

The National Newsmagazine

# SPOTLIGHT

17-23 August, 2001



## Maoist Conflict WILL TALK RESTORE PEACE?

- ENCOUNTER WITH SANANDAN SINGH**
- LIQUOR BUSINESS FACING THE HEAT
  - CENSUS 2001: PRELIMINARY REPORT
  - POLARIZATION TO THE LEFT

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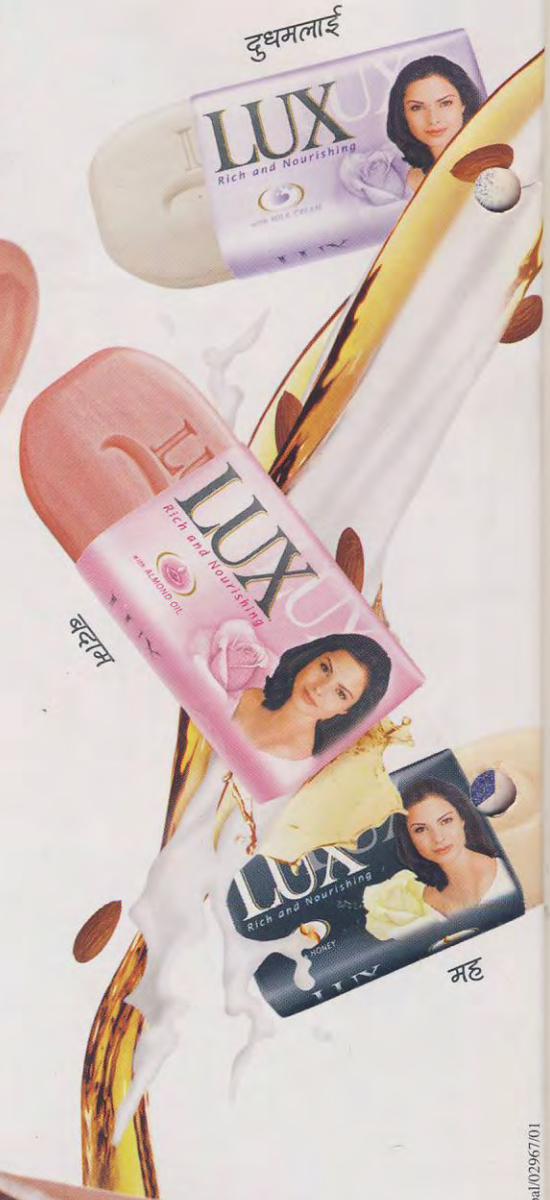
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“लक्स भन्दा उत्कृष्ट कुन?”



बदाम, दुधमलाई र महयुक्त, नेपालमा बनेको अन्तर्राष्ट्रिय स्तरको नयाँ लक्स । अपूर्व सौन्दर्यको नयाँ राज ।

“नयाँ लक्स, कुनै शंका!”

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## COVER STORY : Will Talks Restore Peace?

As the government and rebels drop their guns down preparing to talk, public is anxious about what will be the outcome.

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(Cover photo by Sandesh Manandhar)



## LEFT UNITY : STRATEGY FOR SURVIVAL

In the aftermath of proposed talks between the government and the Maoists, the UML is making strong overtures to its splinter ML.

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## INTERVIEW :

**Dr. Nikolay Listopadov**

Russian envoy talks about the bi-lateral relations and more.

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# SPOTLIGHT

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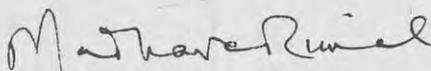
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## EDITOR'S NOTE

The Indian foreign minister Jaswant Singh is coming to Nepal on a two day visit beginning August 18. The visit of the dignitary of such a high stature from a close and friendly neighbor should have been able to generate spontaneous enthusiasm and regard in our hearts. Unfortunately, it is not so. Not that it is, in any way, a reflection on the personality of Singh. As our honored guest we must make his stay most happy and pleasant. At the same time we must not fail or even hesitate to bring to his notice the injustices our poor country has been suffering due to erroneous policies of his government. We do believe, he is not unaware of the coolness that has increased in our bilateral relations since the hijacking of the Indian aircraft and subsequent events that have shaken the very foundation of our nation's economy. They have not only almost destroyed our tourism industry but contributed to deepen the roots of mutual recriminations. The never ending pernicious and totally baseless publicity against the smaller neighbor-Nepal-by one of the strongest print and electronic media of the world has only added fuel to the fire. It has only exacerbated the hurt sensitivity of the Nepalese people while worsening the already bad economic situation. A most recent example of such attacks can be found in one of the leaders of the most prestigious Indian daily The Times of India dated 9 August 2001 under the caption "The other Nepalis." This note has virtually threatened the new Nepalese monarch of dire consequences if things do not go in the interest of India. Even though the Times of India is branded as the official mouthpiece of the Indian bureaucracy in the South Block, we are still prepared to give the benefit of doubt to the Indian politicians who may not conform to the thinking of the bureaucrats who still prefer and enjoy to bask in the sunshine of the Raj legacies of their colonial masters.

Under the circumstances nothing could seem more ironical than to say that Singh's visit, at this juncture, has been arranged to express solidarity with the new monarch who has succeeded to the throne in the aftermath of the heart chilling massacre at the Royal Palace. Singh must realize that the deeprooted anti-India feelings in the minds of patriotic Nepalese are not their own creations. No patriotic Nepali would want any kind of confrontation with his giant neighbor. The initial perfidy against the last Rana prime minister of Nepal by the first prime minister of independent India and the innumerable injustices, still being continued unabated against the weak, small and physically handicapped neighbor have never permitted the wounds to heal permanently. Consequently the seesaw that is evident in Nepal India relations is a clear manifestation of the correspond state of relationship. Jaswant Singh, who is noted as a very powerful politician in the NDA government in India and holds two important portfolios of defence and foreign relations must try to assuage the bruised feelings of his neighbor. He cannot overlook the fact that India's relations with her smaller neighbors have a direct bearing to the achievement of her soaring ambitions. Unless he is able to put his foot down and cut the bureaucrats to their size, any significant improvement in the political situation in South Asia would always remain a dream. Singh is also expected to discuss his top priority topic, India's security perceptions. India's obsession that Nepal is her Achilles Heel and she is doing nothing to stop the undesirable activities of her enemies in Nepal has always worked as a thorn in substantially improving the relationship. Nepal can only profess not to let her territory to be used by any elements against any of her friendly country. She has constantly and untiringly worked on this principle. If anybody refuses to believe her, what can she do? Be that as it may, we do welcome the visit of such a high dignitary from our neighbor-India-as Jaswant Singh to our smaller country and do hope he will sincerely work to strengthen the bilateral relations not forgetting to respect Nepal's sensitivity. ■



**Madhav Kumar Rimal**  
Chief Editor & Publisher

FORUM: S.B. Puri      INTERVIEW: Shovan Dev Pant

The National Magazine

# SPOTLIGHT

THE NATIONAL MAGAZINE

Cancellation of European Flights  
**HOW FAR JUSTIFIED?**

- ★ NEPAL INDIA TRADE TALKS
- ★ UML MEET: FUTILE DEBATE
- ★ EDCE IN WTO

## Stop Politics

Politics has finally succeeded in destroying our national flag carrier ("How Far Justified?" SPOTLIGHT, August 10). Cases of corruption and commission and official investigations have emasculated the RNAC management. The airline is short of a couple of aircraft but nobody in the organization is willing to buy or lease them lest the Commission for Investigation of Abuse of Authority or the Public Accounts Committee of the House of Representatives come hunting for them. The excessive and sometimes unnecessary probes held by these bodies have helped RNAC reach this situation of helplessness.

*Iswor Basnet*  
Sano Thimi

SPOTLIGHT, August 3). With the same tainted faces stacked in the council of ministers, it is difficult to believe that Deuba would be able to provide good governance. How can we be sure that these old faces will not revert to their old ways? Apart from the new face of P.L. Singh and few other good members, Deuba's cabinet is filled with people that epitomize corruption.

*Dinesh Baidya*  
Minbhawan

## Feather In His Cap

By striking a chord with the Maoists immediately after assuming office, Prime Minister Sher Bahadur Deuba has gained admirers ("Gaining Strength", SPOTLIGHT, August 3). If his faction-ridden party allows him a free hand in dealing with the rebels, he can make some progress toward solving the six-year-old insurgency. The truce between the government and the rebels is a good beginning. Open and forthright dialogue could give a new direction to the country.

*Deepak KC*  
Balkhu

## Struck By Indecision

The decision by the RNAC management to suspend their European flights could not be justified ("How Far Justified?" SPOTLIGHT, August 10). What else could the airline have done when it has only two aircraft capable of flying on international routes? The logical solution would be to buy more aircraft, but the management is afraid of doing that. Unless the decision is taken at the highest political level, the national carrier will have to operate with the aircraft it has. If the government is afraid of allegations of corruption that are almost certain to follow any move to buy or lease aircraft, it should form an independent board comprising a cross section of political parties to take the decisions required. There seems to be no other solution.

*Kiran Shrestha*  
Hattisar

## Privatize RNAC

The only logical solution to the perennial problems surfacing in the RNAC is privatization of its management ("How Far Justified?", SPOTLIGHT, August 10). Privatization can lead to a situation where decisions would be taken based on the commercial interests of the airline, not political compulsions. In this way, intervention by bureaucrats and politicians would cease and the organization would be able to rid itself from scandals. The privately managed board would buy aircraft when it is needed. This would have a positive bearing on the country's tourism sector, too.

*Hira Mani Acharya*  
Gaushala

## Last Straw

The decision by the national

flag carrier to suspend its flights to Europe has come as the last straw to tourism entrepreneurs ("How Far Justified?" SPOTLIGHT, August 10). Coming just ahead of the peak tourist season, the decision is likely to pull down the number of visitors to unimaginable levels. It would cause a chain reaction across many spheres of the Nepalese economy, which is so dependent on the foreign exchange earned through tourism. The new government must take some concrete steps to solve the problems within the RNAC.

*Sanjay Gurung*  
Battisputali

## Old Wine In New Bottle

There is nothing inspiring about Prime Minister Sher Bahadur Deuba's new cabinet ("Compromise Formula",

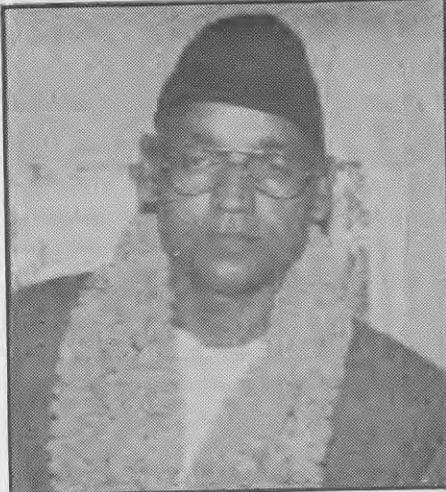
## Ironic Happening

What could be more ironic than the chief of the constitutional anti-corruption body being indicted for misusing his authority ("Upadhyaya Indicted!" SPOTLIGHT, August 3). Surya Nath Upadhyaya, the chief of Commission for Investigation of Abuse of Authority should clarify his stand before the public regarding his indictment. If he had done anything wrong in the past, he has no moral authority to head the commission and indict other officials on corruption charges.

*Jaya Kumar Bista*  
Sanepa

## Paswan Elected NA Vice-Chairman

UML candidate Ramprit Paswan has been elected Vice-Chairman of the National Assembly in the elections held Fri-



Paswan

day. Mr. Paswan, the first dalit ("untouchable") to reach the high post, defeated ruling Nepali Congress candidate Ashok Koirala by 31 votes to 26. No party has a majority in the upper house parliament. Chairman of National Assembly Dr. Mohammed Mohsin administered the oath of office to Paswan amid a function in parliament. *Compiled from reports Aug. 11.*

## Court Fines Two Secretaries

The Supreme Court on Friday issued orders to fine Home Secretary Brikanta Regmi and General Administration Secretary Mukunda Aryal a symbolic Rs 1 each for "contempt of court". The secretaries had failed to execute the order of the apex court to reinstate Joint Secretary at the Home Ministry, Usha Nepal. The court verdict came in response to a writ petition filed by Nepal, saying the concerned authorities delayed reinstating her in violation of the court order. The Supreme Court had declared null and void a government decision to send Nepal - who was leading the Nepalese team for the verification of Bhutanese refugees - into compulsory

retirement because of her age. *Compiled from reports Aug. 11.*

## SC Reinstates UML's Lawmaker

The Supreme Court on Wednesday reversed the verdict by the Appellate Court of Patan more than a year ago declaring Rastriya Prajatantra Party (RPP) candidate Dr. Prakash Chandra Lohani victorious over sitting MP Rajendra Prakash Lohani of the UML by one vote in Nuwakot-1 constituency in the last general elections. A joint bench of justices Harischandra Upadhyay and Kedar Nath Acharya delivered the reversal order. In its verdict, the Supreme Court said RPP



Dr Lohani

candidate Dr. Lohani failed to fulfill necessary procedures while filing the writ seeking a recount of votes, as he lodged his complaint directly with the election tribunal instead of through the district attorney. The exiting law doesn't provide the election tribunal authority to place votes in "notice" during counting and declare the ballots valid or invalid, the Supreme Court said in its verdict. *Compiled from reports. Aug. 9.*

## Govt. Releases Eight More Maoist Cadres

The government has ordered the re-

lease of eight more Maoist cadres from detention under the Public Security Act, the Home Ministry said. A1125 Maoist activists detained under the act have been released, said a spokesman at the Ministry. Home Minister Khum Bahadur Khadka told parliament Wednesday that he has ordered the ministry to release all Maoist cadres in custody under the act. He said the introduction of the Armed Police Force bill and Local Administration (fourth amendment) bill would not hamper the proposed talks between the government and the insurgents. *Compiled from reports Aug. 9.*

## Liquor Entrepreneurs Flay Maoist Call

Manufacturers of liquor and beverages in Nepal have flayed the call by a Maoist organization to impose a total ban on alcoholic beverages beginning Tuesday (August 17). Taking part in an interaction program in the western town of Butwal early this week, President of the Hotel and Restaurants Entrepreneurs' Association Dhruva Tulachan criticized the government for issuing license indiscriminately to distilleries and suggested that limited industries and retail outlets be permitted trade in the alcoholic beverage. President of the Liquor Association, Ananda Raj Bajracharya, said it would be better to close down

all the distilleries rather than impose a sweeping ban on alcoholic beverages. The program was organized by All Nepal Women's Association (Revolutionary), a sister organization of the underground Maoist party, which has called for a total ban on alcoholic beverages. *RSS reports Aug 9.*

## BPC Privatization Bid Falls Into Controversy

The privatization of the state-owned Butwal Power Company (BPC) has fallen into fresh controversy following the rejection of the financial bid of one of the two bidders for the profit-making

venture. According to a highly placed source at the Finance Ministry, the evaluation committee has canceled the financial bid of Independent Power Corporation (IPC), a British-American company, leaving Interkraft, a Norwegian company, as the sole contender. The IPC's bid was canceled on the ground that there was no covering letter and that part one and two of the bid document contained no signatures. The government had called bids from private sector bidders nearly three years ago to sell 75 percent shares of the company that owns a 30 MW power generation plant, among others. *Kantipur Aug. 8.*

## RNAC Stops Europe Flight Bookings

The Royal Nepal Airlines Corporation (RNAC) has said it will stop further booking reservations of airlines tickets for Europe with effect from September 2. In a statement, RNAC said it would arrange for re-routing all those who have already booked tickets. RNAC decided to cancel its European flights, among others, citing lack of wide-body aircraft to fly on international sectors. After the termination of lease agreements with China SouthWest Airlines and Lauda Air, the corporation is left with only two wide-body aircraft. *Compiled from reports Aug. 12.*

## Udaypur Cement Factory Registers Profit

At a time when most state-owned entities are in the red, Udaypur Cement Industry Ltd. has made good performance, a newspaper report said. According to the report, the company registered a profit of Rs 110 million over the last six months and has distributed bonus to the workers.

