

The National Newsmagazine

SPOTLIGHT

4 - 10 May, 2001

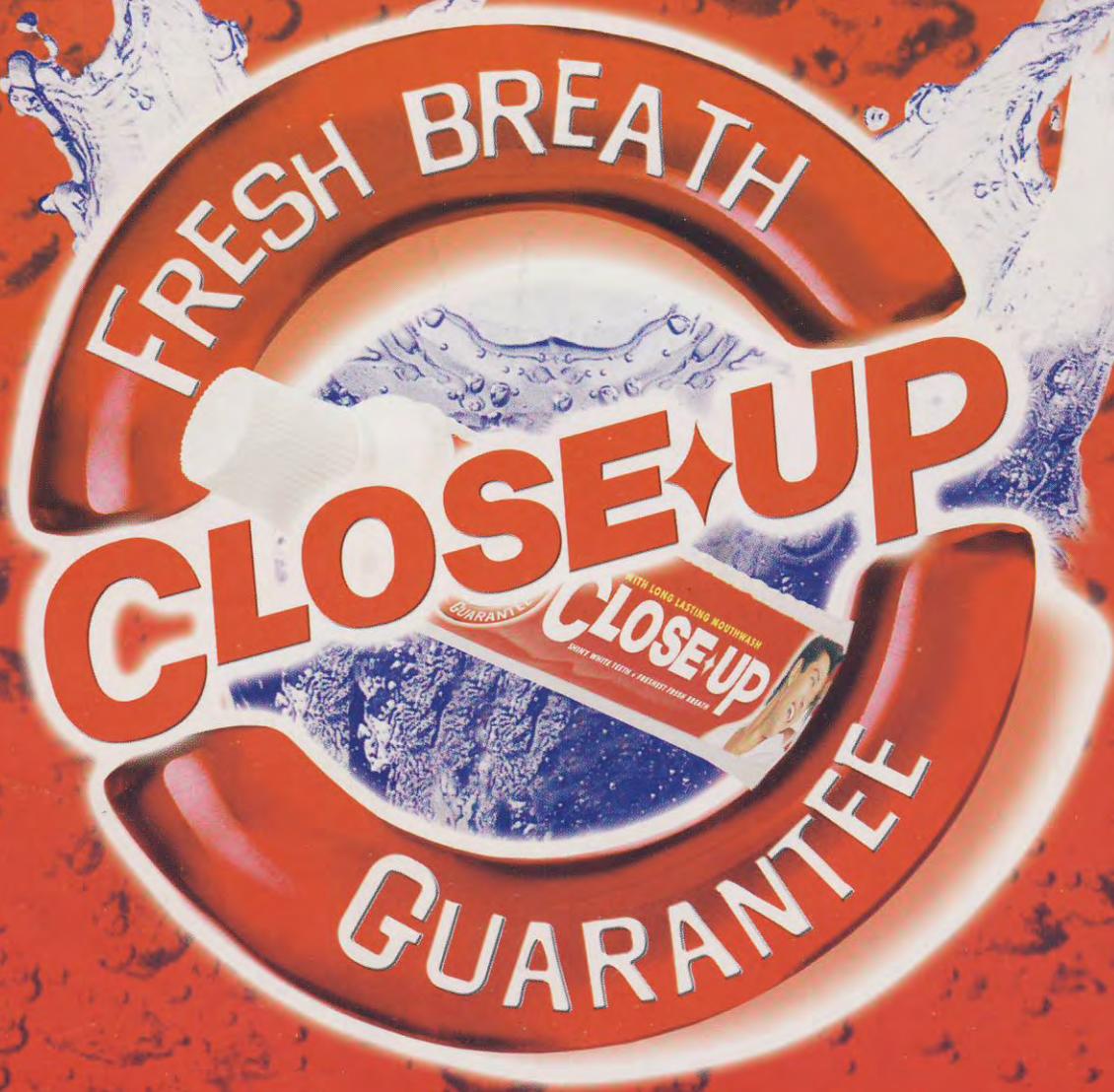


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CONTENTS

	Page
Letters	3
News Notes	4
Briefs	6
Quote Unquote	7
Off The Record	8
COURT VERDICT : Royal Option	9
OBITUARY : Into Thin Air	12
EX- SERVICEMEN : Support Center	13
SECURITY & DEV. PROGRAM: Will The Medication Work ?	14
OPPOSITION POLITICS : Losing Steam	21
WORLD BOOK DAY: Fellowship Of Words	25
BOOK REVIEW	26
THE BOTTOMLINE	27
HIGHER EDUCATION PROJECT : Novel Concept	28
PASTIME	29
LEISURE	30
FORUM: Manohar K. Shrestha	32



COVER STORY : BESET WITH UNCERTAINTIES

The export is expected to take a downturn thanks to decline in carpet and pashmina and fueled by imposition of countervailing duty on manimum retail price of Nepalese exports by Indian government and failure to reimburse duty drawback by the Nepalese government.

Page 16



CIAA : ENDLESS DRAMA

Lauda controversy takes a new turn after CIAA takes action against former RNAC chief and board member

Page 10



INTERVIEW :

Zeng Xuyong

The Chinese envoy speaks about Sino-Nepal relations on the eve of the visit by the Chinese premier

Page 22

SPOTLIGHT

THE NATIONAL NEWSMAGAZINE

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EDITOR'S NOTE

Zhu Rongji, Prime Minister of the friendly country in the north is coming to Nepal very soon. All patriotic Nepalese are enthusiastically waiting to welcome him with open hearts. It is reliably learnt a large section of the ruling party does not want the government to become over exuberant and not to go out of the way to pamper the distinguished visitor. One need not go very far to understand the reason behind it. But, it will in no way affect the Chinese Premier's behavior. We know well and are greatly assured of the help our Chinese friends have always offered us in times of need. The Chinese ambassador in Kathmandu has minced no words in stressing his country's unswerving support (see the interview inside). Since they don't believe in shallow rhetorics they prefer to maintain a low key. Even though the visit of the Chinese Prime Minister is taking place after more than a decade, relations between two neighbors have been so unblemished that there are no problems whatsoever that would engross their attention. A couple of agreements on Chinese Cooperation to Nepal are expected to be signed. We do hope our honored guest is sure to set at rest any concern the Nepalese people might be harboring due to the unstable political situation in the country when he meets the Nepalese monarch. We exhort all the twenty three million Nepalese to accord our Chinese friend a very hearty welcome.

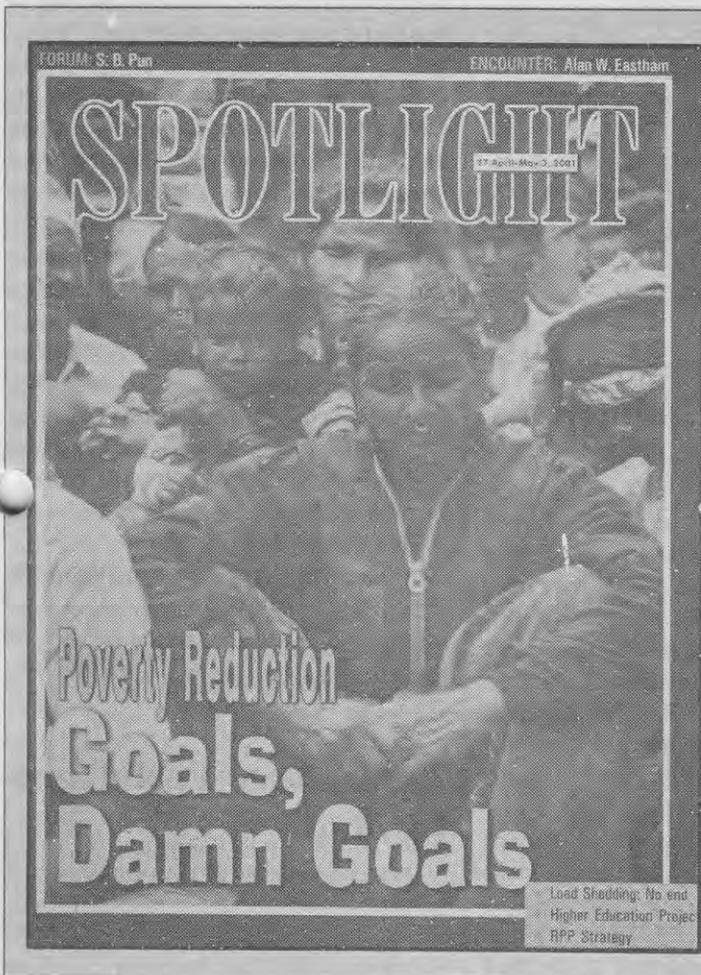
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Two recent events have blackened the already soiled image of Koirala government to such an extent that all the waters in the Koshi will not be able to cleanse it. One, is the Bill to amend the citizenship act which was presented to the Head of the State for his final approval. The hue and cry the bill generated in the country forced the King to seek the advice of the Supreme Court. Now, the Supreme Court has expressed its opinion that the bill is unconstitutional. Since the Supreme Court had no political axe to grind there could be no ground whatsoever to doubt the genuine objectivity of the Supreme Court in arriving at such a conclusion. The Bill, if it had become the law of the land, would have opened the flood gates for aliens to acquire Nepalese citizenship and ultimately the sovereignty of the country would have been gravely endangered. Nothing could be more sinister than the intentions of the Nepali Congress that only to assure their prospects in future elections their lawmakers did not even hesitate, for a moment, to pawn the independence of their country. Granted that the two septuagenarian leaders tried to assert their loyalty to the motherland. But what about other law makers who were born in Nepal? Has their blood also turned white? And even more surprising and bewildering has been the behavior of the opposition law makers. How could they permit the bill to have such an easy passage in the House? Kudos to King Birendra and the judges of the Supreme Court for safeguarding the integrity of the country.

The other event is the ignominious expulsion of the diplomat of a friendly country. Indeed, Pakistan is an enemy country to India. Is it also an enemy country to Nepal? Why should have the government of Nepal put the Pakistani diplomat to such a humiliation is beyond one's comprehension. After all, who is running the government here? Is Girija Koirala Prime Minister of Nepal or Chief Minister of one Indian State? All proud Nepalese must hang their heads in shame. Indeed, diplomats are turned *persona non grata* and expelled. But there are certain diplomatic norms and conventions that guide such actions. Why should the Vienna convention have been so blatantly violated? In whose interest? Has the Dean of the diplomatic corps any obligation towards the accredited diplomats? We want answers to all these questions. Will any body oblige? ■



Madhav Kumar Rimal
Chief Editor & Publisher



The Root Problem

The widespread poverty is the root of most of the ills the country is facing today (Goals, Damn Goals Spotlight April 27). Be it the insurgency or the illiteracy or the unemployment, most of Nepal's problem have their roots in the economics. Without addressing this root problem, none of the problems can be solved. The country's efforts, therefore, should be geared at resolving its economic problems. If that is done, Nepalese will witness a gradual development of the country. The latest poverty reduction strategy by the government is a positive move. But the taste of the pudding lies in the eating and without its proper implementation, the problems will persist.

Shekhar Basnet
Naxal

Nepalese people that he does not have a serious challenger (Koirala Gains Strength Spotlight April 13). His opponents, inside and outside the party, seem helpless in front of him. He effortlessly won his war to take possession of PM's post against his main rival Mr. Sher Bahadur Deuba. Despite the deadlock and perplexity in the lower-house of the parliament and the challenge posed by united opposition parties including UML General Secretary and the leader of the opposition Madhav Kumar Nepal who and other rival leaders were arrested because they demonstrated against PM asking for his resignation over his involvement in Landa Scandal. Though millions of ordinary people do not want to see him as the Prime Minister of Nepal, it is our fate to see Koirala as PM and there is no alternative to PM Koirala. So Mr. Koirala is the PM of this poor, underdeveloped country.

Subhash Lohani
Kalopool, Kathmandu

Devolution Is The Key

As suggested by your cover story on poverty (Goals, Damn Goals Spotlight April 27), the Singhdurbar-prescribed programs is not going to reduce poverty in Mugu district. A thorough decentralization and the local demand-driven programs need to be implemented if we are to reduce poverty. The participation of local people in the development projects would help instill a sense of commitment, which would go a long way in achieving sustainable development.

Rakesh Bista
Sanepa

can understand why politics in our country cannot stabilize. It is no wonder that Nepali Congress government gives a free hand to the Indian RAW to meddle in our internal affairs. Since they cannot survive without the support of their masters and mentors — the Indian — they shut their eyes to the nefarious activities of RAW. We patriotic Nepalese have not only to understand this but to make our simple Nepalese public aware of such anti-national behavior. Do keep on educating us. We are with you.

Patriotic Nepalese
Kathmandu

lished in your last issue has come as a total surprise to us (Spotlight April 27). We could not have visualized that the Bangladeshis were forced to resort to arms to defend their national interests. We Nepalese, indeed, have to take lessons from these happening. The hegemonistic attitude of the Indians will always destabilize our politics. The only way we can stop is with a nationalistic government. So, we have to wait for patriotic politicians to come to power.

Anil Shrestha,
Bir Manandhar
Kathmandu

No Alternative?

It is true that Prime Minister Girija Prasad Koirala, has sought to convince the

Burning Issue

Piracy and infringements of intellectual property rights is a burning issue worldwide. The article on music piracy (Haunted By The Theft Spotlight April 19) provided the information about the situation here. It is unfortunate that the authorities do not seem serious about checking such piracies. If the situation persists, there will come a day when our creative talents will stop working completely. Why should they work if some thieves are allowed to copy their works and gain therefrom?

