

The National Newsmagazine

SPOTLIGHT

Feb 9-15, 2001

FILM INDUSTRY PICTURE OF HEALTH

पराइपर

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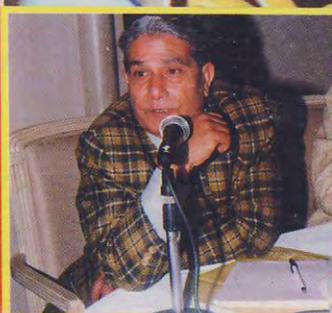
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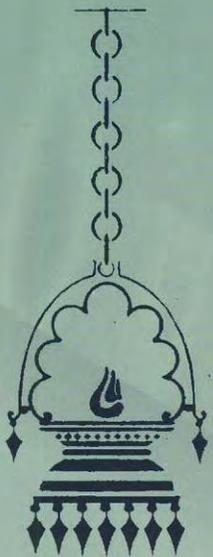
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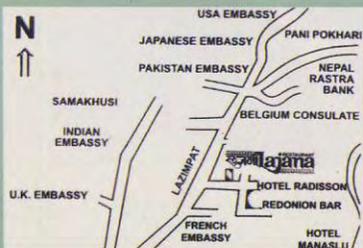
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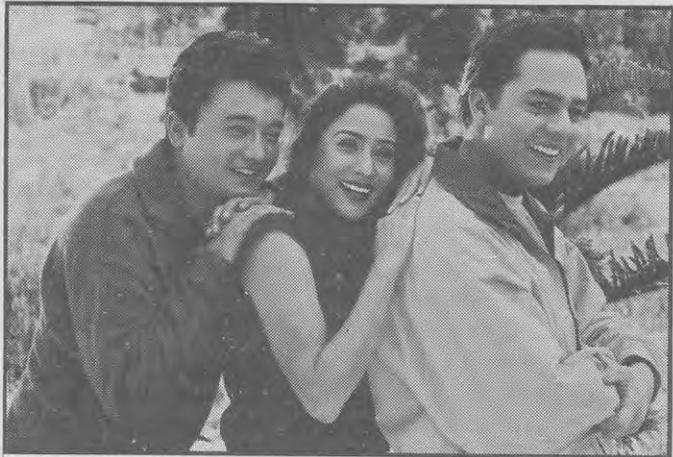
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CONTENTS

Letters	3
News Notes	4
Briefs	6
Quote Unquote	7
Off The Record	8
COMMENTARY : Frank Comments	9
SAARC CONFERENCE : Public-Private Partnership	11
ENVIRONMENT : Age Is The Bar	12
PARLIAMENT : On A Collision Course	13
LAUDA JET : Flying Low	14
TOURISM INDUSTRY : Future Uncertain	15
PROPERTY RIGHT : Unequal Half	24
PUBLIC TRANSPORT : Space Matters	25
THE BOTTOMLINE	27
VIEW POINT : Rup Khadka	28
PASTIME	29
LEISURE	30
FORUM : Santa Bahadur Pun	32



COVER STORY : Picture Of Health
 From Satya Harishchandra to Darpan Chhaya, the Nepalese film industry has come a long way. But the path ahead is more challenging

Page 16



CHIEF JUSTICE : Under Attack
 By targeting Chief Justice Upadhyay and killing innocent people Maoist rebels seem to be deviating from the so-called 'people's war'

Page 10

INTERVIEW :
BISHWONATH SAPKOTA
 The Secretary at the Ministry of Water Resource, Sapkota talks about the need to harness Nepal's water resource for economic benefit.

Page 22



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EDITOR'S NOTE

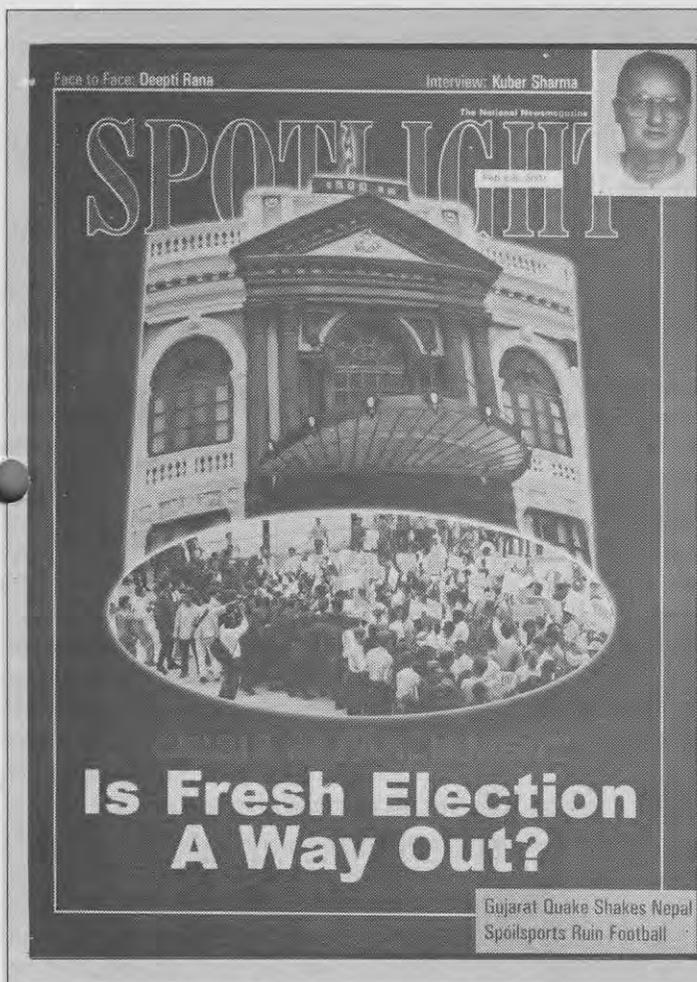
The secretary level talks between Nepal and India on the review of the highly controversial Treaty of Peace and Friendship of 1950 could be said to be long delayed step in the right direction. Since the beleaguered Rana Prime Minister who was under big stress to save his authoritarian regime from tottering, it had to be unequal. When some of his very close confidants (this scribe's very close relations) entreated him not to sign the treaty, Mohan Shamsher, the last Rana ruler of Nepal silenced them saying, "you don't know. It is a quid pro quo". And poor chap, four months after signing the treaty he was dethroned with the active collaboration of Nehru government of India. He got his quid pro quo. Since it would be utter foolishness to cry over spilt milk, a reasonable has to be found to correct the harassing situation. That Nepal has succeeded to make India agreeable to review the treaty could be taken as a big achievement in itself. It is, indeed, very gratifying to note from reports that the Nepalese foreign secretary Narayan Thapa has maintained a strong stand that the treaty should be reviewed to make it more compatible in the present context and to set the tone for mature relations in future. The report has further said that although India did give a positive response to the Nepalese stand, she has requested for more time on their side to discuss the issue, as if fifty years was not quite sufficient. Since Nepal is at the receiving end, she has no alternative but to acquiesce. Since neither contracting parties have abided by the terms of the treaty, any delay in reviewing, amending or scrapping it would make little difference. More important than the treaty has become the issue of the open border between Nepal and India. India's serious apprehensions that her enemies are threatening her integrity through this open border and Nepal, if not abetting is doing very little to check such activities, is becoming as unbearable situation for her. Even in Nepal's long-term interests, the open border between the two countries has to be sealed as soon as possible. We trust Nepal will not fail to initiate appropriate steps without undue delay.

* * *

The United States ambassador Ralph Frank was quite frank, as his name suggests, and forthright in stating his concern at the current atmosphere of distrust and negativism that seems to be resulting in an increasing climate of violence in expressing political dissent in Nepal. Coming from a country where politicians practice extreme tolerance and seldom transgress the limits of human dignity and patience, his frustrations over the behavior of Nepalese politicians is not at all unnatural. The example of extreme forbearance was exhibited by former vice president Al Gore and his democratic party when five judges of the U. S. Supreme Court snatched away the presidency, the most powerful position in the world, from his grasp in a partisan decision. Can anyone imagine what would happen in our part of the world if anything like that were to take place? Since Nepalese politicians have developed the tough rhino skin, no amount of disquietude expressed by anybody in the world can make any dent. They only understand the language of brute force. Consequently, the people of Nepal only can pull them down. Be that as it may, we too join others in celebrating the 50th year of U. S. AID in Nepal. Indeed, it has contributed to building various infrastructures in our least developed country. We do hope the U.S. government will not lessen its interest in the speedier upliftment of poor Nepalese. We also take this opportunity to express, on behalf of our poor countrymen, our heartfelt gratitude toward the American people for their help and support. ■



Madhav Kumar Rimal
Chief Editor & Publisher



New Agenda

The cover story "Is Fresh Election A Way Out" (SPOTLIGHT, February 2) aptly indicated that in the given circumstances the opposition should have called for a fresh election. It is strange to find the UML bent on removing Prime Minister Koirala but not calling for an election. It is difficult to judge what is on their mind. All the opposition parties should give serious second-thought to their present proposition and identify a constitutional manner in which the Koirala government can be removed.

Yagya Raj Sharma
Balaju

Drug Industry

It was interesting to read your article "Prescription Rx" (SPOTLIGHT January 26). It is heartening to know that Nepalese pharmaceutical firms are able to manufacture 80 percent of essential drugs. Given proper initiatives, the industry can also start exporting drugs. Definitely, the authorities need to provide protection to the domestic pharmaceutical industry in the face of stiff competition from Indian drug manufacturers.

Kiran Shrestha
Sanepa

Safala's Search For Justice

The article "Justice Delayed Is Justice Denied" (SPOTLIGHT January 26) exposed the weaknesses of the Nepalese judicial system. The search for justice has turned out to be one long and arduous exercise for many people like Safala Shrestha. The loopholes in the justice delivery mechanisms have proved costly for them. The concerned authorities from the judiciary, including judges and lawyers, need to seriously study this problem and come out with an efficient system.

Mohan KC
Hetauda

Take Him To Task

The opposition parties could join their hands to oust the Koirala government. If the prime minister is indeed involved in corruption, no stone should be left unturned by the opposition in ousting him. For far too long, high-level officials have engaged in corruption with impunity. This is sending a very wrong message about democracy itself. The wrongdoing of individuals should not be allowed to hold the whole system at ransom.

Jeevan Gurung
Bagbazar

All Against Corruption

If the dissidents within the Congress party are really against corruption, as they claim to be, they should join

forces with the opposition parties in pulling the plug from the Koirala government. In fact, this is a chance for the dissidents to show to the Nepalese people that they are against corruption. But if they toe Koirala's line, then their commitments would be exposed as being hollow and without substance.

Rajesh Bista
Maharajgunj

Encouraging Signs

Your cover story "The Silent Boom" (SPOTLIGHT January 26) was very interesting and encouraging. I came to know that although Nepal had entered first into Information Technology in the region, it lags far behind compared to others. Now there seems some

silver lining in the dark clouds. Some private entrepreneurs have come forward with good prospects in this sector and the growing use of IT in Nepal also encourages them to further enhance their business. The government deserves praise for recognizing IT as a major tool for employment generation and economic growth. Thus, ultimately alleviating poverty. The recent move of the government in bringing the IT policy and commitment of presenting cyber laws in the coming session of the parliament is a welcome gesture. Now the time has come to work in coordinated way from all sectors to place Nepal in the world IT map.

R. S. Thapa
New Baneshwor

Correction

In last week's story, "CHILDREN: Painful Picture", we misidentified the official of Child Workers in Nepal. He is Gauri Pradhan. The error is regretted. -Ed

Govt. Burns Down Huts Of Former Kamaiyas

The local administration in the mid-western district of Bardiya mobilized riot police to force former 'kamaiyas' (bonded laborers) Saturday out from the thatched huts that they had erected on government-owned land. In a statement, the Home Ministry said police peacefully evicted people from land owned by the Cotton Development Committee (CDC). Former minister and convenor of the Kamaiya Assistance Committee formed by the main opposition UML Keshab Badal alleged that the administration burnt down nearly 6,000 huts erected by the newly freed kamaiyas within the last two weeks. He said several people, including children, women and the elderly, were injured in the skirmishes, adding that their meagre belongings were also burnt. Badal described the action as 'brutal' and demanded that the government provide 10 katthas of land immediately to the families of former kamaiyas. The government, which had declared kamaiyas free in July last year, has failed to resettle them or provide jobs. *Compiled from reports Feb. 4.*

Transport Operators Take Out Rally

Thousands of transport operators took out a rally in the capital Friday in protest against the government's decision to ban vehicles older than 20 years from the capital and municipal areas of the country. The protesters assembled at a Kathmandu cross-road early in the morning and took out their protest rally, along with their vehicles,



Protest rally

around different parts of the city. They chanted slogans and carried black flags and banners in protest against the government's three-month-old decision. The organizer of the rally, Nepal Transport Operators' Federation, has demanded immediate withdrawal of the government's decision, saying that it would deny nearly 200,000 transport entrepreneurs and workers a means of income. The government had earlier prohibited the operation of 600 smoke-belching three-wheelers in the capital, a move welcomed by the people and donor agencies. Transport operators have warned they might call a nation-wide strike if the government failed to fulfill their demands within a month. *Compiled from reports Feb. 3.*

World Buddhist Conference Concludes

The second World Buddhist Conference concluded at Lumbini Friday, pledging to expedite work on developing the birthplace of Lord Buddha. A declaration adopted by the conference underlined the need to involve the local people, especially the youth, in the development of the Lumbini area and to take initiatives to set up an international training center on Buddhism. The conference took place amid criticism from different quarters over the slow progress on implementing the Lumbini Development Master Plan prepared by the prominent Japanese architect, Kenzo Tange, more than two decades ago. Prime Minister Girija Prasad Koirala said the government would expedite work based on proper division of labor. A number of international Buddhist organizations and foreign governments have been assisting the Lumbini Development Trust in implementing the master plan. Some 300 people, including 29 scholars from 14 countries, took part in the two-day conference. The event was a follow-up to the first World Buddhist Conference held in Nepal in 1998. *Compiled from reports Feb. 3.*

AIGP Bantawa Resigns

Within 24 hours of the appoint-



IGP Shrestha

ment of Additional Inspector-General of Police (AIGP), Krishna Mohan Shrestha, as chief of the newly formed Armed Police Force (APF), AIGP Ramkaji Bantawa resigned from his post. Bantawa was one of the contenders for the new job and his resignation, to be effective after a month if accepted, is believed to have been an expression of dissatisfaction. Bantawa confirmed that he had resigned but said Shrestha was his contemporary and he had no grievances against the government's decision. Shrestha will head the para-military force formed mainly to combat the five-year-old Maoist insurgency in the country. *Compiled from reports Feb. 3.*

Middle East A Potential Market For Tourism

Nepal could reap significant benefits in tourism by tapping the potentials of the Middle East countries, entrepreneurs said. Managing director of Zenith Travels, Joy Dewan, who is also the general sales agent of Qatar Airways, said with Qatar Airways having an extensive network in the Middle East and daily flights to Kathmandu, this segment of the market is more easily accessible to Nepal than ever. The vast expatriate Nepalese community living in the Gulf and affluent Arab travelers could provide much-needed boost to Nepalese tourism, he said. Zenith Travels, together with Gulf Travels, Qatar,

organized a familiarization trip for Qatari travel trade operators in Nepal. *Compiled from reports Feb. 3.*