The industry was set up a decade back at a cost of Rs.2 billion with Japanese assistance. "We have been able to turn the loss-making industry into a profit-making one by discouraging political interference," said Ashok Kumar Malla, general manager of the industry. *Himalaya Times Aug. 13.*

## SAARC MEET

# Summit Uncertain

### The SAARC standing committee fails to set the schedule for the 11th summit

Although secretaries of seven South Asian countries met in the Sri Lankan capital Colombo to fix the date for the 11th summit, they could not reach a consensus as relations between the two South Asian heavyweights, India and Pakistan, remains to stabilize even after the Agra summit.

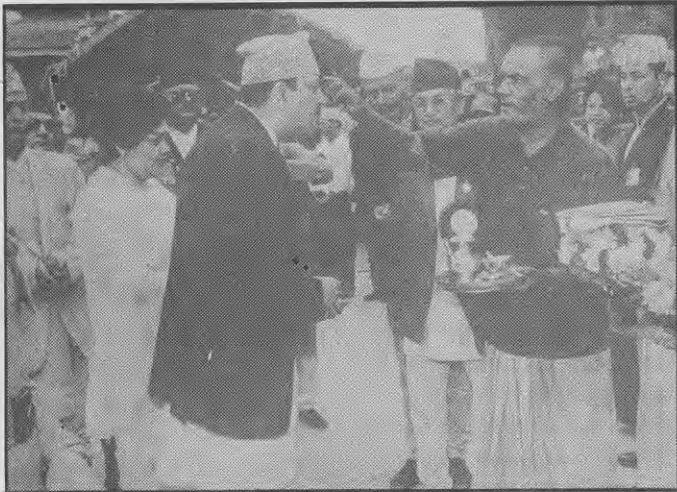
Nepal proposed a tentative date for the summit, but the standing committee did not endorse it. Instead, it sought to hold fresh consultations for a date suitable for all member states. The 11th SAARC summit was postponed in 1999 at the request of the Indian government, following the political changes in Pakistan in October that year.

As the process of normalization of India-Pakistan relations is under way, one cannot rule out the possibility of acceptance of Nepal's proposal to hold the summit later this year. "As long as hostilities between India and Pakistan continue, it would be impossible to hold the SAARC summit," says a former diplomat.

Despite its failure to fix dates for the summit, the two-day standing committee meet agreed to continue other activities under the SAARC umbrella, including the implementation of the proposed South Asian Free Trade Agreement and holding a transport meeting. The standing committee meeting also approved the annual budget for Kathmandu-based SAARC secretariat.



King Gyanendra granted audience to nearly two dozen honorary consul generals and honorary consuls at the Narayanhiti royal palace early this month. According to Gajendra Bahadur Shrestha, hon. consul general of Sweden to Nepal, the honorary consuls during their audience expressed commitment to work toward promoting constitutional monarchy and parliamentary democracy in Nepal and to work for economic development of Nepal by representing the foreign countries. "The government should recognize the role they can play in this regard," he said. Added Rajendra K. Khetan, hon. consul general of Portugal to Nepal, "The hon. consuls can play a significant role in promoting tourism and investment in Nepal through their goodwill and international contacts."



**King Gyanendra and Queen Komal visited Krishna Mandir in Patan on the occasion of Krishna Aashtami**

**AT LEAST THREE PEOPLE HAVE DIED AND 17 OTHERS** are missing in the aftermath of a landslide that swept through Prapcha and Shrichau village development committees in the eastern hilly district of Okhaldhunga on Thursday, reports said. According to police, a rescue team was able to pull out three people alive from the debris on Friday morning. The chances of finding other missing persons alive were very slim, officials said. More than 100 people have lost their lives to flood and landslides after the advent of monsoon this year.

**A TWENTY-TWO KILOMETER SECTION OF THE 62-** km Hilsa-Simikot road linking the remote northern districts of Nepal with the Tibet Autonomous Region of China is being built under the Food for Work program being launched with the assistance of the World Food Program (WFP), Kantipur daily reported. President of the District Development Committee of Humla, Jeevan Bahadur Shahi, said at the present rate of disbursement of food grains, it could take up to three years to complete the road - the first road joining north and south of the district.

**HUNDREDS OF MAOIST REBELS DESTROYED THE** Ilaka Police Post at Devghat in Tanahu district Saturday evening after taking into custody three unarmed policemen, Gorkhapatra daily reported Monday. According to the report, the rebels vandalized furniture and stationery before destroying the post during the nearly four-hour long "action". A team from the nearby Ilaka Police Post at Aabu Khaireni visited the site next morning. The rebels are organizing open mass meetings and targeting police posts despite the call for a truce by their leader, Comrade Prachanda, reports said.

**THE SUPREME COURT HAS ISSUED A WRIT OF MAN-** damus last week to 150 governmental organizations, stating that children acquitted in criminal cases should neither be handcuffed nor kept together with older prisoners. A division bench comprising Justices Kedar Acharya and Ram Nagina Singh delivered the verdict. The ruling came in response to a writ petition filed by the

Center to Assist and Protect Child Rights of Nepal, an advocacy group.

**THE UNITED STATES AGENCY FOR INTERNATIONAL** Development (USAID) has agreed to provide an additional \$60 million to the strategic objective grant agreement for reduced fertility and protected health of Nepalese families. With this sum, the total estimated USAID contribution for the health program grant agreement has risen to \$110 million. The agreement, which was signed in 1996, has been extended by five years to 2006. According to the US embassy in Kathmandu, over the next five years, USAID will continue to support the Ministry of Health's efforts to reduce fertility and rapid population growth, reduce child mortality, prevent further transmission of HIV and improve the control of infectious diseases. An agreement to this effect was signed recently by joint secretary at the Finance Ministry, Madh Ghimire, and USAID director Joanne T. Hale on behalf of their respective governments.

**THE EXPORT OF HANDICRAFT ITEMS, INCLUDING** pashmina, declined marginally to Rs 6.82 billion in fiscal year 2000-01 compared to exports worth Rs 7.16 billion the previous year, Kantipur daily reported. According to the Handicrafts Association of Nepal (HAN), apart from the decline in the exports of pashmina, fall in the export of woolen products also contributed to the decline in the handicraft exports last year. Export of woolen products fell by over 50 percent (to Rs 243.9 million) as compared to the exports the previous year. Europe, the United States and Japan are the main markets for Nepalese handicrafts.

**THE ASSOCIATION FOR OPHTHALMIC COOPERATION** to Asia (AOCA), Japan, has agreed to provide an assistance of US\$55,000 annually for three years to implement programs relating to the prevention of blindness, rehabilitation of blind people and strengthening eye care services in Nepal. Chairperson AOCA Dr. Itaur Kurozumi and member secretary at the Social Welfare Council Dr. Tika Pokhrel signed an agreement to this effect on behalf of their respective organizations, an announcement said.

**THE SUPREME COURT ON TUESDAY REPEALED A** writ petition filed by President of the Nepal Telecommunication Corporation employees union Tanka Lal Shrestha demanding an interim order that no other institution or company, in keeping with the Nepal Telecommunication Corporation Act, be allowed to acquire a license until the NTC completes five years of mobile phone services. A joint bench of justices Kedar Nath Upadhyay and Rajendra Nakhwa delivered the verdict, RSS news agency reported. The writ petition was filed against the government's decision to award license to Khetan Group, a Nepalese business house, to run cellular mobile services in Nepal in association with an Indian company. Meanwhile, the Insurance Board has granted operational license to Life Insurance Corporation (LIC) Nepal Ltd., an Indo-Nepal joint venture, for carrying out life insurance business in Nepal. LIC Nepal is the fifth company to get such permission. ■

**“L**ook at how peace has prevailed in the country. A single appeal by the prime minister has resulted in the cease-fire. That’s why I am confident that Sher Bahadur Deuba will be successful in his initiative.”  
**Krishna Prasad Bhattarai**, former prime minister, in *Bimarsha*.

\* \* \*

**“I**t is the UML’s compulsion to unify with the Marxist Leninist.”

**Radha Krishna Mainali**, leader of the Marxist Leninist party, in *Jana Bhawana*.

\* \* \*

**O**ne cannot say what the demands of the Maoists and the government will be before they sit for dialogue.”

**Bhakta Bahadur Shrestha**, left-leaning politician and coordinator of National People’s Movement Coordination Committee, in *Jana Bhawana*.

\* \* \*

**“T**he Maoist problem started during his tenure so it is up to him to take the final decision towards solving it.”

**Pradeep Nepal**, spokesperson of the Unified Marxist Leninist, in *Aprunha*, referring to Prime Minister Sher Bahadur Deuba.

\* \* \*

**T**here is no danger to Lumbini from



Himalaya Times

the dam. Just two days ago, I visited the construction site of the Khurda Lotan dam. I didn’t find any problem of inundation there.”

**Nagma Mallik**, first secretary at the Indian Embassy, Kathmandu, speaking at a program, in *Spacetime* daily.

\* \* \*

**“W**e feel ashamed even to say that we work in the Finance Ministry. Our image is eroding fast.”

**Bimal Koirala**, Secretary at the Ministry of Finance, saying that the image of officers working in customs and revenue departments is deteriorating among the public thanks to general perception of rampant corruption in those offices, in *Gorkhapatra*.

\* \* \*

**“T**he water is dirty. But I enjoyed the rafting.”

**Hari Bansha Acharya**, comedian, after taking part in the rafting program in Bagmati river organized to raise awareness against the pollution in the river, in *Spacetime* daily.

\* \* \*

**“I** fell in love.”

**Chhitija Shakya**, model and actress, when asked why she married at the early age of 16, in *Gorkhapatra*.

\* \* \*



Saur

## Deuba Doctrine

Prime Minister Sher Bahadur Deuba felt a great sense of relief after meeting with leaders of political parties on the issue of Armed Police Force Act and Local Development Amendment Act. Before

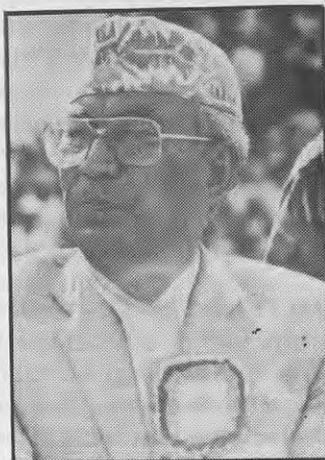


**Deuba :** Door to door campaign

presenting the bills in parliament, Deuba was said to have gone on a house-to-house campaign to lobby opposition support. After his request, all political parties agreed to support his bills. When he saw no opposition, he requested some radical communist leaders, including Lilamani Pokharel, to oppose it. Deuba's shrewdness worked for all sides.

## Nembang's Nemesis

After successfully steering the Lauda Air issue through the House of Representatives



**Nemwang :** In the dock

Public Accounts Committee and putting Nepali Congress leader Girija Prasad Koirala prime ministerial position in trouble, PAC chairman Subhas Chandra Nembang has found himself in the eye of the storm. Lawyer turned politician Nembang may lose his political status if things continue the way they are. Who knows when the loyal parliamentarian of the CPN-UML may be forced to back to his old profession?

## Payback Time

Although it might seem strange, but some leaders of the Rastriya Prajatantra Party (RPP) actually celebrated when the Supreme Court re-



**Shrestha :** Rift in the party

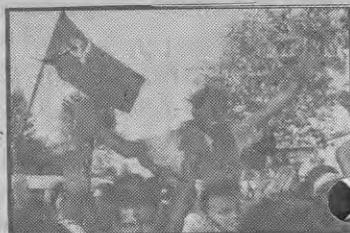
instated the CPN-UML's Rajendra Lohani in place of Dr. Prakash Chandra Lohani in the House of Representatives. Dr. Lohani, vice-president of the RPP, was said to be one of the proponents of the RPP-UML alliance that elected Lok Bahadur Thapa as a member of the upper house, in defiance of the party's official candidates Jog Mehar Shrestha and Khem Raj Pandit. Payback time, as they say.

## REVELATION

# 'A Great Injustice Has Been Corrected'

— RAJENDRA LOHANI

*RAJENDRA LOHANI of the main opposition CPN-UML regained his position as member of parliament after the Supreme Court reversed the decision of a lower court declaring his Rastriya Prajatantra Party rival Dr Prakash Chandra*



*Lohani as the winner of the disputed election in Nuwakot Constituency No. 1. The UML's Lohani spoke to SPOTLIGHT after the court decision. Excerpts:*

### How do you see the Supreme Court's decision?

Finally, I have received justice. The lower court's decision to declare my rival the winner was a great injustice.

### After the lower court's decision, did you ever think you would regain your seat?

I always knew that the Supreme Court would reverse the lower court's decision because it was complete injustice to me. A court cannot declare a candidate defeated by advancing its own logic.

### What will your role be in parliament?

I will raise the problems of the people and follow the line taken by the CPN-UML. As a member of the CPN-UML, I will follow and abide by the party's decisions.

### Who will take responsibility for the damage done at the Lalitpur Appellate Court by your supporters last year?

It was actually a spontaneous response of the people against the injustice committed by the court. The Supreme Court's decision has vindicated our stand. There is no need to be asking such questions now.

### Does this mean you believe in the system of justice now?

Yes. The Supreme Court has shown that one can get justice in this country. ■

## Comradely Motions

At a time when CPN-UML leaders are fighting with each other to maintain their supremacy in the party, CPN-ML leaders appear in a relaxed mood to join hands with the CPN-UML. If UML general secretary Madhav Kumar Nepal agrees to join hand with

his ML counterpart and former foe Bam Dev Gautam, Nepal's communist movement will see a major realignment. However, that won't be anything new. The processes of fission and fusion operate with such velocity among Nepal's communists that it has always been difficult to keep track of our comrades' movements. ■

# LEFT UNITY Strategy For Survival

Deserted by grass-root workers, the CPN-UML and CPN-ML launch a unification drive to survive as a strong force

By KESHAB POUDEL

With the Nepali Congress government led by Prime Minister Sher Bahadur Deuba and the CPN-Maoist finally heading for negotiations, the country's leading communist rivals, CPN-UML and CPN-ML, are moving towards building broader left unity. Why did they choose this time for forging a unity that seemed impossible until so recently? Simply, the leaders of both parties want to use their combined strength to fight the Maoists, especially with the local elections just around the corner.

Despite their call for unity among leftist forces, the two major communist parties are finding it difficult to build consensus within their own organizations. Other communist parties described the UML's proposal as a hoax. Interestingly, controversy has surfaced within the rank and file even before the start of formal negotiations. In the UML, No. 2 K.P. Sharma Oli has vehemently opposed the merger move with ML. On the other hand, senior ML leader C.P. Mainali has resisted the proposal to join the UML.

It seems powerful lobbies within the country and outside are trying to disrupt the unification process of all left parties. The proposal is itself a strange development, especially at a time when there is a very remote possibility of unification of Nepal's communist movement which is splintered more along the lines of personality than ideology.

One of the country's leading daily newspapers even questioned the justification of the unity between the two old rivals. "Why do CPN-UML leaders, who not long ago termed the CPN-ML general secretary as the most corrupt Nepali alive, want to merge with that party?" asks Chitra Bahadur K.C.,

leader of a radical communist party. "On the other hand, why would the CPN-ML want to merge with a party it has consistently described as anti-national?"

Although the move is officially called a process of building left unity, it is no more than an effort to unify the CPN-ML and CPN-UML. One primary compulsion has long been clear. The CPN-Maoist have already lured large number of workers from both parties. However, the fissures in the mainstream communist parties run so deep that any unification bid has to pass through several phases. Nevertheless, the effort has generated enthusiasm and hope among communist leaders.