Govinda Bhattarai
Thimi

Eye-opener

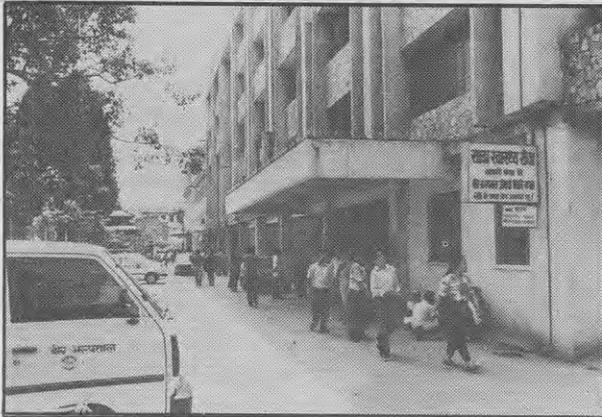
Your editor's note of April 27 (Spotlight) came as an eye-opener to us. Now we

Let Nepal Learn

The letter of the Nepalese students from Bangladesh pub-

Nurses End Strike

Nearly 200 nurses serving at the Bir Hospital, the oldest hospital in the country, ended their three-day strike late Sunday after the hospital management agreed to partially fulfill their demands for more benefits, Nepal Samacharpatra daily reported. The strike had affected the emergency ward and the hospital was not admitting new patients, reports said. A four-member committee formed by the Health Ministry held talks with the agitating nurses, who had gone on strike demanding a night allowance of Rs 125 per night



Bir Hospital

and a health hazard allowance amounting to 50 percent of their salary, among other things. As per the agreement, the hospital management has agreed to provide a night allowance of Rs 100 per night to the nurses and constitute a committee to study their other demands. *Compiled from reports April 30.*

Nepal-Bhutan Meeting Likely

Foreign Minister Chakra Prasad Bastola has hinted that a ministerial level meeting between Nepal and Bhutan could be held soon to expedite the process of joint verification of the Bhutanese refugees in eastern Nepal. Talking to reporters in his home district of Jhapa Saturday, the minister agreed that at the current pace, it would take a long time to complete the verification of the refugees. The Joint Verification Team comprising officials from Nepal and Bhutan has been able to

verify little more than 200 families over one month. The minister said Nepal would propose to Bhutan the setting up of additional teams to expedite the process. The verification process is under way to determine the nationality of nearly 100,000 Bhutanese refugees languishing in camps in the eastern Nepal for the last 11 years. *Leading dailies report April 27.*

Preparation For The Tenth Plan Under Way

Even before concluding the mid-term review of the Ninth Plan, the government has started preparations for formulating the Tenth Five Year Plan (2002-07), a senior official said. National Planning Commission member Dr. Jagdish Chandra Pokhrel said the forthcoming plan would adopt an integrated development approach like that of the regional development concept. Addressing a talk program on development challenges in Karnali region here Wednesday, Dr. Pokhrel

said the government would accord top priority to the integrated development of the mid-western region — the hotbed of the five-year-old Maoist insurgency — in the forthcoming period plan. He said the government had prepared a detailed survey to connect Dolpa district through road and was considering a plan to connect remote northern districts with China through five points in Tibet. People's representatives from Karnali blamed the government of neglecting the region and demanded more resources and attention from the central government to avoid any separatist or insurgent activities in the region. *Compiled from reports.*

'Army Is Much More Powerful Than The Insurgents'

Former chief of army staff, Satchit Shumsher JB Rana, has said the Royal Nepalese Army, besides carrying out rescue and relief operations, can be mobilized in internal defense and internal

counter-insurgency operations. When police fails to control an insurgency, then the army is mobilized to suppress the rebellion. But only in such a case where the hands of the army are not tied and a state of emergency is declared in the region. Rana said the army is already providing security at the district headquarters and can also move in counter-insurgency operations. It would be much easier for the army to accomplish its job if parliament and police support its actions. In our case, the army is much more powerful than the (Maoist) rebels. So, if there is any assault against the army, it will retaliate. In such a case, the number of casualties could be much high. Of course, dialogue is the best way to resolve this conflict. But if they (the rebels) don't want to come to the table of negotiations, mobilization of the army is a must, said Rana. *Deshanter, April 22.*

Agriculture Production Declines

As against the target of attaining 5 percent annual growth in the agriculture sector, the average growth of agriculture sector in the first three years of the Ninth Five Year plan (1997-2002) was less than 3 percent, Kantipur daily reported. According to the mid-term review of the plan conducted by the National Planning Commission (NPC), of the total planned expenditure of Rs 21.52 billion during the plan period, only Rs 7.16 billion was sanctioned during the first three years of the plan. A UML lawmaker, Dr. Dilli Raj Khanal, said the poor implementation of the Agriculture Perspective Plan (APP) was the main reason for the dismal performance of the agriculture sector. *Compiled from reports April 29.*

Trust Interested In Developing Upper Karnali

A Singapore-based humanitarian trust has showed interest in developing the 300 MW Upper Karnali hydroelectricity project, a leading daily reported Sunday. According to the report, a delegation from the Elysee Frantire Trust based in Singapore but owned by the French is

arriving in Nepal next fortnight to deposit a sum of Rs 50 million as an authorized capital and start final survey of the project area. The trust has already registered a public limited company to develop the project. The trust, which wants to mobilize profits from the project into humanitarian works in Nepal, has offered a 30 percent share of the project to the state-owned Nepal Electricity Authority and also intends to hand over the entire operations to NEA after 30 years of its commercial operation. The project is estimated to cost up to US\$ 468 million, officials said. *Kantipur April 29.*

Floriculture Has Promising Future

Nearly 65 percent of the demand for flowers in Nepal, an agricultural country, is met through imports, experts said. Out of the annual trading of flower worth Rs 70 million, trade of cut flowers alone is worth an estimated Rs 30 million. There has been phenomenal growth in the number of nurseries and flower trade over the last seven-eight years, entrepreneurs said. According to Floriculture Association of Nepal, number of nurseries has reached more than 300 while the number of flower shops has also reached 33. *Gorkhapatra April 30.*

Shares Worth Rs. 1 Billion to Be Issued

Half a dozen companies are preparing to issue their preferential and ordinary shares worth nearly Rs 1 billion to the general public, a daily newspaper reported. According to the report, the Securities Exchange Board (SEBO) is currently studying proposals submitted to it by the Everest bank Limited, Taragaon Regency Hotels Ltd, Union Finance Company, Nepal Development Bank, Nepal Bank of Ceylon and Nepal SBI Bank Ltd to go public. Of them, the Taragaon Regency Hotels has proposed to raise up to Rs 446 million from the capital market. These companies are issuing their shares at a time when there are reports of excessive liquidity in the market due to lack of new opportunities for investment. *Kantipur April 30.*

Indian Embassy Denies News Report

The Indian embassy in Kathmandu has categorically denied reports alleging that an ex-Indian Gurkha soldier was abducted from the embassy premises and taken to Lucknow for further investigation. The Kathmandu Post daily on April 25 quoted First Secretary at the Indian embassy, Manoj Bharati, as saying that the news report was false and ridiculous. "We are looking into the circumstances as to how and where he (Chhetri) was picked up and landed up at a Lucknow prison," said Bharati. He was reacting to a news report published in Kantipur daily Tuesday that quoted a letter reportedly sent by Chhetri to his family members in western Nepal saying that he was picked up from the Indian embassy in Kathmandu on March 14 this year and was currently under investigation for his alleged links with the Pakistani Intelligence Agency, ISI. Chhetri had retired early this year after serving the Indian Army for 22 years. *Compiled from reports April 25.*

Melamchi Project Likely To Be Delayed

The completion of the much-talked about Melamchi Water Supply Project (MWSP) is likely to be delayed by one year and may be completed by 2007, officials said. Even that could be further delayed if the security situation in and around Melamchi valley that falls in the Maoist insurgency affected district of Sindhupalchok is deteriorated further, said newly appointed Secretary at the Ministry of Housing and Physical Planning, D. C. Pyakurel. Earlier, officials had estimated the project to be completed by 2006. Meanwhile, donor agencies have reiterated that the works on the tunnel component of the project would not start until the government hands over the management of the Kathmandu valley's drinking water supply to private operators. "Without the private sector in place, there will be no work for tunnel construction," said Arthur McIntosh, team leader of the Asian Development Bank mission that is currently in the capital. The 27-km tunnel is the key

component of the MWSP that is designed to divert 170 million liters of water into the capital valley every day. *Leading dailies report April 25.* ■

Dwarika's Wins Award

Ambica Shrestha, president of Dwarika's Hotel, has been awarded with the prestigious heritage award on behalf of her late husband Dwarika Das Shrestha, her family, and the staff of the hotel.

At a special ceremony held in New Delhi on 23rd April, Shrestha was presented with the award by S.K. Mishra, vice chairman of the Indian National Trust

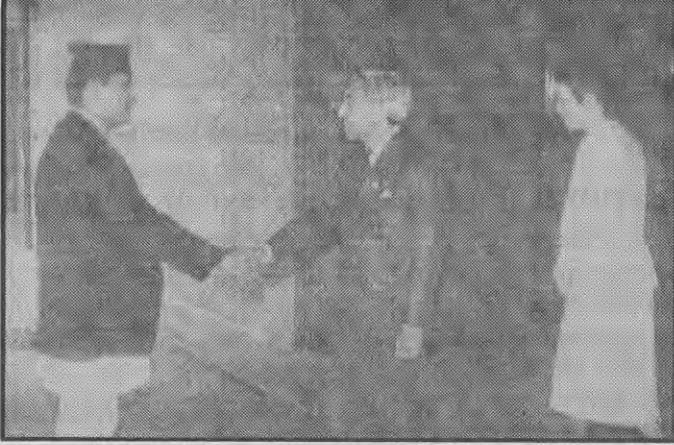


Ambica Shrestha

for Art and Cultural Heritage (INTACH) and Naveen Berry, Chairman of the South Asian Travel & Tourism Exchange (SATTE).

The award was issued jointly by the INTACH and SATTE. This is the first time this award has been presented in recognition to work done to promote the preservation and restoration of heritage within the field of tourism.

Dwarika Das Shrestha was a pioneer in the field of reviving the heritage of Nepal and passed on his passion for preserving wood and brickwork to his family. Today the Dwarika's family has grown to include over 200 employees who work within the hotel in Kathmandu. ■



Crown Prince Dipendra meets with Japanese Emperor Akihito and Empress Michiko

SOUTH ASIAN COUNTRIES HAVE FAILED TO REDUCE hunger in the region despite the inflow of US\$1.8 billion in food aid every year, a new report said. A study conducted by the World Food Program (WFP) said South Asia is home to 294 million hungry people, more than any other region in the world. Though the region is nearly self-sufficient in food production, the problem lies in management and distribution, said the study entitled "Enabling Development: Food Assistance in South Asia." The study said in South Asia around 99 million children below the age of five are underweight, about 30 million pregnant women suffer from anemia at any given time and about 63 million people who are food insecure in a transitory way. Addressing a function here Tuesday, WFP Representative in Kathmandu Douglas Casson Coutts said there was a need of greater cooperation among the South Asian nations to overcome hunger through an even distribution of food.

SIX PEOPLE DIED ON APRIL 29 WHEN TWO PASSENGER buses collided near Bhalumara River along the Mahendra highway in eastern Nepal. According to Police in Jhapa district, nearly four dozen other passengers were injured, nine of them seriously. The injured persons are being treated in different hospitals. Police said the accident took place while one of the buses was trying to overtake the other. In a separate case, at least 10 people have died of kala-azar in the eastern terai district of Siraha. The outbreak of the disease a few days back has already affected 80 village development committees in the district, reports said.

TWO LOCAL VILLAGERS KILLED THE OFFICIATING judge at the District Court in eastern district of Khotang Tuesday morning, reports said. According to police, Registrar at the district court Buddhidhar Ghimire was stabbed to death by two of his neighbors while he was on his way to office at Andheri Khola, 30 minutes away from the district headquarters. Police later took into custody two youths on the suspicion of murdering Ghimire. There were conflicting reports about the motive behind the murder. While some said some household matters could have instigated it, others quoted police as saying that the accused have confessed to being Maoist activists.

PRESIDENT OF THE FEDERATION OF NEPALESE CHAM-bers of Commerce and Industry (FNCCI) Pradip Kumar Shrestha has said the tea sector, which currently employs 22,000 people, is expected to provide jobs to close to 80,000 people in future with an estimated Rs 7.5 billion worth of tea production. From eight million kg in 2001, the production of tea is expected to go up to 13 million kg by the year 2005. The National Tea Policy unveiled recently aims at doubling the land of tea cultivation to 7,000 hectares within the next five years. Shrestha was addressing the 'Agro Business Interface 2001- Tea Event' last week that brought together representatives from the world's leading tea producing nations — India, Sri Lanka, Pakistan and Nepal — to discuss issues including business opportunities, collaboration and joint ventures.

THE JOINT VERIFICATION TEAM (JVT) COMPRISING OFFI-cial from Nepal and Bhutan has so far completed verification process-

dures of 1,380 people belonging to 233 Bhutanese refugee families out of nearly 100,000 refugees languishing in the refugee camps in eastern Nepal for more than last one decade. The JVT started the verification process in late March as agreed upon during the joint ministerial level meeting in Kathmandu late last year. Refugee leaders have expressed dissatisfaction over the slow process of the verification saying that it could take up to six years to complete the verification at the present pace.

THE NEPAL ELECTRICITY AUTHORITY (NEA) ANNOUNC-ed last week that it has ended power cuts in the capital valley during daytime due to improvement in the flow of water. The power cut will also be stopped in other parts of the country as soon as there is marked increase in the flow of snow-fed rivers, the state-owned enterprise said. The NEA had enforced up to eight-hour long load shedding every day since early April this year citing reducing water level at its power generation plants.

THE NEPAL LIFE INSURANCE COMPANY (NLIC), WHICH received operating license nearly six months back from the Insurance Board — a regulating authority — is going to start operations from early May. The company, promoted by Vishal Group of Nepal, is the first private sector company to get license to operate life insurance services in the country after a period of about 12 years. So far only two companies, including the state-owned Rastriya Beema Sansthan, have been allowed to run life insurance services.

THE DAILY CIRCULATION OF PERIODICALS PUBLISHED in Nepal is nearly 441,000 and the number of readers is around 1.32 million, a latest study said. According to a study conducted by director general at the Department of Information Yuba Raj Pandey, the readership comprises six percent of the total population of the country and almost 21 percent of the literate population above the age of 14. The study said the circulation of periodicals imported from abroad (mainly India) amounted to almost 20 percent of the circulation of indigenous publications. The annual consumption of newsprint in the country is around 3,600 metric tones, RSS news agency reported quoting the study.