Mayor Shah Released

Mayor of Janakpur Municipality, Bajrang Prasad Shah, has been released from detention after a court order. Police arrested him on Thursday on charges of corruption. Police arrested Shah from his residence after he failed to show up at the District Administration Office of Dhanusha for inquiries related to alleged irregularities at the municipality. Chief District Officer Tana Gautam was quoted as saying. A group of people took out a protest rally and pelted stones at the official residence of the CDO after finding out that Shah had been arrested. They had threatened to hold a strike in Janakpur and halt all activities of the municipality, including garbage collection, if the mayor was not released immediately. *Compiled from reports.*

Poudel Renews Call For Dialogue With Rebels

Amid newspaper reports that the Maoist insurgents are preparing to observe the completion of five years of their 'people's war', Deputy Prime Minister and Home Minister Ram Chandra Poudel renewed his call for dialogue with the



Poudel

rebels. Talking to reporters in the mid-western town of Nepalgunj on his way to remote Kalikot district Thursday, Poudel said the government would continue its efforts to end the insurgency through dialogue. "The government's policy is to launch integrated development work while strengthening security measures," he said. Poudel said the government was also trying to isolate groups involved in murder and killings. *Compiled from reports Feb. 2.*

HTF To Be Closed

The government has decided to close down the loss-making Hetauda Textiles Factory (HTF). A cabinet meeting on Wednesday took this decision, sources



Textile factory

were quoted as saying. No formal announcement has been made. The government will have to bear a financial burden of nearly Rs 250 million because of its decision to close down the factory. Nearly 1,200 employees of the factory have not

received their salaries and benefits for the last five months. The employees had gone on strike and had called 'Hetauda bandh' demanding payment of their dues. The government is considering inviting the private sector to management the factory. *Himalaya Times Feb. 2.*

More Than 1,200 Bank Defaulters Identified

A government-run agency has compiled details about more than 1,200 companies and firms, some of them led by high-profile businessmen and industrialists, for defaulting on loans they had borrowed from major commercial banks in the country. According to the report, the

Credit Information Center (CIC) has blacklisted 1,266 companies/firms for failing to pay a total of Rs 6,540 million as bank loans. The center blacklisted 197 companies and identified 205 more as defaulters for failing to pay back Rs 1,911 million in the last fiscal year alone. "Most of these companies are owned by leading businessmen and reputed person-

alities," said Prem Shanker Shrestha, chief of the center. "But we can't divulge their names as per the law," he said. Nepal Rastra Bank has instructed commercial banks not to extend loans to the blacklisted companies. *Gorkhapatra Feb. 2.* ■

Japanese Aid Mission Arrives

An aid policy consultation mission from Japan has arrived in Kathmandu to review, explore and identify ways to direct Japanese assistance to Nepal. During their meeting with Nepalese officials on Tuesday and Wednesday, the Japanese mission headed by Motokatsu Watanabe held a wide-ranging dialogue on the economic and social development of Nepal and the Japanese overseas development policy to this Himalayan kingdom, the Japanese embassy here said. The largest bilateral donor to Nepal, Japan had extended 228 billion Yen (around US\$2 billion) aid to Nepal in the form of economic and technical assistance between 1969 and 1998.



King Birendra and Queen Aishwarya at a USAID reception

THE LUMBINI SUGAR FACTORY (LSF) IS TRYING HARD to overcome losses it has been incurring over the last few years. The factory, which can crush 120,000 quintals of sugarcane per day, is operating well below capacity because of inadequate supply of the raw material. The company suffered a loss of Rs 80 million in 1998-99. "The performance of the factory could be improved significantly with the supply of adequate sugarcane," said general manager Mohan Gurung. The factory is suffering from over-staffing, mismanagement and irregularities, reports said.

THE PAKISTAN EMBASSY IN KATHMANDU HAS DENIED reports published in some newspapers that the Nepalese government had expelled an embassy employee, declaring him as 'persona non-grata,' Nepal Samacharpatra daily reported Sunday. In a statement issued Friday, the embassy denied reports that the embassy had sent back Mohammed Sakhtar for allegedly supplying explosives to a Nepalese national, Rishi Ram Chalise. Police had arrested Chalise in New Delhi on the eve of India's Republic Day.

THE GOVERNMENT HAS INTRODUCED A NEW POLICY related to primary education in five of the 75 districts of the country, officials said. Spokesman at the Education Ministry, Sundar Prasad Shrestha, said the new policy will free young students from taking regular examinations and there would be no relation between passing the examination and entering a higher grade. Jaya Prasad Lamsal of the Curriculum Development Center said the new policy would be introduced on an experimental basis for the next three years. "If we could make a policy to discourage the children's repeating the same class and the tendency of dropping-out, primary education could be within everybody's reach," he said. Critics, however, said the government was introducing such policies without proper study.

THE MINISTRY OF WATER RESOURCES HAS SAID AN additional technical study is being conducted at Rupaligarh and Purnagiri of Dadeldhura district only for constructing a re-regulation dam, not a main dam, under the Pancheswore multipurpose project. Whether the re-regulation dam will be constructed at Rupaligarh or Purnagiri will be determined by various technical and financial factors, the ministry clarified. Meanwhile, in a press statement, a dozen UML lawmakers have asked the government to stop what they

called the Indian government's unilateral construction of the Purnagiri dam in Dadeldhura district. They claimed the Indian action violated the agreement reached between the two countries on the Mahakali Treaty, including the Pancheswore High Dam Project, in September 1996.

SENIOR NEPALESE AND INDIAN OFFICIALS HELD TALKS in New Delhi on reviewing the five-decade-old peace and friendship treaty between the two countries and other matters. The foreign secretaries of the two countries agreed to meet at the earliest to continue discussions on reviewing the 1950 Peace and Friendship Treaty keeping in mind the concerns and interests of both sides, RSS news agency said quoting a statement issued by the Royal Nepal Embassy in the Indian capital. During their meeting in New Delhi last year, the Nepalese and Indian prime ministers had agreed to start official-level discussions on the issue. The officials also discussed issues relating to bilateral trade and investment, economic cooperation, border management and matters of mutual concern during their meeting. Foreign Secretary Narayan Shumsher Thapa and Indian Foreign Secretary Lalit Mansingh led their respective delegations in talks.

THE GOVERNMENT HAS DECIDED TO EXTEND A TO-ken relief assistance of Nepalese Rs10 million to victims of the devastating earthquake in Gujarat state of India. The government said it would also dispatch a team comprising 10 doctors to the quake-hit areas in India to provide medical assistance to the victims, RSS news agency reported. Indian authorities have said at least 20,000 people were killed in the quake on its Republic Day (January 26) with its epicenter at Bhuj in Gujarat. Several Nepalese migrant laborers working in the area are also believed to have perished in the earthquake.

THE US GOVERNMENT WILL PROVIDE AID WORTH US\$1 million to Bhutanese refugees in Nepal, reports said. According to Robert Kerr, director of the American Center in Kathmandu, the amount comes from the \$22 million sanctioned by outgoing President Bill Clinton. The rest would go to refugees in Balkans. Nearly 100,000 Bhutanese refugees are languishing in refugee camps maintained by the UNHCR in eastern Nepal for the last decade.

THE DEVELOPMENT CREDIT BANK LIMITED (DCBL) has become the second development bank to start operations in the country. The bank, said to have been set up to make productive investments in agriculture, industry and service sector, among others, has Rs 320 million in authorized capital and Rs 160 million in paid-up capital. The bank, promoted by industrialists, businessmen and professionals, has been set up under the Development Bank Act 2052 B.S.

TRANSACTIONS AT THE STOCK EXCHANGE WITNESSED a fall of nearly four points during the week ending February 2, the Nepal Stock Exchange Ltd. (NEPSE) said. According to NEPSE, the NEPSE index that stood at 468.41 on January 29 fell to 465.39 as trading closed last Friday. There was a sharp fall in the volume of trade despite a rise in the number of transactions. A total of 35,622 units of shares belonging to 40 enlisted companies were traded for Rs 26.9 million during the last week. The stock market has been fluctuating since late last year.

GREEN NEPAL PARTY, IN A STATEMENT, HAS URGED the government to start dialogue with the Maoists and take actions against anybody found guilty in the Lauda air deal. ■

“Unless they pass a no-trust motion in parliament, rest assured that I will not resign under pressure just because somebody asks for it or goes to the street.”

Prime Minister Girija Prasad Koirala, addressing district Congress presidents at his residence in Baluwatar, in Kantipur.

* * *

“We want to remove the government, but in the present circumstances we will not do anything that will help other parties.”

Krishna Prasad Bhattarai, former prime minister, speaking at a meeting of Nepali Congress parliamentary party.

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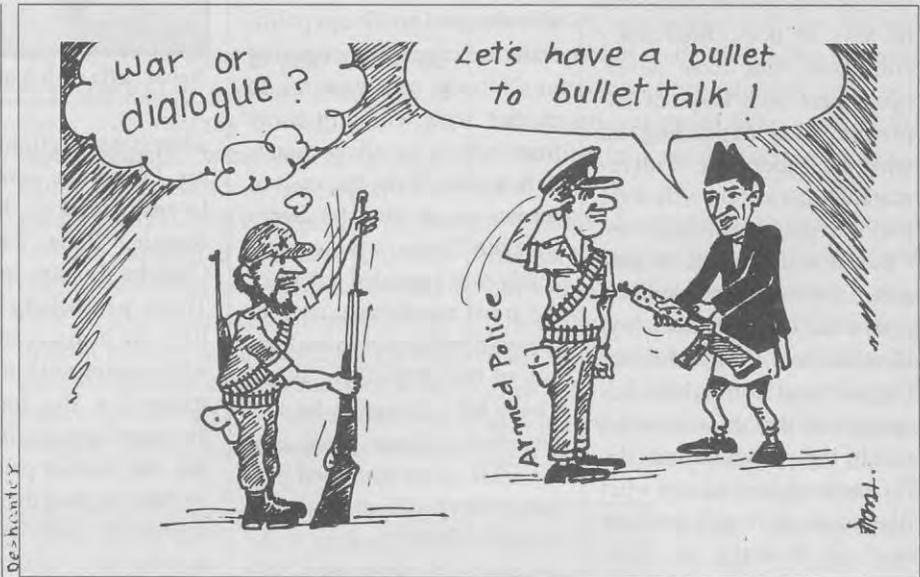
“It was because of the blessings of the people that I survived.”

Keshab Prasad Upadhyaya, Chief Justice of the Supreme Court, saying he is not deterred by the Maoists attack on his life.

* * *

“In the present situation, the RPP will not be a part of any activity that goes against the spirit of the constitution.”

Rabindra Nath Sharma, senior leader of the Rastriya Prajatantra Party, indicating his party would not support the street protests threatened by the main opposition CPN-UML to



oust the Koirala government, in Deshanter.

* * *

“There is no corruption in the Lauda Air deal. There is no reason to suspect the prime minister in this deal.”

Narayan Singh Pun, former assistant minister for tourism and civil

aviation, in Bimarsha.

* * *

“Our demand is not that Congress should step down from the government. Our demand is that Prime Minister Koirala should step down.”

Ishwor Pokharel, UML leader, in Nepalipatra.

* * *

“The construction work is going on in full swing. The generators and drilling machines are stationed on the Nepalese side of the border.”

Dr. Mangal Siddhi Manandhar, UML MP, who was involved in the team that threw away the drilling machines in the Mahakali river, accusing the government to have started the Purnagiri dam construction, in Budhabar.

* * *

“I am marrying soon. We are also planning to buy a house.”

Manisha Koirala, Bollywood actress, when asked about her affair with Australian envoy Crispin Conroy, in Ghatana Ra Bichar.

* * *



Deciphering Bhattarai

The only thing predictable about former prime minister Krishna Prasad Bhattarai is his unpredictability. This may be the reason why people find themselves drawing wildly varying conclusions from what he says or does. Bhattarai's confidants, too, have developed their own ways of explaining and expanding on what the leader says. With remarkable consistency, though, they interpret the former prime minister's statements in language that best suits their own interests. Last Wednesday, Bhattarai and Prime Minister Girija Prasad Koirala held discussions on the current troubles within the party and outside. No one has a faint idea of what Bhattarai may or may not have said to Koirala, as four Bhattarai associates vied with one another to explain to re-



Bhattarai : Unpredictable

porters what he had said. Dr. Narayan Khadka, the so-called principal adviser to Bhattarai, said the former prime minister firmly stuck to his demand for Koirala's resignation. Former minister and MP Rajendra Kharel, another Bhattarai ally, put on another spin: Bhattarai urged Koirala to include capable MPs in the cabinet. And we haven't even talked about what sources close to Koirala had to say about the conversa-

tion. What actually transpired at the talks? Your guess is as good as ours.

Alliance Of Expediency

Nepal provides a remarkable case study of the kind of permutations, combinations, alliances and break-ups politicians are capable of engaging in. Nobody can even try to predict who will turn away from whom to shake hands with whom. Take the case of former prime minister Surya Bahadur Thapa, who until recently was regarded as one of the most reactionary and regressive politicians in the lexicon of the CPN-UML. When Thapa led a Congress-backed government three years ago, the UML even disrupted parliamentary proceedings to prevent him from speaking. During the 1991 elections, UML workers prevented Thapa from



Nepal (left) with Koirala : Strange alliances

addressing elections rallies in his Dhankuta constituency. Leaders like Pashupati Sumsher Rana, Dr. Prakash Chandra Lohani and Kamal Thapa, who belong to Thapa's RPP, are in direct competition with communists in their constituencies. But for many in the main opposition party today, the former prime minister, who has had the best of the partyless and multiparty worlds, has come as a messiah. Multiparty politics has

indeed thrown open vast opportunities for profitable pacts.

Beauties And The Screen

Nepalese are well known for their habit of copying trends and practices of other countries.

At a time when almost all world beauties of India have entered their country's film industry, how could our own pretty women be far behind? After Jharna Bajracharya and Poonam Ghimire, Rubi Rana has plunged into the world of films. Die-hard movie buffs are looking in one direction. What kind of waves would the third beauty title-holder make in the industry, especially when the first two have left little more than a few ripples. ■

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COMMENTARY

Frank Comments

U.S. envoy's remarks spark debate

By KESHAB POUDEL

American ambassador Ralph Frank's recent comments on Nepal and Nepalese affairs made headlines. All leading dailies wrote editorials. It became the talk of the town in Kathmandu's cocktail circuit and the much-touted "intellectual" gatherings.

Ambassador Frank's speech at the USAID's 50th anniversary function in Nepal did touch on the brighter and the darker sides of the present-day Nepalese society. What caught the attention of many was the latter, especially the concern at the current state of affairs.

Here, the Nepalese "intelligentsia" and the "mainstream" press, who apparently brushed aside the brighter side of the ambassador's remarks as a mere diplomatic courtesy, sought the justification of their oft-repeated pessimism of the darker side of his speech.

Frank's concern over the "anti-government insurgency" and his plea for the political leaders and the government officials to renew their commitment to "good governance" was received with glee. He did not name the "Maoist" insurgency by name nor did he utter the word "corruption" in his 900-word speech. But these were the words that made into the headlines of the leading dailies. Editorial comments and the letters to editor the following days were based almost entirely on the non-statement by the ambassador.