Nepal (left) with Gautam : Building camaraderie

To counter the exodus of their grass-root workers towards the Maoists, the UML and the ML find themselves drawn to each other. Ten years ago, the UML dramatically established itself as the second largest party in parliament. In a similar way, the Maoists are emerging as a leading communist force, threatening to push other groups by the wayside.

After the government-Maoist truce was announced, Maoists have organized dozens of public meetings in different parts of the country, including two in the heart of the capital. The large crowds at these meetings

provided a clear indication to mainstream communist leaders of the challenge the Maoists actually pose their own survival.

"CPN-UML general secretary Madhav Kumar Nepal and CPN-ML general secretary Bam Dev Gautam know how the carpet is gradually being swept from under their feet. Even if they form a united left front, the UML and the ML will be in no position to gain their earlier position in the coming elections, as a large number of grass-root workers have already deserted them," says a political analyst.

Apart from the threat from the Maoists, there may be other less clear, but equally important, factors behind the drive to bring all left parties together. Some leftist sympathizers are making all-out efforts to unite all left forces in what could herald a major realignment of Nepalese political forces.

Although the UML has already sent a team to start negotiations for unification, other communist parties are yet to make up their mind on whether a merger is actually viable. The ML has agreed to hold talks with all left parties to form a combined left front.

It is becoming clearer that the two communist parties, which underwent a bitter separation three years ago, are now on the verge of unification. "We received formal letter from the UML for unification and our party members have shown a positive response to it," says Mainali, a politburo member of the ML. "Instead of a merger, we want to form a united left front including the UML."

The UML is interested in outright unification rather than a common front. "We want unification among all communist parties

including the ML," said UML leader Bharat Mohan Adhikary. "Other left parties could also join as members of the front or work out electoral adjustments."

What has inspired our eternally squabbling communist leaders to unite against the formidable Maoists? Who is behind the simmering opposition against such an alliance within the parties concerned and outside? There may be no clear answers to these and similar questions. When it comes to a life-and-death situation, however, even the most bitter rivals cannot afford to wait for answers. ■

## CULTURE

# Harvest Of Festivals

The richness of tradition helps Nepalis confront adversity and enter the next annual cycle

By AKSHAY SHARMA

Nepalis are sometimes faulted for their active participation in a plethora of festivals, a cultural treasure few nations possess. However, this preoccupation with tradition is perhaps what helps Nepalis endure the present and expect a better tomorrow.

"Even though the nation has suffered a series of tragic incidents this year, the variety of Nepalese culture surely helps us put them behind us," says sociologist Tilak Prasad Chologain of Tri Chandra College.

The festival season has picked up with the advent Hari Sayani Ekadashi. With the onset of Chatur Masa, Nepalis plant tulsī saplings to purify the ambience and engage in fasts. Then follow Guru Purnima, in honour of the teacher, and Ghantakarna Ekadasi, also commonly known as Gathemangal, the equivalent of Halloween. Nepalese wear rings made of four metals to get out of the way of witches that circle pipal trees.

On Nag Panchami, people across the nation paste a paper poster of a serpent in their houses to seek the protection of the Goddess of Serpents.

Rakshya Bandhan, also known as Janai Purnima, is a festival when a Brahmin ties a sacred thread around a person's right wrist. The thread is worn until Laxmi Puja when it is tied to the tail of a cow. This, tradition holds, makes it easier for the dead to go to heaven. The people feast themselves on kwati (an assortment of beans) and prepare themselves for the advent of winter.

Then comes Gai Jatra, the festival of cows. As Desmond Doig writes in his book "Kingdom Of Gods: "The festival of sacred cows, that honors the recently dead, which may appear a strange reason for celebration but then again what a charming way to be remembered. There is lamentation and consoling prayer, mostly among the elderly and old, and the seriousness of the ritual, but the mood of Gai Jatra is predominantly festive, as if in frolic the finality of death itself is being mocked."

Yamaraj (the God of Death) decides



Women dancing in Teej : Festive season

who goes to heaven and who to hell. The gates of heaven are supposed to be opened once a year as cows are believed to push the gates open with their horns.

Legend has it that King Jaya Prakash Malla of Kathmandu thought of this idea to console his wife, in grief over the death of their son, that death is inevitable. As Doig points out, "All must follow the route dictated by tradition and all must pass below the window of the audience in the old royal palace (Basantapur): the window at which the Malla King and their queen sat to watch

the revelry. It is believed that that the procession provided palace observers with convenient census of death, but I know of no similar festival indicates the number of births in the city."

Krishna Janamastami commemorates Lord Krishna's birthday. On that day, the Krishna temple in Patan is packed with people singing praises of the lord

Teej is festival special to women, married and single. On the eve of Teej, they cook all kinds of dishes and eat them at midnight, celebrate by singing and dancing. They are not supposed to eat on Teej. "It's a kind of family gathering where importance is attached to married women," says Rajiv Malla of Bhaktapur.

Goddess Parvati went on a fast to attract Lord Shiva. In keeping with that tradition, married women fast for their husband's long life, prosperity. The unmarried pray for the perfect husband. Dress in red and wearing ornaments, women light oil lamps and stay up all night. The festival culminates in Rishi Panchami two days later.

Then comes the 10-day Dashain festival, which marks the victory of good over evil. The five-day Tihar festival that comes three weeks later sets aside special days for crows, dogs and cows. On Laxmi Puja, Nepalis hold prayer vigils for the Goddess of Prosperity and beseech the deity for their own wellbeing. On Bhai Tika, the last day of Tihar, sisters hold rituals and pray for the safety and prosperity of brothers.

"This year was probably the most difficult for Nepalis,"

says Babu Kazi Shrestha of New Road, referring to the tragedy that struck the royal palace on June 1. "But the wheel of life has to - and will - continue."

Says Dr Rishi Keshab Raj Regmi, the head of the Department of Sociology and Anthropology at Tribhuvan University: "Although Nepal may be economically weak, we certainly know how to live a life of cultural and spiritual richness. Festivals give us the strength to swallow the bitterness that each year brings and start a new cycle." ■

## CARDIAC AILMENTS

# Disheartening News

The number of young cardiac patients in the country is frighteningly high

By SANJAYA DHAKAL

Contrary to popular belief that diseases like cardiac ailments affect only people over the age of 40 or so, a large percentage of young Nepalis are suffering from such illnesses.

According to renowned cardiac specialist Dr. Awani Bhusan Upadhyaya, 16

Health Organization (WHO) has predicted that cardiac ailments is going to be the chief public health problem in Nepal by 2020. "When people get affected by this disease young and while they are economically active with responsibilities for the family, it will have adverse impact on the family as well as the nation," said Dr. Upadhyaya during a program organized last week by the Heart

that the number is growing at an alarming rate.

As Dr. Upadhyaya indicated, 16 percent of the population below the age of 45 are affected by heart disease. The overall average of the heart patients can be anybody's guess as it is a matter of common fact that more percent of people above the age of 45 would be suffering from cardio-vascular diseases. If appropriate steps are not taken immediately, the problem will assume epidemic proportions in urban as well as rural areas, warn experts.

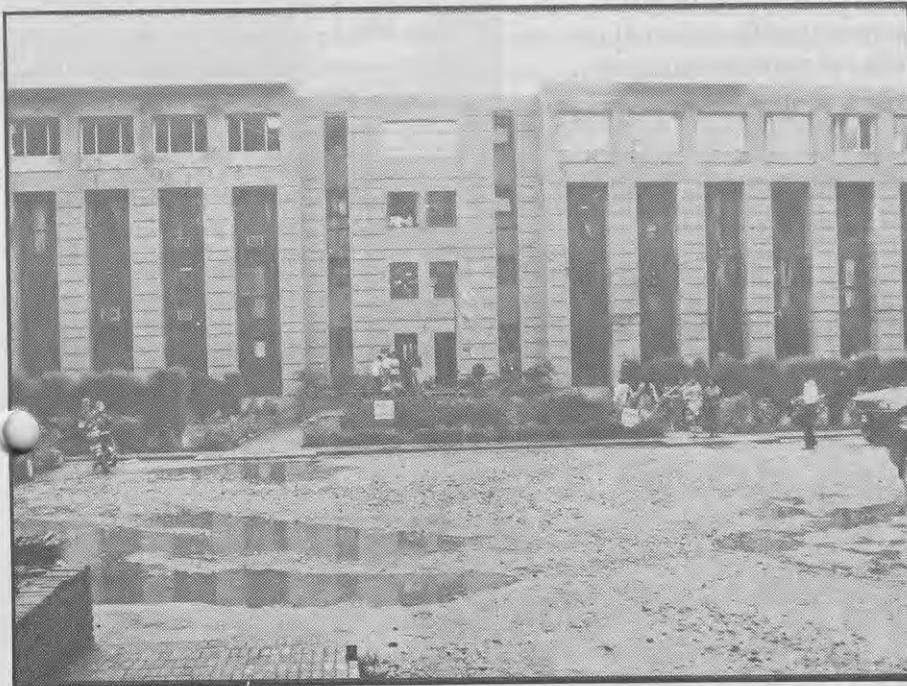
Cardiac diseases are one of the major problems of the country, with many of these illnesses requiring surgical intervention. The consequences of the diseases are irrecoverable, as most of the patients are of the productive age group who have to earn for their family, according to reports.

Most of the patients come from the poor and middle classes who cannot afford the expensive treatments. Many Nepalese who can afford to, go to other countries, particularly India, for treatment.

Inside the country, Tribhuvan University Teaching Hospital (TUTH), Bir Hospital, Medicare National Hospital and Norvic Hospital provide facilities for the treatment of heart disease. These hospitals are equipped with modern facilities including Intensive Care Unit (ICU) and Coronary Care Unit (CCU). The government-run hospitals like TUTH and Bir Hospital also provide open-heart surgery facilities.

However, the available facilities are in short supply given the high volume of patients. Doctors recommend sound preventive measures as the best solution, although the curative aspects cannot be overlooked. Smoking cigarettes increases the risk of heart disease greatly. It is said to cause 17 percent of all cardiovascular deaths, mostly among the people above the age of 65.

As cardiac ailments pose a great threat to public health, the authorities need to focus on both preventive as well as curative aspects to bring down the frighteningly high number of heart patients. ■



Ministry of Health : Concrete steps needed

percent of Nepalese below the age of 45 suffer from some kind of heart disease. The figure seems disturbing when compared to the statistics of western countries. In countries like the United States and Britain, only 2 to 5 percent of the population below that age suffer from similar ailments, according to Dr. Upadhyaya.

It is not for nothing that the World

Club Nepal.

The club was opened four years ago by a group of heart patients. It provides a meeting place for the patients and has helped in spreading information related to the situation of cardiac problems in the country.

Although there are no official studies about the number of heart patients in the country, unofficial statistics show

## CENSUS 2001

## More But Not Merrier

The preliminary results of Census 2001 show Nepal's population expanding by almost five million in the last decade

By SANJAYA DHAKAL

Nepal has become richer by almost five million people in the last decade. That also means the country has become more crowded.

However, bigger is not always better and more may not be always merrier. Especially when it is the population that is getting bigger and in a country with geographic terrain that limits the expansion of agriculture.

Although previous theories emphasizing the negative aspects of the population growth are fast giving way to the recent experiences that have established that prudently harnessed human resources could be the most important factor for economic growth, for a land-locked and hill-topped country like Nepal, the increase in the number of mouths to feed may not be desirable.

The preliminary results of the Census 2001 show that from the population of 18.49 million in 1991 (18,491,097 to be exact), it has reached 23.21 million in 2001 (23,214,681). The rate of population growth is said to be 2.27 percent, according to the Central Bureau of Statistics (CBS). The bureau had undertaken a headcount across the country in June.

The preliminary results fixed the number of males at 11,587,547 and that of females at 11,627,134. Nepal has 40,000 more females than males. Ten years ago, the number of females was greater by almost 30,000.

About 20,000 enumerators

had collected data for the Tenth Census 2001. "Although our program was affected by the unfortunate incident in the royal palace, we completed it successfully," said S.M.N. Suhani, the acting director-general of the CBS. According to him, the final report of the Census 2001 will be made public after four months.

The preliminary report showed that 14.2 percent of the total population live in urban areas. It also indicated that the population growth rate in the plains (Terai) has increased rapidly compared to the same in hilly and mountainous regions.

One reason why the rapid increase in the Nepal's population is not desirable is its geographic structure. About 68 percent of the country's area is taken up by hills, 15 percent by mountains, leaving 17 percent of the landmass as plains. As the hills and mountains are sparsely inhabited, it is the plains that feels the pressure of any population increase.

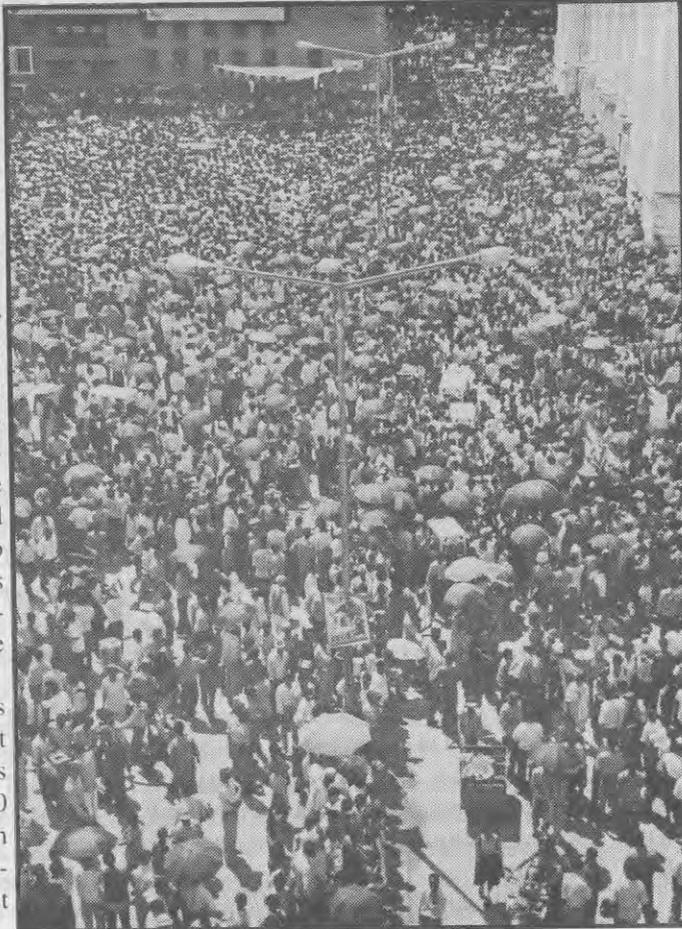
The plains of Nepal are considered its agricultural powerhouse. The expansion of human habitation in the plains, therefore, leads to a corresponding cut-down in the area used for agricultural production, which still is the mainstay of Nepalese economy.

According to the preliminary report, the district with the largest population is Kathmandu. The capital city has a little over one million (1,093,414) people. Manang district is at the other end of the population spectrum. It is the most sparsely populated place with only 9,494 people. Other districts including Mustang, Dolpa, Humla and Mugu also have sparse population.

Most districts in the Terai have large populations. Morang (843,548) is in second place after Kathmandu followed by Rupandehi, Jhapa and Sunsari districts.

The central region, expectedly, has the lion's share of country's population. It occupies 33.90 percent of total population followed by the eastern region with 23.10 percent, western region with 20.40 percent and mid-western region with 13.10 percent. The far western region has the least share of population with less than 10 percent of people living there.

