem. We will do everything to make the situation favorable to foreign investors. Part of the problem is due to perceived security threats as seen by the potential investors, which may not be necessarily true. By and large, economic activities have not been affected because of the Maoist problem. We are aware of these issues.

What could be the impact of the recent Indian budget on the Nepalese economy, especially due to provisions related to labor and liberalization of foreign trade regime?

We are studying the likely impact of the Indian budget. As and when necessary we will have to make necessary adjustments in our policies. Even then I feel that we still have some fiscal incentives (to offer to the investors). We haven't completely lost the comparative advantage that we had. We still give more incentives on the taxation front, foreign exchange and tariff level. Labor is one issue where India has gone one step forward in this recent budget. This is something where we may need to look into.

Exactly a year ago, the government had made commitments at the Nepal Development Forum meeting in Paris about kick starting the second generation of reforms. But things don't seem moving in that direction. Would you comment?

We are very much committed to economic reform programs. Only a few days back, I organized a meeting of our development partners in my office in which we reiterated our commitment for second generation of reform programs. So we are very much on board.

What could be the impact of the reinstatement of Dr. Tilak Rawal as the Governor of Nepal Rastra Bank in the proposed banking sector reforms?

Things will go as usual. I hope every thing will be fine and there will be no let up and no slow down in the reform process. In fact, this is a government program and everybody who joins the government will be fully committed to this process.

Now to switch over to the political issues, how do you view the ongoing feud within your party that has led to non-performance of the government?

The feud is partly power struggle, partly a result of some past prejudices and hang-ups. So, I hope the solution to this feud lies in proper power balance and reconciliation. I agree that this feud has partly affected the quality of governance. If there are complaints about non-performance of the government it is partly related to our intra-party feud.

The people abroad now seem to have formed a very negative image about the functioning of the democratic system in our country. Who do you think should



be blamed for this scenario?

First of all, I don't agree with this perception. Every young democracy has to pass through such phase. After the restoration of democracy a decade back, people's aspirations have been quite high and the governments haven't been able to perform according to their expectations. When they see problems, they see misuse of power, a wrong impression is created. Especially among the Nepalese intelligentsia, whether within the country or abroad, there is lot of negativism as is the case in the society. People tend to see wrong things almost everywhere. Many good things have also happened over the last 10-11 years. Issues like corruption were hidden in the past and also because of the fact that other countries have progressed much faster than us there

is a feeling of disenchantment. We all have to share the blame and those who are in power will have to share more.

As a leading personality among second generation Nepali Congress leaders, would you personally come out in the open in the contest for leadership?

I am not in a hurry. I believe in works. I am a man of conscience. I am a dedicated worker of my party and believe in well-being of my country. I believe in hard work and also believe in destiny.

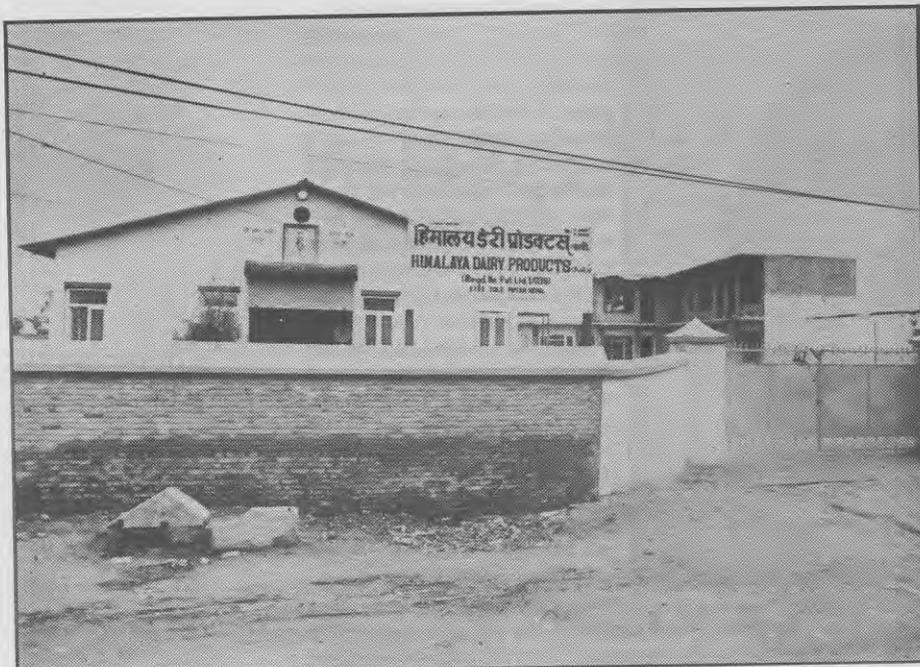
How do you see the role of the Speaker and Prime Minister in the non-functioning of the Parliament?