Frank's non-statements

were widely quoted to poke fun at the Nepalese leaders and make a mockery of the democracy while his real comments were largely ignored. Going by ambassador Frank's real comments (SPOTLIGHT, February 2), he strongly advocated democracy, democratic institutions and peaceful opposition. "countries succeed best in the development process when they have chosen elected, representational democracy as the form of government; when they have developed strong democratic institutions

including an independent judiciary and a free press; and when they have a vibrant opposition that is free to engage in peaceful, constructive, non-violent protest."

He spoke highly of the progress Nepal made in the past 50 years: Education, health, infrastructures witnessed significant progress, so did the transition to democracy and market reforms. He said that Nepal has made "incredible progress in a relatively short period of time" and that America is proud to be a part of the efforts that have resulted in this "dramatic progress."

Frank also spoke highly of the potential that Nepal does hold for future. "Nepal has within itself the tools to create a prosperous future for all Nepalis." But none of these highly encouraging words from the envoy of the world's only superpower got the notice they deserved, as if they had no meaning at all. Surprisingly, they did not

go off well with the Nepali "intelligentsia" and the "mainstream" press, nor did his sincere advice to stop the bandhas.

Apparently, these remarks were shrugged off as nothing more than diplomatic niceties. Perhaps ambassador Frank was well aware of the kind of reaction that would follow. He said that he was concerned at "the current atmosphere of distrust and negativism." As it turned out the negativism is not only "resulting in an increasing climate of violence in expressing political dissent" but also in growing opportunism of a section of the Nepalese intelligentsia in expressing frustration over not getting their share of the (power) pie. ■

Ambassador Frank did not name the Maoist rebellion by name. He only referred to "antigovernment insurgency". If this was a reference to the on-going Maoist violence, this is the first time that a United States official has made a public comment, though indirect, on the Maoist insurgency. This leads to a crucial curiosity: Will the comment lead to the resolution of the five-year-old problem whose economic cost has been "far greater" than the value of US aid?

The curiosity stems from the recent movement on the Bhutanese refugee problem. Soon after US officials including former president Clinton, made their first public comment on the problem, efforts to resolve the ten-year-old issue got a momentum and the refugee verification process received a boost, with a seemingly unprecedented shift in the Bhutanese "foreign policy". Analysts wonder whether a similar shift in the Nepalese Maoist rebels' policy is on the cards after ambassador Frank's "concern".

The two problems have at least one thing in common. If the Bhutanese refugees came to Nepal through Indian territory and will have to follow the same route on their way home, the Nepalese Maoist rebels have not concealed the fact they get training and supplies from their comrades across the southern border.

MAOIST ATTACKS

Irrational Act

The targeting of the chief justice exposes the desperation of the Maoist rebels — and a grand design of destabilization

By BHAGIRATH YOGI

Little did the convoy accompanying Chief Justice of the Supreme Court, Keshav Prasad Upadhyay, sense that they would be greeted with bombs and bullets nearly 20 km ahead of Birendranagar, regional headquarters of the Maoist-hit mid-western region on Saturday (February 3). As the pipe and socket bombs hidden along the road started to explode, the security personnel accompanying the CJ sensed that they had fallen victim to the Maoists ambush. They managed to escort Upadhyay to safety. But six persons, including the Registrar at the Appellate Court at Surkhet Baldev Dhital and five security personnel, fell victim to the bullets of the Maoist rebels.

Even in the war-torn countries around the world, rebels seldom target and hit the chief of the judiciary. Reason is not followed in Nepal. What is followed is a dusty trail where revenge and unwarranted bloodshed becomes the rule rather than the exception.

Top government officials were planning to counter the rebels who reportedly were preparing to celebrate the completion of five years of their 'people's war' in a 'big manner.' But it was perhaps beyond their imagination that they would hit a soft and sensitive target like chief justice. "This is a barbaric act and an attack against democracy," said Deputy Prime Minister and Home Minister Ram Chandra Poudel. The Council of Ministers, in its special meeting, on Sunday, condemned the attack and said attacks were part of a serious conspiracy against the country's multi-party democracy.

Prime Minister Girija Prasad Koirala

condemned the attack and said it was an attack against the monarchy as it was a symbol of national unity and independent judiciary.

The government formed a high-level inquiry committee, led by former justice at the Supreme Court Narendra B. Neupane, to probe into the incident and furnish its report within 15 days.

Surviving a near-fatal attack upon

the attacks, said it was like a terrorist and savage act. "The way they attacked at our convoy showed that they wanted more than murdering the chief justice," said Parajuli while undergoing treatment at Bir hospital.

Analysts say the act may have come out of desperation among the Maoist rebels who seem to be threatened by the setting up of the Armed Police Force (APF), which the government wants to mobilize against the rebels. The attack, which came within a week of a renewed call by general secretary of the Maoist party, Comrade Prachanda, that his party was ready for talks with the government, provided it fulfilled their demands. The demands by the underground party include making public whereabouts of the Maoist activists and leaders arrested by



Chief Justice Upadhyaya : Miraculous escape

his life, Chief Justice Keshav P. Upadhyay told reporters in Butwal Sunday that he was not perturbed at all by the violent attacks made on him. He, however, said he was deeply grieved by the death of his security personnel and a senior judicial officer during the attacks. "Perhaps, I need to work more for the people that's why I am still alive," said Upadhyay in a philosophical way. His colleague and Judge at the Appellate Court at Surkhet, Purushottam Parajuli, who also survived

the police and those who have gone disappeared from police custody.

By targeting the chief of a constitutional body, the Maoists may have exhibited their militant skills, but politically it is going to backfire them. "There is a difference between (fighting for) a republic and anarchy," wrote Kantipur daily, in its editorial.

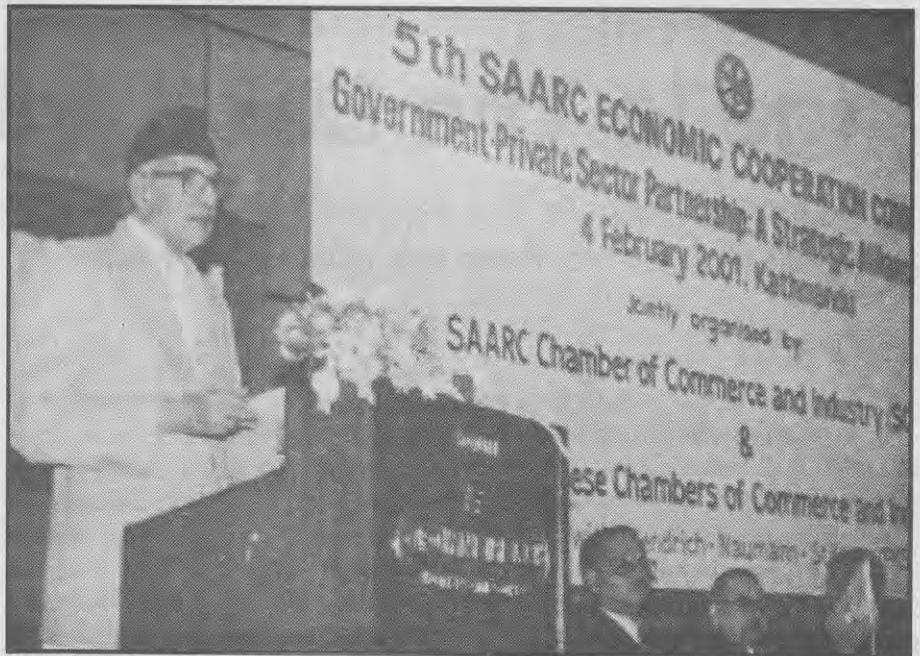
The Maoists tried to control the damage after seeing that their 'insensible attack' had only supported the

government's allegations against them. Three days after the deadly attacks on Chief Justice Keshav P. Upadhyay and members of his team in mid-western district of Surkhet, the CPN (Maoist) party has accepted responsibility for the attacks. In a statement issued Monday, Comrade Diwakar, chief of the western regional bureau of the underground party, said his party was 'surprised' to find that the chief justice happened to be "amidst the action of their guerrillas." "Our party said it did not have any plan or program to attack the chief justice," Diwakar clarified. "We will conduct an investigation into the incident and make public its findings." The statement said it was mysterious that the visit of such an honorary person in sensitive regions was made without any public notice.

By announcing formation of "people's government" in some of their strongholds in mid-western Nepal the Maoists are believed to be preparing to set up what they call 'base areas.' In such areas, they run parallel administration. The government, on its part, seems to be keen to isolate the Maoists from the people and strengthen its security apparatus. "We will launch the development programs in an integrated way with adequate security measures," said DPM Udel. As the government and rebels come face-to-face more bloodshed is likely in the Nepalese hills.

"Trends are not very good," said Tapan Bose, general secretary of South Asian Forum for Human Rights. "It seems all the mistakes committed in India are being repeated here." In the seventies, Mrs. Indira Gandhi had crushed the Maoist 'people's war,' popularly known as 'Naxalite Movement' in West Bengal. More than 30,000 Maoist rebels were killed but the movement is still there in one form or the other. "Such a conflict can't be resolved militarily. You can only control it," said Bose. "In reconciliation, both parties have to agree to listen to the other and compromise."

Unfortunately, amidst dastardly acts like targeting the chief of an independent judiciary, chances of reconciliation, if any, look far-fetched. ■



PM Koirala addressing the conference : For strategic alliance

SAARC CONFERENCE

Public-Private Partnership

A meeting underlines the need for governments and the private sector in the region to come closer

By A CORRESPONDENT

Can the governments and private sector in the region continue to ignore each other? No, said the daylong SAARC Economic Conference that concluded here Sunday. The conference, organized jointly by the SAARC Chamber of Commerce and Industry (SCCI) and Federation of Nepalese Chambers of Commerce and Industry (FNCCI), stressed the need to forge government-private sector alliance in South Asia.

Addressing the meeting in the capital, President of SCCI Qasim Ibrahim said the governments should specialize in planning, structuring, and regulation while the private sector should specialize in management, investment, construction, and financing. The responsibility should be transferred through deregulation and open competition or well-established contractual arrangements including management contracts, capital leases,

concessions, sale of assets and rights to operate, he said.

SAARC Secretary-General Nihal Rodrigo said closer cooperation between the government and non-government sector was required for developing the potential rewards and protecting the region against the risks of globalization.

Inaugurating the conference, Prime Minister G. P. Koirala said trade liberalization should be a means to promote the economic well-being and prosperity of the people in the SAARC region. As South Asia, which houses one-fifth of the world population, continues to live in poverty and underdevelopment, such a task becomes more urgent.

Said FNCCI President Pradip K. Shrestha, "South Asian governments and the private sector have to march together to solve the problems of poverty and deprivation and provide a respectable standard of living to the people in the region. A tall order indeed. ■

ENVIRONMENT

Age Is The Bar

The government takes the easy way out by banning all vehicles older than 20 years from Kathmandu valley from next year

By SANJAYA DHAKAL

Can the age of the vehicle be the basis to decide whether it is polluting? "Yes", says the Minister of State for Population and Environment Shiva Raj Joshi.

Joshi is joined by the chorus of environmentalists who say the age of vehicles can be correlated to the pollution it emits. "The pollution emitted by the commercial vehicles is proportional to their age," said Ramesh Parajuli of Martin Chautari, an NGO that is involved in the study of pollution from vehicular emission in the capital.

While most environmentalists have hailed the government's decision to ban all vehicles older than 20 years from the valley effective November 2001, the transport entrepreneurs have refused to buy their argument and have threatened to organize transport strike unless the decision is reversed.

"There is no justification for the decision. One cannot measure emission on the basis of the vehicle's age. It all depends on the quality of maintenance. Some times new vehicles puff out more emission than the older ones," Sarad Upreti, President of the Federation of Nepalese Transport Entrepreneurs told SPOTLIGHT.

Meanwhile, the transport entrepreneurs have already announced their agitation program to force the government to reverse its decision. They have decided to hold nationwide protest rallies on February 9 and a transport strike in the valley on February 14. They say thousands of people will lose their jobs if this decision comes into effect. The government, in a notice published in the Gazette on November 10, 2000, has said it will ban the operation and registration of all vehicles inside the Kathmandu valley manufactured on or before 1980 from November, 2001. Besides, the notice also bans the operation of

vehicles with two-stroke engines in the valley and the diesel-run three-wheelers from all municipal areas in the country.

Another notice published later, however, exempted privately-owned vehicles from the ban, forcing the entrepreneurs associated with more than 5,000 commercial vehicles in the valley to launch agitation. Parajuli says that since the government has already taken the decision, it would not be right to reverse it as it may send wrong message. He, however, concedes that the better decision, on the part of the government, would have been to strictly enforce the Nepal Vehicle Mass Emission Standard 1999. "There is a provision of giving red and green stickers. Why don't they give financial disincentive to vehicles with red stickers?" he asks.

Agrees Bhakta Bahadur Balayar, former Minister of State for Population and Environment. "It is ridiculous to make the general assumption that all old vehicles are polluting. What the government should do is enforce the standard and take necessary action against the vehicles that fail it," he said. Balayar was the incumbent minister when the decision to evict the diesel-run three-wheelers from the valley and imposition of the standard were made.

According to Balayar, the volume of vehicular emission can be greatly reduced if the government enforces the standard and makes it compulsory for the owners regularly maintain them. "Besides, until and unless we control the fuel adulteration and improve the condition of roads, pollution will not vanish."

It seems that the government has taken an easy way out by deciding to impose a blanket ban on the old vehicles since it could not enforce the standard. "This is the problem we witness in most of the South Asian countries. Because the governments here are unable to properly monitor the vehicles for pollution, they make such decisions," says Parajuli.

Even in New Delhi, India, the government there, after the intervention of the Supreme Court had decided to ban old vehicles. But as the government has already made the decision, it will now be interesting to see whether it will reverse it under pressure from the striking entrepreneurs or goes ahead with the plan. ■



Transporter's agitation : Will the government back off?

PARLIAMENT

On A Collision Course

As the opposition parties demand the resignation of the prime minister, the winter session of the legislature is likely to turn stormy

By BHAGIRATH YOGI

Leader of the main opposition, Madhav Kumar Nepal, accompanied by leaders of four other opposition parties barged into the office of Prime Minister Girija Prasad Koirala at sharp noon Monday and handed him a memorandum demanding his resignation. The charge-sheet included failure in maintaining law and order, failure in giving relief to people and alleged corruption in the Lauda Air deal.

What looked like a high-voltage drama came only three days ahead of the 19th session of the parliament. "We will wage struggle both in the parliament and streets to force Koirala out of office," declared Nepal. "As long Koirala remains in chair, the crisis in the country will grow manifold."

Nepal, however, did not say if his party had a magic wand to solve all the problems in the country. Neither did the leaders of the other parties — the Rastriya Prajatantra Party, National People's Front, United People's Front Nepal and Nepal Workers and Peasants Party — say anything about what they had in mind in the event Koirala actually decided to call it day. "We have not thought about that. All we want now is to oust a tainted prime minister," said Delaram Acharya of National People's Front.