Although the CBS has only produced preliminary results of the Census 2001, it indicates that the government has not been able to check the disproportionate growth of population. A lot remains to be done in achieving balanced and equitable growth, especially in view of skewed population distribution the report portrays. ■



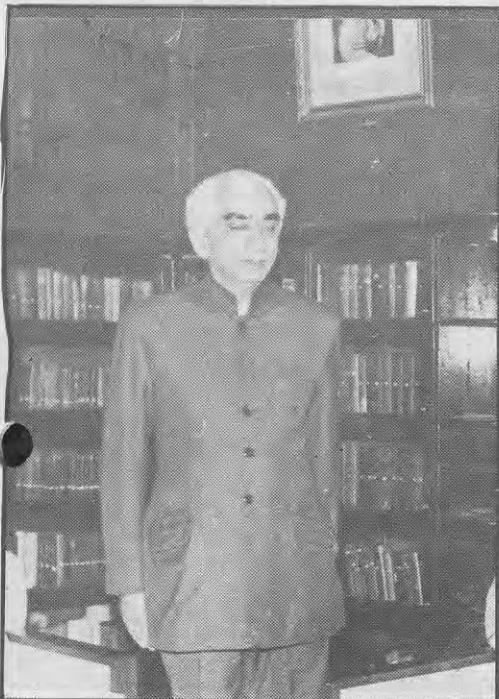
A scene of a crowd : Burgeoning population

# INDIAN MINISTER'S VISIT Beyond Good Will

Will Indian Defense and Foreign Minister Jaswant Singh's visit help Nepal and India sort out their problems?

By A CORRESPONDENT

In the aftermath of the June 1 killings in Narayanhity royal palace, formation of a new government led by Sher Bahadur Deuba and, most importantly, the truce between the government and Maoist rebels, one of India's most powerful ministers, Jaswant Singh, is set to



**Indian Minister Singh** : For neighborly chat

pay an official visit to Nepal.

Singh, who holds the foreign and defense portfolios, will start his three-day visit from August 17. He is scheduled to meet new King Gyanendra, Prime Minister Deuba who also holds the foreign and defense ministries.

Although officials at Shital Nivas say this is just a good will visit, diplomatic and security experts see a wider

ambit. Two years ago, Singh visited Nepal as foreign minister. This time he is arriving armed with the defense portfolio as well.

Nepal and India have many issues to resolve, including complications in renewing their trade treaty and water inundation and border demarcation problems. However, Singh's visit will mostly focus on security issues. As a leading expert of Indian security, Singh is expected to repeat India's growing security concerns vis-à-vis Nepal. He is expected to raise New Delhi's sensitivities over alleged anti-India activities being carried out from Nepal by Pakistan's Inter Services Intelligence.

At a time when the Indian media are portraying Nepal as a safe haven for anti-Indian forces, it would be difficult to expect Singh to break out of this mind-set. While the Indian team is coming with a clear agenda, Nepalese officials are yet to prepare themselves for the talks.

Singh's visit would also provide an important opportunity for both countries to understand each other better. Relations between Nepal, the world's

only Hindu kingdom, and India, rule by a coalition government led by the pro-Hindu Bharatiya Janata Party, are at a low ebb. Singh, who has handled key national and international security issues for Prime Minister Atal Behari Vajpayee's government, will stress security issues, says a foreign policy analyst. Along with other bilateral issues, Singh is also expected to hold consultations on convening the much-delayed SAARC summit in Kathmandu.

"As a goodwill visit, we don't have a particular agenda for talks," says a senior official of Nepal's Foreign Ministry. "But the government will discuss bilateral issues."

Whatever the nature of the visit, Singh's visit will have a definite impact on bilateral relations. As India is showing little flexibility on its stand vis-à-vis Nepal, the kingdom can expect testing times in dealing with its giant southern neighbor. ■

## Picturesque and Peaceful a Pilgrimage with Pleasure

MANAKAMANA, THE WISH-FULFILLING GODDESS

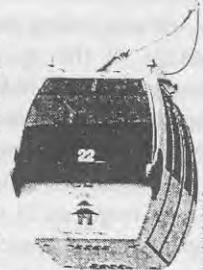


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Nepalese athletes in last SAF games : Can they repeat the success?

## NINTH SAF GAMES

# Low Expectations

Nepal sets its sights much lower than the 31 gold medals it won during the Kathmandu games two years ago

By SANJAYA DHAKAL

It will be very difficult, if not impossible, for Nepal to meet the standard it set during the Eighth South Asian Games two years ago in Kathmandu, where it won 31 gold medals and was placed second, behind mighty India.

That was the first time Nepal had won so many gold medals and stood in second place in the nearly two-decade history of the South Asian Federation Games.

Beside losing the home-ground advantage in the upcoming Ninth SAF Games to be held in Islamabad, Pakistan, Nepal will have to endure the cutdown of some of the disciplines that helped it reap so many gold medals last time.

As many as 28 of the 31 golds that Nepal won last time came from two disciplines of martial art — karate and taekwondo, with female athletes chipping in with the bounty. Boxing and swimming had roped in the remaining three gold medals.

In the Islamabad SAF, the women karate discipline has been withdrawn. In taekwondo, too, only three weight discipline will be held for women. "We are expecting a fewer number of medals than we bagged last time," said an official at the National Sports Council (NSC). The official said one of the major reasons why Nepal won so many medals in the last SAF games was because the tournament was held in home turf. "The host country advantage will definitely go to Pakistan this time."

During the Eighth SAF games, 12 games were included. Islamabad has badminton and squash added to the list of games. Fourteen games that will be played in Pakistan include athletics, boxing, football, Kabaddi, karate, shooting, swimming, table-tennis, taekwondo, volleyball, weight-lifting, wrestling, badminton and squash. Nepal will be fielding athletes in all 14 sports.

Nepal, as usual, pins much hope on martial art sports like taekwondo and ka-

## AWARDED

# Recognition Overdue

Senior cartoonist Khokna bags the Basudev Luitel Award

Mohan Shyam Maharjan has been drawing sketches for a long time. His nom de plume

"Khokna", named after



his native village in Lalitpur, is all too familiar with readers, as he has been drawing the incisive cartoons in many reputable newspapers published from the capital. He is also

the cartoonist of SPOTLIGHT.

Therefore, it was sort of a recognition that was overdue when he bagged the Basudev Luitel Award 2057 for his outstanding achievement. The award carries the cash purse of Rs 111,111.

Khokna started out his career as a cartoonist from Naya Sandesh in 1972. Since then, he has been involved in many papers like Samikchha, Bimarsha, Naya Kiran, Jagriti, Tarka, Deshantar and Jana Bhawan.

Khokna is regarded as one of the pioneering cartoonists of the country. With the advent of young cartoonists, the likes of Khokna are taking a back seat. However, the contributions of Khokna will always be remembered in the history of Nepalese newspaper cartooning. ■

rate. Boxing, weight-lifting and football are other sports where the country can expect to win medals.

The major worry this time, however, could be the lack of full preparation. "Such was the environment in the country in the aftermath of the royal tragedy that preparations could not be held in advance," said another official at the NSC.

Around 150 Nepalese athletes will be participating in the Islamabad games. The date for the games has been fixed for October 6-15. ■

# LIQUOR INDUSTRY Under Threat

After education and tourism, the liquor and beverage industry has come under the shadow of shutdown

By A CORRESPONDENT

Following the disruptions in private schools and the tourism sector, it's the turn of the liquor and beverage industry. A radical group has called for a ban on the sale of liquor and beverages from August 17, casting doubts on the future of the industry.

Called by the All Nepal Women Association-Revolutionary (ANWA-R), an organization affiliated to the CPN-Maoists, the liquor and beverage ban will affect the livelihoods of more than 100,000 Nepalis.

Nobody can predict how various ethnic communities, where liquor is a part of social and cultural life, will respond to the call. Nevertheless, it has sent a wave of uncertainty in the industrial and investment sector. As the festival season has already begun in Kathmandu valley, banning the sale of liquor is bound to create great inconvenience to different ethnic communities.

The disturbances in private schools and the tourism industry have already forced hundred of employees, Nepali and foreigners, to be laid off. The liquor threat will increase the number of unemployed people. Along with 100,000 workers, uncertainty in the liquor industry will affect the livelihoods of another hundreds of thousands of people who indirectly benefit from it.

"It is impossible to operate the industry in such a erratic situation. If we cannot find an amicable solution through negotiations, then we would be compelled to close all liquor and beverage industries," says industrialist Rajendra Khetan. "In fact, we have already initiated official procedures to close the industries. We want a solution before August 18."

The investment in the liquor industry is around Rs 10 billion. The sector provides about Rs 7 billion in annual revenues to the

government. If there is any disruption, the treasury would see a drastic depletion. Banning liquor and beverages is one of the 22 demands presented by the ANWA-R to Prime Minister Sher Bahadur Deuba two weeks ago. The women's group sees the unbridled sale of liquor and beverages as the source of many social problems.

As women activists have already at-



A stack of alcoholic drinks : Uncertainty

tacked small shopkeepers and restaurants in the valley, there is a sense of panic pervading among the dealers and retailers of beverages and liquor. According to the president of the Drinks and Cigarette Industry Association Ramesh Shrestha, industries have been receiving cancellation orders from different parts of the country. "The industries have already cut down production in the last few weeks."

There is no doubt that open sale of liquor and beverages has created problems in society, as many young and school-going children have developed the habit of consumption. Realizing the need to regularize the sale of liquor and beverage, par-

liament has passed a bill giving sweeping power to officials to control sales.

Because of dilly-dallying in the implementation of the act, other political parties have found the issue to their advantage. Although the ANWA-R has already launched its campaign against all kinds of liquor, including the sale of domestic brew, they are yet to clarify their stand on the industries.

If the government and concerned parties do not agree to certain conditions in time, Nepal's liquor and beverage industries will have no choice but to close down. Once the factories are closed, many other sectors, including packing, paper and sugar mills, would be severely affected.

"We are ready to hold talks on ways of minimizing social anomalies, but how can

one justify a movement that would destroy country's economy?" asks Khetan. Other industrialists and the government, too, support the need to regularize the sale of liquor and beverages.

"The government is committed to implement the new act to regulate the sale of the liquor," says Lal Mani Joshi, deputy director of the government's VAT and Tax Department.

From tourism to carpets and now liquor and beverages, Nepalese industries are on the verge of closure. If things remain unchanged, the day is not far off when foreign brands would replace indigenous products of all kinds. ■

GOVT.- MAOIST TALKS

# Curtain Rising On High-Stakes

## Drama

As the government and Maoist rebels ready themselves for talks, popular expectations are at an all-time high. But will the talks pave the way to a lasting peace? Perhaps it's too hazardous even to make a prediction.

By BHAGIRATH YOGI

**W**hat would Mao Zedong have done if he were leading a rebellion in Nepal today? Perhaps he, too, would have chosen the path of talks with the establishment against which his 'people's war' was targeted.

At the invitation of Chiang Kai Shek, chairman of the Chinese Communist Party (CCP) Mao Zedong visited Chungchi, inside China, on August 28, 1945, leading a three-member team that included Zhou Enlai and Wang Ro Phei. The 43-day talks between the Kuomintang government and the CCP concluded in what is known as the

"October 10 Agreement", which recognized the Communist Party as the major political force in the country.

Mao returned to Yen-an province on October 11 leaving behind his two colleagues in Chungchi to continue the talks. In a report presented to his party colleagues in Yen-an, Mao said: "The Kuomintang has accepted the conditions for peace and unity. It has also been agreed that the civil war should come to an end and both parties should cooperate with each other in building a new China. Of course, there are certain issues that have not been resolved yet. The issue of 'liberated areas' and 'armed force' are yet to be resolved. Things written on paper can't be accepted unless they are

implemented."

Fifty-six years down the Himalayan trail, the leaders of the Communist Party of Nepal (Maoist) might be facing a similar situation when they sit across the table with representatives of the Nepali Congress government, probably within a few weeks, to seek a negotiated settlement to the five-and-half-year old 'people's war.'

Within half an hour of plea for a truce by the newly appointed Prime Minister Sher Bahadur Deuba on July 23, chairman of the Maoist party, Comrade Prachanda, urged his cadres "to withhold all planned offensives against the government forces (read: police)." He said his party was ready for talks if the government created a conge-



**People at Maoists' program in the capital : All ears open**

nial environment for the purpose.

As both sides made efforts to build confidence, the cease-fire was followed by release of rebels and policemen. By last week, the Maoists had freed 47 policemen and Nepali Congress workers from their custody, while the government had released 27 Maoist cadres detained under the Public Security Act.

In a swift move, Prime Minister Deuba managed to get 'free hand' in conducting peace negotiations with the rebels from the all-powerful central working committee of the ruling party.

"The party would extend full cooperation to the government to resolve the problem of Maoist insurgency," declared Nepali Congress President Girija Prasad Koirala, who stepped down as prime minister last month amid months of pressure from the opposition and Congress dissidents led by Deuba.

Last Friday, Deuba convened a high-profile meeting comprising leaders of political parties represented in the parliament "to evolve a national consensus on the issue of dealing with the insurgency." To his satisfaction, nearly five-hour meeting at Singha Durbar concluded that national consensus could help in resolving the six-year-old Maoist insurgency in the country. A joint statement issued at the end of the meeting said the leaders welcomed the

ongoing moves of the government toward achieving a peaceful solution to the problem by holding dialogue with the Maoists.

Both the government and Maoists should come to the negotiating table without any preconditions if they genuinely seek a lasting solution to the problem. "All activities leading to disturbances in educational, social and economic sectors of the country should be immediately stopped to make the atmosphere of talks more favorable and trustworthy," the statement said. The all-party meet also asked the government to exercise maximum restraint and alertness thereby safeguarding fundamental human rights of the people.

In between, the Deuba government managed to regularize the Armed Police Force Ordinance and Local Governance (fourth amendment) Ordinance in parliament and pass them from the House of Representatives with the support of the main opposition, Unified Marxist-Leninist party.

The government is now planning to convene another meeting of leaders of parties represented in parliament and those outside to discuss the procedures and framework for the proposed talks before announcing the negotiation team and other details.

The Maoist rebels, on their part, have used the period to organize open mass

meetings in different parts of the country, including Kathmandu. Reports say the insurgents are targeting vacant police posts, raising 'donations' and engaged in publicity works such as a call for a ban on the sale of alcohol beginning August 17.

As expected, both sides are treading extremely carefully not to spoil the environment for talks that is in the making after several years. The Maoist leadership, that used to issue press statements almost every day when the Royal Nepalese Army personnel had been deployed at Nuwagaon, Rolpa last month, haven't officially reacted to the government's move of regularizing the Armed Police Force Ordinance yet. Instead, Janadesh weekly, said to be close to the Maoists, reported Tuesday that the underground party has completed all preparations for the proposed talks.

The weekly quoted a highly placed Maoist source as saying that the party was ready to send a high-level team to hold talks at a venue proposed by the government or even invite the government team at its 'own place'. But for this, the government should create an environment of confidence, the source said. The weekly alleged that "domestic and foreign reactionary forces" had succeeded in using the Deuba government against the Maoists by ensuring the smooth passage of the Armed Police Force Bill and Local Governance (fourth amendment) Bill in collusion with the UML. "At a time when there has been widespread popular pressure in favor of talks and 'total change,' the government has fallen into the trap of 'anti-talks elements,' which has been taken into notice by the Maoist party seriously," the weekly said.

Despite all the seminars and discussions taking place in Kathmandu every day highlighting the need to find a peaceful resolution to the Maoist insurgency, nobody is sure whether the proposed talks — if and when they take place — would bear fruits.

A little known ultra-left outfit, the CPN (Maoist) launched what it called a 'people's war' in February 1996 when Deuba led a center-right coalition government. The underground party started its war by targeting isolated police posts mainly in western Nepal even before the deadline

given by its political front, the United People's Front, led by architect-turned-revolutionary Dr. Baburam Bhattarai, had given to the government to fulfill their 40-point demands.