If anybody's responsible for the present stalemate in the House, it is the opposition. Mainly it is the main opposition party that has taken a totally irresponsible position by physically obstructing the process of the House. It is totally undemocratic and unconstitutional. If they think that the Prime Minister is corrupt, let them ask for more power for the Commission for Investigation on Abuse of Authority (CIAA). The government is extending full cooperation to them in conducting investigations. The disruption of house is only unfortunate. They are strengthening the hands of those forces that don't believe in the constitutional process. If they are against the Prime Minister, why don't they introduce a no-trust motion, why don't they hold debate in the parliament, bring motion of public importance, call attention motion etc. There are enough tools and procedures in the parliament to bring the government to book. I believe the Speaker has enough ammunition in his hand to conduct the house. Perhaps, he doesn't want to create an ugly situation in the House and still wants to persuade the opposition, before he uses the last resort.

Now that the law and order situation has deteriorated so badly and the Maoists are advancing quite fast, don't you think the Prime Minister should resign?

I agree that the law and order situation has deteriorated. But as long as Prime Minister Koirala enjoys a majority in parliament, you can't throw this government out. Of course, the response of the government to the Maoist threat has been inadequate. But I know that there is no popular support for the Maoists. They have forced people to support them out of intimidation, force and terror. So, we need to use all our resources in a coordinated and unified manner to address this problem. ■

"I hope every thing will be fine and there will be no let up and no slow down in the reform process"



A dairy factory : Catering to the consumers

ICE CREAM

Scoops Of Solace

Summer is here and so is the frenzy for ice cream among the people of Kathmandu.

By AKSHAY SHARMA

Harihar Gupta, a native of Siraha district in the eastern terai, wheels his ice cream cart around Kathmandu to earn a living. "I have about 100 customer on an average hot day. But in colder times, not many buyers are around."

The ice cream scene has change. In recent years, there has been a surge in colors, flavors, parlors and brand names. "Names like Baskin Robbins, Move 'n' Pix were not common before. The street vendors were doing brisk business," says 45-year-old Susmita Dhakal.

The ice cream sales graph rises and falls with the mercury. But since ice cream has become a fashionable component of the changing social trends of urban Kathmandu, the season is not the only selling point.

"My employer has 10 other vendors," Harihar says. "People usually prefer to

have their ice cream in cups. The others go for cones," he says. "The traditional ice cream sticks are not in demand these days."

Mention of those sticks is enough to turn Susmita nostalgic. "Ice cream then meant a stick with reddish colored and enticingly flavoured things which vendors used to sell for 5 paisa," she recalls. "I haven't had one of those in a long time."

To some, ice cream brings a welcome respite from the pressures of modern times. "In these times, when more and more people are stressed out and are consumed by the difficulties of living in a world where nothing is certain and nothing is safe, ice cream provides the escape," 19-year-old Anu Chettri says. "When that cold, sweet, refreshing bit of ice cream melts in your mouth, all your concerns melt away with it."

Teenager Gaurav Thakuri is thrilled by the therapeutic value of ice cream. "Life, for one brief moment, is sweet, tranquil,

Helpful Hints On Preparing Ice Cream

By UZVAL BHATTACHARYA

Making Your First Batch

First, have all your ingredients chilling in the refrigerator.

Second, prepare your ice by filling a cloth bag and breaking it into coarse pieces using a mallet or hammer.

Third, place your stainless steel cream can into the wooden tub so that it rests easily on the metal tub center in the bottom of the tub. Insert your dasher in the can making sure that the protrusion on the bottom of the cream can fits into the socket of the dasher.