THE GOVERNMENT IS TO IMPLEMENT A 20-YEAR ROAD program from the beginning of the 10th five-year plan (2002-07), officials said. According to the Department of Roads, the project aims at preparing a 20-year road network program, build roads and bridges, carry out restoration, improvement and reconstruction work and establish road links with areas. The estimated cost of the construction of proposed 4,200 km of road during the period has been estimated at Rs 8,000 million. The officials didn't say from where such a huge investment would come from. The total length of roads in Nepal at present is 15,308 km out of which 4,522 km is blacktopped.

THE FORTHCOMING BUDGET FOR THE YEAR 2001-02 would focus on addressing the problem of unemployment, in streamlining the scattered development projects and poverty alleviation programs. "A lot of projects remain incomplete on any given year. In addition, there are also a large number of poverty alleviation programs that need to be streamlined," said Finance Minister Dr. Ram Sharan Mahat, talking to reporters here Monday. Dr. Mahat said despite overall sound performance of the economy in the past decade, the fiscal front, including government finances, is in deep trouble. With the wage bill likely to shoot over Rs 2 billion, revenue collection needs a boost, he said. The minister said preparations for the upcoming budget were in full swing and that the budget would be presented within next month. ■

CONDOLENCE

The SPOTLIGHT family expresses heart-felt condolence at the untimely demise of the mother of our legal advisor Mr. Lok Bhakta Rana

“If everyone is equal before the law, there is no alternative to (arresting) the prime minister.”

Madhav Kumar Nepal, UML general secretary, in Himalaya Times.

* * *

“Our unity with the UML just concerns this movement to oust Prime Minister Girija Prasad Koirala.”

Narayan Man Bijukchhe, president of Nepal Workers and Peasants Party, in Bimarsha.

* * *

“I never oppose any agitation.”

Bamdev Gautam, general secretary of the CPN-Marxist Leninist, saying his party extends critical support to the ongoing agitation organized by six leftist outfits, in Himalaya Times.

* * *

“Talking about dialogue after mobilizing army will be like putting cart before the horse.”

Krishna Prasad Bhattarai, former Prime Minister in Punarjagaran.

* * *

“If there is a situation of emergency (in urgency-hit districts), why not declare

a state of emergency there. If it is in the interest of the majority of the people, we should be ready to sacrifice civilian independence for eight months. That could save this system, constitution and the parliament.”

Manmohan Bhattarai, youth leader of the Nepali Congress, in Deshantar.

* * *

“The UML’s movement is the result of internal disputes in the Nepali Congress.”

Hom Nath Dahal, an MP of the ruling party, in Deshantar.

* * *

“There is no situation of insecurity here. I will tell this to the people back home.”

Shobha De, popular Indian novelist and newspaper columnist, saying each of her visits to Nepal, especially to Pokhara and Nagarkot, is refreshing as she gets a chance to escape pollution, in Nepal Samacharpatra.

* * *

“The situation is not proper for street agitation. There is no guarantee that such agitation remain under control.”

Pashupati SJB Rana, former minister and general secretary of Rastriya Prajatantra Party, in Prakash

* * *



Himalaya Times



Prakash

NEA-UML Friendship

In their nearly month-long street agitation, the CPN-UML and five left parties have done one commendable thing: announcing power blackouts as a tool of protest. Thanks to last Thursday's half-hour forced outage, the Nepal Electricity Authority (NEA) could heave a sigh of relief. The opposition alliance helped the NEA to save scarce energy. Whether Prime Minister Girija Prasad Koirala will resign under opposition street pressure is not clear. However, if the communist protesters continue to use blackouts to register their grievances, the pressure on the NEA power grid will be eased. Through their one-hour street blockades to two-hour sit-ins, the communist had lost some credibility. The blackouts may have come to redeem them. For its part, the NEA should encourage our comrades to pursue the politics of blackouts more assiduously.

Communist Defence

Communist ideologues



Oli : Powerful Ally

can justify almost everything they do through a few selected words based on the theories of Marx, Lenin and Mao. When the six communist factions that launched the anti-government street agitation organized a press conference recently, so-called liberal CPN-UML leader K.P. Sharma Oli justified acts of vandalism by citing how Mao and Lenin established the dictatorship of the proletariat. If our comrades want a new revolution in a new era, however, they must also learn to live in the present.

Bhattarai's Silence

Former prime minister Krishna Prasad Bhattarai has maintained relative silence ever since the last central committee meeting of the Nepali Congress. But how long can he keep his mouth shut? Those who know Bhattarai can't even begin to predict what he might have to say next and, obviously, are worried. Prime Minister Girija Prasad Koirala's supporters are trying to encourage Bhattarai to keep quiet for a while. But advisers like Dr. Narayan Khadka and

Pradeep Giri have their own axe to grind. Which way will Bhattarai turn? Keep your fingers crossed.

Nembang's Burden

House of Representatives Public Accounts Committee (PAC) Chairman Subhas Chandra Nembang has multiple political roles to play. As the eyes

and ears of CPN-UML general secretary Madhav Kumar Nepal, Nembang has to brief the boss on all issues related to the Lauda Air deal and their legal implications. During PAC meetings, he has to appease members not to leak information on China South-west air deal that involves his party.

On the streets, Nembang has to encourage young protesters to smash windows of car and houses in the name of complete liberation. In these multiple roles, Nembang has to proceed with caution. If the UML street agitation fails, it will be major setback for Nembang. After all, it was his committee that laid the basis for these months of instability inside and outside parliament.

Gautam's Goal

CPN-ML leader Bam



Gautam : Roaring for Revenge

Dev Gautam lost almost all of his allies when the rival CPN-UML managed to lure away five left groups from his fold. An infuriated Gautam is making desperate moves to woo the RPP and other groups on the right end of the political spectrum. Known as the comrade with the lion's roar, Gautam is prowling for the chance to pounce at his UML rivals who crowned him as the king of corruption last year.

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	Individual	Institution		Individual	Institution
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 Countries	US \$ 75.00	US \$ 150.00	Other SAARC 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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COURT VERDICT

Royal Option

The Supreme Court declares the citizenship amendment bill unconstitutional

By KESHAB POUDEL

After an exhaustive hearing last month, a seven-member full bench of the Supreme Court this week ruled that the sixth Citizenship Act amendment Bill was against the spirit of the constitution and declared it null and void. The next question: how can the process of declaring the bill dead formally begin?

While declaring the bill null and void, the apex court also submitted to the constitutional monarch the option of returning it to a joint session of the parliament with a Royal message.

Prominent constitutional lawyers also see this course as the best available option to the king since the bill originated in the House of Representatives.

Under Article 54 (3) of the constitution, His Majesty may send messages to either or both houses of Parliament. The House receiving such message shall, as early as possible, consider the matter mentioned in the message and submit its opinion to His Majesty.

According to Article 71, a bill shall become an act after His Majesty grants his assent to it. If the King sees the need for further national debate on the issue, he must send it to the house.

The court has mentioned Article 27, which lays down the provision regarding the role of the constitutional monarch. Article 27 (3) of the constitution recognizes the role of His Majesty to preserve and protect the constitution by keeping in view the best interests and welfare of the people of Nepal. The court also pointed to Article 43 (2) through which the King may make recommendations or admoni-

tions to the Council of Ministers on matters of national importance.

This was fourth time in the last 10 years that the King sought the opinion of the Supreme Court on a constitutional dispute. From the Dasdhunga Commission to the recommendation for the dissolution of House of Representatives in 1997 and the sixth Citizenship Amendment Act, the justices of apex court have experimented with the process several times.



Supreme Court : Gives guideline

Although the King does not have to follow the court's opinion as it is not legally binding, it would be inconsistent with the principles of a democratic set up to ignore it.

Although a section of constitutional lawyers affiliated with the ruling Nepali Congress party criticized the opinion of the court, arguing that it expanded the authority of the King, the justices seemed to have incorporated in their opinion the range of options available to the constitutional monarch.

The opinion of the court has sparked a new round of controversy over whether

the court can declare a bill null and void before it takes the form of an act. "The court cannot declare a bill null and void until it receives royal assent," said senior advocate and Congress sympathizer Mukunda Regmi.

Article 8 and 9 have laid down certain criteria to acquire Nepalese citizenship. Article 9 (1) of the constitution says a person who is born after the commencement of this constitution and whose father is a citizen of Nepal at the birth of the child shall be a citizen of Nepal by descent.

One of the clauses of the sixth Citizenship Act amendment bill is to provide citizenship for children on the basis of the citizenship of his or her mother.

The amendment bill was first passed unanimously by the House of Representatives but the Upper House later refused to hold a debate on it.

The Nepali Congress through its majority in the House of Representatives passed the bill a second time. As the legislation was introduced as a finance bill, the palace was expected to approve it.

However, after the bill triggered a national controversy, the King, under Article 88 (5), sent it to the apex court seeking its opinion on whether the measure was in accordance with Articles 8 and 9 of the Constitution of Kingdom of Nepal 1990.

According to the 88 (5) of the constitution, if His Majesty wishes to have an opinion of the Supreme Court on any com-

plexed legal question of interpretation of this constitution or of any other law, it shall, upon consideration on the question, report his Majesty its opinion thereon.

The constitution, too, has many mechanisms to settle disputes in a democratic manner. In the last one decade, the constitution has exercised its judgment on various provisions.

By forwarding its lucid opinion to the King on the citizenship issue, the Supreme Court has once again demonstrated its maturity in discussing constitutional issues. ■



RNAC : Controversy-ridden

LAUDA AIR DEAL Endless Drama

The CIAA's action against two former RNAC officials poses a threat to established principles of the criminal investigation system and the rights of suspects

By KESHAB POUDEL

By sending two former RNAC officials suspected of involvement in the controversial Lauda Air deal into police custody through a late-night decision — after they failed to post Rs 50 million (US\$650,000) in security deposit each — the Commission for Investigation of Abuse of Authority (CIAA) asserted its right to demand any amount of bond in any case. Furthermore, the CIAA's decision has raised many fundamental issues relating to criminal investigation and the body's ability to conduct a probe impartially, fairly and competently.

The case has given rise to a host of essential legal questions. How and when does the CIAA fix the amount of deposit money? What is the protection available to a suspect in case its demand astronomical figures arbitrarily? Did the CIAA officials know that no one could be expected to deposit such a huge sum at such short notice? What was the motive behind the decision that gave the suspects no choice but to

proceed to the police lockup?

Do the constitution and law permit such actions? Are those expected to guard against corruption and abuse of authority themselves bound by any rules? Is the CIAA accountable to any body for its deeds and misdeeds? This latest episode has proved once again that, like most other institutions in Nepal, the CIAA run on an entirely ad hoc basis.

After nearly five months of investigation, the CIAA demanded security deposits from former RNAC executive chairman Hari Bhakta Shrestha and board member Tirtha Lal Shrestha on April 26 in connection with the Lauda Air deal. On the same night, the CIAA also decided to impound the passport of former minister of culture, tourism and civil aviation Tarini Dutta Chataut.

Nobody knows whether these actions represented the conclusion of the CIAA investigation on the controversial deal to lease a wide-bodied aircraft from the Austrian airline company. If the CIAA still has anything else in mind, it has remained tight-lipped. Its decision, however, has given new ammunition to

the main opposition party CPN-UML and other left parties, whose street agitation demanding the resignation of Prime Minister Girija Prasad Koirala over his alleged involvement in the deal had appeared to have fizzled out.

If the suspects change their statement after coming out of the police lockup, will the CIAA ask for another deposit? Is it going to file its cases soon or will it give politicians and others to manipulate the investigation by dragging its feet?

According to CIAA officials, the deposit was demanded to ensure that the suspects did not flee the country. Under Section 19 (4) of the CIAA Act 1991, the commission may ask deposit and remand from a suspect on two grounds: where there is an adequate reason to believe that a suspect may disappear or cause damage. If suspects do not post the deposit, the commission may order them to be taken into custody. However, in the case of Shrestha duo, legal experts do not see justification in deposit sought by the CIAA. Did the authorities have conclusive information that the suspects were planning to flee or did they act on their collective hunch?

In the case of an organization that is run according to normal business principles, one cannot predict profits or losses. Are the CIAA's officials capable of assessing it? According to the present setup of the constitution, officials are only penalized when misappropriation and abuse of authority is proved, not for mismanagement or misjudgment. The CIAA may seek deposit for misappropriation of money from the suspect, but there is no rationale to ask for such money in the loss of business dealings. Otherwise, the CIAA would have to order the arrest of all heads of government corporations that are running losses.

In a political process based on the rule of law, the CIAA's actions, though taken under the law, raises many questions about its commitment to the individual freedom and established norms of criminal investigation system. If constitutional bodies like the CIAA start to interpret the law arbitrarily to punish suspects before proving them guilty, the very essence of the rule of law will suffer. In a liberal society, a suspect has to be given adequate time to plead his case. If someone is put behind bars arbitrarily, what difference remains between democratic and autocratic systems?

The CIAA officials defend their demand of deposits from the two suspects, claiming it was made in accordance with the existing law and the constitution. "After changing their earlier statements, the suspects showed that they could do anything at the time when the case is filed against them. We asked for the deposits since we had information that they

might have been planning to flee the country," said a source inside the, CIAA.

The CIAA has the constitutional right to investigate any accused on charges of abuse of authority and corruption. Article 98 (1) of the Constitution of the Kingdom of Nepal 1990 says the CIAA may, in accordance with law, conduct or cause to be conducted inquiries into, and investigation of, improper conduct or corruption by a person holding any public office. Even the constitution specifically mentions that the actions must in accordance with law. Does the CIAA follow the rule of law or has it turned into another despotic institution under a democratic liberal constitution.

No one questions the right of the CIAA to check up the accused. "The CIAA has been taking the right steps to contain corruption that is rampant in the country. In a corruption case, there needs to be stronger actions against the accused," said advocate Bal Krishna Neupane. "The corrupt must be put in jail for their crime. When the CIAA establishes guilt, it can seek a deposit from any suspect."

The objection is over the way the decision was taken. The Shrestha duo could have been put behind bars through due process. If the CIAA wanted to send them into police custody, it could have exercised the power available under Section 16 of the act. According to the section, CIAA can take an accused into custody subject to the court's approval. Had the CIAA had sufficient evidence of wrongdoing against the duo, it would have followed this procedure.