The demands ranged from abrogation of all unequal treaties and agreements, including the 1950 Peace and Friendship Treaty with India, formulation of new constitution by popularly elected representatives to set up a people's democracy, removal of all the privileges of the King and the royal family members, bringing the army, police and administration under full control of the people, to guaranteeing employment to everybody, giving appropriate price for the produce of farmers and ensuring drinking water, roads and electricity in the villages.

As successive unstable, coalition governments undermined the intensity of the 'war' and had no concrete policy to deal with it, the underground party managed to develop 'base areas' and raise a 'people's army' and militia in the remote mid-western hills to pursue the war with the declared objective of making Nepal a 'people's republic.' After the rebellion entered the second phase of 'strategic stalemate' from 'strategic defense,' the rebels started targeting ill-equipped police posts and killing policemen mercilessly in the dead of the night. As the government withdrew from their areas of influence, the insurgency

spread like wildfire. Within five years, the rebels had managed to show their presence in as many as 55 out of 75 districts in the country.

With 1,800 people killed, hundreds more disappeared or receiving physical injuries, billions of rupees worth property destroyed or looted, the Maoist insurgency has established itself as the major problem in the country. Almost all governments over the last few years have given top priority to deal with the problem of insurgency. Ironically, the same insurgency has put the Maoists as a formidable political force in the country — able to dictate their terms to the government and political parties in Singha Durbar.

After Koirala resigned on July 19, apparently after the Royal Nepalese Army 'failed' to fulfill its mission of rescuing nearly 70 policemen with their weapons abducted by the rebels attacking a police post at Holeri in Rolpa district, the rebels were upbeat. Comrade Prachanda, through his faxed statements, said that his party would not hold talks with a Nepali Congress leader who followed in the footsteps of Koirala. With Deuba, known for his commitment to work out a peace deal through talks, in the helms, the Maoist leadership, too, was forced to reciprocate.

Amid reports of differences within the Maoist party over the issue of engaging the government over the talks — so as to avoid

direct confrontation with the army, or continuing their violent offensives — the Maoist leadership now faces a challenge to give a meaningful turn to its armed rebellion. As domestic and international pressure is growing for both sides to engage in peace talks, the Maoist leadership has an obvious choice — to capitalize on the gains acquired in the jungle or move toward a suicidal path by inviting the government to use all its force.

Any rational leadership would choose the first alternative. For the government, bringing the rebels to the table of negotiations itself would give a big political mileage. If the Deuba government fails to bring the Maoists in the political mainstream, it would mean that a hardline leadership may emerge within the ruling party. Or the people might even give a chance to an opposition party to try its hand.

#### Agenda for Talks

Though both the government and Maoists have not made their agenda for the talks public, the Maoist leadership has said the proposed discussions should focus on three issues—formation of an interim government, elections to the constituent assembly and formulation of a people's government. "All these three demands are oriented toward establishing a republican system in Nepal," said Madhav Kumar Nepal, leader of the main opposition, UML.

The Maoist leaders agree. "After the decimation of the entire clan of King Birendra in a conspiratorial way with the support of the imperialist and expansionist forces, monarchy based on feudal nationalism has ended and republican system has objectively emerged in Nepal," wrote Dr. Bhattarai, in an article.

"At a time when the reactionary regime is passing through fast dissolution and a revolutionary people's regime is spreading fast all over the country, the talks should be focused toward bringing about a total change in the present regime. In fact, the table of negotiations offers an opportunity to stamp a seal on the real power acquired in the battleground."

So, are the much-professed talks between the government and rebels only rhetoric? Critics say the Maoists want to use the truce to equip their cadres with training and supplies so that they could take on the



Maoist-built martyr's memorial in Sindhupalchowk : Radical monument



**Naoists in a public program : Transition?**

army. The all-party meet last week asked the government to maintain maximum restraint and alertness thereby safeguarding fundamental human rights of the people.

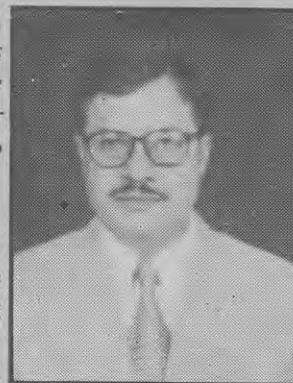
Analysts say the government has the dual responsibility of bringing an extra-systemic force within the sphere of the constitution by providing it political space, while at the same time safeguarding interests of the nation and people. For their part, the Maoists are not in a position to prolong their 'war' indefinitely by pushing the country on the brink of civil war. Given the geopolitical situation of Nepal, such a war could even cost Nepal its sovereignty. Admitted Dr. Bhattarai in his article published in Dishabodh monthly: "One of the most important questions now is to protect nationality from the imperialist (read: US) and expansionist (read: India) forces. So, there is a need to safeguard our nationalism from the assaults of these forces by institutionalizing the republic and maintaining national unity under the leadership of proletariats."

Keeping the jargon aside, this would mean the rebels would agree to protect nation's interests if given some sort of prominent role. This could be made possible by amending the present constitution. But as the Constitution of the Kingdom of Nepal 1990, has identified constitutional monarchy, multi-party democ-

## 'Talks Should be Held Without Preconditions'

- SUDIP PATHAK

*President of the Human Rights Organization of Nepal, SUDIP PATHAK, says that he has no other subject in his mind now other than the dialogue process between the government and Maoists. Pathak, who is also a member of the People's Committee for Peace Talks, spoke to SPOTLIGHT on related issues. Excerpts:*



### **What is the latest situation regarding the talks?**

There has been temporary cease-fire from both the sides. The government organized an all-party meet among the parties in parliament. Maoists too are saying that they are sensitive toward the talks. Their cadres have warned against any attempt to disturb the talks. They seem aware

and have also put forward some demands. So, I gather that the government and Maoists are going to sit for negotiations soon. There may be one more round of all party talks to decide about the procedure of the talks. In the talks, the demanding side, the Maoists, should place its demands on the table.

The government then should present its views regarding those demands and they should decide about the process of dialogue. In order to make the talks fruitful, both the sides should sit on the table of negotiations without any preconditions, they should fix the names of people and date for the talks, talks should take place within the country and the government should make arrangements for the safety of the Maoist delegation.

### **What could be the outcome of the talks?**

You can't predict about the outcome of the talks in a mathematical way. We have seen in Cambodia, Vietnam, Cyprus, Nagaland and in other parts of India that once the talks start, even an unexpected outcome could arise. The outcome depends on various factors such as psychology of both the parties, physical conditions, flexibility, prevailing political situation in the country and the willingness to give and take.

### **How do you see the prospects of talks on the issues raised by the Maoists such as making Nepal a people's republic?**

We hope that talks will cover all the issues raised by the Maoists. We have seen that talks have been held even on the issues that looked impossible. In South Africa, talks were held between the Whites and black population on the issue of racial discrimination. So, we can't predict the outcome of the talks right in the beginning.

### **How should the government prepare for the talks?**

The government is supposed to give in the talks. So, it should take the political parties and civil society into confidence and get mandate from them. It should also make adequate internal preparations before and during the talks.

### **How do you see the role of the human rights organizations?**

Our role is that of the facilitator only. We have been working to create an environment for both the sides to come to the table of negotiations. We are also working to generate public pressure in favor of peaceful negotiation to resolve this problem.

### **What will happen if the talks fail?**

I don't believe as yet that the talks will fail.



Photo: Akshay Sharma

**Maoist-affected village in Sindhupalchowk : Will peace return?**

racy and people's fundamental rights as unalterable, the present government can travel only a short distance with the rebels.

Others, however, see the slogan of a republican state as no more than a tactical move on part of the Maoists. Says D.P. Adhikari, one of the founders of the Communist Party of Nepal, "Communists by ideology are internationalist and republican. But how justified would it be to stick to the same slogan at a time when Nepalese monarchy does not exercise executive powers and has confined its role within the constitution?"

A middle path could be worked out once both the sides agree to sit for talks. "Once you sit across a table for talks, things start rolling. In fact, talks acquire their own momentum," said Yadav Kant Silwal, a former diplomat.

with the prospects of the Maoists joining the mainstream, Nepalese communist parties have started searching their ground. The main opposition, UML, has started initiative for what it calls 'broader left unity' by opening doors for even its splinter group, the CPN (ML). It is also seeking a role in the proposed talks. "The problem of Maoist insurgency is a national problem. As a single party or government can't resolve it, there should be an effort from all sides to resolve it peacefully," said Jhal

Nath Khanal, a senior leader of the UML, who led a study team on the Maoist insurgency. "Our nation, people, economy and culture — all are getting weak at present. So, there is a need to carry out massive, nationwide reform programs in all spheres of public life."

The opposition is also critical of the government, saying it has not done its homework properly. They blame the government of seeking a consensus with all parties without showing its cards. Human rights activists, too, say the government needs to prepare itself seriously for the proposed talks. "Both sides need to be serious in finding a peaceful solution to the problem. All we can do is facilitate such

talks," said Sudip Pathak, president of the Human Rights Organization of Nepal (HURON).

The changing international relations scenario also seems to be in favor of the peace initiative. With the United States giving top priority to its relations with China and both China and India becoming sensitive toward their security with the expansion of insurgency along their borders, the Maoist movement needed a 'safe landing' sooner than later.

"The insurgency has stretched too far. It should come to an end for its own good," said an analyst. If it happens, it will be a positive development for the country's democracy and hundreds of thousands of Nepalese people — who are compelled to face the brunt of the insurgency that has added to their woes by promising them a dignified life. Will Chairman Mao prevail over his Nepalese disciples? ■

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# 'Some Sort Of Agreement Is Likely Out Of Talks'

— D. P. ADHIKARI

*One of the founders of the Communist Party of Nepal in 1949, D. P. ADHIKARI returned Nepal after exile in India in the sixties. He later joined the partyless Panchayat system and was one of the architects of the controversial 'Back to Village' campaign. Adhikari is not affiliated to any political parties now but holds strong views regarding protecting national independence and economic development of the country. Follows excerpts of a 'tete a tete' with the septuagenarian ideologue:*

## **How do you see the prospects of talks between the government and Maoists?**

Dr. Baburam Bhattarai and Prachanda started this movement by giving guns to unemployed educated youth in the name of 'Janabad' (democracy). This group has emerged as one of the powerful class. But the movement can't succeed unless people at large support them. Such a support was not forthcoming over these years. The Maoists are not ready to fight with the military. But if the talks fail, they will come face to face with the military. If military also fails, then foreign invasion is inevitable. As you know, India would not like to see a communist regime in Nepal. So, I am optimistic that some sort of agreement would take place.

## **Do you agree that a section of palace is supporting the Maoist movement?**

Why should the palace take such risk. Some people are trying to portray the present situation as an outcome of the failure of the multi-party system. But I think it is because of the failure of the multi-party leadership. The multi-party polity can give solution to the present problems but what is lacking is a (strong) leadership.

## **Why is it that Maoists are raising the issue of a republican state?**

Communists by principle are internationalist and republican. There is a strong sentiment in favor of republicanism among the communists. It could also be a camouflage for their other demands. But why should we need a republican state when the King no more enjoys executive powers and has agreed to limit



himself within the sphere of the constitution? Recent incidents show that monarchy is a unifying factor in Nepal. To raise questions on the King's loyalty toward multi-party polity is a lame excuse.

## **How do you see the future of the Maoist movement?**

We will have some kind of insurgency even in the future. Communism is an international slogan and its appeal

will be there as long as we have poverty and unemployment in our society.

## **Do you agree that Nepali nationalism is getting weaker?**

I don't agree. I would rather say that the ethnic unity and integrating forces are trying to renew their relations. Of course there are some disintegrating forces which we need to recognize. There have been attempts to divide Nepal along ethnic lines but it has simply failed. It is because the bond of social integration in Nepal is quite strong.

## **How do you see Nepal's future in the changing international scenario?**

I have predicted that the possible clash between the US and China could take place along the Tibet border. Both India and China have security interests in Nepal. Despite widespread poverty, India is trying to gain a position of superpower with the help of the US. So, we can't assume that India has remained aloof from the developments in Nepal. Nepali nationalism is very strong and aware. But as long as we remain poor, we can't protect our national interests. So, economic development is the main issue. Today's Nepal is not the Nepal of fifties. We have enough human resource and infrastructure for our development. What we need now is a committed leadership.

## **How could Nepal's present problems be solved?**

The only solution is economic development of the country. We have infrastructure like roads, electricity, schools etc. even in far flung areas. Now we should be able to provide employment to the educated lot. You can't make people belonging to different castes and communities happy in the absence of economic development. ■

# 'No One Will Benefit By Pushing Nepal Into Turmoil'

— Dr. NIKOLAY LISTOPADOV

*Despite the transition it has made from being the embassy of the Soviet Union to that of the Russian Federation, security and other facilities at the Baluwatar premises have hardly changed. There is tranquillity inside the embassy built in the 1980s, but the man in charge of the mission, charge d'affaires, Dr. NIKOLAY LISTOPADOV, has a clear focus on the various aspects of Nepal's relations with the Russian Federation. Dr. Listopadov, who is an expert on Myanmar, spent six years in that country before he was posted to Nepal. Having joined the diplomatic service in 1983, Dr. Listopadov spent time in Myanmar meeting with people of Nepalese origin. He spoke to KESHAB POUDEL at his office last Tuesday. Excerpts from the conversation:*

**Amid the changes in the international scenario, how do you see Nepal-Russia relations?**

Nepal-Russia relations are very cordial and friendly. Just recently, we celebrated the 45th anniversary of the establishment of diplomatic relations. Russia-Nepal relations are based on deeply rooted and time-tested friendship. Our friendship has survived under different political systems. The relations flourished during the decades of the Soviet Union and when Nepal was under the Panchayat system. After the collapse of Soviet Union and the restoration of multiparty democracy in Nepal, our relations have become even friendlier. Whatever the situation may be, Russia always wants Nepal to remain an independent, sovereign and peaceful country. Our President Vladimir Putin stressed these views while accepting the credentials presented by Nepalese ambassador to the Russian Federation.

**Even after the collapse of Soviet Union, Russia remains a major power in the world. What importance does your country attach to Nepal?**

The Russian government attaches great importance to Nepal. We consider Nepal as a very important country from the geo-political and geo-strategic point of view. Nepal is located between two giant countries, India and China. We in Russia appreciate the fact that Nepal has always followed an independent, peaceful and non-aligned foreign policy. Nepal can play a very positive role to maintain stability in South Asia. We are happy to note that the approaches of Russia and Nepal to major international problems are very similar.

**How do you see the political situation in Nepal after the royal massacre?**

We were very shocked by the tragic incident at the Royal Palace and its aftermath. In Russia, Nepal is seen as a peaceful country. The tragic event provoked some violent events in Nepal. Your multiparty political sys-

tem and constitutional monarchy together handled the difficult situation with care. Nepalese democracy and monarchy have withstood a great tragedy, unimaginable for a small land-locked country. I am very happy to see that the situation now is much stable and peaceful. The tragedy was a kind of test for the Nepalese people and for the democratic political system. The Nepalese people have demonstrated their wisdom and strength.

**As you say, Nepal is a very important country from geo-strategic and geo-political points of view. Don't you see challenges for Nepal in safeguarding its interest?**

Nepal is in a very vulnerable position, but no one will benefit from pushing your country into turmoil. Your country's interest will be protected as long as you maintain a peaceful and non-aligned foreign policy.

**What impact will the recent friendship agreement between China and Russia have on Asia, particularly on South Asia?**

We consider the summit between Russian President Vladimir Putin and Chinese President Jiang Zemin as a very important event. The treaty signed by the two leaders will contribute to stabilizing the overall situation in Asia. Nepal has friendly and cordial relations with China, India and the Russian Federation. All these countries are in favor of a just international order, as we call it, a multi-polar world. The development of friendly relations between Russia, India and China is of great importance to Asia and the world. If there are good relations among them, Asia and the world would become more secure and stable. Close relations between Moscow and Beijing do not represent a threat to any other country. The people of Nepal have shown great interest in the summit in Moscow.