Fourth, pour your recipe into the cream can, never filling the can more than half full. Assemble the can cover and turn the dasher stem with your fingers until it turns freely.

Fifth, place the gear-frame into position by grasping the gear-frame and engage the dasher stem into the socket of the gear-frame. If you have a hand crank freezer, slide the cranking end into the tub ear. The opposite end of the gear-frame fits into the tub latch. Gently push the thumb latch down until the gear-frame is snug. If you own an electric unit, be sure to hold the unit with the label facing you. Insert the right side of the unit into the steel ear and the left side (marked latch end) fits into the latch, gently push the thumb latch down until unit is secure.

Finally, it is time to fill the wooden tub with ice. Fill your tub to the top of the can with ice. Crank or run your motor for about 2 minutes so that the can chills evenly. Add cups of rock salt to the top of the ice. As the ice melts down 2 to inches, add more ice and 2 more cups of salt. The amount of ice and rock salt you use will vary according to the ambient air temperature. Do not increase your salt usage until you have churned the freezer for 10 minutes. After 10 minutes you should notice the cream becoming firmer. At this point, if too much salt is used the result will be excessive freezing to the extent that a crust of frozen cream will form, on the inside edge of the can while the middle will remain liquid. If this occurs, allow the brine to warm up and thereafter decrease the amount of salt added when you add ice.

NOTE: Occasionally, your dasher blade screws may loosen allowing the blades to move more than 1/8" from the dasher. Simply screw the blades down to 1/8" and resume freezing.

and all is right with the world. Now ice cream is not a religion, nor is it a substitute for religion. Ice cream has nothing to do with faith. But it is a strong medicine. It can change your priorities and transform your life."

"I have always believed that a good ice cream wants to be; a good ice cream freezer allows it to happen. I also believe that ice cream freezers hold inherited family memories of summer afternoons and childhood delights. Old ice cream freezers always evoke deep memories of past generations."

"Has anyone ever thought about the history of ice cream? Benjamin Franklin and Thomas Jefferson enjoyed scoops of them," asks Rajesh Shrestha, who works at the Radisson Hotel's bakery.

Experts suggest that ice cream as we know it today probably came into existence in the middle of the 17th century when a chef employed by Charles I of England developed a technique of shaking flavored cream in a dish of ice. It became so popular that the king actually continued to keep the formula a "royal Secret". Slowly, the secret got out and many ice cream parlors began to spring up around Europe in the early 1800s.

However, it was in the United States where its manufacture and popularity soared. In fact, we know that George Washington purchased a cream machine for making ice and spent the unheard of sum of \$100 making ice cream all summer!

"It was not until 1846, however, that a woman named Nancy Johnson, in New York, made life easier for all of us ice cream lovers by inventing a crude, but easy-to-use hand crank ice cream maker. Remarkably, she never patented the de-

Discontinue Churning

When your ice cream mix has been churned sufficiently (usually about 20-25 minutes) and becomes the consistency of soft ice cream, it is ready for packing. The time can best be determined when it becomes difficult to turn the crank handle, or the motor begins to sound like it is really straining. Manually unplug your motor unit when you hear it straining, further churning will not improve the quality of the ice cream. Now remove the can cover. Take the dasher out and scrape off excess ice cream with a wooden spoon. Your ice cream is now ready to eat and enjoy!

The Old-fashioned Way of Making Ice Cream

You can pack your cream for hardening right in your freezer by scraping it back into the cream can. Place a sheet of waxed paper across the top of the can, press the can cover down over waxed paper and plug the hole in the cover with either a cork stopper or tape. Drain off water, repack the freezer with five parts of ice and 1 part salt until entire can is covered with ice and salt mixture. Next, cover with burlap bag or some suitable material for insulation. Then let it stand until frozen hard.

People that have discovered in the last 140 years ways of making home-made ice cream so special.