Although the CIAA has already taken five months to investigate the Lauda Air deal case, it is yet to file a case in court against any individual or institution. The hastily taken late-night decision of the commission has raised questions about its ability and credibility in preparing a final case.

After the arrest of the Shrestha duo, the UML and other opposition parties have found a ray of hope in their effort to drag Prime Minister Koirala into the controversy. At a time when the country is under immense political instability because of the Lauda Air deal, pushing the case for further investigation would risk damaging the political process as a whole.

Instead of investigating and preparing its case within the purview of rule of law, the CIAA seems to be choosing a more populist approach. When the CIAA, which is obligated by the constitution to check abuse of authority by others, itself indulged in such a late-night drama, what would be the fate of rule of law in the country. In a democracy, one has to respect the rule of law and every institution has to respect the importance of individual freedom. The CIAA leadership seems to be ignoring a 21-year-old

case when the Supreme Court upheld the right of the individual. In a writ of habeas corpus filed by Yogya Murti Banjade, the apex court then declared a decision of Special Court judge Durga Das Shrestha illegal and put a fundamental mark on individual freedom.

Ironically, the CIAA, which has two commissioners who were associated with the panel that drafted the present constitution, directed two suspects to deposit Rs 50 million each, knowing full well that it was impossible for them to bring that kind of money at such an odd hour.

Drama after the Statements: The Lauda Air deal drama took a new turn after the Shresthas submitted new statements with the CIAA pleading that they were not alone in taking the decision to lease the aircraft. The CIAA, which was in the final stage of preparing its investigation report and filing a case in court, saw the statements as a way of bolstering their case.

The registration of the new statements at the CIAA was itself mysterious. Who prompted the duo to changing their earlier statements to the CIAA? Former executive chairman Shrestha, who holds a law degree, might have known that the new revelation might be fatal for them because they would give a clue to the CIAA to start a further probe.

Some suspect that the Shresthas registered their new statements under the influence of political rivals of Koirala who want to embarrass him at a time when the CIAA had not found sufficient basis to link the prime minister. "Why the Shrestha duo filed the explanation in the CIAA at the final stage of the investigation is the million-rupee question here," said a lawyer, on condition of anonymity. "A professional lawyer would never give such advice."

An equally important aspect is the basis on which CIAA accepted the new statements. If the CIAA investigates on the basis of each individual changing statements, it would never be in a position to file a case. Is somebody conspiring to kill the case or is there some political motivation?

Chairman Shrestha was suspended from his RNAC position on the recommendation of the CIAA on the ground that he could hide or destroy evidence. How did the commission find it fit to accept a statement made by such a person? What would be the credibility of an investigation based on such statements?

As the CIAA team visited Vienna, where the airline has its headquarters, it may have developed some opinion based on that trip. Is there any reason to believe in a statement of a questionable suspect?

If other suspects change their statements, can the CIAA go through a new round of investigation in all the other cases pending before the CIAA? "This is a very dangerous



CIAA : Late-night drama

trend. There must be fixed terms and conditions of a criminal investigation," said a former police officer.

Whoever eventually wins or loses, Lauda Air is getting publicity throughout Nepal and the world because of the foolishness on the part of Nepalese officials. The longer the case continues, the greater the chances of new controversies arising. Is this a criminal investigation, a child's play or a game of cards between different political forces and Mafiosi? How long is the CIAA going to wait for suspects to change their statements before wrapping up the case?

The action and inaction of the CIAA raises doubts over whether it can retain its credibility to conduct impartial and fair investigations protecting the constitutional rights of the individual.



Babu Chhiri (left) with his wife : End of a legend

OBITUARY

Into Thin Air

Nepal loses its record-setting mountaineer in a strike of ill fate

By SANJAYA DHAKAL

Babu Chhiri knew his mountains. A ten-time Everest summiteer, his favorite pastime was taking snaps. On April 29, 2001, Sunday, Babu Chhiri Sherpa died after he fell into a crevasse while taking snaps of the mountains. He had gone out of his tent that afternoon to pursue two of his greatest passions — mountains and photos. Unfortunately, his very passions took his life.

According to officials, the 35-year-old Sherpa had gone out of his tent at the Everest Base Camp II located some 6500 m above the sea level, without informing his colleagues, to take some snaps. He,

however, fell into a crevasse. His body was recovered on the Monday morning but could not be brought down to Everest Base Camp due to bad weather, reports said.

This time he had gone as a part of the Kathmandu Metropolitan Corporation expedition to Everest.

It was not before three hours since he left his tent that his colleagues sensed something was wrong. They had thought that he was visiting other tents nearby and did not bother about his absence.

But when the panic set in after he did not return for long, the colleagues went out to search him — following the footprints in the snow. At around midnight,

they discovered him lying still at the bottom of 200 m crevasse. The legendary Sherpa climber was gone forever — leaving behind a stack of records.

One of the most popular mountaineers in the country, Sherpa made world records by climbing the highest peak in the record time of 16 hours and 56 minutes last year. The year before he had set another record by spending 21 hours atop the Everest without bottled oxygen. He also holds another record of having climbed the roof of the world twice in a single season.

Sherpa's death is an irreparable loss to the mountaineering in Nepal. After Babu Chhiri, only two more Nepali summiteers, 'snow leopard' Ang Rita Sherpa and Appa Sherpa hold the feat of climbing the Everest for ten times or more.

As Babu Chhiri was still in his youth, he could have made many records but the snowy slopes of Everest got better of him. For a man who had literally sprinted to the Everest top, slipping down a crevasse while taking snaps appears a bizarre accident.

A humble Sherpa from Taksindu in Solukhumbu district, Babu Chhiri is survived by his wife and six daughters. Apart from several awards and felicitations, Babu Chhiri was also decorated by Gorkha Dakshin Bahu by His Majesty the King for his exemplary feats.

Babu Chhiri, who himself could not attend school, had wished to open up a school in his native village. He had even approached the authorities to help him set up the school.

He started his outstanding career in mountaineering at the tender age of 13 years. First, he scaled the Kanchenjunga peak in 1989. His maiden Everest climb was achieved the following year.

The Prime Minister Girija Prasad Koirala expressed deep sorrow at the demise of Babu Chhiri Sherpa. In a message to his family, PM Koirala expressed condolence at the death of one courageous mountaineer.

Meanwhile, the Ministry of Culture, Tourism and Civil Aviation has decided to provide one hundred thousand rupees as immediate relief to the family of Babu Chhiri Sherpa. ■

EX-SERVICEMEN

Support Center

Nepalis retired from the Indian armed forces receive pensions and a range of services from an office in Dharan

BY AKSHAY SHARMA in Dharan

The picturesque city of Dharan, about 250 km east of Kathmandu, has 5,000 people who once served in the Indian armed service. The Gurkhas have been praised for their bravery and the near-impossible feats they have achieved in battlefields around the world. The latest instance was the battle at Tiger Hills, Kargil, when the Gurkha Rifles of the Indian army was praised for its courage.

Nepalis who have retired from the Indian army have been receiving pension and other services for nearly four decades. Major A. K. Chatterji has been in charge of the pension distribution process since September 2, 2000. "The men that have served the Indian armed forces are being given pension and a host of welfare services," he says. "My incentive is to strengthen Indo-Nepal ties."

The program was started in 1960. Ex-servicemen earlier had to go to Darjeeling, Purniya, Laharisaraya or Kumaraghat in India to get their pension. After India and Nepal agreed to process pension distribution more smoothly, it was decided that an office should be opened in Nepal.

Organized efforts to distribute pensions to retired Nepalese soldiers dates back to 1958. At that time, the program was started with one secretary in Dhankuta with three lower division clerks and one peon. The first distribution camp was set up in 1959, which distributed pensions to 1,230 former servicemen.

Following the success of this project, and because of the positive response of

the ex-servicemen, an office was opened in Dhankuta under a bilateral agreement. In 1960, the task of operating the office fell on the shoulders of Prabhari Adhikaray.

Major Chatterji has traversed the hill trails of eastern Nepal. "I have visited most of the places ex-servicemen live. Places like Okhaldhunga, Khadbari, Tapelejung, Bhojpur, and Solukhumbhu," he said. "Serving these people well and



A market in Dharan : Bustling city

addressing their problems remains my top priority. I have received immense respect wherever I have travelled. I have enjoyed dhedo and gundruk with many of these families."

With a view to easing the distribution process, in response to requests from former soldiers, the office was moved from Dhankuta to Dharan. "Apart from providing valuable help to ex-servicemen, the center has also helped to transform the beautiful city of Dharan into a more beautiful one," says one of the city's newspapers.

The Dharan center has organized various other activities in Okhaldhunga, Bhojpur, Terathum, Ilam, Diktel, Khadbari and other rural areas.

"We also focus on welfare programs," Major Chatterji says. "There already is a hospital here in Dharan equipped with medical facilities. We have been sending medical teams to remote places where many of the ex-servicemen live. If further treatment is required, they are sent to the Baghdungra Hospital in India."

He added: "Last year we provided medical facilities to 35,000 ex-servicemen and other people. The medical team provided medicine worth Rs 400,000. We have also been providing drinking water and have launched a school road project. The children of the servicemen have been provided with assistance amounting to between Rs 20,000 and Rs 200,000."

The elderly and widows of servicemen also have been receiving special facilities. From 1998, the program has been extended to Salleri, Solukhumbhu and Phidhim.

Major Chatterji himself was born at a military hospital in Dehradun on July 21, 1967. Asked why he chose a career in the army, he says: "My family background was the main reason. My father used to be a colonel in the Indian army."

The Dharan center has also been providing drinking water facilities to many of the villages these ex-servicemen come from. The family of the personnel that have served and are serving the Indian armed forces

have been provided with training in computers, sewing and cutting, and typing at subsidized fees.

These people have also been provided with such facilities as library, TV, videotapes and other forms of entertainment. Shops have been opened to offer families goods at a fair price. They are also provided with telephone facilities and receive banking service offered by the Nepal SBI Bank. "Seventy-five percent of the office staff consist of Nepalis," says Major Chatterji.

The Dharan center has proved to be lifeline not only to ex-servicemen in eastern Nepal but also their wider community.

SECURITY AND DEVELOPMENT PROGRAM

Will the Medication Work?

The government is all set to address the problem of insurgency with a two-pronged approach.

By BHAGIRATH YOGI

After neglecting the remote northern hills and plights of people living there for the last several decades, Nepalese planners and politicians are finally focusing on their own backyard. That, too, after a violent conflict continued to undermine the rationale and authority of the state for full five years.

The government is finally implementing what it calls 'Integrated (Internal) Security and Development Program (ISDP)' in the areas most affected by the Maoist insurgency. The 15-page document drafted by the National Planning Commission (NPC) together with other government agencies aims to carry out development works in those areas under the security cover to be provided by the para-military and military personnel.

"The government aims to push security and development together," said Deputy Prime Minister and Home Minister Ram Chandra Poudel. "The ISDP basically aims at bringing into the mainstream of development people living in the nooks and corners of the country. We need cooperation from all parties to provide immediate relief to the people."

The opposition parties are, however, skeptical. When a political sub-committee headed by Poudel invited opposition parties to hold discussions regarding the proposed program, left parties including the main opposition Unified Marxist-Leninist (UML) boycotted the meeting. They blamed that the program was only a ploy to mobilize army personnel to crush the Maoist rebellion.

The UML, on its part, termed the program as ambiguous, directionless and dubious. "The program is superficial and reactionary and will provide more opportunities for the (ruling) Nepali Congress and the government for corruption," the party observed. "There is no guarantee that (this autocratic) government would not use the army to destroy democracy and suppress the opposition."

The third largest party in the parliament, Rastriya Prajatantra Party (RPP), too declared that the ISDP alone is not adequate to resolve the Maoist conflict. "There is a need of a greater national consensus among all the political parties and forces in the country to get out of the on-going political impasse," the party said.

As the government is flexing its muscles

organizations or solitarily, as the need be, to disarm the rebels. The government will implement the program in 22 districts in the first phase by allocating Rs 150 million. Four high level sub-committees including political, publicity, development coordination and security, have been constituted to implement the program. Chief of the army staff, Prajwolla Shumsher JB Rana, will head the security sub-committee. The program has not excluded the possibility of starting negotiations and bringing the rebels within the sphere of the country's constitution.

Though the mobilization of army to contain internal insurgency has been finalized, its implications are still subject to debate and discussion. "When police fails to control an insurgency, then the army is mobilized to suppress the rebellion. But in such



A village : A tale of suffering

to garner political support to its ambitious program, the ISDP has identified key areas to focus on for the development of the districts that remain cut off from the national development endeavors.

Perhaps, the most important aspect of the proposed program would be the mobilization of army personnel as part of the program and coordination among the security agencies. After months' long uncertainty, King Birendra approved the ISDP submitted to him by the government early last month and then, the army started preparing its strategies to accomplish its job.

The army will work, jointly with other

a case the hands of the army should not tied and a state of emergency needs to be declared in the region," said Satchit Shumsher JB Rana, former chief of army staff at the Royal Nepalese Army. "It would be much easier for the army to accomplish its job if the parliament and police support its actions."

According to Rana, in Nepal, the army is much more powerful than the (Maoist) rebels. So, if there is any assault against it, it will retaliate. In such a case, the number of casualties could be much higher. In such a case, if the armed conflict gets on protracted as professed by the rebels, the country could

fall into the trap of a civil war, warn experts.

Others, however, think that the government and rebels would be able to find a common ground to end the current spate of violence amid growing domestic and international pressure for the peace talks. Of course, both the parties want to be in a position of strength as and when the talks are held.

The Maoist rebels mounted devastating attacks at isolated police posts in remote districts, including at Rukumkot and Naumule, early last month killing nearly 70 policemen. After attacks, Maoist leaders said their party had launched the attacks "to force the government to meet their demands for forming an interim government, and convening an all-party meeting to amend the country's constitution."