**What is the policy of the Russian Federation toward Nepal?**

As I have already mentioned, the Russian Federation wants to see Nepal as a sovereign and independent country. From the very beginning of the establishment of diplomatic relations, our government has given great importance to Nepal's independence and sovereignty.

**What are the possibilities of developing closer trade relations between Nepal and Russia?**

There are great possibilities in increasing the trade volume between Russia and Nepal. Russia is a technologically and scientifically advanced country that produces many things that could be exported to Nepal. We have a good example of cooperation right now. Private Nepalese companies have bought several Russian MI-17 helicopters and others have rented it from Russian companies. These helicopters appear to be particularly useful in the mountainous terrain of Nepal. The Royal

*Nepal can play a very positive role to maintain stability in South Asia. We are happy to note that the approaches of Russia and Nepal to major international problems are very similar.*

Nepalese Army imported one MI-17 helicopter two years ago. We hope the Royal Nepalese Army finds the MI-17 is useful and will buy more Russian helicopters. I am sure there are many Russian items that can find a market in Nepal. For example, Nepal can import chemical fertilizers from Russia, as our country is one of the largest producers of urea and other fertilizers. Nepalese items like medicinal herbs, handicrafts and other products can also find markets in Russia.

**What is the trade volume between the two countries right now?**

If we exclude the helicopters, the volume of trade between Russia and Nepal is very modest. It may be about 1 million US dollars. There have been some occasional deals between individual businessmen of the two countries. Nepalese businessmen import chemicals and fertilizers from Russia and export handicrafts and medicinal herbs, among other things. We want to increase the volume of bilateral trade.

**You say Nepal can benefit by importing Russian technology. What areas do you have in mind?**

As you know, during the 1960s, 70s and 80s several projects were built in Nepal with Soviet assistance. I would like to mention Panauti Hydropower Station, Birgunj Sugar Mill, Birgunj Agricultural Tools Factory, Janakpur Cigarette Factory and Resin and Turpentine and some other projects were built with Soviet support. As these projects were built a decade ago, we are ready to take part in their modernization and upgrading work using the new technology. We have already approached Nepalese organizations and we hope that the response will be positive. I have already mentioned the helicopter business. As you know, Russian helicopters are very advanced, we want to establish a facility in Nepal to maintain Russian helicopters Nepal uses.

**How do you evaluate the exchange of high-level visits between Nepal and Russia?**

Exchange of visits at different levels is very important because it contributes to strengthening relations and increasing mutual understanding. We appreciate very much the fact that His late Majesty King Mahendra and His late Majesty King Birendra visited Russia. We considered His late Majesty King Birendra as a great friend of Russia. We are shocked by the tragedy that happened at Narayanhity Royal Palace on June 1. King Gyanendra visited Russia in 1985 when he was Prince. In December 2000, a delegation of the Council of Federation, the upper house of Russian parliament, visited Nepal. The mayor of Kathmandu Municipal Corporation Keshav Sthapit also visited Russia. House of Representatives Speaker Taranath Ranabhat has been invited to pay an official visit to Russia as the head of a parliamentary delegation. We are also planning to invite a delegation of the upper house of the Nepalese parliament. We are trying to revitalize high-level visits between the two countries. We are also planning to increase consultative visits between high officials of our ministries of foreign affairs.

**How does Russia view the Maoist insurgency in Nepal?**

It is a matter of great satisfaction that both sides



have agreed to talk. With the declaration of the truce and its firm observation by the government and the Maoists, I think events are moving in the proper direction. Negotiations are the best way to achieve peace. As you know, we are also facing an insurgency in Chechnya. The situation is getting better, as there is Chechen government and administration in place. In the broader context, I would like to stress that the problems of international terrorism and extremism and violence are not confined to particular countries or regions but affect the whole international community. We should combine our national efforts to solve these problems. Violence and terrorism in Nepal will affect other countries as well.

**During the Soviet era, a large number of Nepalese students received cultural or government scholarship for higher studies. What is the situation now?**

Although geographically Russia and Nepal are far apart, we have spiritual and emotional interactions. Nepalese students consider Russia a good place to get higher education. More than 5,000 students have received degrees from the former Soviet Union and Russia. This is quite a big number. Wherever I go to even the most remote parts of Nepal, I meet people speaking Russian. From Jomsom to Lumbini, I have met people who have graduated from Russian universities. The Russian government now provides 15-20 seats for Nepalese students and large number of other Nepalese students are going to Russian universities. The quality of education in Russia is very high and is cheap. We are happy to see Mitra Kunja, the alumni association of former students of Russian universities, helping to develop friendly relations between the two countries.

**How does Russia view Nepal's stand on disarmament?**

The approaches of Russia and Nepal to major international problems are similar, especially on issues concerning international strategic stability. Russia and the United States are in consultations over Washington's plan to build a missile defense system and how that would impact the 1972 Anti-Ballistic Missile (ABM) Treaty. We appreciate the Nepalese government's strong support for the ABM Treaty. At the United Nations, Nepal's delegation speaks for safeguarding this treaty. Russia considers this treaty as a cornerstone of international stability and security. We want to continue the dialogue with the United States on all these issues. ■

*I would like to stress that the problems of international terrorism and extremism and violence are not confined to particular countries or regions but affect the whole international community. We should combine our national efforts to solve these problems. Violence and terrorism in Nepal will affect other countries as well.*

# 'Professionally Run Banks Will Not Engage In Unhealthy Competition'

— SANANDAN SINGH

*SANANDAN SINGH, 44, general manager of Lumbini Bank Limited, has had a long innings in the banking sector. Before joining Lumbini Bank as general manager, Singh served at Nabil Bank in various positions for 16 years. Singh, a young and energetic professional, joined Lumbini Bank five months ago. He spoke to KESHAB POUDEL on various issues relating to Nepal's banking sector. Excerpts:*

## **How do you see the role of Lumbini Bank in the overall context of the country's banking sector?**

We are transforming our role from a regional bank to a national bank. The paid-up capital of the bank is Rs 350 million and we are going to float shares worth Rs 150 million to the public within the next few months. According to the directives of the Nepal Rastra Bank, we have to issue the shares as soon as we open the bank here. As someone involved in the commercial banking sector, I am very happy to note that the central bank is playing a very effective role. Lumbini Bank also wants to play a more role at the national level. As we enter the national level, we will show our presence.

## **What are your views on the role of the Nepal Rastra Bank?**

Only an effective and strong central bank can manage the economic situation. The central bank is a regulatory monitoring body. Nowadays, Nepal Rastra Bank has also become very much effective, a fact appreciated by all. Nepal Rastra Bank is a guardian of commercial banks. From that point of view, we definitely want a strong guardian. The central bank has very competent work force. This is the reason their monitoring has become effective. Nepal has now a large pool of competent work force in the banking sector. After the opening of joint-

venture banks, the number of experts in the banking sector has continued to go up. The NRB has regularly monitored the situation of other commercial banks. Commercial banks have to follow certain statutory requirement, including annual internal and external audits. The audit system helps to maintain the credibility of the banks. We have learned many things from joint-venture banks. The appointment of large number of Nepalis to top decision-making positions is a clear reflection of our expertise. The expatriate population has played a major

**Although there is a recession, there is still much scope for banks. The recession is just a temporary phenomenon. Various factors are responsible for the recession. When almost all banks are making profits, one cannot say that the banking sector is unprofitable.**

role in teaching and training Nepalis. Whether it is Himalayan Bank, Nabil Bank or any other banks, local work force have built confidence and competence.

## **How do you assess the decision of Credit Agricole Indosuez to withdraw from Nepal Indosuez Bank?**

This is a normal process. In an open and liberalized economy, everyone is free to take decision on its own. If the French bank withdraws, another multinational may come. This is happening in all the joint-venture banks Dubai Bank withdrew its share from Nabil Bank and Grindlays sold its shares to Standard Chartered Bank. There is no need to panic by a bank's decision to withdraw.

Nepal has its own work force to run such joint-venture banks effectively. If they pull out in decent manner, nobody has to worry. I am hopeful that Indo-Suez bank will also do its business successfully.

## **At a time when many new private banks are coming up, how competitive has the sector become?**

Although there is a recession, there is still much scope for banks. The recession is just a temporary phenomenon. Various factors are responsible for the recession. When almost all banks are making profits, one cannot say that the banking sector is unprofitable. Even a new bank like Kumari has made a profit. It is normal in banking terms and a positive development in the present context. Although we are based in Narayangarh, we are also handling a lot of business in Kathmandu. Although we are far from the capital, people have confidence in our bank. Although Lumbini is a regional bank, it has now gradually come up as a national bank. There is much scope for banks, proper mechanisms and efficient practices are required along with professionalism.

## **Are there sufficient sectors for investment?**

To some extent, the banks themselves have to explore investment opportunities. Instead of relying on the clients, the banks have to identify new areas of investment. They need to become more aggressive. I do not know about others, but Lumbini Bank is promoting some hydropower projects. We want to promote hydropower in Nepal, particularly in small hydropower projects. We are currently backing a couple of small hydropower projects in Nepal. Lumbini Bank wants to support projects that tap natural resources and projects that help natural self-sufficiency. The country has to promote industries based on local raw

materials, including paper and jute mills and agro-based industries. We want to invest in these areas with a view to saving foreign currency. If we promote such industries, Nepal will get many opportunities. Rather than investing only in trading business, we want to go into areas where employment can be generated. In trading business, the profit margin is high and quick but there is no possibility of generating employment. Lumbini Bank has a clear vision and policy for investment. We want our investment to generate employment as well as save foreign currency. Also tourism sector gets foreign currency.

**As you said, Lumbini Bank wants to invest in Kathmandu. How competitive is the market in the capital city?**

It is indeed really competitive, as around 15 commercial banks are competing with each other. Except in a few industrial cities like Biratnagar and Birgunj where many banks from outside have open branches, competition outside Kathmandu is less intense. In Kathmandu, you have to compete for survival. However, Lumbini Bank is confident to capture a good market business segment. We can generate deposits and lend it to the public. We want to do business in all major cities where opportunities are available. Unlike other cities, Kathmandu has multiple areas for investment, including trading, industries and tourism. Many people want to deposit money in the bank when they do not find other areas for investment. People generally believe their money is safer in the bank. Banks also want to invest in viable and productive sectors. There need to be a conducive environment for it. The government needs to develop concrete policies to promote investment in productive sectors.

**How do you evaluate the present situation?**

Political stability is one of the important prerequisites for economic development. I don't think we can achieve our targets of economic growth without stability. We need to have political stability to encourage joint foreign investment in the country. The foreign joint-venture industries are doing extremely



well in Nepal. As the Nepalese market is very small for joint ventures, they want to market their products abroad. For instances, Dabur Limited, Nepal Lever and Asian Paints are doing extremely well. Many foreign banks want to come in but they are still in a wait-and-watch position. Unfortunately, Kodak's pullout has sent negative signals about Nepal's chances to lure foreign joint ventures.

**What is the investment position of Lumbini Bank?**

The amount of loan is about Rs 1.6 billion and deposits about Rs 1.8 billion. Based in Narayanghat, we have not received non-fund-based business like Letter of Credit, guarantees, fees and commission and foreign exchange, which are also substantial earnings of banks. I hope the non-fund-based business will increase after we start operations in Kathmandu. Right now, we have branches in Butwal, Narayanghat and Hetauda where we don't have to deal with foreign exchange.

**What are the major challenges before commercial banks?**

To sustain, reconcile, consolidate and strengthen the loan portfolio, recoveries are the major challenges of the commercial banks. We also have other responsibilities such as educating clients about the banking sector. We need to develop a more cooperative attitude and adopt a creative relationship approach. Lenders and depositors will come to the

bank because of confidence and credibility. Relationship banking has also started now. I feel very comfortable to give loans to those who I know well. I would also lend money to those whose analysis and financial appraisal is convincing.

**How do you see the banking sector reform program?**

I have already told you that the Nepal Rastra Bank is doing an effective job by giving right directions to the commercial banks. The reform program implemented by the central bank would also help to correct the mistakes and make the banking system more effective and reliable.

**It is said that there is unhealthy competition among private commercial banks. How do you see the situation?**

I agree that there needs to be healthy competition among private commercial banks. Bankers have also realized the need of healthy competition. It will affect our survival. We cannot go for cut-throat competition. There is still ample scope for business since, as I have already mentioned, banks are making profits. I want to say that professionally managed banks are very much successful compared to others. Experience has shown that banks that are operated by professional groups will not go for unhealthy competition. I am very much of the view that professionalism is necessary and we shall experience more of it in the days aheads. ■

## BOOK

# Stirrings Of The Soul

Yuyutsu R.D. takes a snapshot of Nepalese poetry and presents it to an international audience

By A CORRESPONDENT

Nepalese poets have used their profound creativity and thoughtful imagination to inspire and prod the nation's soul. Generations of Nepalese readers have enjoyed the creative expressions of social and spiritual quests in verse. Despite the richness of quality and creativity, it has taken decades to translate Nepalese poems into English and present them to a wider international audience.

Yuyutsu R.D. is among those figures who have dedicated themselves to providing wider exposure to the works of Nepalese poets. In "Roaring Recitals", Yuyutsu has translated the works of five Nepali poets who represent different literary phases. With great diligence and commitment, Yuyutsu, himself a poet, has translated many poems of contemporary and older-generation poets into English language under Nirala Series.

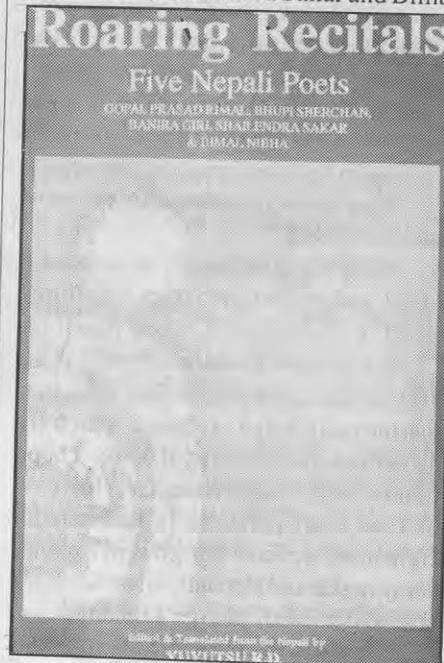
"Roaring Recitals" is one of the recent series contributed by Yuyutsu. The works of five poets — Gopal Prasad Rimal, Bhupi Sherchan, Banira Giri, Shailendra Sakar and Bimal Nibha — have been incorporated in the book, depicting two different phase of Nepalese literature.

The choice of Yuyutsu is remarkable. He has translated the works of two renowned late revolutionary poets, Gopal Prasad Rimal and Bhupi Sherchan, representing the old generation. From the contemporary genre, Yuyutsu has chosen Banira Giri, Shailendra Sakar and Bimal Nibha.

Rimal and Sherchan raised voices of protest against oppressive regimes, which in the following decades formed

the core of mainstream Nepali poetry. In many ways, poetry and politics has always remained inseparable in Nepal. Inhabitants of a small and landlocked country, Nepalese poets have always maintained their identity within a strong nationalistic vision.

"Rimal remains the first poet to initiate the tradition of protest against the oppressive regimes which in the following decades of formed the corpus of mainstream Nepali poetry. Like Rimal, his successors Bhupi Sherchan, Banira Giri, Shailendra Sakar and Bimal



*Roaring Recitals*  
*Five Nepali Poets (Gopal Prasad Rimal, Bhupi Sherchan, Banira Giri, Shailendra Sakar and Bimal Nibha)*  
 Edited and Translated by Yuyutsu R.D.  
 Published by Nirala Publication,  
 New Delhi  
 Distributed in Nepal by White Lotus  
 Book Shop, Hanumansthan, Kopondole

Nibha also raise their anguished voices against the dictators of their times, partyless Panchayat system," says Yuyutsu, in his introduction.