Here are some helpful suggestions:

1. Protect all working surfaces with newspaper. Salt is corrosive. Be careful not to kill valuable backyard grass when making ice cream outdoors in the good old summer time.
2. Use rubber gloves to protect hands from cold and salt.
3. Do not use this freezer for commercial purposes.
4. Use a glass or plastic measuring cup for rock salt, since salt pits metals.
5. Use wooden spoon for stirring and repacking ice cream to retard melting (wood does not conduct heat).
6. It is best to make a cooked recipe the night before so it has plenty of time to chill.
7. Make sure your wooden scraper blades are 1/8 inches away from the metal dasher. These screws are set at the factory, and should be loose, but never more than 1/8 inches or the end result may be freezing around the can while the middle remains liquid.
8. Freezing should not be too slow or too fast. A greater amount of salt will melt the ice faster, causing the ice cream to freeze faster. A too rapid freezing time does not allow for sufficient agitation and produces a coarse texture. An extended period of freezing causes a spongy' buttery texture.
9. You lose the delectable taste and good texture of home-made ice cream if it is stored too long. It can be kept up to a month if properly packaged for freezing.
10. The salt used in making home-made ice cream is rock salt. It is a coarse salt and should be used instead of regular table salt.
11. You can hasten the hardening process by placing the entire can containing the ice cream mix (after initial churning) in the freezer unit of your refrigerator.
12. To your vanilla-based mixtures, consider adding such flavor pick-ups as crumbled cookies or candies, granola, instant coffee mixes, small chocolate bits or even dabs of jams, jellies and peanut butter.
13. Fold in ingredients such as fresh or thawed frozen fruit slices about 20 minutes after removing the dasher from the churned ice cream mixture.
14. Try filling pre-cooked pie shells with ice cream before final hardening or orange and lemon shells with orange and lemon sherbets. Fill ice cream puff shells with ice cream and top off with sauce.
15. Fill parfait glasses with vanilla ice cream, add green crème-de-menthe and top with whipped cream. Just use your imagination. There are endless pleasures in store for you with the aid of your freezer.

vice!" said Uzwal Bhattacharya who used to work the Nepal Dairy.

A growing number of people also tend to make ice cream at home, because most middle-class families can afford a refrigerator, says a sociologist. The domestication of ice cream in Nepal has led to experiments of all sorts. But eating out has not lost its appeal.

"Couples are the main customers at our place," says Rajendra Neupane, who works at the Royal Alina's Bakery in Jawalakhel. "Our ice cream sales have

gone up because people take out family packs. I have seen kids badgering their parents into buying ice cream."

He adds: "The ice cream parlors are usually the bigger sellers, because on-the-spot display boosts sales. Places like ours suffer because we have do not get the advantage of displaying more than one brand."

"Nepal Dairy seems to be leading in the ice cream competition," Neupane adds. But that, obviously, is not a done deal. The heat is on for consumers and competitors alike. ■

BOOK

Law And Injustice

An expert provides a mirror image of the victim justice system in Nepal

By KESHAB POUDEL

People victimized by criminals or wronged by society and its laws have recourse to legal remedies. However, in many cases, a victim has to pass through several harrowing phases of indignities before getting the offenders punished.

In their quest for justice, victims are forced to repeatedly recount graphic details of the horrors perpetrated on them. The situation of the victims of rape, girl trafficking and domestic violence becomes pathetic particularly when they are being questioned in an open court. In practice, victims have been forgotten by the justice system.

Dr. Shankar Kumar Shrestha, a former

government attorney, has made a commendable effort to highlight various aspects of Nepal's victim justice system. With a varied experience of nearly two and a half decades in the field, Dr Shrestha is well acquainted with criminal justice system. During his career in the judicial system, Dr. Shrestha served as a government attorney as well as a judge in four district courts.

As a government attorney, he defended hundreds of cases in court, protecting the privacy and interest of victims of rapes, girl trafficking and domestic violence. As a judge of district courts, Dr. Shrestha has first-hand experience of the lapses in procedure and other complications in the victim justice system.

"The old historical principle of jurisprudence has failed — the principle that the system provide justice to victims both in terms of compensation, rehabilitation and social succor and at the same time punishment for the criminals in terms of imprisonment, fine, compensation and social boycott," said Dr. Shrestha.

In the existing system, the police, as a state party, investigate the case and complete their duty by analyzing whether a crime is committed or not. However, they do not probe whether the crime victim needs succor or how is he or she is suffering from the trauma.