The government, on its part, managed to re-promulgate the ordinance to set up the Armed Police Force and Regional Administrators that mainly aim at containing the Maoist insurgency. The government could not pass these ordinance in the 19th session due to prolonged boycott of the parliamentary proceedings by the opposition. Similarly, after some hitches Premier Koirala managed to convince His Majesty in mobilizing the army as part of the ISDP.

Officials say they have almost completed the preparation of the ISDP and are going to implement it immediately. "We will be launching development of infrastructure programs such as roads, electrification, micro-hydro, bridges etc. and implement agricultural packages as per the local needs," Vice-Chairman of NPC Prithvi Raj Ligal, who chairs the Integrated Development Program Management and Coordination sub-committee told SPOTLIGHT Tuesday. "We will also launch drinking water and irrigation projects by mobilizing local participation."

According to Ligal, the ISDP also includes skill development programs to young men and women in these districts and supporting them for self-employment. Similarly, the government would also impart them some skills that could become handy for those interested in seeking overseas employment. "The main job of the government, as part of the ISDP, is to ensure security, assign necessary manpower and make the service delivery effective," said Ligal.

Human rights activist, however, point toward possibility of escalation of violence as the government deploys security personnel in the area that are virtually under the control of the rebels. "If the government

mobilizes the army, under whatever banner, it will certainly escalate the confrontation. The Maoists too would be compelled to upgrade their weaponry and a civil war like situation could not be avoided," said Padma Ratna Tuladhar, a noted rights activist, who has been trying to broker peace between the government and rebels.

Tuladhar insists that the government should not mobilize the security force until and unless there is a possibility of a peaceful resolution (of the conflict). "In the areas where there is no presence of the government, the mobilization of military and paramilitary forces will certainly invite encounter and the number of casualties could also go up," said Tuladhar.

Officials, however, claim that they are aware about such a situation. "The development works would start from limited areas and will not cover the entire district, to begin with," said Ligal, the NPC vice chairman. "The programs would be launched in the areas that are relatively safe from security point of view."

The rebels, on their part, have not made their response to the government's ambitious program as yet. They have, however, tried to boost the morale of their cadres saying that

they can even take on the army, if the need be. "The (proposition of the) army mobilization is a proof that the 'people's war' has reached new heights. It will also end the political space for the parliament in this country," said Prachanda, in an interview.

Whatever be the rhetoric, try to take on the army in a conventional battle would be a suicidal move for the rebels, say strategic analysts. They could, however, try to engage the army in a guerilla battle and at the same time, enhance pressure against the government to pull back its security forces. Given the political stalemate and the stiff opposition that the Koirala government faces at the moment their job may be much easier than what they have said.

The determined Prime Minister, enthused with strong support from the international community, in a nationwide broadcast on April 16 asked the rebels to give up arms and join the political mainstream. But there are no indications so far that the rebels would oblige their enemy number one. The road to peace in the Nepali hills is full of thorns. And, the implementation of the ISDP is even more difficult in the success or failure of which hangs the future of the Koirala government. ■

CONVENTION AGAINST RACISM

Fight For Equality

Asian NGOs raise the issue of caste as a major form of discrimination in society

Nearly 200 activists from non-governmental organizations in the Asia Pacific region working to eliminate various forms of discrimination have united to bring discrimination based on caste as the main issue when the world's governments meet for the World Conference Against Racism, Racial Discrimination, Xenophobia and Related Intolerance (WCAR), due to take place in Durban, South Africa, from 31 August to 7 September. At the end of the three-day (April 27-29) Asia Pacific NGO Networking Meeting in preparation for the WCAR in Nepal Sunday, representatives from the Burako caste of Japan and the dalits of India and Nepal shared their experiences in trying to gain recognition for the issue of caste in international arenas. While equally important issues such as indigenous peoples, migration, trafficking, religious and national minorities, etc. have been recognized by governments and given international space and attention, caste has always been hidden. "In Indian society, there are no human rights for the 'untouchables'," said Professor Thorat of India. Lower castes are considered lesser human beings "but the government does not recognize this problem," added Thorat. According to Burako representative Khazuhiro Kawamoto, Japan also has its own problem of caste discrimination that affects about 3 million Burako people who suffer marginalization, maltreatment and unequal economic opportunities, among many others. Seeing the dalit situation as needing the most immediate help from activists and international community, anthropologist Krishna B. Bhattachan said if human right activists do not see the dalit as a very serious issue of humanity, there is no authority for them to talk about racism. A number of human rights organizations and dalit activists from Nepal took part in the meeting.

EXPORT SLOWDOWN

Product Of Fading Markets, Policy Flaws

Despite impressive figures in the first half of this fiscal year, exports in the second half are expected to fall thanks to continuing instability and a shocking decline in the sale of pashmina and carpets abroad. The countervailing duty imposed on the maximum retail price on goods exported from Nepal by the Indian government and the dilly-dallying in the payment of duty drawback to exporters by the Nepalese government are set to enfeeble a sector already plagued by limited markets and products

By SANJAYA DHAKAL

Times ahead are difficult." This is what Kishore Khanal, a prominent industrialist and chairman of the Export Promotion Committee at the Federation of Nepalese Chambers of Commerce and Industry (FNCCI), has to say about the prospects of Nepal's export industry.

His assessment stands in stark contrast to the signs that were so rosy at the beginning of the current fiscal year.

The sudden boom in pashmina ex-

ports, growth of pulses (lentils), expansion in the output of processed leathers and moderate performance by the garment industry had contributed to a rise in the volume of goods Nepal sold abroad.

The growth was primarily fueled by pashmina, which saw Rs 5 billion worth of exports in the first six months of the current fiscal year, compared to the Rs 6 billion recorded during the whole of the previous year.

Compared to the same period of the previous year, exports grew by 11.5 percent to reach around Rs 16,910 million in the first seven months of the current

fiscal year. Imports during the same period had risen only by 5.1 percent, helping bridge the wide gap in the balance of trade.

During fiscal year 1999/2000, Nepal's trade deficit stood at around Rs 64 billion, with imports worth Rs 114 billion and exports worth Rs 50 billion.

The vast gap between exports and imports has been adversely affecting the country's economic health. As Nepal needs foreign currency to purchase development goods, construction materials, consumer products and raw materials, it has to increase its exports. Apart



Handicraft items : Needs sustained export growth

from tourism, selling products abroad is the only way in which Nepal can earn foreign currency.

The major export commodities of the country are readymade garments, woollen carpets, pashmina, handicrafts, tea-products, herbal products, lentils, and agro-products, among other things. Among the major items the country imports are machinery and parts, fertilizers, raw materials and petroleum products.

India is Nepal's No. 1 trade partner, in terms of both exports and imports. According to figures for fiscal year 1999/2000, 44 percent of Nepal's exports were absorbed by Indian markets, whereas 36 percent of its imports come from that country.

Among the other major trade partners of Nepal are the United States, Germany, United Kingdom, France, China, Japan, Switzerland. Except with the United States and Germany, Nepal has trade deficits with most of these countries.

To check this deficit, which is bleeding the economy, the government has time and again reiterated its priority to promote export. But there has been more rhetoric than substance in its commitment.

The government has formed an Ex-

port Promotion Board (EPB) at the Ministry of Industry, Commerce and Supplies under the chairmanship of the minister to look after export-related issues.

"The EPB works toward encouraging the private sector in exporting their goods, helping them identify and harness the overseas market, supporting their participation at the international trade fairs and in identifying the production of items that can be exported," said Badri Bahadur Karki, chief officer at the EPB. "The board makes its programs in line with the objectives envisaged by the National Planning Commission (NPC)." The board also gives awards to top exporters every year.

"In fact, it is the private sector that actually takes part in trade," says Naresh Chandra Lamichhane, officiating executive director of the Trade Promotion Center (TPC). "The government's responsibility is just to create a favorable atmosphere." The center's responsibility is to help the private sector by providing training and support and to create an information network.

What Went Wrong?

In recent months, the political situation in the country has been growing increasingly adverse to trade. Industrial insecurity coupled with growing politi-

cal uncertainty has hit virtually all sectors of economy.

That apart, some very specific problems such as the drastic fall in the sale of pashmina and carpets, the Indian government's imposition of Countervailing Duty (CVD) on the Maximum Retail Price (MRP) of Nepalese goods and the dilly-dallying by the Nepalese government in the payment of duty drawback to the exporting industries are set to halt, if not reverse, the growth curve.

Just as suddenly as it rose, pashmina exports are tumbling because of various factors, including the unethical practice by some Nepalese manufacturers who exported sub-standard products and the gradual erosion in demand in the European markets. In a bid to earn quick money, a handful of exporters tried to kill the goose that laid golden eggs.

"As there was no regulation of the quality of pashmina, not only Nepalese entrepreneurs but also some spurious businessmen from the neighboring country exploited the name of Nepal," says Khanal.

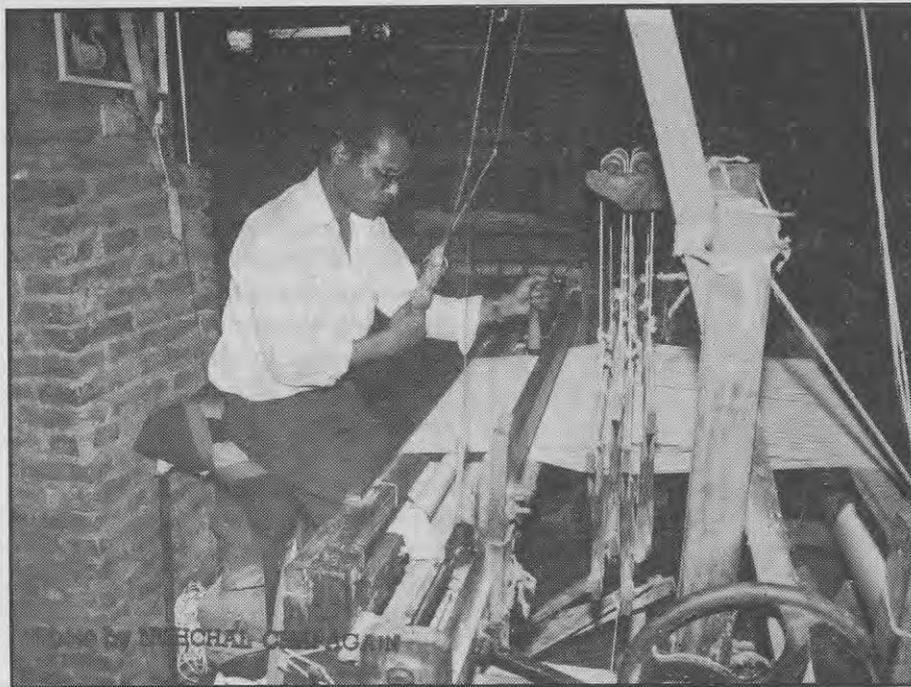
While the government failed to check such adverse trends, the bigger blame lies squarely with the private sector, which went to the extent of exporting anything in the name of pashmina.

"This is the trouble with us. The tendency of the private sector here has been to go for the fast buck instead of developing the industries keeping long-term gains in view," says Khanal.

Even entrepreneurs associated with the pashmina industry are today bracing for a gloomy future.

Similarly, the carpet sector, whose growth has been fluctuating in recent years, has been witnessing a declining trend. In the first seven months of the current fiscal year, carpet exports declined by more than 15 percent compared to the same period last year, according to TPC officials.

The garment sector has not been able to sustain its growth, either. "If there is no drastic change, the garment sector will die," says Udaya Raj Pandey, general secretary of the Garment Association of Nepal (GAN) and managing di-



A carpet weaver : Struck by limited market

rector of Serene Garment Industries.

He points to the lack of government rules that has led to the mushrooming of industries and the subsequent compromise on quality as the immediate problem. "Besides, we are also witnessing a recession in the United States, which is the single largest market for Nepalese readymade garments," says Pandey.

The garment sector is also worried about the impending cancellation of quota provisions, on which it is surviving. Countries like the United States are going to revoke the quota system after 2004 in accordance with the provisions of the World Trade Organization (WTO).

As all three major Nepalese export items - carpet, garment and pashmina - are passing through a difficult phase, prospects for the days ahead appear increasingly dismal. All three items emerged as major exports almost out of the blue. Neither the government nor the private sector worked out any plan to make them sustainable.

On the Indian front, too, there are some tricky issues that could adversely affect Nepal's exports. After the Trade Treaty of 1996 was signed, imports from and export to India were increasing. Many Indian industries came to Nepal to take advantage of what was then hailed as a

win-win situation for both countries.

Of late, there has been accusations from certain quarters that some elements are taking advantage of the treaty, which provides industries based in Nepal similar duty facilities enjoyed by those based in India, for petty gains. These concerns have led the Indian government to take steps to curtail certain facilities.

The recent Indian budget has proposed to impose countervailing duty on the maximum retail price of goods exported from Nepal. "This provision is against the spirit of the treaty, which provides for a level playing field. This has resulted in the duty amount becoming higher and the cost factor getting non-competitive for us. In fact, it

penalizes the industries for existing in Nepal," says Khanal.

He predicts that exports to India over the next six months will come down drastically. The commodities that would be most affected include toothpaste, soap, hair oil, biscuits and noodles.

"The countervailing duty on maximum retail price is affecting the exports of cosmetics, hair oil and shampoo from our company. Ayurvedic/herbal products are not much affected. We will lose to the tune of ten million rupees a year due to this provision," said T.K. Gupta, managing director of Dabur Nepal, a subsidiary of Dabur India. The company exported goods worth Rs 1.8 billion last year. Its projected export this year is about Rs 2.3 billion.

"If the Indian government is protesting against spurious industries, their recent move is going to discourage all industries in Nepal, including genuine ones," says Khanal. These are issues that have to be addressed politically.

Another controversial factor hampering export-oriented industries is non-payment of duty drawback by the gov-

FOREIGN-TRADE COMPOSITION OF NEPAL F.Y 1997/98 TO 1999/2000

Value in '000 Rs.