Rimal's poems elaborate the vision of the revolution of 1950-51. He was able to muster from deep within anger and protest against the oppressive Rana regime and the distortions it fostered in a society isolated from the rest of the world.

Following the path shown by Rimal, Sherchan evokes the lives of people who lost their lives without a cause in foreign lands. Sherchan raises question about the so-called bravery of the Gurkha.

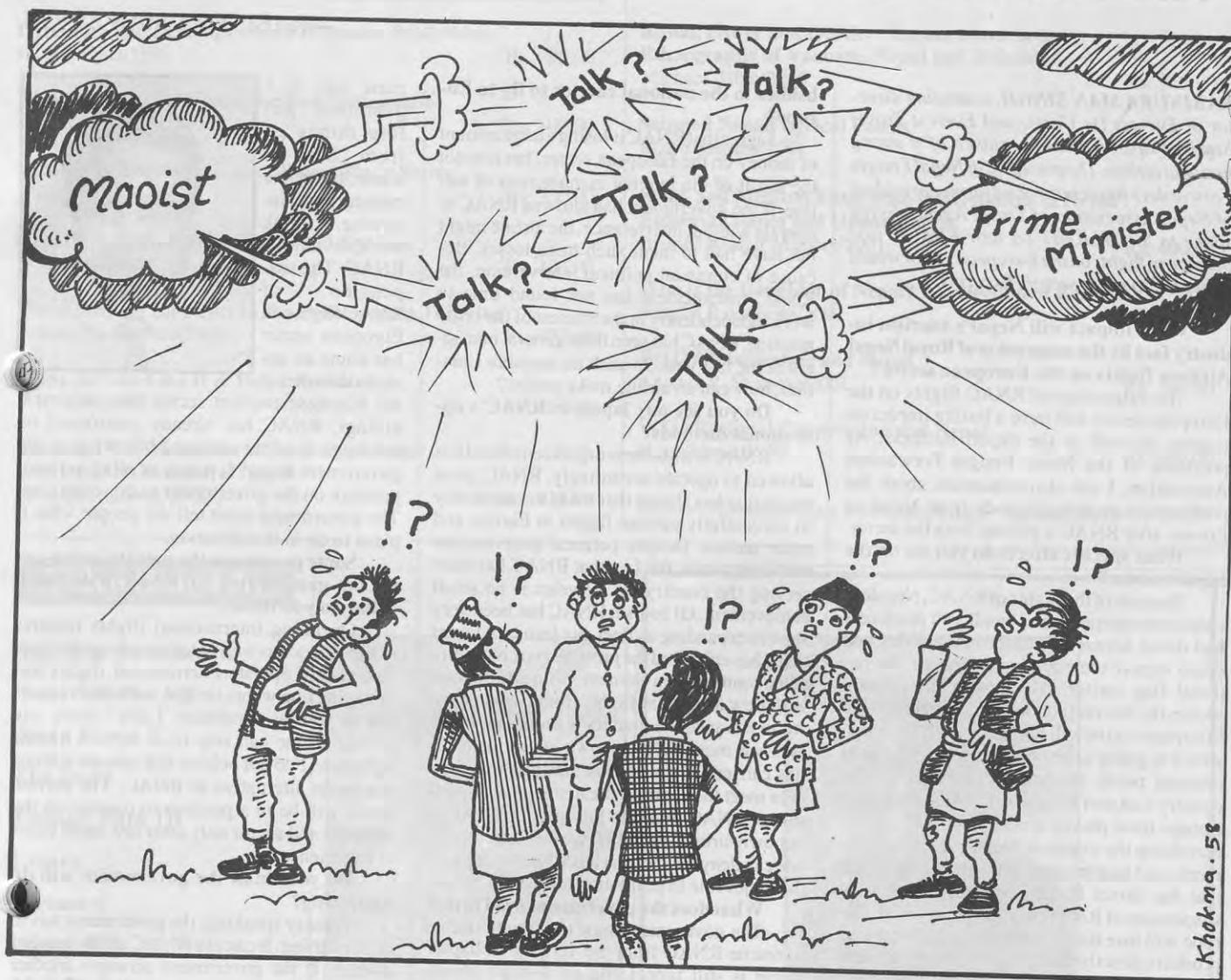
According to Sherchan, they are unfortunate children of partridges, quails and sacrificial buffaloes. Sherchan also describes extremely rapturous world of the Himalayan hills where the Gurkhas come from.

Giri employs family images — prayers, vows, oaths, marriage rites, childbirth, a woman's private world and secrets of marital romance — to conjure a Nepal of her dream.

Sakar is also very much inspired by opposition to oppression. He describes the cruelty of civilization, typical ways of Nepalese civil servants and other phenomenon. "Replete with the echoes of Nepalese folklore, local myths and hillside dreams-vision, Sakar's poetry tries to reframe the poet's role in writing the throes of a nation quaking under the pressure of senseless modernization and globalization," observes Yuyutsu.

Nibha's poems, too, pulsate with revolutionary thought. Nepal's struggle to survive in the treacherous mountains comes out with vivid resonance.

In the process of translation, Yuyutsu has chosen the best available words to convey the original feelings of the poets. Yuyutsu has been particularly successful in combining the rhythm and feelings that run through the Nepali versions. His commendable effort can be expected to go a long way in introducing a snapshot of Nepali poetry to an English-reading audience. ■



**TRANSITION**

**LEFT:** A three-member delegation led by **Lava Kumar Devkota**, Secretary at the Ministry of Education and Sports, for Manila, Philippines, to take part in a meeting with the officials of Asian Development Bank (ADB).

**RESIGNED:** **Buddhiman Tamang**, from the position of central committee member of the Rastriya Prajatantra Party.

**AWARDED:** **Dr. Ram Dayal Rakesh**, with Lok Sahitya Puraskar 2056, for his book called "Maithili Sanskriti", and **Krishna Prasad Parajuli**, with Lok

Sahitya Puraskar 2057, for his book called "Nepali Lok Geetko Alok", by Sajha Publications. Likewise, **Ram Babu Subedi**, with Sajha Bal Sahitya Puraskar 2056, for his book called "Nepal Aama", by Sajha Publications.

Youth litterateur duo **Indra Kumar Shrestha** "Sarit" and

**Ramesh Shrestha**, with the Youth Moti Award 2058, by the National Youth Service Trust.

**REJECTED:** The resignation forwarded by **Pradeep Kumar Nepal** from the position of party's central committee member, by the central committee of the Unified Marxist Leninist party. ■

# 'RNAC's Decision Will Hurt Nepalese Export'

—RABINDRA MAN SINGH

**RABINDRA MAN SINGH**, managing director of Everest De Cargo and Everest Travel Service, stresses the importance of a strong national airline. The president of Nepal Freight Forwarders Association and former president of Nepal Association of Travel Agents, Singh spoke to SPOTLIGHT on how RNAC's suspension of flights on the European sector would affect the tourism sector. Excerpts:

## What impact will Nepal's tourism industry face by the suspension of Royal Nepal Airlines flights on the European sector?

The suspension of RNAC flights on the European sector will have a lasting impact on tourism as well as the export business. As president of the Nepal Freight Forwarders Association, I am also concerned about the problems in exporting goods from Nepal to Europe after RNAC's pullout from the sector.

## What specific effects do you see on the export sector?

Because of the flights of RNAC, Nepalese carpet entrepreneurs and handicraft producers had direct access to European countries and could export their products through the national flag carrier. Along with the tourism sector, the discontinuation of the flights on the European sector will hamper export business, which is going to be unrecoverable. The government needs to seriously think about the country's export business. RNAC's flights to Europe have played a very important role in increasing the export of Nepalese carpet, garments and handicrafts, as it is the only airline that has direct flights to Europe. After the suspension of RNAC flights, importers in Europe will lose the opportunity to get Nepalese products directly from Nepal. Of course, other international airlines are there, but they have different rates and different methods of carrying goods. RNAC's decision will hurt Nepalese export. It will take a long time to make adjustments with other airlines.

## Many say RNAC simply failed to operate flights on the European sector. Do you agree?

The national flag carrier has already proved that it can operate successfully. It has been operating flights for the last 42 years in Nepal, and 14 years in the European sector. Despite all the problems and challenges RNAC has faced in its history, one of the major achievements of the airlines is that it has successfully operated in Nepal as well as on international sectors for such a long time. The decision of the RNAC to withdraw its flights from the European sector is very unfortunate. The government must do something to convince the RNAC management to resume services on the European sector.

## How can you justify government su-

## bsidies to the national carrier to fly to Europe?

I agree that RNAC is losing a huge amount of money on the European sector, but it is not the result of the internal management of airline. If the government had allowed RNAC to operate without interference, the airline might not have had to incur such huge losses. Because of continual political intervention, the RNAC management has not found time to work independently in the interest of the organization. RNAC has seen three general managers in the last year. In such an unstable situation, how can an airline make profits?

## Do you see any lapses in RNAC's operational methods?

RNAC is a business organization and it is allowed to operate accordingly. RNAC as an institution has shown that it has the capability to successfully operate flights in Europe and other sectors. Despite political interventions and disruptions, the fact that RNAC has been serving the country for 42 years is no small achievement. Of course, RNAC has been very slow in expanding its fleet, but let us not forget that it has enhanced the prestige and credibility of the country when German Airlines Lufthansa withdrew its regular flights from Nepal. If we are to advance the country's economic interests, we must have our own strong national flag carrier. Of course, other airlines may step in to meet the shortfall created by the suspension of RNAC flights to Europe, but RNAC is our own airlines on which we can depend. No one can deny the fact that it is RNAC that plays the major role in promoting tourism in Nepal.

## What does the government need to do?

The government must take the initiative to rescue RNAC from the verge of collapse. There is still time to do so. I don't blame RNAC for its present sorry state. It is politicians and bureaucrats who have ruined the national flag carrier. Had the government given a free hand to the RNAC management, the country would not have had to face the present situation. Can we survive on foreign airlines alone? For the small land-locked country like Nepal, the national flag carrier is a means to maintain direct access to the world. If the flights are cancelled on the basis of profit and loss, RNAC may have to pull out from other areas, too. We have to applaud RNAC internal capabilities in the midst of all the external pressures it has been subjected to.

## Do you see any seriousness on the part of the government in this direction?

The government doesn't seem to be serious about the wider fall-out of the suspension of RNAC flights to Europe. I think the concerned ministries have to take bold decisions. If RNAC needs new aircraft, it must allow the organization to buy them. The government

must stay as a guarantor. Before things go from bad to worse, the prime minister has to intervene. I think we can revive RNAC. The suspension of RNAC flights on European sector has come as another disaster in the Nepalese tourism sector after the royal killings. RNAC has already transferred its bookings to other airlines, but what is the government doing? It is duty of all of us to put pressure on the government to do something. The government must tell the people what it plans to do in this situation.

## Some people say the private sector can fill the gap created by RNAC's decision. What do you think?

Operating international flights requires more logistics as well as technical capabilities. One cannot operate international flights just by saying one wants to. The task needs expertise as well as capability. I don't think any private airline can step in to replace RNAC right now. I do not believe that private airlines can be an alternative to RNAC. The private sector will be in a position to operate on the international sector only after few more years of experience.

## Do you think the government will do something?

Frankly speaking, the government has to do something. It can ask RNAC to buy another aircraft. If the government arranges another plane, RNAC can continue its flights Europe. One cannot justify RNAC's decision to pull out from a route in which it has 14 years of experience. If other airlines can make a profit, why can't RNAC? If RNAC does not want to operate along commercial lines, how can it be run? If we cannot operate an airline, how can we manage the country? This is the time to think about the country.

## How do you see the entrance fees imposed on tourists by Kathmandu Municipal Corporation?

I am not against it, but what I want to see is utilization of the resources to improve services in particular areas. My concern is more with the utilization of resources. We must give better service. The concerned municipalities must inform the people of their decision months before its actual implementation. Such fees exist in other parts of the world. If the local institutions use such resources to improve services, the fees can be justified. ■



**Now In Town**

**BOOK**

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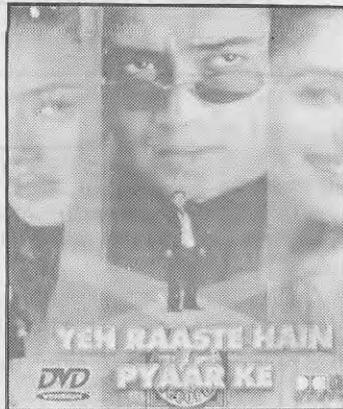
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**Video (English)**

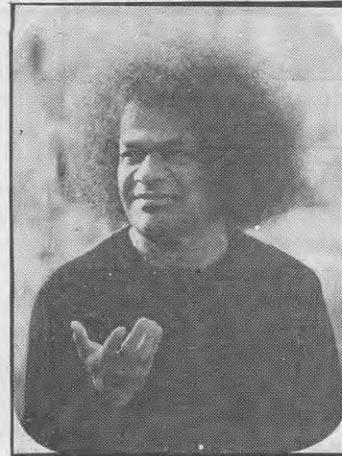
- Americas Sweethearts
- Planet Of The Apes
- Scary Movie 2
- The Score
- Jorassic Park III
- L.mars
- ream 4
- Sword Fish
- Melt Down
- Fast & Furious



**Hindi**

- Yeh Raaste Hai Pyar Ke
- Hum Ho Gaye Aapke
- Ayar Ishq Aur Mohabbat
- Yaaden
- Laagan
- Aks
- Tum Bin
- Gadar
- Love Ke Liya Kuch Bhi Karega
- Pagalpan

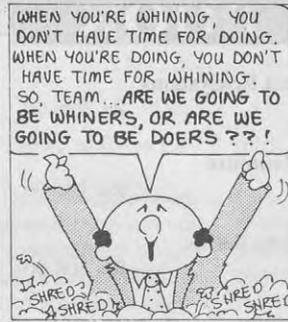
*(Source : Super Star Video, New Road)*



*“The end of  
knowledge is love  
The end of education  
is character.”*

**- SATHYA SAI BABA**

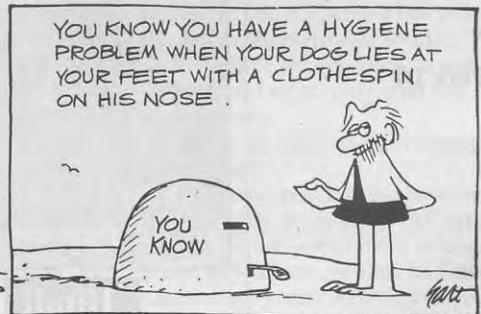
CATHY



ANDY CAPT



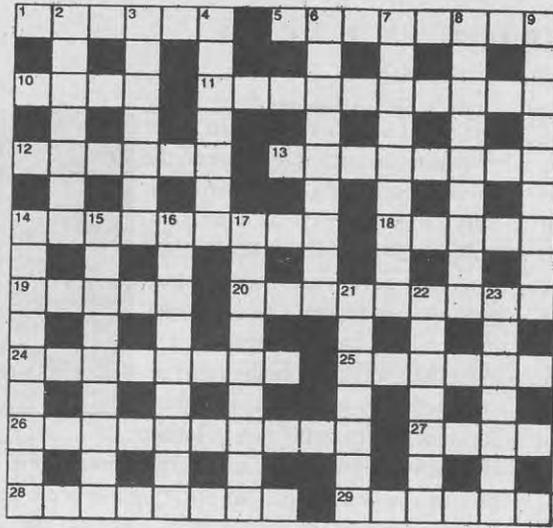
B.C.