According to Dr. Shrestha, the prosecutor prosecutes the case in the court with a charge sheet mostly based on confession, not on factual evidence. He does not have the authority to ask anything for the welfare of crime victims. Finally, there is the court, where the judge delivers or discharges his or her decision — and ethically justice is served. In such system,

it is virtually impossible to deliver justice to crime victims. In reality, there is no place for crime victims in the judicial process. As the accused is the main figure of the criminal justice system, the pain and suffering of the victims recede into irrelevancy.

While basing his work on the Nepalese experience, Dr. Shrestha also deals with important international conventions and definitions of the victim justice system. He cites major decisions taken by Nepalese and foreign courts on the subject.

Dr. Shrestha also analyzes the existing legal system on victims, including the Muluki Ain 1963, State Cases Act, 1992, Vehicle and Traffic Management Act, 1992 and Women Trafficking Act (Control) Act 1986. Dr. Shrestha also makes a probing evaluation of constitutional provisions.

Following the restoration of multiparty democracy, many books have come out on different facets of the judicial system of Nepal. Dr. Shrestha has attempted to encourage an informed discussion in the new area of victimology.

One of the important strengths of the book is that it is based on the experience and experiments of Nepalese legal system. To foreign readers, too, it offers highlights of the Nepalese victim legal system. The book should prove helpful to both scholars and students of Nepal's criminal and victim justice system.

The situation of the victims of rape, girl trafficking and domestic violence becomes pathetic particularly when they are being questioned in an open court.

A Step Towards Victim Justice System, Nepalese Perspective

By Dr. Shankar Kumar Shrestha
Published by Pairavi Prakashan,
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Pages: 316

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By M.S.KHOKNA



TRANSITION

LEFT: Foreign Minister **Chakra Prasad Bastola**, for Denmark and Finland. Bastola will hold discussions with senior Danish and Finnish officials on matters of bilateral interest during his official visit.

ANNOUNCED: Nepali Congress lawmaker **Narayan Singh Pun**, that he will not

take allowance for the ongoing 19th session of the parliament, "as the present session has failed to do anything concrete to resolve the problems facing the people." He is the first lawmaker to make such an announcement.

REJECTED: The resignation tendered by Defence Minister **Mahesh Acharya**, by Prime Minister **Girija Prasad Koirala**.

REINSTATED: **Tilak**

Rawal, as the governor of the Nepal Rastra Bank, by the Supreme Court.

FILED: A writ petition at the Supreme Court, by two advocates **Chandra Kanta Gyawali** and **Thakur Raman Acharya**, seeking revocation of those clauses in the Constitution that do not allow a Nepali woman to transfer her citizenship right to her children.

RECOVERED: The bodies

of two missing trekkers — **Michelle Hackett**, a flight sergeant in the Australian Air Force, and her eight-year-old daughter **Kathleen Cassandra**, who were swept by an avalanche, by rescuers.

RETURNED: **Ram Krishna Tamrakar**, Minister for Health, after taking part in the 25th meeting of health ministers of non-aligned countries, held in Johannesburg, South Africa. ■

KASHI RAJ DAHAL

Courtly Choice

Dahal becomes the youngest civil servant in the judicial service to reach the top of the ladder

By A CORRESPONDENT

After King Birendra appointed him as secretary at the Judicial Council, Kashi Raj Dahal became the youngest bureaucrat in the judicial service to reach the top of the hierarchy. Forty-two-year-old Dahal is a well-known cadre of the judicial service. Having entered the service in 2040 as a section officer, Dahal climbed up the ranks to become assistant secretary, under secretary and joint secretary.

The Judicial Council has the major responsibility in the recruitment, promotion and transfer of officers in the judiciary service and judges in the country. According to the Constitution of Kingdom of Nepal 1990, another important function of the council is the disciplining of judges. The council's jurisdiction also includes making timely suggestions on issues related to judicial administration.

"I am committed to the professional development of judicial cadre and I will



Dahal : Deserving candidate

perform my duty in accordance with the responsibility given by the act," said Dahal. "I will work in a transparent manner in the transfer of the judges and other employees."