Direction	F.Y 1997/98		F.Y 1998/99		F.Y 1999/00*	
	2054/55	% in Total	2055/56	% in Total	2056/57	% in Total
Exports						
India	8,794,400	32.1	12,530,700	35.5	22,618,700	45.6
Overseas	17,987,216	65.6	22,180,871	62.9	27,827,917	54.6
Tibet	620,628	2.3	557,701	1.6	512,411	1.0
Total	27,402,244	100.0	35,269,272	100.0	50,959,028	100.0
Imports						
India	27,331,000	30.8	32,119,700	34.9	40,928,100	35.6
Overseas	60,461,949	68.0	58,262,294	63.3	69,838,040	60.8
Tibet	1,101,822	1.2	1,621,396	1.8	4,189,009	3.6
Total	88,894,771	100.0	92,003,390	100.0	114,955,149	100.0
Trade Deficit						
India	18,536,600		19,589,000		18,309,400	
Overseas	42,474,733		36,081,423		42,010,123	
Tibet	481,194		1,063,695		3,676,598	
Total	61,492,527		56,734,118		63,996,121	

Note :- Trade with India for the F.Y 1997/98 and 1998/99 are revised.

* Provisional

Trade data with Tibet, Autonomus Region of China have been recorded through Tatopani Customs on

Source:- Trade Promotion Centre & Nepal Rastra Bank.

COMPARISON OF OVERSEAS EXPORTS OF SOME MAJOR COMMODITIES IN THE F.Y.1998/99 AND 1999/2000 (T.P.C)

S.N	Commodities	Unit	Value in '000 Rs.				% Change in Value
			F.Y 2055/56 1998/99		F.Y 2056/67 1999/2000		
			Quantity	Value	Quantity	Value	
1	Woolen Carpet	Sq.	2,582,178	9,927,360	2,623,784	10,404,709	4.8
2	Readymade Garments	Pcs.	37,748,724	8,154,920	46,836,446	11,082,558	35.9
3	Hides and Goatskin	Sq.ft	4,775,025	271,064	4,539,806	193,376	-28.7
4	Tea	M.T	83.8	30,082	81.6	25,722	-14.5
5	Essential Oil	M.T	3.5	9,488	3.5	9,617	1.4
6	Nigerseeds	M.T	2,562	97,663	340	13,464	-86.2
7	Pulses(Lentils)	M.T	28,509	913,413	2,365	77,675	-91.5
8	Handicrafts			298,837		309,267	3.5
9	Silverware & Jewellery			142,882		120,318	-15.8
10	Woolen & Pashmina Goods			730,123		3,877,965	431.1
11	Towel			366,869		415,851	13.4
12	Wooden & Bamboo Goods			20,363		24,410	19.9
13	Nepalese Paper & Paper Products			123,108		203,734	65.5
14	Micro Transformer			53,510		55,692	4.1
15	Button			9,384		8,111	-13.6
16	Miscellaneous			1,031,805		1,005,448	-2.6
	Total			22,180,871		27,827,917	25.5

ernment. As per its commitment, the government has to pay back (within a specified time) the duty imposed on raw materials once the exporters prove that the material has been used in manufacturing goods that were exported. Roughly, the government needs to raise Rs 700 million to Rs 800 million to reimburse the industries in the form of duty drawback.

"It is very unfortunate that the government is not taking this issue seriously. The private sector is crying at the top of its voice, but the government thinks that it can go on delaying payment," says Khanal. "They should have set aside the required fund beforehand. Even if they don't have the necessary cash right now, they could release receivables/bonds, which the companies could encash from the commercial banks," he says.

Finance Minister Dr. Ram Sharan Mahat has assured the business community that the government would expedite the payment of duty drawback. "I will give more attention to resolving the problem 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," Dr. Mahat told SPOTLIGHT (April 6-12) in an interview.

The private sector is getting impatient over the delay. "The government owes around Rs 220 million to our company in duty drawback. If this situation persists, exports units will have to close down," says Gupta.

Export-oriented industries together with all other units of the economy are also facing hardships because of the deteriorating law-and-order situation across the country. "Apprehensions are really high," says Khanal.

Unsustainable Exports

Most experts say Nepal's exports pick up and die on their own. Be it carpets, garments or pashmina, all came

out of the blue. Nobody had prepared a plan to launch these products and nobody is making any effort to establish them as sustainable export items.

"Limited products and limited markets are the biggest challenge before the export-oriented industries," says Lamichhane. Any small upheaval in one market is enough to bring down the whole sector. While garments are heavily dependent on US quotas, carpets rely on Germany and pashmina depend on a few European markets.

A few years ago, the issue of child labor severely affected the carpet industry in Nepal. Concerns about quality are adversely affect-



Export products: Concerned by the decline

ing the pashmina business. The garment sector fears a similar backlash once the quota provisions are phased out.

Entrepreneurs emphasize that trade, product and market diversification are key to sustainable exports and want a collaborative effort to shore up the sector. "Let us sit down and draw a plan to promote exports. Representatives from the government, FNCCI and the NPC could forge a 10-year, 15-year program that can be adjusted periodically," says Khanal.

With the WTO provisions looming large, Nepal's export sector has to do a lot of things to survive in the days ahead. "The very first thing we should do is to develop a strong production base and backward linkages," says Lamichhane.

The private sector is wary about the legal status of labor issues and bilateral treaties and agreements and their likely impact in the post-WTO days. "We at the Garment Association have assigned an expert to study all aspects of the WTO and its impact on our industries. The expert will prepare a report within three months. We will submit the report to the government for necessary action," says Pandey.

Regional Disparities

Trade, in general, is not spread evenly across the country. Like the limited product line and market, limited areas of the country are actively engaged in export and import.

Apart from planning to promote exports, the government could also do well to address regional disparities. The share of the far-western development region in Nepal's total overseas exports in 1999/2000 was nil. Likewise, the share of mid-western, western and eastern regions stood at 0.02, 0.03 and 17.20 percent respectively. The share of the central region was a whopping 82.75 percent.

The situation is not very different in the case of imports. The share of far-

western region in the total import from overseas stands at 0.02 percent. The share of mid-western, western and eastern regions in the import sector is 0.37, 5.05 and 13.49 percent. The central region imports 58.54 percent and the rest - 22.53 percent - is absorbed by the import of petroleum products.

What Now?

To make exports sustainable, ex-

toms and duty waivers are given to the industries located in these zones. There will be equipment to check the quality of the goods.

Many feel the time has come for Nepal to focus on exporting non-conventional goods like herbal products, handicrafts and tea. The country enjoys comparative advantages in producing these goods.

PERCENTAGE SHARE OF MAJOR COMMODITIES IN THE OVERSEAS EXPORTS OF NEPAL

F.Y. 1999/2000 (TPC)

S.N	Commodities	Unit	Quantity	Value in '000 Rs.	Share in %
1	Woolen Carpet	Sq.m	2,623,784	10,404,709	37.4
2	Readymade Garments	Pcs.	46,836,446	11,082,558	39.8
3	Hides and Goatskin	Sq.ft.	4,539,806	193,376	0.7
4	Tea	M.T	81.6	25,722	0.1
5	Pulses(Lentils)	M.T	2,365	77,675	0.3
6	Handicrafts			309,267	1.1
7	Silverware & Jewellery			120,318	0.4
8	Woolen & Pashmina Goods			3,877,965	13.9
9	Towel			415,851	1.5
10	Wooden & Bamboo Goods			24,410	0.1
11	Nepalese Paper & Paper Products			203,734	0.7
12	Micro Transformer			55,692	0.2
13	Miscellaneous			1,036,640	3.8
	Total			27,827,917	100

perts have proposed the drawing up of stringent rules and regulations for quality control, long-term planning and product and market diversification.

The concept of Export Processing Zones (EPZs) has also been floated. "The government has allocated Rs 60 million in the current budget for developing EPZs," says Karki of the Export Promotion Board.

The board has been entrusted with the task of developing the EPZs. It is looking for suitable land near the Inland Container Depots in Biratnagar, Bhairahawa and Birgunj to develop the zones.

EPZs are places where 100 percent export-oriented industries are allowed to operate. Many facilities including cus-

"Nepal can produce best-quality products like organic tea, aromatic oils like menthol and peppermint, among others. There is big money to be made in this sector. Even information technology can give good results. But we don't have proper policy backing," says Khanal.

As Nepal's export sector stands at a critical juncture, concerted effort from both the government as well as the private sector is required to develop a sustainable pattern. While the private sector has to forget about petty initial gains in favor of long-term returns and concentrate on quality, the government could step in with the necessary policy support. That would be an effective prescription for a healthy national economy. ■

OPPOSITION POLITICS

Losing Steam

The first phase of the communist agitation has failed to *mobilize the common people against Prime Minister Koirala*

By KESHAB POUDEL

Although opposition communist parties, Rastriya Prajatantra Party and factions within the governing Nepali Congress have made every effort to oust Prime Minister Girija Prasad Koirala, he seems to be gaining more confidence and strength.

Even after a violent agitation and maneuvering by political opponents within the party and outside in connection with the Lauda Air deal, the 78-year-old Koirala has not lost his will to govern. In the last leg of political career, Koirala hardly seems to be ready to concede to his opponents.

As the agitation launched by an alliance of six communist groupings led by the CPN-UML has failed to draw the common people on the streets, the main opposition party seems to have hurt itself.

Despite their claim that the street

agitation has been able to "expose" Prime Minister Koirala and the Nepali Congress, communist leaders and Congress rebels have no option to finding a solution to the current political deadlock in the presence of Koirala.

"If the recent media trend is any indication, it seems that the wind is blowing against the communist alliance, including the CPN-UML," said a political analyst.

As a last-ditch effort to exert pressure

on Koirala, opposition leaders were even said to have manipulated the Commission of Investigation of Abuse of Authority which is probing the Lauda Air deal. The new statement by two of the accused, former RNAC executive chairman Hari Bhakta Shrestha and former board member Tirtha Lal Shrestha, is said to have been inspired by the prime minister's opponents.

Soon after the statement of the Shrestha duo, CPN-UML leader Madhav Kumar Nepal demanded the resignation of Prime Minister Koirala. "The new statements prove the involvement of Prime Minister Koirala in the Lauda Air deal," declared Nepal at a meeting of party workers in Patan.

However, the controversy over the Lauda Air deal appears to have bruised the opposition as well. ■

EDUCATION

Uncertain Future

Although the call for a weeklong strike at private schools by the Maoist-affiliated student union creates panic, there are some positive signs

Although the strike called by the All Nepal Free Students Union (Revolutionary), the student wing of the Nepal Communist Party (Maoists), has rocked the entire private education system, it also has had certain positive contributions.

If the union's demands are met, students at private schools may get the opportunity to read more about Nepal and its heritage.

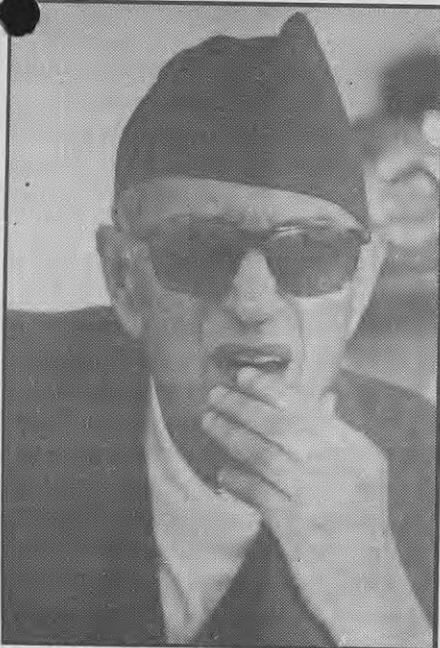
Barring a few regular books published by Janak Educational Material Center, most of the material prescribed in the private schools are based on the Indian education system.

"As Nepal does not have enough teachers to teach material imported from India, we need to hire foreign teachers for high salaries. When you pay high salaries, how can you offer cheap education?" asked a private school owner on condition of anonymity.

After the strike called by the union last year, many schools have already started to teach curriculum based on Nepal. "If private school were closed down, Nepal may get more economic benefits. In the private schools, more than 50 percent of the teachers come from foreign countries, including India, and most of the books are imported from India," said Supravat Adhikary, president of Nepal Guardian Association.

"The private schools are run like a business organization in Nepal which increase monthly fees on their own."

Although the union has reduced the strike period from two weeks to one, private schools operators and parents have not been able to heave a sigh of relief.



PM Koirala : Resilient politician

'China respects Nepal's sovereignty, independence'

— ZENG XUYONG

Chinese Ambassador to Nepal ZENG XUYONG, who has been serving in this country for more than three years, spoke to KESHAB POUDEL on various aspects of bilateral ties on the eve of the official visit to Nepal by Chinese Premier Zhu Rongji. Excerpts from the half-hour interview:

China has always been a good friend of Nepal and has stood by it in times of need. The political instability in Nepal at present, abetted by some interested external forces, is spelling danger to Nepal. How does China view the situation?

China always wants political stability in Nepal and stands for an economically prosperous Nepal. China believes that stability is necessary for the economic development of the region. We respect Nepal's sovereignty and independence. China will always be a good friend to Nepal.

How does China look at the South Asian security problem?

After the nuclear detonation in 1998, the security situation in South Asian region has worsened. There is a possibility of an escalation of tensions in the region. China is very much concerned about security in South Asia. As a developing country, China needs peace all over the world, particularly in neighboring countries. We favor a stable South Asia and the countries of the region must realize the importance of peace.

How do you foresee the future of SAARC in the present context?

SAARC can bring all the South Asian countries together. It is important for the region. Because of some political or other problems between some member states, the SAARC summit could not take place in two years ago. I think the successful implementation of SAARC vision will be in the interest of the region.

What is the potential for developing Nepal-China trade further?

The volume of trade between Nepal and China has increased several folds over the past few years. It has increased from a mere \$70 million a few years ago to \$200 million today. There is tremendous possibility to expand trade between two countries.

Tourism entrepreneurs in Nepal are very much encouraged by China's recent statement establishing Nepal as a tourist destination for Chinese tourists. How do you see the potential of Chinese tourists coming to Nepal?

A large number of Chinese tourists visit different Southeast Asian countries. There is quite a good possibility to attract Chinese tourists to Nepal. It will depend upon how Nepalese entrepreneurs will market Nepal in China and what Nepal could offer to the Chinese tourists.

What would be main focus of the Chinese Prime Minister's visit to Nepal and his talks with His Majesty the King, and the Prime Minister?