Interestingly, the combined opposition, except the terai-based Nepal Sadbhavana Party, joined hands as soon as Prime Minister Koirala was able to defeat rivals within his own party. As soon as the ruling party emerged united

in the aftermath of its Pokhara convention, the main opposition vowed that it would drive a campaign to oust Koirala.

Taunted by the radical Maoist party as "bhai Congress" (brother of the Nepali Congress) and worried by the prospect of its own workers deserting, the UML

Ministers, Prime Minister Koirala is responsible for the anti-national Lauda Air deal," said Subash Nemwang, a UML lawmaker and chief of the Public Accounts Committee of the parliament that probed in the deal. "We have asked the government to take action against the culprits and have drawn attention of the constitutional body," he said.

The Commission for Investigation on Abuse of Authority (CIAA) ordered the sacking of executive chairman of RNAC, Hari Bhakta Shrestha, and grilled former Civil Aviation Minister Tarini Dutta Chataut. But it is yet to file a formal case against the officials concerned. "How can you accuse the prime minister when the investigating agency



MPs in Parliament : Will the sessions be productive?

may not have seen any other option than to maintain a stiff posture against the government. "The UML leaders might also be looking for some issues that they could take to the people during upcoming local elections," said Baldev Sharma Majgaiya, newly elected central working committee member of Nepali Congress and a member of Koirala's cabinet.

Opposition leaders see things differently. "As the head of the Council of

is yet to lodge any formal case (at the court)?" asked Majgaiya. "It is not good to pressurize the investigating agency by taking out protest rallies in the streets."

As the ruling and opposition parties prepare for a showdown, the regular business at the 19th session of the parliament, that convened on Thursday (Feb. 8), is likely to suffer. While it is yet to announce his itinerary and agenda for discussion. ■

LAUDA JET Flying Low

After inducting the Lauda Air jet into its fleet, RNAC records huge losses

By A CORRESPONDENT

Will the Royal Nepal Airlines Corporation's Lauda Air Boeing 767 aircraft ultimately ruin the airlines? 'No,' say many aviation experts. They argue that the RNAC's fourth aircraft will benefit the country if it is operated with proper planning.

If that is the case, why haven't steps been taken to prepare a long-term plan to use the aircraft in the international sector?

The RNAC's employee associations

RNAC on condition of anonymity.

"As all forces have been working to destroy the national flag carrier, this tug-of-war will not end until the organization finally collapses."

At a time when dark clouds are hovering over the tourism industry, the Lauda aircraft may add to the financial losses of the airline.

According to agreement, the aircraft has to fly a minimum of 300 hours a month, but the RNAC could not utilize even 74.10 flight hours. The airline has to pay Lauda Air at least US\$ 1,005,000 per month at the

rate of \$3,350 per flight hour.

"How can you make profit from an aircraft that has such high hidden costs? It is in the interest of RNAC to cancel the deal," said Salikram Acharya, president of the RNAC Employees Association.

Few airlines in the world are running losses because of under-utilization of their aircraft.

RNAC may be the victim of poor timing, having introduced a fourth aircraft at a time when the tourism sector is facing one of the most severe crises in its five-decade history.

As the Lauda Air jet was commissioned during the lean tourist season, some might argue that losses were inevitable.

But the problem also has its roots in the very high indirect and hidden costs associated with flying the Lauda jet.

The occupancy rate of RNAC's aircraft is about 70 percent, which is considered excellent in the aviation industry. But

if tourist arrivals continue to decline, thinning flight occupancy, the flying cost of the aircraft cannot go down.

Optimists see signs of hope. If the Lauda Boeing 767 flies on new routes with capacity passengers, those losses could be checked and perhaps even reversed.

It would also be instructive to know whether it is only RNAC that is running losses or whether the other international airlines are also facing similar problems.

After the hotel strike last November, the number of tourists visiting the country has drastically declined. Because of the continued deadlock between hoteliers and hotel employees, many tourists are said to have crossed out Nepal from their list of possible destinations.

As long as the deadlock between two sides continues, the possibility of further losses can only grow. The hope in the tourism industry is that Lauda aircraft doesn't put them too deep in the red. ■



RNAC : In the eye of the storm

and other staff argue that the leased Lauda jetliner is still going to be a white elephant for the carrier even if it is fully utilized. According to them, the airline has already lost the equivalent of Rs. 87.5 million in one month because of under-utilization of the aircraft.

If an airline that has been trying to expand its international operations fails to utilize available flying hours, one surely cannot blame the aircraft. "It is the responsibility of the management to prepare a plan to minimize losses from the aircraft," said a former executive chairman of the

NEPAL LAW SOCIETY New Leadership

At a time when the activities of the Nepal Law Society — the country's pioneer body of professional lawyers — are in decline, it has chosen a new leadership for the next four years.

"We will increase our activities in accordance with our objectives," said newly elected president and advocate Anup Raj Sharma.

The NLS general assembly also elected Indira Rana, Anil Kumar Sinha, Puspa Gautam Bhusal and Sajan Ram Bhandari as vice-president, secretary, joint secretary and treasurer respectively.

The body also elected senior advocate Madhu Prasad Sharma, advocates Madhu Prakash Ghimire, Sudhir Shrestha, Purna Man Shakya, Sambhu Thapa and Kashi Raj Dahal as members.

Outgoing president and senior advocate Chudamaniraj Singh Malla highlighted the role of the NLS in the process of strengthening rule of law and human rights in the country. ■



Airport : Empty?

TOURISM INDUSTRY

Future Uncertain

As the deadlock between hoteliers and unions continues, a large number of visitors have canceled reservations

By KESHAB POUDEL

A popular Nepalese proverb says: If you set your house on fire, you won't face a shortage of ashes.

This is exactly what is happening in the Nepalese tourism sector. All concerned parties are setting their houses on fire and giving away the ashes. If the trade unionists and hoteliers show no sign of flexibility, the smoldering wreckage could soon poison the air beyond that sector.

Although it is one of the pillars of Nepalese economy, nobody seems to understand the importance of the tourism industry. Even the government has not taken any initiative to find a compromise formula before the deadline.

Although the trade unionists have some valid arguments, the timing of their bid to push their agenda is wrong. The unionists are pressing their demand at a time when the Nepalese tourism sector continues to face one crisis after another.

After the hijacking of an Indian Airlines plane in December 1999, Nepal's tourism sector has continued to go downhill.

Earlier, Nepal's hotels normally had 60-70 percent occupancy rates during this

time of year. Today that rate has fallen between 10 and 20 percent. "It will take many years to recover from this situation," said an executive member of the Hotel Association Nepal (HAN).

After the Indian Airlines hijacking, the number of Indian tourists visiting the country has declined by 30 percent. The recovery of Indian tourists will take another couple of years, some analysts say.

Nepal's tourism industry has been struggling under exaggerated stories of pollution, garbage crisis, deteriorating law and order situation and bird hits at the airport. The dispute between hoteliers and unionists the latest in the series and could prove to be the proverbial last straw.

An international agency has sent in a cancellation notice to a leading five-star hotel, citing the uncertainty hovering over the hotel business in the Himalayan kingdom.

"We have already asked travel agencies to cancel bookings till a final settlement is reached," said a senior executive of a leading five-star hotel.

Many hotels are adamantly against accepting bookings for big group now. If the dispute continues, the country will have to face a considerable loss a sector that has brought in money and helped to popularize the country abroad.

As the February 11 deadline set by the government on deciding whether or not to introduce the 10 percent service charge demanded by the unions is approaching, that fear is looming larger.

Since the unions have the strong backing of political parties and leaders, the dispute cannot be settled without political intervention. "If the government leaves us alone in finding a solution, we can reach a settlement within hours," said a leading member of HAN. Union leaders are digging in their heels. "We will begin our strike from February 13 if our demand is not met by then," warned Bishnu Lamsal, general secretary of the Joint Action Committee of the two unions of hotel workers.

Although the annual contribution of the tourism sector to GDP is insignificant, it remains one of the major foreign currency earners of Nepal. ■

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NEPALESE FILMS

Moving Images Of An Industry

Nepal's film industry began to flourish commercially less than a decade ago. The industry has seen phenomenal growth in production and distribution capabilities. Last year, 29 films were released. That number is expected to reach 40 this year. Despite the numerical growth, Nepalese films are yet to make significant gains in terms of total market share. The industry continues to face a stiff challenge from technologically advanced foreign films.

By KESHAB POUDEL

If the success of 'Darpan Chhaya' is any indication, the future of Nepal's film industry lies in low-budget productions that tell realistic stories about the country and people.

In the past, many low-budget films reflecting the realities of the nation have proved to be commercially successful.

Four other Nepalese films were released in Kathmandu valley in the last two months. Packed with sexual expositions and gory violence, none could come any-

where close to 'Darpan Chhaya'. Deepak Rayamajhi's 'Angalo Angalo Ma' turned out to be a complete disaster in the valley.

Despite the growing public demand for movies with a powerful social message, a large number of Nepalese producers still follow the C-grade formula of sex and violence.

Acclaimed producer and director Yadav Kharel has brought out films like 'Prem Pinda', 'Adikabi Bhanubhakta' and 'Sree Swasthani' with the wider objective of preserving glimpses of the country's history and culture for posterity.

Although director and producer Nir Bikram Shaha has produced historical films like 'Basanti', he has used sexual exposition and violence as key ingredients.

Although so-called commercial films dominate the Nepalese movie industry, they are unable to draw audiences. Three or four Nepalese films are released every month but only a few are money makers. Most fade from public memory within a few days of their release.

Despite such a volatile market, Nepalese investors continue to pour money



Artistes of *Darpan Chhaya* : Taste of success

into the film industry. But this is a high-risk venture. As most first-time producers are inspired more by the glamour of filmhood than by the artistry of cinema, they fail to properly understand the tastes and demands of the market.

When their films bomb in the box office, the wreckage is often strewn across a wide area, including their personal life. Many failed producers have been driven to desperation. In the last decade, four producers have committed suicide.

Nepalese films face strong competition from more professionally made foreign films. But many new producers make investments without properly studying market trends. This makes it highly difficult for Nepalese films, which are produced with modest investments ranging from Rs. 2 million to Rs. 4 million, to compete with foreign block-busters.

Film Market

According to an unofficial survey, Nepal has a total of 319 film halls — 251 big theaters and 68 high-vision halls — catering to its 23.2 million people. The average capacity of a film hall is 700 seats. There are more than 600,000 seats available in film halls every day, but the total occupancy rate is about 50 percent — 300,000 viewers a day.

The average cost of a ticket is Rs. 20,

which means the total transaction of a film hall is an average of Rs. 180 million a month. The annual turnover is about Rs. 2 billion.

Kathmandu valley is the largest market for films, with half of its 1.6 million people considered to be regular film-goers. The 41 film halls in the valley provide about 90,000 seats daily.

In terms of the total market, Nepalese films command a share of less than 40 percent. Nepalese film producers can increase their market share if they choose a different strategy. Instead of blindly following the dreary Bollywood formula of alternating rape scenes and sexual exposition with fights and songs, Nepalese producers should start looking for plots that mirror the country's past and present realities.

"If we go on producing Bollywood-type films, it would be difficult for Nepalese audiences to find a reason to spend money on their own films," said renowned producer Tulsi Ghimire. "Our films will just fade away if we copy commercially driven Indian films."

When people fail to see the difference between Nepalese and Bollywood films, they naturally prefer Hindi films because they are of a better quality, say industry analysts.

Although '*Darpan Chhaya*' is a simple film made with a modest investment, it has been able to set records and freshen up the industry.

In terms of diversity of story lines or technical strength, Nepalese films cannot beat foreign productions. But the Nepalese film industry can excel in portraying themes based on Nepalese realities.

Not all producers or directors are as lucky. For every '*Darpan Chhaya*', there are several stories of frustration and hard luck.

This year's first few weeks provide an interesting example of the industry. It has seen the success of '*Darpan Chhaya*' and the failure of '*Angalo Ma Angalo*'. '*Sangam*' recently hit the screens of Kathmandu and the production team is keeping its fingers crossed.

There are more than half a dozen other films in the pipeline. '*Tan Ta Saraini Bigris Ni Badri*' was released this week. Among the 31 movie halls in Kathmandu, 16 are showing Nepalese films.

'*Darpan Chhaya*' and '*Sangam*' are being screened in four and seven theaters, respectively. '*Ago*' and '*Hatya*' are running in two film halls. '*Basanti*' is being displayed in one hall.

As in many other sectors, the boom in Nepal's film industry is a direct outcome of the liberalization of the country's politics and economy following the restoration of multi-party democracy in 1990.

Growing Professionalism

The increase in the number of Nepalese films has been accompanied by a growth in professional manpower. According to an estimate, more than 25,000 people are employed in this sector.

Actors, actresses, dancers, stuntmen, musicians, singers and technical assistants have started commanding respectable fees. According to current rates, a top-class actor gets up to Rs. 250,000, with a similarly placed actress commanding Rs 200,000. The fee of dancers ranges from Rs 1,500 to Rs 2,000 a day. Musicians, singers and cameramen also have their own rates in accordance with their market value.

This is a far cry from the early days, when actors had to pay money to get a major film role. Some producers still pre-

'Profit Opportunities Drawing Private Investors'

— DEEPAK RAYAMAJHI

DEEPAK RAYAMAJHI, one of the prominent directors of the country's film industry, sees great potential for Nepalese movies. Although Rayamajhi, who has directed 13 films, failed to receive an encouraging response to his first production, he is optimistic about achieving success in the future. Excerpts:

What are the reasons for the boom in Nepal's film industry?

In the 30-year history of film making in Nepal, this is one of the most interesting times. A large number of investors are coming into this sector. In early days, investment in films was limited, as one has to wait years to release films. Film budgets were very low in the early days and one did not need to worry too much about the returns. Producers have seen the possibility to invest. The cost of making Nepalese films is going up because of growing production costs. People are spending up to Rs5 million per film. Private investors are coming because they see the potentials for profit in the film sector.

How big is the market for Nepalese films?

A decade ago, the market was small and it was very difficult to maximize profits. Now the market has grown and can accommodate Nepalese films. The number of cinema halls has increased. Nepalese films have a good market now. Commercial films are making good profits. In Kathmandu valley alone, there are more than three dozen film halls.

What percentage of the market do Nepalese films occupy?

Nepalese films are occupying less than 50 percent of the market. More and

more films are in the production line. It is said that Nepalese films are yet to attract middle-class audiences despite the increase in the number of professional producers and directors.

What is the reason?

To attract middle-class audiences, we need to produce films with a message. More than 90 percent of today's audiences are from the lower class. However, we cannot ignore the preferences of the lower class just to lure the remaining 10 percent. Gradually, middle-class audiences are increasing.

What are your experiences as a producer? Are you satisfied with the performance of your new film 'Angalo Angalo Ma'?

This is the first time I have been involved in film production. It has helped me to understand distribution patterns, market realities and other areas. Earlier, my sole concern was with film direction. Frankly speaking, I have been unable to attract the audiences. The film was good but publicity was not satisfactory.

Do you think the film will make a profit?

I can say that it will bring money to cover my investment if it captures the market outside Kathmandu valley. The performance within the valley has been unsatisfactory. My investment was not big; I spent Rs3 million. I have lost 50 percent of the return. Some of my other films were very successful.

How do you evaluate your performance?