Born in Lekhani Pokhari of Udayapur district in eastern Nepal, Dahal has master's degrees in political science and public administration. He secured the top position in B.L. examination, winning a gold medal. Dahal has published more than half a dozen books in

pointment as secretary. Dahal worked as spokesman of the Supreme Court. He has participated in several seminars and is associated with committees formed by the government.

Dahal was also associated with Constitution Recommendation Commission 1990 and the high-level Mallik Commission. As an active member of Nepal Law Society, Dahal has visited various parts of the country to train decentralization workers.

Although the Judicial Council was formed a decade ago, it is yet to develop a proper work pattern and sort out other vital issues. "My first priority will be to develop the working modality for the transfer and promotion of the employees working in the judicial sector," said Dahal. "I have already started to develop a transparent mechanism for the transfer of judicial officials."

Although the Judicial Council was formed a decade ago, it is yet to develop a proper work pattern and sort out other vital issues. "My first priority will be to develop the working modality for the transfer and promotion of the employees working in the judicial sector," said Dahal.

the areas of women and child rights, constitutional law, criminal jurisprudence and industrial law.

The Judicial Council also has responsibility to submit recommendations to the King on the sacking of judges and to take action against judges of the Appellate Court. It organizes training, seminars and other activities with an aim to increase the skills and efficiency of personnel in the judicial service.

The Judicial Council Act 1990 also gives certain important duties to the council, including preparing and updating the bio-data of potential candidates for appointment as judges. Dahal, who has held several positions in many bodies, has also taught at Nepal Law College of Tribhuvan University. Before his ap-

Dahal's job is not easy. Transfers of the gazetted judicial employees and others have largely been done on an ad hoc basis. On many occasions, political influence has played a role. As member secretary of Judicial Service Commission, Dahal also has the responsibility to recommend the appointment, transfer and promotion and departmental action against people holding the rank of up to gazetted III class officer. The commission also prepares curriculum for the examination for the judicial service.

At a time when everyone is talking about the need to make the judicial system more efficient, the kind of changes Dahal brings would be closely watched.

Now In Town

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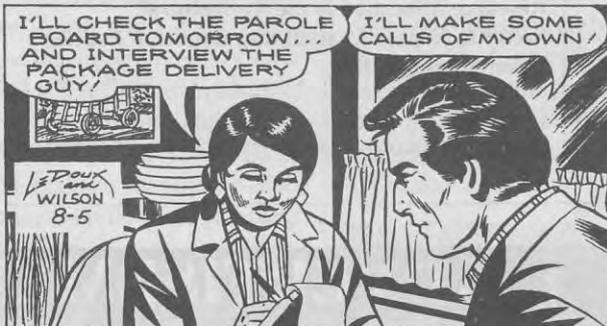
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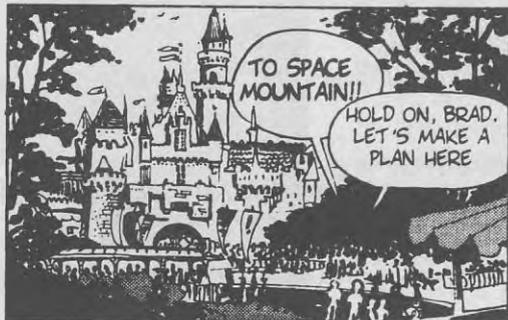
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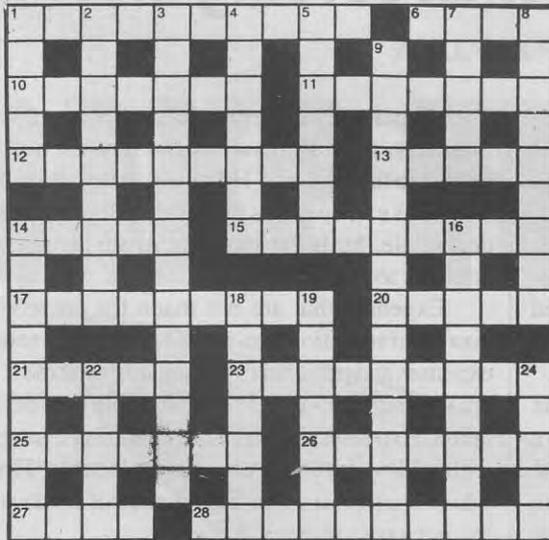