The Chinese Premier will hold discussions on many issues with Nepalese leaders, including bilateral economic cooperation, trade, development, among others. During the visit the two sides will sign agreements on the economic and technical cooperation, the construction of the another highways Syaphrubesi-Rasuwa road, setting up a hospital for civil servants of Nepal, and establishing a polytechnic institute at Banepa. The Syaphrubesi-Rasuwa road is going to be an important project for Nepal in terms of increasing bilateral trade relations.

Is there any possibility of opening more trading points between the two countries?

Yes, there is a possibility to do so. As a matter of additional trading points two in each side are being opened and agreement to that effect may also be signed.

How do you describe the present state of relations between Nepal and China?

Since China-Nepal diplomatic ties were established in 1955, thanks to the great importance attached by state leaders of the two countries and the joint efforts of the two peoples, China-Nepal friendly relations and cooperation have been developing in a sustained, sound and stable way for almost half a century. There are no questions left over from history or disputes existing presently between China and Nepal. Although great changes have taken place in international situation and in our two countries through the past decades, China-Nepal friendly relationship remains the same. We

"During the visit the two sides will sign agreements on the economic and technical cooperation, the construction of the another highways Syaphrubesi-Rasuwa road, setting up a hospital for civil servants of Nepal, and establishing a polytechnic institute at Banepa."

are satisfied with the development of China-Nepal relations in recent years. To continue consolidating and developing the good-neighborly friendship and cooperation with Nepal is a set policy of the Chinese Government. China will consistently be Nepal's good friend and good neighbor. We wish to promote, along with the Nepalese Government and people, the further development of China-Nepal friendly relations and cooperation in the new century.

What in your opinion are the major obstacles in further developing the bilateral ties? What should be done to remove these obstacles?

I don't think there exist major problems or obstacles in further developing bilateral ties between China and Nepal. Both the two Governments and two peoples hope that the bilateral relations could be further promoted, because it conforms to the fundamental interests of the two peoples and is conducive to peace and stability in the region. But I agree that the bilateral relations, especially the economic and trade relations still have potential and space of further development. We can expand exchanges and cooperation in many fields so as to promote the comprehensive development of our good-neighborly partnership. Recently the two countries have signed the MOU on tourism cooperation, which convinces us that our cooperation in tourism is to be further expanded and strengthened in the coming years.

Bilateral political ties are good and free of problems. But economic ties have not picked up yet. Trade and investment are very low. Why?

In recent years, China-Nepal bilateral trade has increased rapidly, and investment and joint ventures have developed steadily. Our economic cooperation and trade have maintained a good momentum of development. But in general the volumes of trade and investment are still very low and potential is yet to be tapped. We wish to promote the mutual-beneficial cooperation with Nepal in economic and trade fields, including hydropower resources and agriculture technology. The concerned departments of the two countries are discussing to sign the Agreement on Avoidance of Double Taxation. The signing the



Agreement will be of great significance to promoting bilateral cooperation.

Does China have security concerns in Nepal? What are these concerns? Last year, a senior Chinese leader, Li Peng, was reported as saying (during the visit of former Nepalese Prime Minister Sher Bahadur Deuba) that China does attach importance to relations with Nepal not only as a neighbor but for security as well. Does that mean that China's security concerns in Nepal have increased?

For the purpose of realizing modernization, China needs a peaceful international environment, especially a favorable surrounding environment. This is the reason for our attaching importance to maintaining and developing friendly relations with neighboring countries. As neighbors with 1400 km's common border, China and Nepal should maintain good-neighborly friendship and respect each other's sovereignty, territorial integrity and security concern. This is very important to both sides.

How do you see the rivalry of the regional powers in South Asia and its implications for Nepal which shares long borders with China?

"In recent years, China-Nepal bilateral trade has increased rapidly, and investment and joint ventures have developed steadily."

We always advocate that South Asian countries develop friendly relations and cooperation on the basis of equality and mutual benefit, and solve disputes peacefully through consultations. We believe that nuclear arms race in South Asia is unfavorable to peace, stability and development in the region, where Nepal is located. China supports all the efforts favorable to maintaining peace and stability in South Asia.

How important do you think peace and stability in Nepal is to China? Many of Nepal's friendly countries have expressed concern at the threat to peace and stability in Nepal due to Maoist insurgency. Do you share these concerns?

As I have said, since China and Nepal are close neighbors, the peace and stability in one country is very important to the other. Maoist problem is an internal issue of Nepal. We noted it had affected peace and stability in some districts of Nepal. As a friendly neighbor, we neither support nor expect violence and riots occur in Nepal. We sincerely hope peace, tranquility and stability could be maintained in Nepal.

Some countries allege that Nepal is being used as a base to conduct hostile activities against them. Does China also have similar complaints? Are you satisfied with Nepal's policy and its execution on preventing free-Tibet activities?

The Dalai Group, supported by some international anti-China elements, always conducts political activities aiming at splitting Tibet from China. They also carried out anti-China activities in Nepal, such as "Tibet Independence" propaganda, sabotage and infiltration into Tibet Autonomous Region of China. These hostilities are not only against China, but also aimed at undermining China-Nepal friendship, so it is unfavorable to Nepal as well. The Nepalese Government recognizes that Tibet is an integral part of China's territory, and has explicitly and repeatedly expressed that nobody will be permitted to conduct activities harmful to China's interests on the soil of Nepal. We highly appreciate the consistent "One China" stand of the Nepalese Government and people, as well as their firm support to China



on issues of Tibet and Taiwan, which involves China's sovereignty.

After a series of exchange of high level visits between the two countries in recent months, the Chinese Prime Minister is visiting Nepal next month. What are his agenda?

China and Nepal have kept the tradition of exchange of high-level visits since the establishment of diplomatic ties, which has made significant contributions to the sustained and smooth development of bilateral relations. Soon after the very successful state visit to China by His Majesty King Birendra, Premier of the State Council of the China His Excellency Zhu Rongji is to pay an official visit to Nepal in the coming May. This is another important visit to Nepal by top Chinese leader following Chinese President Jiang Zemin's Nepal visit in 1996. Premier Zhu will be the first Chinese senior leader received by Nepal in the new century. During the visit, the leaders of the two countries will exchange views extensively on further developing bilateral relations, and hold in-depth discussions on expanding economic and trade ties and promoting exchanges and cooperation between Tibet Autonomous Region of China and Nepal, and will sign a few related agreements. Of course, the two sides will also exchange views on international and regional issues of mutual interest. It is convinced that the visit will promote the further consolidation and development of China-Nepal good-neighborly partnership in the new century and will be another milestone in the history of bilateral relations. ■

"Maoist problem is an internal issue of Nepal. We noted it had affected peace and stability in some districts of Nepal. As a friendly neighbor, we neither support nor expect violence and riots occur in Nepal."

WORLD BOOK DAY

Fellowship Of Words

The British Council organizes an event to celebrate the pleasures of reading

By AKSHAY SHARMA

The pleasures of reading are coveted by all. A dismal or good picture painted by words cannot be easily swept out of one's imagination. As one obsessed reader puts it in a simpler form, "A book is my best companion."

The British Council organized a reading event to mark World Book Day on April 29. It was centered on the pleasures of reading or being read to of works of others. The readers were to share according to their choices.

Greta Rana's two perspectives on reading were the voice and the celebrity. She read aloud, "If you can't read you don't know about contraceptives." It was an anecdote from a true story and it ended with the lines, "So get caught reading."

Dr Banira Giri chose the flower as her oratory. She read: "We only smell the fragrance of the flowers but we pluck them. But the bees know how to treat them right."

Ambica Shrestha said Jane Austen was the best writer she had encountered, adding: "I'd like to read her works again and again. She wrote about the condition of the women in those days." She chose Chapter 55 of Austen's 'Emma' to read out aloud.

Kanak Dixit picked up the rhythm to read out the "Atma-Britanta of B.P. Koirala". He recited in Nepali B.P. Koirala's recollection of how he was approached on January 28, 1948 by Basanta Shamsheer Jang Bahadur Rana for help in a plot to lob hand grenades into Singh Durbar where the Ranas were scheduled to gather for a meeting.

On that day, Koirala had been at Mahatma Gandhi's place from 10 in the morning to 4 in the afternoon. The first thing Gandhi asked Koirala was about his health. He remembers sitting in a railway station in a drizzling rain two days later with grenades

MINISTER MAJGAIYA RESIGNS

Koirala sacrifices 'most clean' minister under pressure from the corrupt coterie

By A CORRESPONDENT

Instead of co-habiting with the newly appointed secretary, Minister for Water Resources Baldev Sharma Majgaiya chose to quit the ministerial post — a rare example in Nepalese politics. In no unclear terms, Majgaiya — who represents Dang-2 constituency, told Prime Minister GP Koirala that he would not work with Lokman Singh Karki, who was recently promoted to his ministry, given his 'tainted past record.' One of the 'clean faces' in the Koirala cabinet, Majgaiya was said to be discontent with undue pressure from some members of Koirala's kitchen cabinet.

He saw Karki's appointment as the last straw on the camel's back, sources close to him said. Karki was implicated in a gold smuggling case while he was at the Finance Ministry four years back, but was given a clean chit by the court later. He joined civil service as under secretary 16 years back as per a direct royal order.

The resignation by Majgaiya, who has spent 28 years in close association with Koirala, may not immediately disturb the power balance within the ruling party but, analysts say, it could expose the 'corrupt coterie' that is said to have got the premier under its total grip. ■

in his hands as the radio announced that Gandhi had been assassinated. Koirala felt the whole world had collapsed.

Tulsi Diwas went on to recite Laxmi Prasad Devkota's "Lunatic". Readings by Ashesh Malla, Barbara Adams, Manjushree Thapa, and Kunda Dixit followed. Later, a discussion to commemorate World Book Day was moderated by Greta Rana. ■

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BOOK

Gender And Democracy

A compendium of candid discussions on a complex issue

By KESHAB POUDEL

Following the restoration of multiparty democracy, many new jargons have appeared in social and intellectual discussions at various levels. From women's empowerment to social justice, from racial discrimination to gender issues and from good governance to corruption, Nepalese intellectuals have debated all aspects of the issues involved. What changes have these discussions brought to society? That remains to be seen.

Gender perspective is one of the hotly debated issues of Nepalese society today. But only a few people understand what the discussions are all about. This may be one of the reasons why whenever gender-related

Gender perspective is one of the hotly debated issues of Nepalese society today. But only a few people understand what the discussions are all about.

Gender and Democracy in Nepal
 Edited by Laxmi Keshari Manandhar and Krishna B. Bhattachan
 Published by Central Department of Home Science-Women's Studies Program, Padma Kanya Multiple Campus
 Prices: Not disclosed, Pages: 230

discussions take place, the same set of faces are seen making the presentations. It seems that only a select group of intellectuals has acquired enough expertise on the matter.

In an effort to generate more informed debate on gender issues, the Central Department of Home Science-Women's Studies Program of Padma Kanya Multiple Campus organized a talk program with support from the Friedrich Ebert Stiftung. This book, an outcome of the seminar, includes articles presented by various scholars on the legal, social, cultural, economic and democratic perspectives of gender issues.

"When we talk about gender, we should first demystify a popular misconception that it is about women only and that it has nothing to do with men. As gender is socially constructed, it is indeed equally important for both women and men," said Laxmi Keshari Manandhar, head of the department.

Although the articles incorporated in the book deal with all aspects of gender issues, the discussions proceed mostly from a theoretical perspective rather than from the experiences and experiments in Nepal. Most of the authors are well-known personalities in the seminar circuit, including Kapil Shrestha, Dr. Meena Acharya, Krishna B. Bhattachan, Durga Ghimire, Sapana Malla Pradhan and Yubaraj Sangraula. Along with old hands, authors like Bindu Pokharel, Mira Mishra, Harinder Thapaliya, Indira Sharma, Soni Joshi and Yasso Kanta Bhattachan (Gauchan) have also made impressive contributions.

In their article "Gender and Democracy in Nepal", Bindu Pokharel and Mira Mishra discuss the participa-

tion of men and women in the democratic process.

They conclude that women's participation in the political process is negligible compared to men's. "Women's lives have been dramatically changed in recent years. There is tremendous improvement in their conditions, as more and more women are getting education, entering the labor market and have access to health care facilities. However, gender inequality still persists," write Pokharel and Mishra.

Indira Sharma explains the history of women and their contributions in the context of development in Nepal. Sharma holds the views that Nepal has been able to make advances in gender sensitization.

Advocate Sapana Malla Pradhan discusses the issue of women's inheritance rights. She explains the legal and other lapses in dividing equal property among men and women. Kapil Shrestha deals with the human and political rights of women. Dr. Meena Acharya's article, "Gender Equality and Democracy: The Economic Aspect", analyses the constitutional rights of women and their participation in the area of gender.

Gender issues are too complex and varied to be encapsulated in a single volume. Nevertheless, this book should be able to encourage a more open and candid debate on a subject Nepal will find itself discussing for a long while. ■

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TRANSITION

APPOINTED: Additional judges **Gauri Bahadur Karki**, **Ram Prasad Khanal** and **Rajendra Prasad Rajbhandari**, as the appellate court judges at the Jumla, Surkhet and Dipayal Appellate Courts, by

His Majesty the King, as per the recommendation of the Judicial Council and in accordance with the Constitution of the Kingdom of Nepal 1990.

AWARDED: **Artistes Basundhara Bhusal** and **Krishna Murari Gautam**, better known as Chatyang Master, with the Bhairab

Award, for their contribution to humour and satire, by the Bhairab Award Trust.

Gopal Rajbhandari, of the Rotary Club of Kathmandu, with the international Rotary Service Above Self Award.

GIFTED: A pair of rhinos, to the people and the govern-

ment of Japan, on behalf of the people and the government of Nepal, by the Ministry of Forest and Soil Conservation, as a friendly gesture.

PASSED AWAY: **Swami Satchidananda Bishudhadev**, a spiritual and religious campaigner, at the age of 83. ■

HIGHER EDUCATION PROJECT

Novel Concepts

The World Bank-funded project establishes an information management system at the Tribhuvan University

By SANJAYA DHAKAL

As the six-year Higher Education Project draws to an end, project officials claim they have been successful in revamping the education structure and setting up an effective information system.