I am quite happy with my performance. I am proud to have introduced some of today's prominent actors. I have been directing a couple of films annually,

in a position to make a living from the industry," said character actress Basundhara Bhusal, president of the National Film Artistes Association. "Almost every actor and actress is paid for their work."

The growing demand for the more



which make me busy round the year. We need to devote five to six months to bring out a new film.

How professional is the film sector today?

It has become very much professional today. Actors and technicians are well paid. For actors who have been around for a while, there is very promising market. New actors have tough competition. Producers have had difficult times. Many have gone bankrupt because of their failure to draw audiences.

What fees are you paying your actors and actresses?

For senior actors, we have to pay up to Rs. 200,000 per film. The rate for actresses is up to Rs.150,000. Dance charge a minimum of Rs.1,500 for a group performance. The average budget for Nepalese film today is between Rs.3.5 million and Rs.4 million.

Why don't educated people want to become actors, directors or producers?

Highly educated people are also entering the industry. An educated person can easily understand what the director tells him or her to do. One needs to have a minimum educational background to be an actor, director or producer but education is not always the sole qualification. ■

successful artistes has led to the practice of working in shifts. Rajesh Hamal, Niruta Singh, Karishma Manandhar, Bimala Thapa, Ramesh Upreti and Dilp Rayamajhi are counted among the busiest artistes.

"Professional film actors still have many problems. But I think they have

fer to hire newcomers and fees are not an overriding consideration.

In any case, the Nepalese film industry, having overcome many challenges in the early stages, is gradually showing signs of greater professionalism.

"Unlike in the early days, we are now

'People Want Simple And Well-Told Stories'

— TULSI GHIMIRE

Producer and director **TULSI GHIMIRE** has once again proved that it is the film's story — not the budget — which draws audiences. Almost all of Ghimire's films have been hits. However, his latest presentation 'Darpan Chaya' has set records. Ghimire spoke to SPOTLIGHT on various issues related to his films. Excerpts:

Do you have sufficient equipment to produce good films?

We don't have adequate equipment available in the country — things like crane and dolly steady camp and wind machines, cameras in good condition and lights. Because of lack of equipment, we are unable to produce film with our own concept and vision. We don't have studios to develop a new set in keeping with the concept of the film. We have largely depended on outdoor shootings. There is no place for indoor shooting. In our country, the film industry has already taken the shape of an industry, but we still lack basic things. Even without basic facilities, our people are making new films. We need to improve our technical capabilities. We have ideas about equipment and the talent.

At a time when many big-budget films have not done well, what do you think has helped to popularize your relatively low-cost films?

Actually, we are presenting vulgar and violent scenes to audiences in the name of action films. Nepalese audiences do not need illogical scenes and unbelievable dramatic sequences. What they want are simple and well-told stories. If we see the history of Nepalese films, only musical emotional films stimulate the market. Our audiences need musical, emotional and good stories. Women-oriented subjects always hit the market. I don't see any future for illogical and vulgar films. Maybe some violent Hindi film succeeds in attracting the audiences. We have to have a clear definition about what commercial film means. Many Nepalese producers believe commercial films are those that have five fight scenes, two rape scenes interspersed with dances. Commercial films are those that make money. In Nepal, bad and illogical films are known as commercial films.

How do you see the preferences of Nepalese audiences?

Frankly speaking, the taste of Nepalese audiences is better than in many countries of

the region. Nepalese have a standard of taste. We have very good ground to make high-quality films. We throw positive thoughts. Basically, we always agree to develop pure and high-quality films. But only a few producers do so. Most of our films are irritating rather than entertaining.

If there is no market for violent films, why are people coming out with such films?

'Darpan Chaya', 'Lahure' and 'Dakshina' have clearly shown that audiences like films based on Nepalese realities. I don't think anybody likes to see violent films. There are many producers who do not have knowledge about film. Interestingly, 12 film producers have committed suicide following the failure of their films. The so-called commercial film producers are employing technicians.

What is the structure of the market?

We have a market of about 10 million people. When we make a film on the basis of a simple formula, it can generate more than Rs100 million. However, it needs to be a Nepalese film.

How do you assess 'Darpan Chaya'?

It is just an average hit film. We need to have the tendency to develop experimental films. We have never tried to produce such films, because we do not have foreign markets.

What is the possibility of tapping the Indian market?

Yes, there is a possibility to do so, but we have not been making any effort through the proper channels. We should have an institutional set-up to deal with Nepalese film. We hope the Nepal Film Development Board will do something to create markets for Nepalese film. Since prominent director and producer Yadav Kharel heads the board, we are expecting positive results.

Why haven't you been able to draw the middle class?

It is because we don't have standard films. As long as we don't have quality film halls, it is impossible to lure the middle class. Many film halls do not have basic facilities like toilet.

How do you see the role of actors?

The success of a film depends on the



whole product. We have not built actors that can pull crowds on their own. No one can claim to be doing that today. We need more and more educated actors who can really make a difference. People like Yadav Kharel, Nir Shaha and Rajesh Hamal, among many others, who are changing the face of the film industry.

You are known for having introduced many actors. What kind of education have you given them?

I teach every new actor or actress how to survive with decency. Tripti was one of my students who spent all her professional life with decency.

What is your formula for success?

I always choose topics based on the realities of Nepal. So the people love it.

What has encouraged some Nepalese producers to copy the Bollywood formula?

It is very strange. In Bollywood, one has to spend about Rs. 50 million to complete a film. I don't think any Nepalese producer has the capability to spend that kind of money. As you know, our market is very small. We must make films in accordance with our own needs. It is difficult for us to get a return Rs. 3 million. If we make films on our own, we don't have to spend too much money. We Nepalese have our own culture and heritage. But few producers have the goal and vision of drawing upon our own strengths.

What does the Nepalese film industry have to do to compete with Western and Indian films?

When the Film Development Board is able to open foreign markets, we will have to produce films to influence international audiences. We have films like Caravan, Mukondo and Basudev, which are based on our own realities. Such films can easily get international markets. We have already proved that Nepalese films can compete for the Oscar Awards. We have the knowledge and capability, but what we don't have is equipment.

How is the response of theater owners?

They are very cooperative. I don't have anything to complain about them ■

good future as the film sector is turning into a real industry," said Bhusal, who is also a member of the Film Development Board.

Sambhujit Banskota is one of the busiest musicians, who often finds himself composing tunes for several films at a time. Singers, too, find themselves busy memorizing new tunes and hurrying in and out of recording sessions.

Before the restoration of multiparty democracy, Kathmandu had only six theaters. The now-dissolved Royal Nepal Film Corporation used to produce a film or two a year. As soon as film-making was opened to the private sector, however, investment surged. The number of productions increased by leaps and bounds. The production cost of a film

"The Film Development Board has been working to expand the film market in different parts of the world," said Yadav Kharel (see box). "We have developed a concept to exploit external markets, but we don't have any set-up or strategy to do that," he said.

A Federation of Film Trade and Industries has been set up under the chairmanship of Uddav Poudel to help expand the market for Nepalese films.

Many Nepalese films are exported to India and other countries through the personal initiative of producers and directors. In the absence of an official mechanism, the external market cannot be fully tapped.

In 1972, there were only 26 film halls in the country, largely because the

different. Nepalese films enjoy tax exemptions and other incentives. Film making has now become the private sector's preserve.

Urbanization and electrification have also played a major role in expanding the reach of Nepalese films.

About 100 Indian films are imported through legal channels. Some estimates put the film industry's value at about Rs. 4 billion.

Thirty films were released last year. These are the kind of numbers that gave Nepalese film producers heartburns. Despite the success of 'Caravan', which received an Oscar nomination in the category of best foreign film, and 'Basanti', last year was disappointing for many producers.

History of Nepalese Film

The first Nepalese documentary was produced on the occasion of 42nd birthday of King Mahendra in 1962. But the first Nepalese feature film was 'Harischandra', produced in 1951.

That was followed by 'Ama' (1965), 'Hijo Aja Bholi' (1967) and 'Paribartan' (1970). All were made by Indian producers, directors and technicians. After the establishment of the RNFC in 1972, many steps were taken to improve technical capabilities of film making, including recording, editing, dubbing, processing and printing.

In the 1970s and 1980s, the people could expect to see Nepalese films only every couple of years. Today, a local production is released almost every week.

Although the RNFC was privatized in 1993, it is still one of the important bodies supporting the Nepalese film industry. The RNFC also helped to establish a film laboratory, which helped to reduce dependency on India to process films. Although the corporation produced a relatively small number of films, it helped to create the large pool of technical manpower that is driving today's industry.

As the number of Nepalese films increased, the need for more theaters was felt. "The number of cinema halls increased rapidly because of the large audiences for Nepalese films," said Laxminath Sharma, in a paper titled "Problems and Solutions of Nepal's Film



A scene from *Hatiyar* : Cashing in on violence

Photo : Sandesh Manandhar

ranges from Rs. 2 million to Rs. 3.5 million.

Nepalese film producers are widening their focus to include markets in Australia, the United States, Hong Kong, Gulf countries, Brunei and the United Kingdom, where Nepalis live in substantial numbers. If India is included, the market can be expected to grow exponentially.

The main obstacle to capturing this wide market is the lack of an institutional mechanism.

government's policy was restrictive. The major part of the theaters' earnings went to India because there were very few local productions to offset the dominance of Hindi movies.

Even the few Nepalese films that were made relied heavily on India during various stages of production.

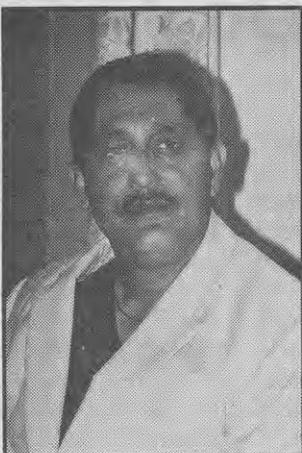
The RNFC played very important role in building the infrastructure for the industry, which has contributed in no small measure to the current boom.

The situation today is completely

'Mandate Of Film Board Is Unclear'

— YADAV KHAREL

For many, the name **YADAV KHAREL** is synonymous with Nepalese films. One of the highly acclaimed directors of the Nepalese film industry, Kharel is chairman of the Film Development Board. He spoke to **SPOTLIGHT** on various issues. Excerpts:



What steps is the board taking to develop the country's film industry?

One of the major problems of the board is that it does not have by-laws to become a truly functional organization. We have already sent the draft by-laws to the ministry, but it has not approved them. We don't have staff and other things. At the moment, we are involved in these preliminary things.

Do you have any plan to expand the Nepalese film market?

We have already developed our plan and potential market. As long as we lack by-laws, we cannot do anything. The ministry has to move as quickly as possible. The people have their own expectations from the Nepalese film industry. We recently organized a national seminar on Nepalese films and endorsed a list of 20 recommendations. We have already set up six task forces based on those recommendations. We have been doing something.

How do you evaluate the Nepalese film market?

More than 50 films are going to be produced this year. The numbers continue to go up. On an average, we capture less than 50 percent of Nepalese market. We don't have exact numbers now. Within a month, we would be in a position to give details. An investor has to spend at least Rs. 4 million to complete a film. A successful film can earn up to Rs 10 million.

Does the board have any plan to stop the vulgarization in Nepalese films?

As there is a censor board to see that, we cannot do anything. If the censor board is effective, such tendencies are checked. We need to have a centralized censorship board. At present, we have censor boards in 75 districts. We should have a censor board like the one in India.

Is there a possibility of exporting Nepalese film? What role can the board play in this direction?

The position of the board is unclear. The definition of the act shows that the board is neither an autonomous body nor a branch of the government. The act needs to be amended. There needs to be a system to expand the external market. At a later stage, we will do something about this.

Do you see any viable market abroad for Nepalese film?

Definitely, there is market abroad for Nepalese films. We can export our films to Hong Kong, India, Brunei, Gulf countries, Australia and the USA. We need a systematic strategy to expand the market, as we don't have an administrative structure.

What steps is the board taking to regulate the film industry?

First of all, we need the authority to work. If we are allowed to work under the act, we will create a different situation. We don't have any detailed study on the entertainment market. As we have more than 100 film halls, the turnover will be higher. There are 65 high vision halls and 251 cello-light halls. Every film has three shows that are attracting tens of thousands of audiences. Annually more than 90 Indian films are coming to Nepal along with 50 Nepalese films. There is a huge annual turnover.

As one of the pioneers of Nepalese films, how do you see the development of the industry?

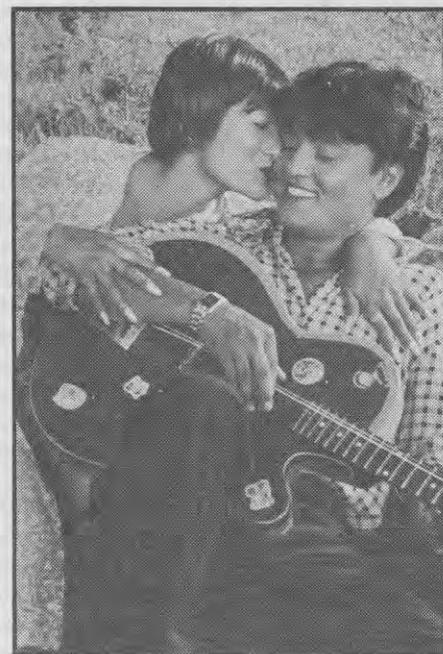
When I was appointed chairman of Royal Nepal Film Corporation in 1972, there were only 26 film halls in Nepal. At that time, Nepal had a restrictive policy. There were no dimensions in Nepalese film. We didn't have manpower. We had to depend on the Indian film industry. Now the situation is completely different. Today the private sector is involved. The preconditions of the film industry have increased. There are big cadres of distributors. There is a growth of manpower and investment. This is a well-grown industry. ■

Industry. "The market and professionalism in the film industry has expanded tremendously over the years."

When the government designated the film sector as an industry, private entrepreneurs came to invest in large numbers.

In the beginning, some private-sector investors produced joint ventures with producers from Pakistan, Bangladesh and Sri Lanka. Although that trend popularized some Nepalese artistes in those countries, it could not last long because joint-venture films failed to earn profits.

Nepal has witnessed phenomenal growth in the number of studios, recording theaters, music and dance training centers. In the battle for the box office, size doesn't



Angalo Angaloma : Romantic formula

matter. What connects with the people will work.

But bringing a film to the market is not easy. Sometimes producers have to wait for years to process their films in the laboratories of Mumbai.

This year will see a new boom in the Nepalese film industry. Whether it will prove financially profitable is a different matter. The enthusiasm of Nepalese producers remains undiminished. At a time when their own market is half-filled with foreign films, Nepalese producers have mustered enough confidence to eye audiences abroad. ■

'If We Want To Sell Electricity, We Have To Do That Fast'

— BISHWONATH SAPKOTA

BISHWONATH SAPKOTA is the Secretary at the Ministry of Water Resources. He spoke to KESHAB POUDEL and SANJAYA DHAKAL on various aspects of Nepal's water resources. Excerpts:

Recently there was a meeting between Nepalese and Indian government officials regarding the inundation problem resulting from the Laxmanpur barrage. What decisions were made during the meeting?

Last year, we experienced inundation problem in some parts of Banke district resulting from the Laxmanpur barrage constructed by India in the border region. The joint committee on inundation studied this problem. India has agreed to construct an embankment along the Rapti river to prevent the inundation. Hopefully, this problem will be solved soon.