BEEBLE BAILEY



# CROSSWORD



## ACROSS

1. Jellyfish in sea to west of America (6)
5. Run-down theatre company launches appeal after a month (8)
10. Gibe made by Figaro, say, with out hesitation (4)
11. Yesman offered to kick alcohol, it's said (10)
12. Setter possibly rejected humorist's clue for wading bird (6)
13. Dips initially I not medieval manuscript containing Irish Gaelic (8)
14. He may have a craft and master at sea (9)
18. Italian who made violins in the morning, very early (5)
- Books about a certain music group (5)
- Understanding an assembly (9)
24. Way one is taken in and so on, arousing pity (8)
25. Opinion about island is unacceptable (6)
26. Fairly good daily leaves room in this state? (3,2,5)
27. Bring down fastening device (4)
28. One who recovers and judges again? (8)
29. In Athens, almost ready for a little liquid (6)

## DOWN

2. Girl endlessly keen to captivate (7)
3. Not curved, like violin parts needing attention? (7)
4. A conspirator right up a tree! (7)
6. Small caft owned by yours truly in terrible state (9)
7. Constantly repeat ceremony, taking ecstasy and speed (9)
8. Asian captain is shaken, about to be replaced by king (9)
9. Hiding article about evidence of disease (9)
14. Can work upset Frenchman? It makes eating possible (3-6)
15. Added commentary to books held by girl and boy (9)
16. Boned steak from croft, oddly served in dish (9)
17. Size of attractive bar, say, due to be developed (9)
21. Flattering husband closely observed on entering (7)
22. Rubbish a French attorney noticed round building (7)
23. Old stone implement misplaced in hotel (7)

**Down:** 2. Enamour 3. Unbowed 4. Arbutus 6. Estaminee 7. Reiterate 8. Pakistani 9. Thrashing 14. Tin-opener 15. Annotated 16. Entrecote 17. Magnitude 21. Honeyed 22. Rotunda 23. Neolith 29. Drachm

**Across:** 1. Medusa 5. Decrepit 10. Barb 11. Bootlicker 12. Godwit 13. Immerses 14. Tradesman 18. Amati 19. Nonet 20. Gathering 24. Pathetic 25. Notion 26. Not so dusty 27. Nail 28. Redeemer

# SOLUTION

# BRIDGE

**NORTH** 3-23  
 ♠ K Q 6 3  
 ♥ K J 10 8 3  
 ♦ 5  
 ♣ A 10 7

**WEST** ♠ 10 8 7 4 2  
 ♥ A 9 7 5  
 ♦ A 3 2  
 ♣ 3

**EAST** ♠ A 9 5  
 ♥ Q 6 4 2  
 ♦ 9 4  
 ♣ 9 6 4 2

**SOUTH**  
 ♠ J  
 ♥ —  
 ♦ K Q J 10 8 7 6  
 ♣ K Q J 8 5

Vulnerable: East-West  
 Dealer: East

The bidding:  
 East South West North  
 Pass 5♦ All pass

Opening lead: Club trey

**“I wonder men dare trust themselves with men.”**

— Shakespeare

“Sorry, partner. I should have given you a ruff,” apologized East. “However, whether to lead a heart or a club was a pure guess.”

“Had you trusted me, there would have been no guess,” replied West. “Had you analyzed the problem more deeply, you would have found the setting trick.”

With 12 cards in the minor suits, South blasted to five diamonds at this first turn. Against vulnerable opponents, his huge pre-empt could lose little and might create a substantial swing for his side.

West led his singleton club to dummy's ace, and South led a trump to his 10 and West's ace. West shifted to his spade four, East's ace winning as South dropped his jack.

With no future in spades, East was at the crossroads. He elected to lead a heart, playing partner for the heart ace because of South's pre-empt. Unfortunately for the defense, South ruffed and then claimed the rest.

Should East have led a club instead of a heart? West argued that he should have, and we side with West. There are two good reasons for leading a club.

After West won his trump ace, if he didn't want a club ruff, he should have tried to cash the heart ace before leading a spade. More convincing, with a singleton spade in South's hand, South's side suit rated to be clubs, marking West's opening lead as a certain singleton.

# Our Electricity Tariff—Still Raat-Tatting II

By SB PUN

About a third of NEA's total revenue is taken home by the two major developers of Khimti and Bhote Koshi. This is major grouse of NEA and at the present level of load it does pinch NEA severely. But do take a look at the performance of these two power stations when compared with NEA built and operated Modi and Puwa. There is no denying that the private sector has the cutting edge over the public sector. So instead of souring over this phenomenon, NEA should don on the salesman's hat and take up the "sales promotion" drive in earnest. The present 12% growth as compared to the forecast of 8% is indeed heartening but how long this will continue is debatable.

**The Government/HMGN:** It was at the time of the Arun epic that the World Bank suggested that the Minister of Water Resources should not be the Chairman of the NEA Board. Though this conditionality was vehemently opposed, time was to prove that the two hats on the same individual, particularly a politician with an eye on the next election, does not augur well for the institution. If the objective of the government is to merely govern, then the Water Resources Minister must vacate this Chairman post. The donors for all purposes consider the government the borrower of the loan and NEA, the recipient. With the government keen on garnering as much soft loan as possible, it is normally happy to sign on any dotted line. It is, only when this loan along with the tough covenants is passed on to the recipient, that the heat is felt. This is the case with the 6% rate of return on, note, the Revalued Assets and the 23% self-financing ratio that rat-tats our tariff. Similarly, the 8% interest rate for rural electrification works is extremely high. The anomaly here is that NEA is supposed to function as a commercial entity and yet it is burdened with non-paying rural electrification works. The creation of a separate rural electrification institution will help to mitigate this anomaly. There is a necessity to review the government's policy on seeking "rent" from the electricity sold to the consumers: 2% which becomes 10% after 15 years to HMGN, 3% to the districts where the power house is located, tax on profits and may be dividends as well to HMGN. It is true that electricity at present is enjoyed by 16% of the better off society but how much should they be loaded particularly our fragile industries. The government must note that our industries have to compete with the products from across an Open border where the electricity tariffs are far, far cheaper. The 70 million units free from Tanakpur has been, in this energy glut period, literally the grindstone around NEA's neck. Because the government gets it free (not NEA), this energy has to be taken by NEA even at the cost of backing down its own generation, akin to the "take or pay" mode of the IPPs. The government must come to grip with NEA on how best to tackle the country's looming Energy Surplus. Our government must not indulge in the luxuries of always coming too late with too little.

**The Donors :** When the donors, again in the epic Arun case, faced governments that were very reluctant to hike up the tariff they felt that this could be handled with the formation of an independent Tariff Fixation Commission. But with the members of the Tariff Commission dominated by the private sector, the donors realized that the Commission could display an "independent" mind. Hence they

persuaded the government to make all covenants agreed to between the government and the donors automatically binding on the Commission. This made the Commission a mere tool of the government, not independent and autonomous as envisaged before. The Donors' emphasis now is on the annual automatic tariff increase that is based on an agreed formula in line with our inflation.



Not many countries have adopted this kind of tariff escalation and the problem with us is that our inflation has been, historically, always hovering around the double digits. Experts concur with the donors' view of tariff increase based on the rate of return concept but not necessarily on the Revalued Assets. They, however, do not agree with the self-financing methodology that is primarily responsible for the quick succession of tariff hikes, particularly in a small and fast growing system. The donors have been implementing the tariff portion of the covenants with a missionary zeal. However, they must not forget that the covenants on an annual 1% loss reduction is equally binding on them to be implemented with the same zeal.

**Conclusion :** Electricity tariff hinges primarily on the policies of the Donors, the Government and NEA, in that order of the priority. A comment has been made above on the policy of our government seeking "rent" through the imposition of royalty. It may be worthwhile to know what the World Bank thought of our government's then royalty policy in their July 1, 1985 Project Completion Report of the 60 Mw Kulekhani Hydroelectric Project: "The government levied a royalty surcharge of 7.5 paise per Kwh sold; during FY76-FY79, this amounted to about 25% of operating expenses and was equivalent to about 30% of the average revenue/Kwh. The surcharge was to have been eliminated in FY76 (para 3.15) but was not discontinued until FY80." Para 3.15 refers to the "abolition of the Government imposed royalty tax. The Government agreed at negotiations to discontinue this tax." This is sufficient to demonstrate the importance of the policy of the two major players.

Our Parliament has been making the recent tariff increase quite a big issue with the call to annul this increase. More important for our MPs, executives and policy makers is to chart out our next Policies to prevent/mitigate our next tariff increase. There is some silver lining in the form of the hikes in the power tariff of some of the Indian Electricity Boards. This may help us to get better export revenues and induce more IPPs to come to Nepal to invest. But more important is our commitment to do better house-keeping in the areas of: tackling the huge Surplus Energy, fulfilling the annual 1% Loss Reduction, commitment of the government to Govern Only and an NEA that is both committed and responsive to the demands of the fast changing power sector scenario. I believe the proper policies to tackle these elements will help us to prevent our tariff from rat-tatting further! (Concluded) ■

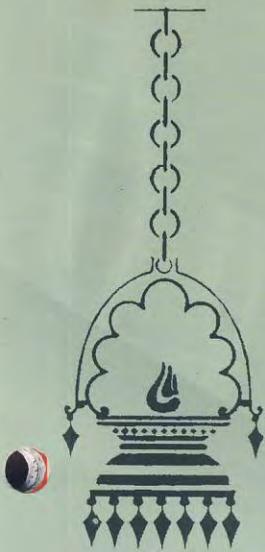
*(Pun writes on water resources issues)*

**"THE PERFECT PLACE FOR THE EXOTIC EXPERIENCE YOU EVER HAD"**

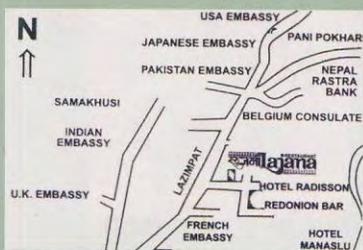
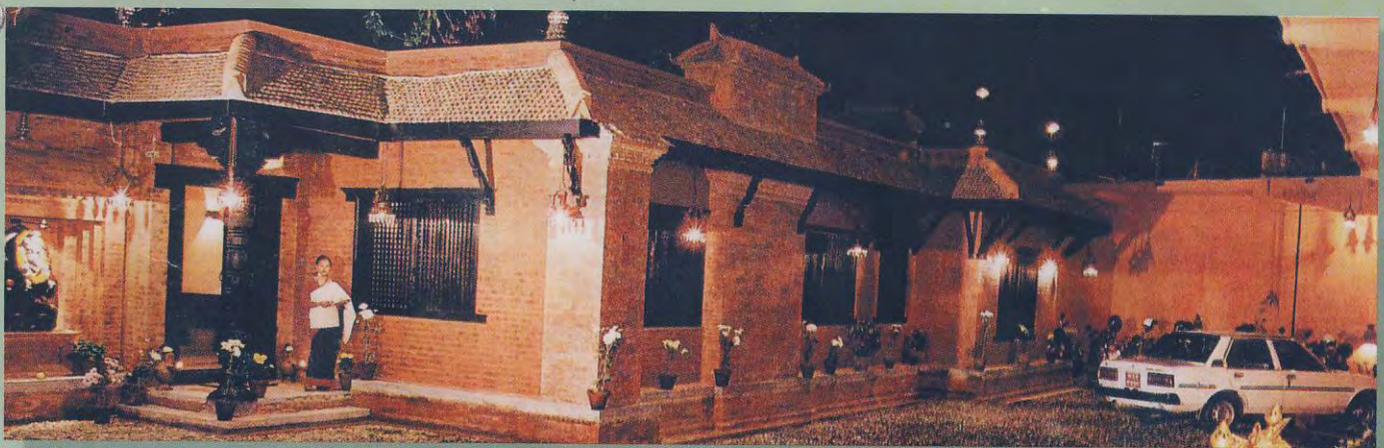
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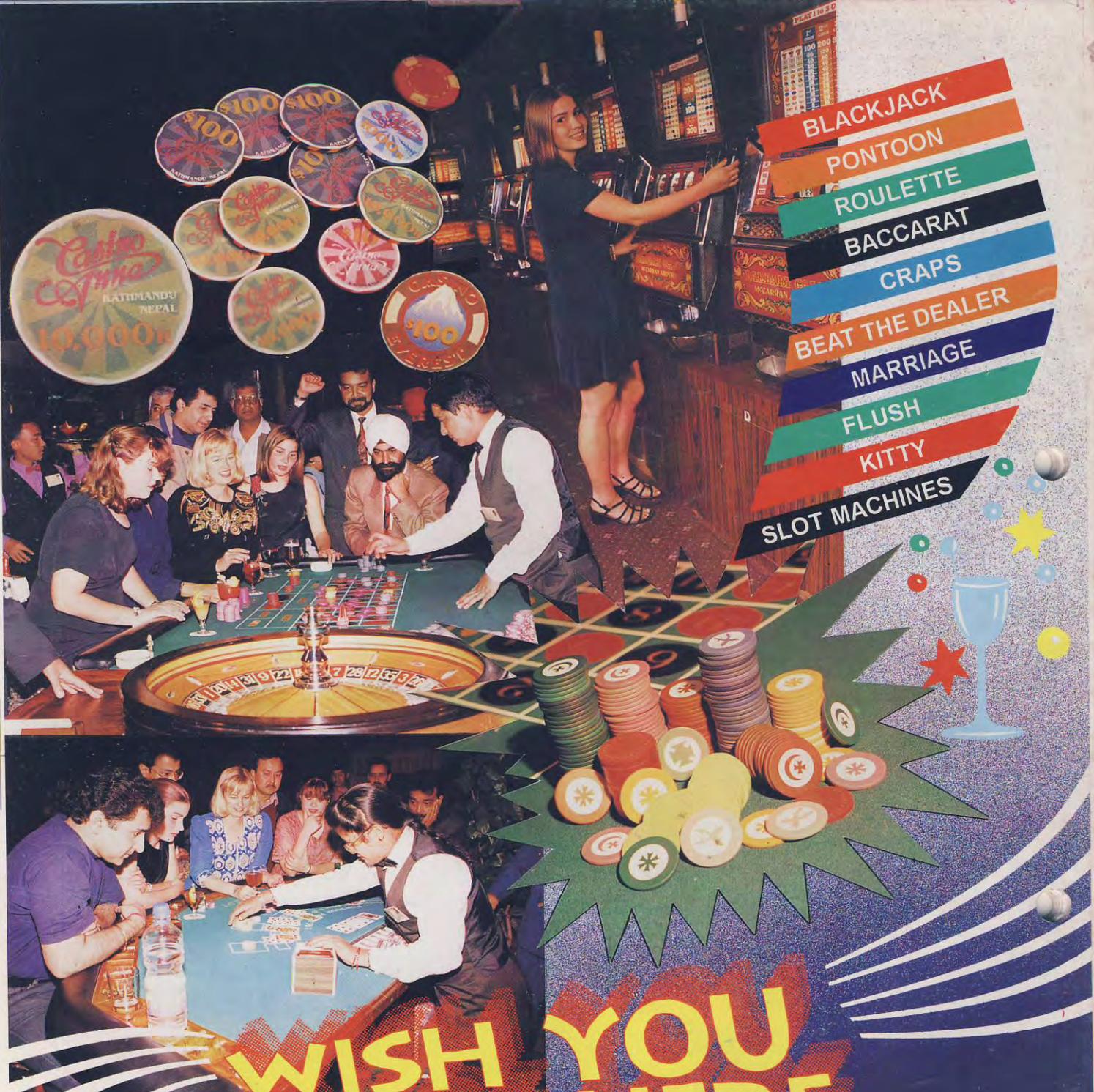


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