During its tenure, the project introduced sweeping changes in the academic structure by bringing up the concept of three-years' bachelor studies followed by two years' post-graduate curriculum.

Earlier, Nepal followed a 16-year education system with 10 years of school-level and six years of campus-level studies — comprising a two-year Proficiency Certificate Level (PCL), two-year bachelor and two-year master's level. Now the government has included classes 11 and 12 at the

school level and the PCL is in the process of being phased out.

"There are only a dozen countries in the world that have a 16-year education system, while 146 countries have already adopted a 17-year system. In fact, 11 countries have even started a 18-year system by allocating four years to the bachelor's level," said Purush Ratna Bajracharya, coordinator of the project.

That apart, the project has launched the Education Management Information System (EMIS) in the TU by introducing computers in the management of the university and campuses affiliated to it. Project officials claim they have already computerized the whole examination system and result statistics. "We are in a position to put any result on the web site," said Bajracharya.

The EMIS has also created a pool of necessary database for use in academic

management. The personal records of teachers and academic records of each student registered at the TU are now stored in the computer. "We have developed a rich information system. Anyone can avail of this facility. We can provide virtually every information regarding the university now," Bajracharya said.

Bajracharya expects that, with the EMIS in place, the university will now be able to deliver better quality of education and proper academic environment. "I refuse to buy the claims from some quarters that the TU products are inferior in quality. If that was the case then why do you find so many of our products getting access to reputable universities around the world?" he asked. He hopes TU products under the 17-year education system, who are set to complete their education from this year, will be much better in terms of quality.

The Higher Education Project was launched in 1994 with the objective to revamp the higher education at the university and set in motion changes that would usher in better academic environment. "The project brought a new academic revolution in the country with new courses, new curriculum, trained manpower and better physical facilities."

The World Bank provided loan assistance worth US\$20 million for the project. The Nepalese government chipped in with additional 20 percent of matching fund. The project is going to expire in next two months.

According to the Planning Division at the TU, there are 127,355 students at the university campuses in total (in 2956/57) — including 33,179 female students. There are 61 campuses under the TU and another 277 campuses are affiliated to the university.

Around 56,000 students are studying at the certificate level while 53,000 and 16,000 are studying at the bachelor's and master's levels respectively. Faculty-wise, the maximum concentration is in the humanities, with around 52,000 students. The faculties of forestry and law, with 396 and 4,036 students respectively, seem to be attracting fewer students. ■



School children : Rallying for education

Now In Town

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Rahul

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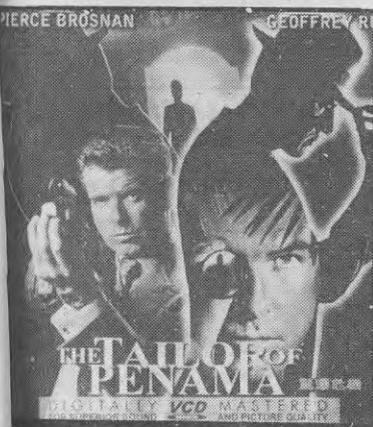
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"Do not yearn for physical joy and, by so doing, discard the more permanent joy of inner calm and contentment."

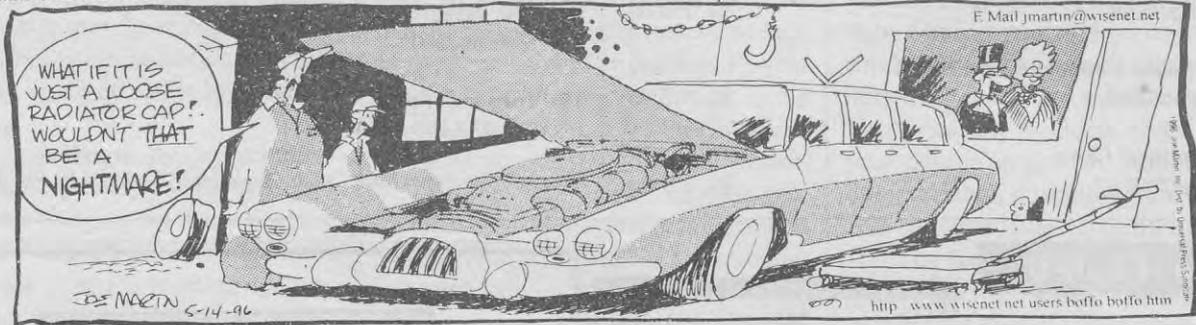
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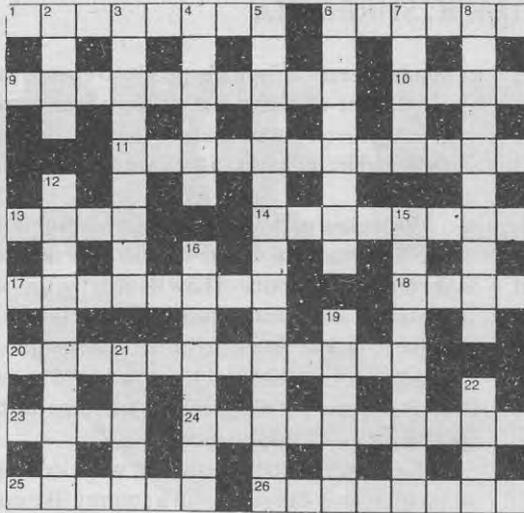
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ACROSS

1. High-flyer once hindered by literary dean (8)
6. Politician takes time off to admit blunder about working model (6)
9. Fabric originally worn in church but ultimately at home (10)
10. Philosopher set up for the daily grind? (4)
11. White horses may accompany us during such a journey (12)
13. Venetian merchant supplying game (4)
14. Frantically seek a man, one of the same denomination (8)
17. Frenchman in battlefield that's adjoining ancient city (8)
20. Old writer's material, one hailing from Tamworth? (4)
20. Fellow reprintedly navigates vessel without agent's involvement (12)
23. Gain love, being frequently besotted (4)
24. English woman, about 90, recognised engineer's surpassing merit (10)
25. Infuriates obliging people changing sides near the end (6)
26. Rancorous son showing compassion, having change of heart (8)

DOWN

2. It may be served with Roquefort, initially, and wine (4)
3. Comic paper engages wartime hero with evidence of debts (9)
4. Non-professional male song-writer? (6)
5. Play with sacred book at first? The man, I swear, isn't all there! (5,10)
6. Moved clobber (8)
7. Game doctor observed before a dance (5)
8. Dressing down, being highspirited (10)
12. Soldiers in company race to state ceremony (10)
15. Theatre music, an outstanding example (9)
16. Smooth colonel finally entering main eating-lace (8)
19. Pod from higher area in island group 96)
21. Wear away surface of Eastern highway, say (5)
22. The colour of piecrust? (4)

Down: 2. Wit 3. Facetious 4. Layman 5. Titus andronicus 6. Overcome 7. Rumba 8. Rolllocking 12. Coronation 15. Showpiece 16. Seamless 19. Chili 21. Erode 22. Ecrn

Across: 1. Swiflet 6. Orery 9. Winycette 10. Mill 11. Transoceanic 13. Polo 14. Namesake 17. Monsieur 18. Oink 20. Salesmanship 23. Wino 24. Excellence 25. Angers 26. Spiteful

NOITLUS

BRIDGE

NORTH 3-8
 ♠ A 8
 ♥ Q J 10 9
 ♦ A J 6 3
 ♣ K 7 2

WEST **EAST**
 ♠ J 7 4 ♠ Q 10 5 3 2
 ♥ 6 4 3 2 ♥ —
 ♦ K Q 10 5 ♦ 9 8 7 2
 ♣ 8 4 ♣ J 10 9 3

SOUTH
 ♠ K 9 6
 ♥ A K 8 7 5
 ♦ 4
 ♣ A Q 6 5

Vulnerable: Both
 Dealer: South

The bidding:

South	West	North	East
1 ♥	Pass	3 ♥	Pass
4 ♣*	Pass	4 ♦*	Pass
4 ♥	Pass	4 ♠*	Pass
5 ♠*	Pass	6 ♣*	Pass
7 ♥	All pass		

*Control-showing bids

Opening lead: Diamond king

“To be brave in misfortune is to be worthy of manhood; to be wise in misfortune is to conquer fate.”

AGNES REPPLIER

When adversity strikes, it may not be enough to seek a quick Band-Aid solution. Often, more thought is required to find the surest way to success.

Visualizing an easy road to 13 tricks, South wins dummy's diamond ace and leads a trump. East's discard straightens South's back, and South must reconsider his prospects. How can he overcome the unexpected development?

The quick solution is cash the top spades and ruff a spade with one of dummy's trumps. After drawing all of West's pesky trumps, all South needs is a 3-3 split in clubs to make his slam. Unfortunately, clubs are not friendly, and the slam goes one down. While it's usually correct to ruff losers in the short trump hand, sometimes it's better to ruff in the other hand. If South accurately counts sure winners, he should find the best plan.

After East's discard on dummy's trump queen, South succeeds if he ruffs three of dummy's diamonds (dummy reversal). He ruffs a diamond at trick three and crosses to dummy's club king to ruff another diamond high. Next, he leads his trump eight to dummy to ruff dummy's last diamond with his last trump. Finally he leads a spade to dummy's ace to draw West's remaining trumps. His ace and queen of clubs and spade king provide the 11th, 12th and 13th tricks, and good bidding is rewarded by excellent play.

How Efficient Is The Stock Market?

By DR. MANOHAR K. SHRESTHA

The basic strategy of regulatory authorities like the Securities Board (SEBO) and Nepal Stock Exchange (NEPSE) is to make the stock market as competitive and efficient as possible. From 1976, attempts have been made to develop the stock market in the country. However, actual efforts started with the promulgation of the Securities Transaction Act in 1983, which was subjected to frequent amendments.

The stock market transactions took place on open-cry system on the basis of ask-bid price in the trading floor during 1993-94. This was the beginning of the induction of a competitive stock market environment through the network of financial intermediaries such as 27 individual member broker firms, four dealers and two market makers. Market capitalization has reached Rs.43123.333 million, representing 11.88 percent of GDP, which is really a good achievement.

Continued financial reforms with an attitude of self-reliance and the setting up of SEBO created a very conducive environment for a competitive stock market. But some degree of market imperfections was found to dominate the operations of the stock market. Referring to this background, we can ascertain whether the stock market in Nepal is efficient or not, depending on the nature, level and standard of information disclosure made available to the investing community both big and small.

In fact, there have been unusual events in the stock market. The highly fluctuating stock market prices at the Nepal Stock Exchange was the direct outcome of an inefficient market behavior resulting from severe deficiency of information disclosure leading to early boom in 1993-94. That was followed by a mild crash in subsequent years. Again, a turning point came in 1998-2000, underscored by a mixed reaction of bullish trend. Now there is a continuum of early stage of bearish mood of the market. The past prices have no impact on current prices, since prices move randomly. Thus, it is important to understand the basic concept and implication of efficient market theories and hypotheses. The general conclusion is that, in practice, stock price movement cannot be predicted and determined so easily.

According to the efficient market theory, stock price reflects all information contents to show proper consistency in price moments. Stock market efficiency is measured against three levels of information. First, it consists of a weak form of efficiency under which the basic assumption is that stock prices reflect all information contained in the past sequences of stock price and trading volume data. Our stock market is not efficient enough since all the listed companies do not make past information available to shareholders.

Then comes the semi-strong form of market efficiency based on the assumption that stock prices reflect all the publicly available information about the companies. In this case, too, many listed companies do not produce annual reports or financial statements that are very crucial for investors to analyze and judge the performance of the companies. Out of 100 listed companies, only 40-70 companies produce annual report.

Lastly, a strong form of market efficiency exists if stock prices reflect all information that is known about a company, even that which is not available to the public. Private information, often called

inside information, is made public to ensure rational and competitive behavior of the stock market under strong form of market efficiency. In our stock market, the play on inside information has come to public notice as in the case of the block sale of NABIL blue chip shares.

But misuse of inside information is prohibited by the provisions of the Securities Exchange Act and the regulating authorities can make no advance notice of how there is the use of inside information. In the recent stock market turmoil, many investors are of the opinion that due to lack of access to inside information, many of them have had to suffer from unexpected downward price movements. Large dealing of shares of many other blue chips are burning example trading on inside information.

The fundamental question is: why does a stock market tend to be inefficient and imperfect in a country like ours. It may be mainly because of the failure to maintain any level of market efficiency. This is the reason for the present unfavorable incidence of stock price downturn, which has had a severe impact on the financial fortunes of the investors. The rate of market value loss to investors is more than Rs 12 to Rs 20 million approximately.

In Nepal's stock market, it is very difficult to ascertain whether stock price reflects all the past information about the listed companies' performance. The current dubious and hazardous movement of stock prices has no sound fundamental backing of analysis and relationship to the past results revealed in limited available financial statements. It is because the stock price has crossed the boundary of the calculated dividend yield, net worth and price earning multiples. However, in some blue chip scrips, past information has randomly guided the rise in investor's confidence to pay higher price, as can be in the scrips of joint-venture banks especially the share of Nepal Bangladesh Bank, finance and insurance companies.

But the present turmoil in the Nepal Stock Exchange has led to a drastic fall in NEPSE index from 560 to 373, making investors suffer huge losses. And this is mainly due to deficiency in publicly available information under semi-strong form of market efficiency on one hand and active inside trading of private information about targeted companies under strong form of market efficiency on the other.

Investors complain that this is not a time for market prices to fall when all fundamental signals are strong enough to maintain the price level, as is the case with blue chip share of Nepal Bangladesh Bank, Nepal Grindlays Bank, Nepal SBI etc. Thus, investors concluded that there had been foul play using inside information. The reaction is based on the assumption of strong form of market efficiency. The intervention of the Securities Board in coordination with Nepal Stock Exchange to investigate the events with a view to protecting the investors would be appropriate. For this, a committee is formed come up with suggestion to improve the stock market to follow the path of efficient market behavior. This makes it possible to ensure adequate disclosure of all past, publicly available information and help investors gain access to inside information. ■

(Dr. Shrestha is a professor at Tribhuvan University)



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