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CROSSWORD



ACROSS

1. Woman detailed to speak seen to improve (10)
6. Capital Radio's way to check what introduces listeners? (4)
10. Undergo treatment ñ it may be rewarding (7)
11. Illuminated like Titania's unlucky meeting (7)
12. Those in high society return drug, after reflection (3,6)
13. Skilful, withdrawing a legal right (5)
14. Classic form of dialect used in column? (5)
15. Sleepy region east of 27 (4,2,3)
17. Thwart made of wood, entirely (9)
20. Dressed up to display such figures (5)
21. Free head of BBC to leave (5)
23. Investment system that gives one credit (4,5)
25. Spotted by CID finally after warning (7)
26. Make a face ñ dour one (7)
27. Original plot for creative writing (4)
28. Various strangers attending soprano's debut misbehave (10)

DOWN

1. Jargon heard in old ship (5)
2. Glance by batsman is an unexpected revelation (3-6)
3. Reported conversation lacking straight talking (8,6)
4. Note the post discussing modernisation? (7)
5. Monkey in tropical tree finally falling out (7)
7. Living quarters wehre one may be frozen out (5)
8. They were struck by the king's old messengers (9)
9. Ne'er-do-well expects benefit without paying contributions (4-3-7)
14. Weight required to pull strings (9)
16. Speak up if you are willing to do it legally (9)
18. Separated when anaesthetised? (7)
19. Confined dishonesty at home (5,2)
22. Regular payments — the thing to be accepted? (5)
24. Switch lock (5)

Across : 1. Ameliorate 6. Lima 10. Guerdon 11. Moonlit 12. Top drawer 13. Droit 14. Ionic 15. Land of nod 17. Forestall 20. Nines 21. Unite 23. Unit trust 25. Noticed 26. Grimace 27. Eden 28. Transgress
 Down : 1. Argot 2. Eye opened 3. Indirect speech 4. Renewal 5. Tamarin 7. Igloo 8. Attitudes 9. Good for nothing 14. Influence 16. Nuncupate 18. Asunder 19. Lying in 22. Tith 24. Tress

NOIUTOS

BRIDGE

NORTH 3-22

♠ 8
♥ Q 9 8 2
♦ 10 8 7 3
♣ K Q J 8

WEST **EAST**

♠ J 9 6 4 ♠ Q 10 5 2
♥ 4 3 ♥ 6 5
♦ A Q ♦ K 9 6 2
♣ 10 9 7 6 3 ♣ A 5 2

SOUTH

♠ A K 7 3
♥ A K J 10 7
♦ J 5 4
♣ 4

Vulnerable: Both
Dealer: South

The bidding:

South	West	North	East
1 ♠	Pass	3 ♥*	Pass
4 ♥	All pass		

*Limit raise

Opening lead: Club 10

"Water will not slip through the miser's grasp"

— Malay proverb

West was the goat not of today's deal. A born miser, he couldn't resist winning a trick as cheaply as possible. As a consequence, he allowed South to escape with his unnamable game.

Dummy's club jack covered West's lead, and East won his ace. Recognizing that defensive prospects rested with diamonds, East shifted accurately to his diamond deuce. West happily cased his queen and ace, but then what? Regardless of what he did now, it wouldn't matter, South won west's exit, drew trumps, and tossed his losing diamond on one dummy's high clubs.

"I was hopping you had the spade ace" was West's lame excuse. What was wrong with his reasoning?

East's switch to the diamond deuce carried an important message. Without an honor in diamonds, East would not have led the deuce. A higher diamond would have been a better choice, denying major interest in that suit.

Interpreting East's message correctly, West should see the his best shot is to win his diamond ace instead of a miserly queen. Then he returns the queen to East's king, and a third round ruff beats the game.

It's human to want to win a trick with the lowest card possible. However, as today's deal demonstrates, thoughtful analysis should lead West to an exception to the general rule.

Deductible Expenses For Assessing Income Tax

By RUP KHADKA

Income tax is levied on net income. This means that not all income accrued from sources brought into the income tax net is taxable. A part of income is deducted from the gross income in respect of various expenses incurred in connection with generating taxable income.