It has been five years since the Mahakali Treaty was ratified by parliament, but the Detailed Project Report (DPR) has not been prepared yet. We always seem enthusiastic about reaching agreements but fail to implement them. What is the reason for this delay?

Because of a few technical difficulties, the preparation of the DPR has been delayed. There were also some financial problems and it was unclear which party would be responsible for bearing the expenses. But the process is under way. We hope to prepare the DPR within 2001. It is true that there has been a delay in the preparation of DPR, but that does not mean we are indifferent to it.

In the given circumstances, what is Nepal's priority - water or electricity?

Both are our priority. We have not been able to provide irrigation facilities to all irrigable land. Seventy percent of our country's land is in the hilly region where big irrigation projects are less feasible. Even among the remaining 30 percent of the land in Terai region, we have not been able to make optimum use of the available water. When we talk about our water resources, we have to understand that most of our rivers come down from Himalayas and they have great currents. During the monsoon, they cause floods and landslides, so there is an urgent need to control them. That apart, we have to use the water for drinking too. So, there are four aspects to our water resources - drinking water, irrigation, flood control and generation of electricity. One reason why we emphasize the generation of electricity is because we have a vast potential of hydro-electricity which we can sell to neighboring states of India that are suffering from power shortage. But if we want to earn by selling electricity, we have to do that fast. We cannot hold the flow of our rivers. Every second our water is flowing away and we are losing the resource.

In the last 50 years, there has been a lot of investment in the irrigation sector but very little impact has been made. Do you find any lapses in our policies?

The biggest hurdle before us is that of materials and resources. Most of our rivers run dry during the dry season. It is difficult for us to provide irrigation facilities from the quantity of river water available to us during the dry season. So, what we can do is collect the water by constructing dams in different places. Then, we can be able to irrigate the land around the year and in the same stroke manage to control floods. But we need a huge amount of resources for that. So, more than policy lapses, we suffer from a lack of resources. The policies are not the problem. We could have used the water of Bagmati, Gandaki, Kosi, Karnali to irrigate even more land, but this demands huge investments, which we do not have at our disposal at present. Apart from that, we also have to divide the available resources to the hills and Terai. We are not in a position to concentrate all of the resources on irrigation projects in the plains. So, the main problem is not the policy but the resources.

There are also questions about the rights of lower riparian countries regarding irrigation projects. What do you say?

The issue of lower riparian rights come up from time to time. Our requirement is to make use of available water resources for our maximum benefit. And I do not think, in so doing, we will be making impacts on the lower riparian country. We have to use our natural resources for our own benefit first. India acknowledges that Nepal has the priority right to use its water resources. Even a visiting Indian water resource minister had agreed that Nepal has the priority right.

The World Commission on Dams recently prepared guidelines. How does your ministry see them?

First of all, there is a controversy in the constitution of the said commission. It is not with the consent of small developing countries like Nepal, which is rich in unexplored water resources, that the commission was formed. Water resources and forests are the only natural resources we have. So, if some commission forms a guideline that will be universally applicable, it will definitely affect countries like Nepal. Another thing is, we are already aware about the principles that the commission has included in its guidelines. We are not only aware of such principles but we have been following them, too. We are sensitive to the principles raised by the commission: that there should be adequate study for alternatives before constructing dams, that there should be minimum impact on environment and proper reha-

Our requirement is to make use of the available water resources for our maximum benefit. And I do not think, in so doing, we will be making impacts on the lower riparian country.



bilitation for displaced people. But we disagree with the manner in which the commission wants to impose its guidelines. The developed countries have already constructed huge dams and they will not be affected by such guidelines. But Nepal is yet to construct a single big dam. Apart from Kulekhani dam and few water diversions, we don't have any dam in the country. But now when we are in a position to extract benefits from our resources, this report has come as an obstruction to our development effort. In case this report is implemented, we will have to face a negative impact in water resource development. We should, therefore, take this report seriously and put our views clearly. In fact, we have already tendered our initial reaction. We are sensitive to the principles raised in the report and we have been following them. Having said that, we refuse to be made a museum for environmental protection at the cost of our development. We are perfectly capable of framing such guidelines for ourselves. No one should try to impose them on us.

The limit of power exchange between Nepal and India was recently increased to 150 MW from 50 MW. How will this help Nepal?

At present, we have a marginal deficit in power. But after the Kali Gandaki A comes into operation next year, we will have surplus electricity. That surplus electricity can be sold to India. But for that we have to first construct connecting lines on our side and India has to do the same on their side. What this agreement has achieved is that we can sell our surplus electricity after the infrastructures on both sides of the border are in place.

The Nepalese parliament has still not ratified the Power Purchase Agreement (PPA) with the Indian government. What do you say?

The ratification of the PPA is important in the sense that it will create a favorable environment for the trading of power. The PPA has the legal provisions to facilitate the power trade. It says the respective governments will have to provide facilities as per the existing law to the parties interested in trading power. Although there has not been any discussion regarding this in parliament, I think many believe it is not necessary to include this provision. Personally, I think it is very important that the PPA is ratified by parliament, as it will have the positive impact on the development of water resources. The ratification will mean there is an

agreement between the Indian and Nepalese governments whereupon there is the possibility of trading power. There will be a conducive environment where the private sector can hope to invest in hydropower development and export that to India. Since the provision says the facilities should be given only if they are in accordance with the existing laws, I see no reason why this will affect us.

What is going on regarding the water resource strategy being prepared by the ministry?

It has been the government's policy to develop water resources for the economic prosperity of the country. In that context, we are preparing an integrated strategy to see how the water resources can be developed for the overall development of the country. We have already received a report to that effect from our consultants. It addresses various aspects of our water resources, including drinking water, flood control, irrigation and hydro-electricity. We are studying the report and preparing the strategy, which will be submitted to the cabinet for approval.

There is a new controversy surrounding the Purnagiri dam. The youth organization of the main opposition party CPN-UML threw drilling machines into the river last week, saying the project would undermine Nepal's interest. What do you say?

This is unfortunate. They shouldn't have done what they did. They have only created confusion among the masses. In fact, there is no dam in Purnagiri. The construction has not even started. It is a part of Mahakali Treaty. We have to study where dams should be constructed, what will be their environmental impact, where tunnels need to be constructed and what are the costs involved. At present, we are merely in the stage of studying where we have to conduct various investigations. Drilling machines are used to study the nature of rocks there. According to our investigations, we have identified three places as options for constructing the dam, Purnagiri, Rupaligadh and Sirsiyagadh. So, it is natural that we would be studying these options if we say the Mahakali Treaty should be implemented. Unfortunately, we are facing obstructions at the stage of study itself. We have to justify why Purnagiri is not viable.

What is going on regarding Enron's involvement in the Karnali Chisapani project?

At present, there has been no further development regarding Enron's involvement in the project.

What about the Arun project?

As far as Arun is concerned, the government has said it will not give guarantee to purchase the power generated. This onus will remain on the applicants themselves. Another thing regarding the investment in hydropower is that the government has asked for performance bond from interested parties applying for the licence. This is because, if we do not ask for such bond, that may give rise to the practice of holding licenses. A company called Euro Orient had shown interest to develop Arun, but we have not received performance bond yet. So, we are thinking of exploring other alternatives as well. ■

This is unfortunate. They shouldn't have done what they did. They have only created confusion among the masses. In fact, there is no dam in Purnagiri.

PROPERTY RIGHTS

Unequal Half

The issue of equal property rights to women has once again come into focus after MPs collect public opinion

By SANJAYA DHAKAL

In the 10-year history of Nepal's parliament after the restoration of democracy, perhaps no bill has attracted so much public attention as the one dealing with equal property rights for women.

With opinion in support and against the bill flying thick and fast, the parliament, for the first time, decided to seek the views of the general public on the issue. The members of the House of Representatives Law and Parliamentary Affairs Committee vis-

to the forthcoming 19th session of the parliament. The women's right activists are upbeat about this. "While it is odd to find that MPs found it necessary to collect public opinion in this bill only, we are happy that once again the bill will be introduced in the parliament," said Sapana Malla Pradhan, an advocate associated with the Women, Law and Development. "From what I have understood, the opinions gathered by the MPs, though they collected it primarily out of their concern for their respective votebanks, are largely positive towards giving women the equal property rights."

The political parties are yet to make up their mind about the bill. Although the main opposition UML has shown its willingness to pass it, there are still MPs, mainly from the Terai region, who believe any move to divide parental property among sons and daughters will disturb social harmony. Speaking at a program to review the bill recently, Speaker of the House of Representatives Taranath Rana Bhat emphasized the

need for adequate homework to study the possible impacts that would be made on the society after the bill passes.

However, the lobbyists for the bill express concern that this time again the authorities would be introducing the bill merely as a formality. "If the bill is not introduced with priority, then it would be meaningless. But still I am hopeful as this bill is the government-sponsored one," said Malla.

The moves to introduce a bill to ensure equal property right to women were activated in Nepal after the world conference on women held in Beijing in 1994. There, the Nepalese authorities had pledged to formulate laws to ensure the right to women, abolish all legal provisions that discriminated women and establish their rights of

NEPAL-CHINA

Assessing Ties

As soon as he was back from New Delhi discussing a broad range of issues with his Indian counterpart, Foreign Secretary Narayan Shumsher Thapa found himself engaged in consultations with a senior Chinese official. The third consultation mechanism meeting between the foreign ministries of Nepal and China kicked off here Sunday. Assistant Foreign Minister Wang Yi and Foreign Secretary Thapa headed the delegations of the Chinese and Nepalese sides.

According to the Foreign Ministry, the consultations covered areas including exchange of visits at various levels, projects launched in Nepal with the cooperation of China, future economic cooperation, and matters of bilateral, regional and international interest. The consultation mechanism was established as per the agreement between the foreign ministries of the two countries in 1996. During his stay in Nepal, Mr. Wang also called on Prime Minister G. P. Koirala and senior government officials.

Meanwhile, reports said Chinese Defense Minister Chi Haotian is visiting Nepal later this month after visiting three East Asian countries. The Foreign Ministry is yet to announce his itinerary and agenda for discussion.

reproductive health, among others.

Last year a review was made of the achievements of Beijing Conference in New York, which gave new recommendations for future strategy. "In that review meeting we found many countries have implemented the recommendations of Beijing Conference. But in Nepal, we are yet to see the Women's Commission materialize and there are still 118 legal provisions and 67 schedules that discriminate women," said Malla.

While no one doubts the deplorable condition of Nepalese women, many still think it would be premature to introduce bill to ensure equal property rights to women before making society ready. And there are others who believe the introduction of will system to give parental property would be the better option.



Nepalese women : For more right

ited 14 districts of the five development regions to seek suggestions regarding the legal provisions for ensuring women the right to ancestral property.

But observers have raised doubts over the rationale of collecting public opinion in such manner. "How can you say you have the public's opinion by merely visiting some places?" asked one lawyer, speaking on condition of anonymity. "The opinions they have collected can not be called representative of general masses."

The bill to amend the Civil Code was under parliamentary consideration after it was sent by the 16th session of the parliament to the committee for detailed clause-wise discussion.

Now the bill is poised to be introduced

PUBLIC TRANSPORT

Space Matters

Commuters find themselves squeezed between overcrowding and shrinking leg room

BY AKSHAY SHARMA

Kathmandu Valley has made a bumpy transition from hippie-era minibuses to electric-powered three wheelers to today's sleek microbuses. On the long-distance routes, rickety and dusty buses have largely given way to so-called 'super coaches.' But how satisfied are the people who travel in them?

In a way, the problems of forms of public transport — long and short distance — are the same. There have been many visible changes in ambiance over the years. There used to be a time when the Ratna Park-Bag Bazar area was the hub of public transport inside and out of the valley. While the long-distance buses have been relocated, microbuses, minibuses and three-wheelers still stop at Ratna Park, just long enough to fetch a couple of passengers before the traffic cops whistle them away.

The growth of passengers on the long-distance routes has led to more buses on the highways. But the interiors don't seem to have taken account of the changing physical dimensions of the travelers. "The rows of seats are so close that it is difficult to get yourself comfortably placed on the seat," says a wary and wobbly legged Stephen Lipert, a Sanskrit student in Benaras, who took a ride from the western city of Nepalgunj to Kathmandu.

"A person with a large build would

not normally fit in some of the seats," he says. "And then a few rows ahead there was one lady with a boy in one arm, clinging desperately to the bar on the side of the seat."

Roshan remembers an interesting sight on the bus while coming from Dhulikhel to Kathmandu. A foreigner tried to crawl into an empty seat beside me, the only vacant one on the bus. I pretended to be asleep. But from the



A crowded bus : Transport overload

corner of my eye, I could see the big guy still struggling to sit."

Some commuters complain of bad behavior on the part of the conductors. "Conductors have been seen to be rude especially to women passengers," says Samjana, who is a regular traveler on the Dulikhel-Kathmandu route.

The replacement of smoke-belch-

ing Vikram tempos by electric- and gas-driven two-wheelers and microbuses was intended to allow all residents to breathe a bit easier. Nobody has a conclusive reading on whether the pollution levels have declined.

But for many, the local transport system remains much in the same state. "The engines of some microbuses radiate noxious substances, which shows that they have not been serviced well," says Uttam Nepali, an automobile mechanic.

"Some of the microbuses continue to carry more people than the Traffic Police rules allow," says Amrit Bohara, who commutes from Budhanilkantha to his job in the city center every day.

"This kind of overloading blocks the driver's view which creates a major safety hazard," says Nepali.

Amrit, a frequent microbus commuter who lives in Balaju was having an interesting conversation with Diego Mambio, a Chilean on his first visit to Nepal. Diego was complaining of the lack of floor space for his bag, which he was balancing under his feet. The driver screeched to a halt at the Maitighar turning, abruptly terminating their conversation. "This is one of the scariest moments in all my travels on public transport," Diego later told Amrit.

The shortage of space prompted another passenger to draw parallels with his occupation. "I'm in the cattle business and we have rules and regulations on the number of cattle that can be crammed into

a particular space," said Wolfgang Patterson.

"That means human beings in Nepal don't have the kind of space your cattle have," exclaimed Amrit.

Then he turn to Diego in a philosophical vein. "The crowd on the bus probably tells you how crowded that country is." ■

CABINET RESHUFFLE

Power Games

In the absence of the prime minister's authority to discipline party MPs even a strongman like PM Koirala cannot provide political stability

By KESHAB POUDEL

Barely hours after the announcement of a cabinet reshuffle by Prime Minister Girija Prasad Koirala on Wednesday, party dissidents led by former prime minister Sher Bahadur Deuba criticized the move, saying their voices were ignored.

Prime Minister Koirala's efforts to satisfy his colleagues shattered when two newly appointed ministers Khum Bahadur Khadka and Palten Gurung declined to take oath just few hours after the announcement. It reveals the reality how weak the prime minister's position without a long stick.

Even after overcoming the dissidence challenge in the Parliamentary Party last month and emerging as a clear winner in the party general convention in Pokhara, PM Koirala still looks weak and is being forced to make compromises. As various interpretations of the Supreme Court limit the authority of prime minister to dissolve the House of Representatives, no prime minister can feel safe even with so many of his MPs in the cabinet.

