

The National Newsmagazine

# SPOTLIGHT

13-19 July, 2001

## BUDGET 2001 Building Confidence Amid Crisis

- Maoist Assault
- PM Without Authority
- Nepalese Channels Go On Satellite

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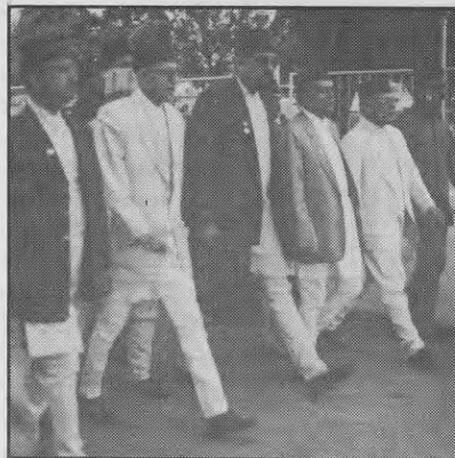
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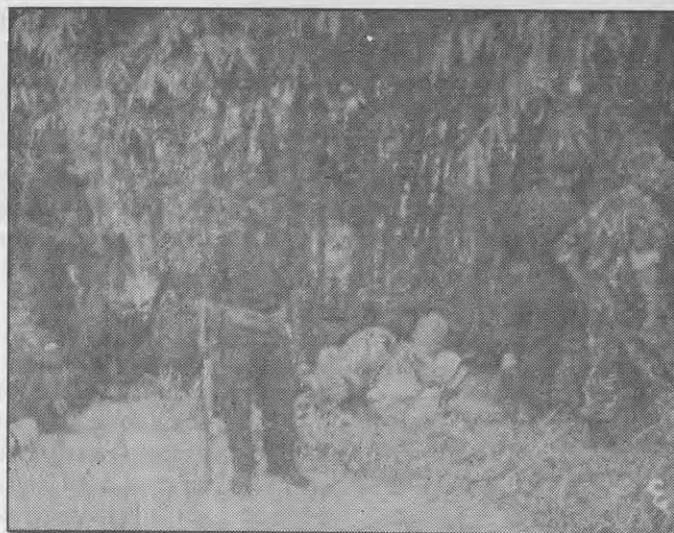
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# SPOTLIGHT

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## EDITOR'S NOTE

The ensuing summit of the Pakistani and Indian leaders might have generated high hopes in some hearts in South Asia. But, whether the meeting will usher in the atmosphere that might contribute to a lasting peace in the region is a million dollar question few would find a satisfactory answer. Even some lessening of tensions between the two feuding nations hinges on the crucial issue of Kashmir on which neither side is in a position to relent on its stance.

As such, the failure of any breakthrough on the issue at this juncture, is apt to end up in greater frustration. That the hapless people of Kashmir have suffered unimaginable miseries, deaths and destruction need no emphasis. For no fault of theirs they are groaning under imposed alien rule for more than five decades. The unwillingness of the United Nations Organization to implement its own resolution hanging in balance for almost a half century has clearly reflected its unjust and prejudicial behavior. Whatever be the reason behind its failure to reactivate the dormant resolution, the denial of the basic fundamental right to choose their own destiny to the people of Kashmir will keep on smearing the image of the United Nations for all time to come. Any resolution of the vexatious problem without the participation of the Kashmiri people would be nothing more than an Utopian dream. No country, howsoever big and strong, has any right to impose its will on the poor Kashmiris. In this age when 'Human Rights' has become the key phrase for all countries, how can the so called champions of human rights keep on tolerating its gross violations in Kashmir?

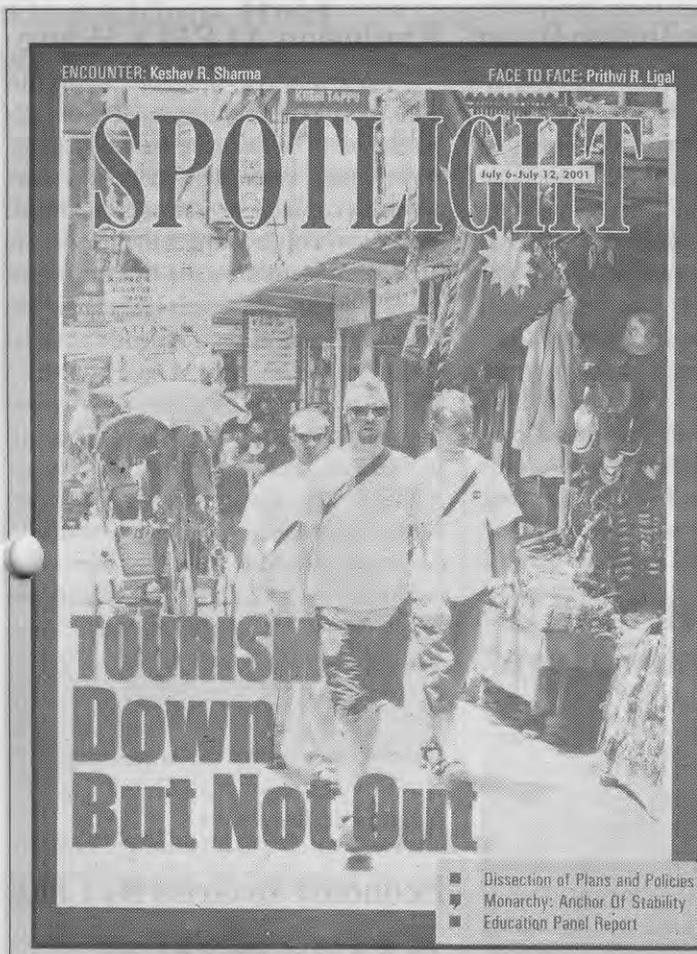
Even though India is leaving no stone unturned to humor the Pakistani leader, no sensible man would ever believe that the Pakistani general would be caught unaware. Despite the fact that friendly relations between Pakistan and India is in the greatest interest of the region as a whole and our own country in particular, some how we find it very difficult to feel completely reassured about the end of the summit. Our own sorry experience of more than five decades forbids us to harbor high hopes on the objective magnanimity of the biggest and most powerful country of the region — India. Moreover, we cannot forget the most common adage, "if wishes were horses beggars would ride" and we are more than convinced that vacant rhetorics do never produce concrete results. So, we will only keep our fingers crossed. At the same time, we will keep on sincerely praying for wisdom to prevail.