Business expenses are the principal deductible expenses. Business expenses are those expenses that are directly incurred in earning gross receipt during a year. They are thus deemed necessary expenses and are deducted from gross receipts.

For example, cost of trading stock disposed of during a tax year is deductible. However, the cost of capital nature is not deductible. Instead, depreciation on capital goods is deductible during the period of useful life of an asset. If it is not possible to establish the useful life of an asset, then depreciation cannot be allowed.

Start-up expenses related to the business is deductible. Similarly, some head office expenses or expenses of a subsidiary are deductible. Since it is difficult to check actual expenses made by a head office or a subsidiary, there is also a practice to fix certain percent of income as expenses.

Repair and maintenance expenses, commission, and advertisement expenses are also deductible. Similarly, various taxes like custom duties, excise duties, Value Added Tax (VAT), and property taxes are deductible. In some countries, taxes paid on the acquisition of capital assets are added to the cost, capitalized and depreciated. Social securities charges, which are levied in addition to taxes, are also deductible.

Similarly, insurance premiums are also deductible. Legal or litigation fees are deductible as well. In some countries they are capitalized and amortized. For example, legal fees for negotiating long lease are capitalized and depreciated. Depreciation is also a deductible item. Losses are deductible. Doubtful accounts of a business are deductible as well.

Treatment of entertainment and promotional expenses is a problematic area in the field of deduction. Such expenses may include travelling expenses, promotion, public relations, convention/meetings, gifts to the customers, and business lunches for clients. They are sources of misuse also. It is difficult to establish what is business expense and what is not in this field. In order to minimize abuse and avoid disputes, it is necessary to specify deductible expenses or to fix ceiling such as up to the limit of equal to or one and half of allowances fixed for government employees of similar status.

Donations to specified activities are deductible although they are not directly related to the acquisition of income. There are different practices regarding the deductibility of donations in different countries. In some countries, donations to specified activities, which need to be promoted, are deductible fully. In some countries, there are limits in terms of a maximum account or as a percentage of total turnover or net income.

Wages and salaries made to employees are also deductible. Similarly, interest, royalties and rent are deductible if they are related to the business. However, distribution of profit cannot be treated as expense. It is the result of the business. So profit is not deductible, be it the payment of dividends or the transfer of amounts to reserves.

Expenses that are not made for preserving or enhancing taxable transaction are disallowed. For example, non-trading expenses and personal expenses are disallowed. Expenses, which are very subjective, are not deductible in order to avoid manipulation. Expenses, incurred in generating exempt income or for withholding taxes are also not deductible. Fines and penalties, which are paid for non-compliance of laws, are not deductible. Income tax is also not deductible.

There are different practices around the world regarding business deductions for the purpose of income tax. Some countries adopt an itemized system of deduction. Under this system, deductible and non-deductible items are specified in the law. Under this system no deductions is allowed unless a particular expense is specifically included in the list of deductible expenses. Such a system ensures uniform treatment of all taxpayers, particularly in countries where tax administration is young and weak and the accounting system is not well established.

However, it is not possible to provide an extensive list of possible expenses of all types of businesses. Those expenses, which are not included in the list of deductible expenses, are disallowed, which means that tax is not levied on net income but on gross income. Further, some clever taxpayers manipulate those expenses, which are not included in the list, by giving false names while other taxpayers who do not do so or cannot do so are discriminated against thereby resulting in unequal treatment of equals.

So under the modern income tax system there is a provision to allow taxpayers to deduct all business expenses related to their taxable income. Under this system, all business expenses related to taxable income are deductible. No list is given in the law of deductible expenses. This approach is based on the presumption that taxpayer is the best person to have the exact idea of his business expenses and he is the one who takes proper decision regarding the types of business expenses and their volumes.

It is desirable to adopt a more liberal policy regarding deductible expenses in the context of broad based and low-rated income tax system. Further, the expenses of one taxpayer might be the income of another taxpayer. So, there may not be any, or at least big, impact on revenue, unless the receivable income is exempt from income tax. ■

A tax expert, Dr. Khadka is associated with the VAT Project.



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