Despite appointing 18 ministers, 14 minister of states and 5 assistant ministers, Koirala cannot expect to build unity in the Nepali Congress. This enforces the argument to have a strong prime minister with equally strong authority. Nepal has not seen such prime minister in last five years.

"Politicians are winning votes through magic phrases. However, as long as the restrictions laid out by the Supreme Court in 1995 are not reversed, a majority house will not look very different from a hung parliament," said political analyst.

SPOTLIGHT had predicted in its April 30- March 6 1999 issue that stability by a majority government would appear doubtful as long as the prime minister is stripped of his authority to dissolve the house.

Koirala was compelled to constitute such a big cabinet this time in view of two specific circumstances — the emergence of a powerful rebel camp endorsed by the party convention and almost the entire opposition gunning for his resignation. A person once known for firm and decisive action, Koirala has not been able to assert the authority of his office.

In the face of the changed political scenario, the prime minister has to compromise with seen and unseen forces. At a time when the

prime minister is primarily focused on securing his chair, the country can only expect new rounds of political instability.

In his first tenure as prime minister, Koirala ran the country with a 22-member cabinet for three years with relative stability.

The cabinet was reshuffled after an effort of nearly three months. If the rebel MPs had accepted his invitation to join the cabinet, Koirala would have announced his new line-up long ago.

The rebel camp's collective refusal to join Koirala's cabinet is mysterious, as they had urged the prime minister to form a balanced government during party central committee meetings. "Prime Minister Koirala has not adhered to the unity plan we thought he would implement," former minister Chiranjibi Wagle told SPOTLIGHT after the reshuffle. "We will issue our formal reaction to the new cabinet tomorrow (February 8) as parliament convenes," added Wagle, a bitter Koirala critic who challenged the septuagenarian leader for the party presidency four years ago.

As the prime minister ability to impose his authority on his ministers and MPs has been seriously undermined, members of parliament belonging to the ruling party have shown remarkable bargaining skills. It is not entirely clear whether the government is being led by the prime minister or by a frequently changing alliance of ministers.

There is no guarantee that the recently inducted ministers would not switch loyalties if they were offered better promises by the rebel camp. "How long can Prime Minister Koirala survive by compromising on everything with every MP?" a political analyst asked. The new cabinet line-up is a mosaic of the party, including 'Mr Efficient' Dr. Ram Sharan Mahat, the wily 'numbers man' Khum

Bahadur Khadka, and the outspoken Govinda Raj Joshi who quit as Koirala's home minister just a few months ago after the daring Maoist attack on Dunai. A known loyalist of former prime minister Krishna Prasad Bhattarai, Omkar Prasad Shrestha, has also found a place.

Interestingly, by appointing Prakash Koirala — the eldest son of B.P. Koirala — as a minister, Koirala has indicated that he is not assiduously promoting his own daughter, Sujata, as his critics claim. Political analyst see Prakash Koirala's appointment as a big jolt to Sujata, who has publicly blamed Prakash for having her nomination papers rejected during the recent Congress Central Working Committee elections in Pokhara. Koirala could not have accommodated every Nepali Congress MP in the cabinet and not all ministers have been given portfolio of their choice. In view of the dissatisfaction these two facts are likely to breed, the latest cabinet reshuffle may do very little to end dissidence in the party.

The new council of ministers

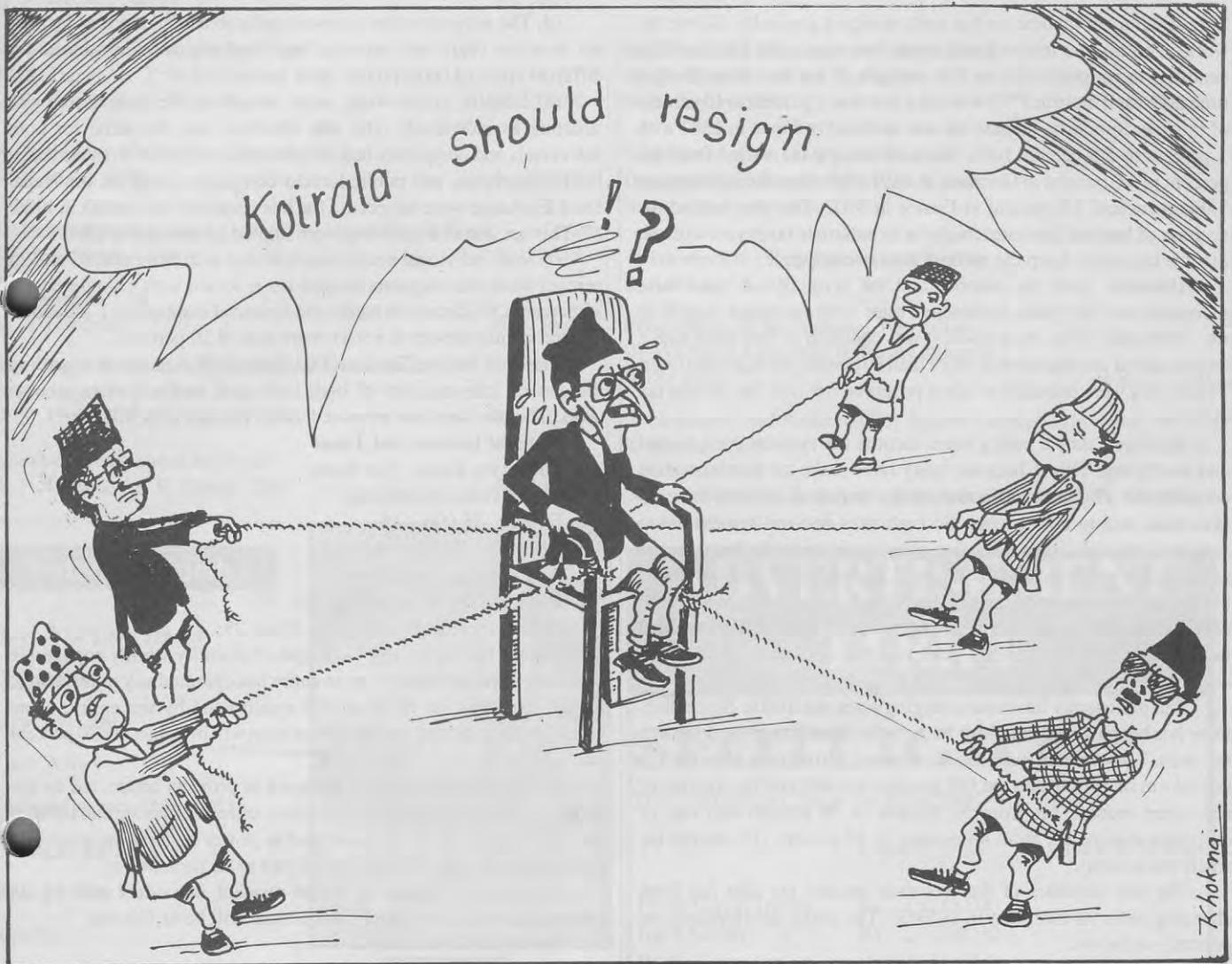
1. Girija Prasad Koirala — Royal Palace Affairs and General Administration
2. Ram Chandra Poudel — Deputy Prime Minister and Home
3. Khum Bahadur Khadka — Physical Planning and Works
4. Govinda Raj Joshi — Local Development
5. Chakra Prasad Banstola — Foreign Affairs
6. Dr. Ram Sharan Mahat — Finance
7. Mahanta Thakur — Law Justice and Parliamentary affairs
8. Siddha Raj Ojha — Population and Environment
9. Omkar Prasad Shrestha — Culture, Tourism, and Civil Aviation
10. Palten Gurung — Labor and Transport Management
11. J.P. Gupta — Agriculture and Cooperatives
12. Mahesh Acharya — Defense
13. Ram Krishna Tamrakar — Health
14. Amod Prasad Upadhyaya — Education and Sports
15. Surendra Prasad Chaudhari — Science and Technology
16. Bal Dev Sharma Majgaiya — Water Resources
17. Shiva Raj Joshi — Information and Communication
18. Prakash Koirala — Forest and Soil Conservation

Ministers of State

1. Mohamad Aftab Alam — Land Reform and Management
2. Krishna Prasad Sitaula — Industry, Commerce and Supplies
3. Kamala Panta — Women and Social Welfare
4. Narendra Bikram Nembang — Agriculture and Cooperatives
5. Dilendra Prasad Badu — Education and Sports
6. Gopal Rai — Finance
7. Surendra Hamal — Labor and Transport Management
8. Suresh Malla — Physical Planning and Works
9. Tirtha Ram Dangol — Health
10. Hari Prasad Sapkota — Home
11. Mahadev Gurung — Culture, Tourism and Civil Aviation
12. Benup Raj Prasai — Water Resources
13. Pushkar Ojha — Information and Communication
14. Shiva Kumar Basnet — Forest and Soil Conservation

Assistant Ministers

1. Ram Hari Dhugel — Agriculture and Cooperatives
2. Keshar Man Rokaya — Local Development
3. Romi Gauchan — Foreign
4. Mahendra Kumar Raya — Industry, Commerce and Supplies
5. Janak Raj Giri — Land Reform and Management



TRANSITION

APPOINTED: Krishna Mohan Shrestha, the Additional Inspector General of Police, as the Inspector General of Police of the Armed Police.

FORMED : A three-member probe body headed by Narendra Bahadur Neupane,

former Supreme Court Justice, to investigate the attack on Chief Justice Keshab Upadhyaya.

NOMINATED: Prof. Dr. Dayanand Bajracharya, Vice-Chancellor of the Royal Nepal Academy of Science and Technology, to the vacant seat of Tribhuvan University (TU) assembly, by His Majesty the King, in his capacity as the

Chancellor of the TU and upon the recommendation of the TU Executive Council.

ARRIVED: The Indian cyclist-duo Swapan Kumar Dutta and Chhatrapati Chatterjee, who work at the Steel Authority of India, in Birgunj, on a Nepal-wide tour to reduce the tensions created by the Hrithik Roshan episode.

ELECTED: Anup Raj Sharma, as the president of the Nepal Law Society, unopposed, by the society's 19th annual general meeting.

FELICITATED: Comedians Madan Krishna Shrestha, Hari Bansha Acharya, Basundhara Bhusal and Chatyang Master, by the Navarang Literature Academy. ■

A Review Of Income Tax Rates

By RUP KHADKA

Rate structure of income tax has been changing gradually all over the world. This tax was initiated with a very low rates in the 18th and 19th centuries in various countries. For example, it was levied for the first time in Great Britain in 1799 with rates less than 1 percent to 10 percent of income. Similarly, income tax was initiated in Japan in 1887 with 1 percent to 5.5 percent rates. Rates of income tax varied from 0.1 percent to 4.0 percent in Germany in 1891 while they ranged between 3.0 percent and 5.5 percent in France in 1907. The idea behind the fixation of low and few rates might be to habituate taxpayers with the income tax and to keep the income tax system simple.

However, both the number and the level of tax rates were increased over the years. Income tax rates were increased sharply in the 1960s and 1970s. As a result, it was common to find more than a dozen rates of income tax with more than 80 percent top marginal rates. These rates were intended to inject progressivity into the income tax systems.

However, such a policy made income tax systems complicated and inefficient. This is because many rates make tax administration complicated. High rates also discourage taxpayers to work more, to save more and to invest more. So high rates became detrimental to economic growth. High rates also gave incentive to the taxpayers to avoid and/or evade tax. Big companies started hiring tax consultants to explore way to reduce tax liability. Those who could not afford to do so or did not like to do so were discriminated against. This resulted in unequal treatment of equals. And, targeted objectives could not be achieved.

The philosophy has been changing since the 1980s. Since then, there has been a trend to reduce both the level and number of income tax rates. This process has been accelerated particularly after the US tax reform of 1986 when the US government reduced the top rate of individual income tax from 50 percent to 28 percent and rate of corporate income tax from 46 percent to 34 percent (15 percent for small businesses).

The rate structure of the Nepalese income tax also has been changing since its inception in 1959/60. The major development are pointed out below:

(a) The net income was divided into 11 brackets in 1959/60 when income in excess of Rs. 7000 a year was subject to graduated rates ranging from 5 to 25 percent. As elsewhere, both the number and the level of tax rates were increased gradually over the years in Nepal. The largest number of brackets ever employed in Nepal was 12 in 1964/65 and the highest marginal rate ever levied was 60 percent on income over Rs. 540,000 in 1975/76.

(b) In addition to the normal rates, surcharges were levied in the 1980s. For example non-resident taxpayers were subject to a 7 percent surcharge while companies and organized enterprises were subject to a 5 percent surcharge from 1981/82 to 1982/83. These rates of surcharge were raised to 12 and 10 percent, respectively on temporary residents taxpayers and companies and organized enterprises in 1983/84. These surcharges were abolished in the second half of 1980s.

(c) There has been a trend to reduce the level and number of tax rates since late 1980s. For example, both the number and level of income tax rates were reduced in 1992/93 when individual income tax was levied with three rates (15, 25 and 40 percent). These rates were reduced further in the following years.

(d) The same rate structure was applicable to all kinds of taxpayers in some years and separate rate structure was introduced for different types of taxpayers in other years.

(e) Initially, corporations were subject to the progressive rate structure as individuals. The rate structure was the same for both individuals and companies had different rates structure in other years. Public enterprises and public limited companies listed on the Nepal Stock Exchange were subject to a flat rate corporate income tax in 1986/87. This tax was extended to private limited companies in 1993/94.

(f) Now individual income tax is levied with two rates, 15 and 25 percent while the corporate income tax is levied with a single rate of 25 percent (30 percent on banks and financial institutions). Industrial enterprises are subject to a maximum rate of 20 percent.

The draft Income Tax Act 2001 does not deviate much regarding the general rate structure of both individual and corporate income taxes. The rate structure proposed under this act is as follows:

Rates of Income and Taxes

Taxpayers Status Tax Rates

(i) Individual income tax

First Rs. 75,000 15

Above Rs. 75,000 25

(ii) Corporate income tax

Bank and financial institutions 30

Others, including partnership firms 25

Income having a source in Nepal of an entity wholly engaged in operating a special industry or an entity has operated any road, bridge, tunnel, rope-way, or flying bridge constructed by the entity; or an entity has operated any trolley bus, or tram will be subject to 20 percent rate.

Further, an entity wholly engaged in projects conducted by the entity so as to build public infrastructure and own, operate and transfer it to His Majesty's Government and in power generation, transmission, or distribution will also be subject to 20 percent rate.

The taxable income of a non-resident individual will be 25 percent. Rates on some specified income will be as follows:

Description and Rates

The taxable income of a non-resident person with respect to income from business of ship operator, charter or air transport operator - 5 percent.

Interest paid to an individual not conducting business and provident fund or gratuity paid by an approved retirement fund - 6 percent.

The repatriated income of a foreign permanent establishment of a non-resident person situated in Nepal, dividend, and gains from investment insurance and unapproved retirement interests - 10 percent.

Natural resource payment, royalties, rent, retirement payment, service fees and interests - 15 percent

Annual flat rates are fixed for individuals having Rs 100,000 income or Rs 1,000,000 turnover. These rates will be as follows for persons conducting business in:

Metropolitan or Sub-Metropolitan Cities - Rs 2,000

Municipalities - Rs 1,500

Other places in Nepal - Rs 1,000

Khadka is a Tax expert

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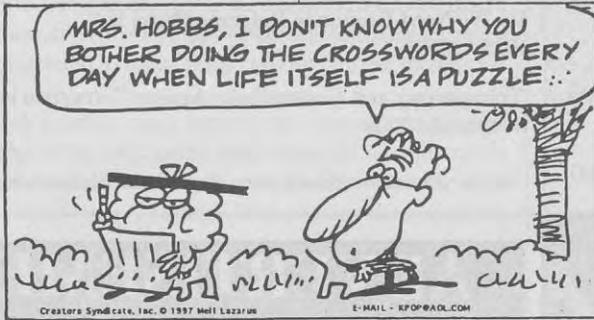
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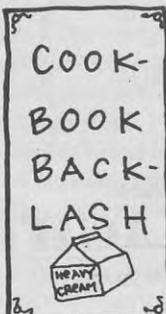
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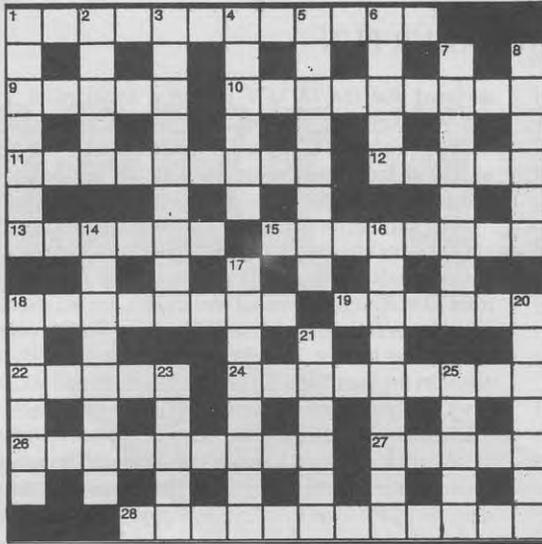
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DINNER WITH FRIENDS



CROSSWORD



ACROSS

1. Maintain boy's about to become independent-minded (8)
5. Nervous leaders of army facing assault (6)
10. Retrospective of passion play (4,4,2,5)
11. Jet's designer had to make repeated cuts (7)
12. Alcove for statue made of clay, intrinsically effective (7)
13. Joker, say, can be a match for any character (4,4)
15. No end of sweat, using this tool? (5)
18. I must leave recount, to return after an interval (5)
22. Attractive fields taking long to cross (8)
23. Cut corners in room that's fine for bachelor (7)
25. Conductor's strange variation (7)
26. Admitting recreation I preferred for a spell? (15)
27. Old fool injecting almost extinct bird with preservative (6)
28. Lack of air sounded a difficulty where highest peaks are (8)

DOWN

1. Find a wife in African country or another (6)
2. I'll shoulder my equipment, stay with the leader, and make notes (9)
3. Given some money back as disputant switches sides (7)
4. Secret source of timeless prestige (5)
6. Flatter type of fabric (7)
7. What green may mean, in painting's special language (5)
8. Delighted, possibly having ended on the rocks, welcoming rescue craft (8)
9. Idle dogs resolved to knock off (8)
14. First appearance of Hook, or second, in theatre (8)
16. Two types of wood that may be used for kindling (9)
17. Parliamentary officer threatening the bar (5,3)
19. One clarifying limits of rule right to support penalty? (7)
21. Withdraw as reaction to superficial irritation (7)
22. One-time goddess describing progress in AA? (6)
24. Somewhere to sleep, when starting a course (5)
25. In South Africa, general signs of pollution (5)

ACROSS : 1. Maverick 5. Afraid 10. Look back in anger 11. Whittle 12. Lunette 13. Wild card 15. Lathe 18. Later 20. Pleasant 23. Chamfer 25. Sargent 26. Reconstructible 27. Dotard 28. Asphyxia
 DOWN : 1. malawi 2. Violinist 3. Rebased 4. Cache 6. Flannel 7. Argot 8. Darkened 9. Distodge 14. Asprate 16. Underbox 17. Black rod 19. Rifiner 21. Stratch 22. Athena 24. Ascot 25. Smuts

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*“Your faith is greater
 than my Shakti
 Faith can grow on the
 soil of Dharma with
 fertile sub-soil
 of Veda.”*

SATHYA SAI BABA

Hydro-Power Development, Nepalese Style

By SANTA BAHADUR PUN

The 500 KW Pharphing hydro-electricity plant of 1911 vintage together with the 640 KW Sundarjal plant of 1934 were Nepal's first public-sector ventures; although in the true sense they cannot be called public as their services were confined entirely to the sprawling Rana palaces and their court functionaries. The Morang Hydroelectric Company, with its 1,600 KW Sikharbas plant on the Chisang Khola, was established in 1939 to power Nepal's first large industry, the Biratnagar Jute Mill. The major shareholders of this company were, of course, the ruling Ranas and their favourite officials. The Sikharbas powerhouse was truly an indigenously designed and built plant with turbines from Zurich and generators from New York, commissioned in an incredible record time of 3 years in July 1943 when the Second World War was raging at its peak.

Padma Sundar Malla, the man behind Morang Hydro, is the father of Nepalese hydro projects. The Birgunj Electric Supply Company, with about 100 KW of diesel engines, was established in 1949 and, again, the major shareholders were the Ranas. The 300 KW diesel-operated Dharan Electric Supply Company was the first private company in the true sense. It was established in 1964 with a number of real public shareholders and a loan provided by Nepal Industrial Development Corporation (NIDC). The main man behind this company was, again, Padma Sundar Malla.

From Dharan, this private sector fervour was kindled in far-west Nepalgunj, with the establishment of the 300 KW Bageshwari Electric Supply Company by Bishnu Prasad Upadhyaya with an NIDC loan. The governments at the time never felt the need to promote these people and provide guidance and succour when needed. The officials strictly adhered to a 'hands off' policy where private participation even in infrastructure projects like power was concerned.

Morang Hydro's request for a loan to reconstruct a part of a washed-away head pond and Bageshwari's request for capital injection to repair its diesel engines fell on deaf ears. One must not forget the Butwal Power Company — not in the present incarnation but in its original form — with the 1 MW Tinau and 5 MW Andhi Khola hydro plant. The tireless father of these two plants is the Nepalese/Norwegian, Od Hoftun, who deeply believed in mobilizing local resources and labor.

But they were all knocked and rolled over by the righteous virtues of the public sector as espoused not only by communism and socialism but also by multilateral institutions like the World Bank. This era of private-sector participation in the Nepalese power sector is dead and forgotten. Very few have very little memories of what I believe was the golden period of Nepal's power sector. This was an era when domestic capital mobilization and indigenous capacity building — which we talk about so much these days — really took place.

Public Sector Attempts — Bilateralism With the advent of the East-West Cold War after the Second World War and the emergence of a third front, the Non-Aligned Movement, bilateral politics dominated the scene. The political wooing of nations started and Nepal was no exception. The 2.4 MW Panauti hydroelectric plant came in 1965 and was the pioneer bilateral plant built with Russian assistance. The Americans and British financed the 66kV double-circuit Balaju-Hetauda-Birgunj transmission line, a number of substations and 11kV ring main in Kathmandu, the 4.2 MW Hetauda diesel plant and four 500 kW diesel plants in Kathmandu.

India assisted with the 1 MW Phewa and 21 MW Trishuli hydro plants in 1967. China, not to be outdone in this wooing competition, followed up with the 10 MW Sunkosi hydro plant in 1972 and later the 1.5 MW Seti hydel plant. The charm of bilateralism had a magnetic appeal: roads, powerhouses and transmission lines being built free on grants. Yes, there were a few political pills to swallow but we generally considered ourselves zamindars, to be fed free lunches.

Most of us engineers unwittingly became glorified clerks acting as mere liaison officers of the projects and signing on the dotted line. We totally failed to read the writing on the wall, that one day we would have to pay heavily for these free lunches. Around 1973, the then prime minister Kirtinidhi Bista did read that writing on the wall and officially

declared that the 14 MW Devighat hydel plant, cascade to 21 MW Trishuli, would be built entirely with Nepalese labour and resources. Despite this declaration, we preferred to take the easy free lunch route again with India constructing Devighat. When the bilateral wooing period was over, we fell for the other charm of multilateralism.

Public Sector Attempts — Multilateralism Multilateralism definitely has its charms: hundreds of millions in dollar-denominated loans, grace periods of about eight years, comfortable maturity periods varying from 23 to 40 years, nominal service charges not exceeding 1 percent plus commitment charges of about 0.5 percent. We, Nepalese, felt that this was manna from heaven, not to be questioned at all. With a strong multilateral donor in the lead, other benefits like grants and soft loans accrued from other bilateral donors. Nepal fell head over heels in love with the mechanism. But after three decades of operation in the power sector with the likes of Kulekhani, Marsyangdi, Trishuli/Devighat Upgrading and the aborted Arun-III, the honeymoon phase was over and things looked quite sour. First the donors were unhappy. They complained that, despite pouring in billions of dollars, there were hardly any trickle down effect to the real poor people; there was no impact on poverty alleviation as manifested by the stark 45 percent of the population wallowing below the poverty line; also there was no progress in making transparent dealings but instead an increase in rampant corruption fueled by political chaos.

As the recipient, Nepal was equally unhappy: its power sector in shambles with acute load shedding, extremely high tariff and the belated realization of the impact of the strings of conditionalities it happily put its signature on, the donors' total grip on the country's macro-economic activities and the regular prescriptions in the form of structural adjustment programs. In our honeymoon fervour, Nepal forgot the virtues of domestic capital mobilization and the domestic capacity building. It is in fact the donors, not us, who wanted our attention to be focused on those forgotten virtues. This made someone recite the Nepalese proverb "A woman is not a woman unless she has given birth to a child, and a man is not a man unless he has built a house". In the Nepalese power sector, there was not a single 'man' — a man of the likes of Padma Sundar Malla and Od Hoftun.

Private Sector Prescription — Liberalization and Privatization In four decades, Nepal has completed the full circle and come back to where it had started — the private sector. The US and British utilities, despite never being cash strapped, were nagged by one big problem, i.e., a very low growth rate of 1-2 percent in its power sector. This apparently meant no additional jobs not only within the utilities but also for the associated engineering firms, the equipment suppliers and the construction contractors. Growth meant job opportunities for all. The case in our part of the world is quite different. It's not only the utilities but also the countries themselves that are cash strapped. Our objective of deregulation is to create an environment whereby the IPPs will bring in the precious private resources for developing the power sector.

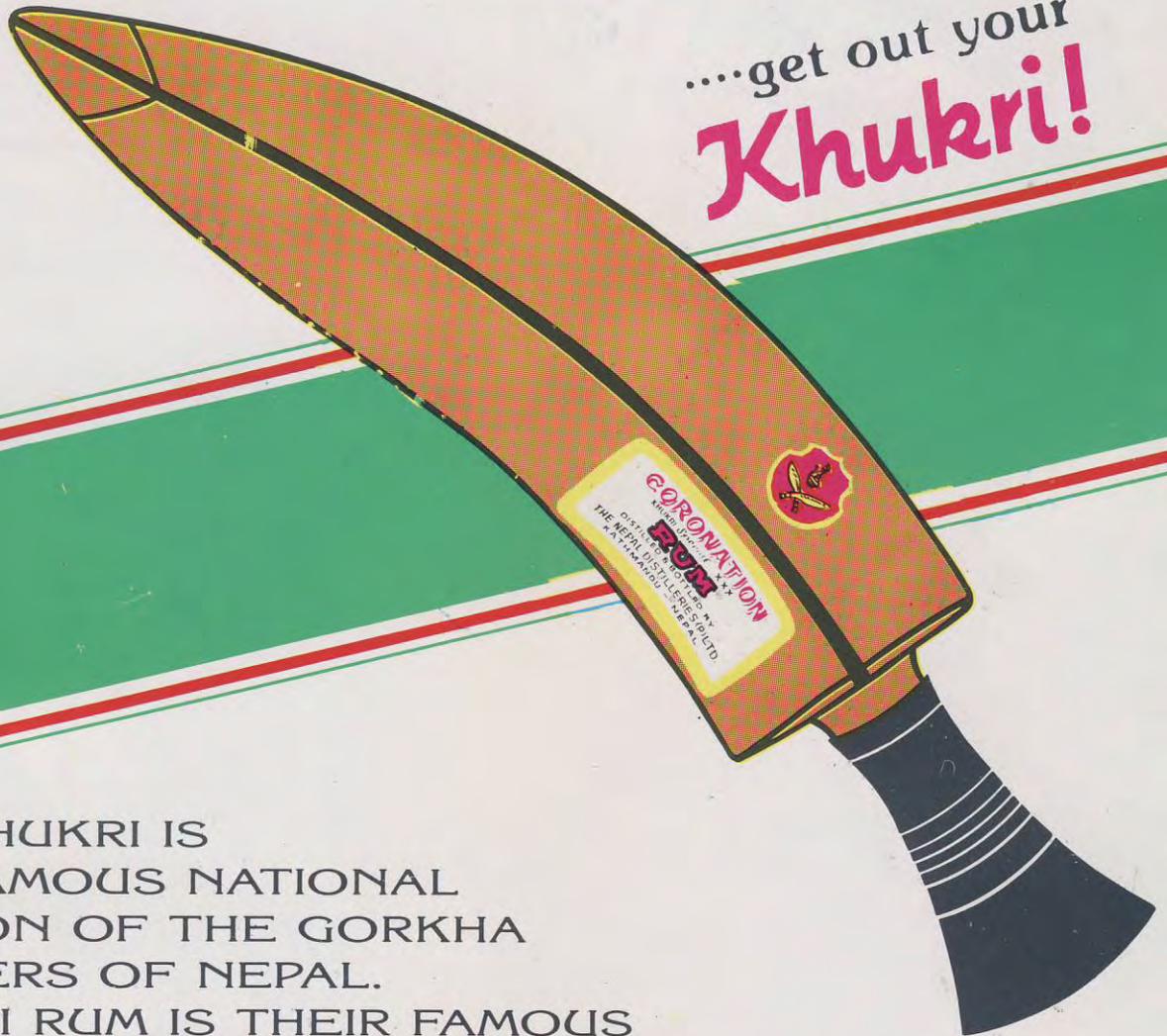
The Asian and Latin American economies are booming though some hiccups are felt with the Asian meltdown. Our load growths are continually in the double digits. It is this load growth, it is this job opportunities that the IPPs, mushrooming in the developed western countries, are eyeing in the vast emerging markets of China, India, Brazil and even Nepal. The evolving role of the multilateral institutions from the lenders to the public enterprises to the facilitators to private investment is a recent happening. In essence, this is the new mantra prescribed by the World Bank for Nepal in its new alternate energy strategy, the Power Development Fund. Acts and regulations were and are being rewritten to attract the private sector. The hard realities of attracting foreign investors is that repayment will have to be dollar denominated, tariff suitably escalated and non-payment of dues fully counter guaranteed by the government. This is the pill we must take to strengthen our power sector. In this process, how much resources and labour we develop will depend entirely on us. ■

Pun writes on water resources issues.



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