\* \* \*

The budget for 2058-59 presented in the parliament by finance minister Ram Sharan Mahat a few days back has not generated any surprises. Dr. Mahat has resisted the temptation of going down in Nepal's history as the first finance minister to present a 100 billion rupee budget. Overall reaction on the budget from various sections of Nepalese society has been quite balanced. Since Mahat has been careful not to make the budget too populist, he has left little scope for adverse criticism. As the real success of the budget does not lie in its presentation but in its efficient and fruitful implementation, being fully aware of the integrity of the politicians manning the government, the parliamentarians and the bureaucracy, even though harboring enough skepticism we will restrain ourselves and not jump to hasty conclusion. But we will not hesitate to state that if the government cannot resolve the Maoist issue and the atmosphere of insecurity keeps on plaguing the country, not to say anything about this budget, no budget will be able to pull the country out of the recession. And as long Prime Minister Girija Prasad Koirala keeps on sticking to the chair of authority chances of resolution of the Maoists problem look very dim. So, if Mahat is keen to see his budget produce some concrete result, he has to take a leaf out of Koirala's book and step in his shoes, start dialogues with the Maoists and give the country a new dynamic direction. His responsibility does not end with the presentation of the budget. It has just begun. ■



**Madhav Kumar Rimal**  
Chief Editor & Publisher



## Troubled Tourism

*The continuing deterioration in the law-and-order situation has hit Nepal's vital tourism industry ("Down But Not Out", SPOTLIGHT, July 6). Incidents of tragic proportions have been visiting the country in eerily regular intervals. Definitely, tourists will think twice before landing in Kathmandu. Above everything else, they will consider the security situation. As things stand, the future of tourism appears very shaky unless some sense of normalcy is restored urgently.*

**Hari Rai**  
Thapathali

has been scarred ("Down But Not Out", SPOTLIGHT, July 6). To rescue the industry, all responsible sectors will have to play their part in a massive damage-control exercise, which is the need of the hour. The Nepal Tourism Board should not be made to shoulder this burden alone. All concerned organisations and individuals, including travel trade operators, the media and the people, have to do their best to improve the country's image abroad. Only then can the tourism sector hope to stand straight as before.

**Nisha Khanal**  
Dhobidhara

## Rising Radicalism

Since the restoration of democracy in 1990, Nepal's traditional political forces have been replaced by more radical groups one after another. Be it the Maoists or other communist forces, the rise of radical ideology will have a lasting impact on Nepal's security situation. It is unfortunate that the fall of Nepal's traditional forces is creating havoc on the security of our southern neighbour. First the panchas were wiped out in 1990, then the Nepali Congress has been gradually weakened. Following the unfortunate massacre of royal family members, Nepal has lost another traditional pillar based on Hindu faith. If Nepal's traditional forces are weakened in such a systematic manner, the very basic foundation on which India can rely will suffer. All kinds of radical ideas in Nepal enter through India but Nepal's bloodbath will ultimately spill over to the south, as the north is geographically in a more advantageous position. Is anybody reading the writing on the wall?

**Shree Ram Tiwari**  
Washington D.C, USA  
Via-email

## Spillover Effect

If the tourism sector collapses, it will have a spillover effect on most sectors of Nepalese society ("Down But Not Out", SPOTLIGHT, July 6). From hotels to travel traders, from restaurateurs to curio shop-owners and from street sellers to farmers, everybody will be affected. Thousands of jobs could be lost, which, in turn, could trigger an economic meltdown. On the top of the current political unrest, an economic slowdown would create great stress to the Nepalese people. This dangerous situation must be brought under control before it becomes unmanageable.

**Jeetendra Kar̄ki**  
Minbhawan

## Positive Tone

In the midst of the current

race to feed pessimistic and depressing news, your cover story on tourism prospects ("Down But Not Out", SPOTLIGHT, July 6) came as a breath of fresh air. Strikes do happen in other parts of the world, people are also killed there, insurgency is growing in many places, but that does not mean that those countries have closed shop as far as tourism is concerned. Tourists are regularly kidnapped in Philippines, violence is raging in Indonesia, but the death knell has not been sounded for the tourism in Manila or Bali. So, why are we talking so loud about the death of our tourism? Things will clear one day and there will be business as usual.

**Kamal Narayan Shrestha**  
Hattisar

## Trying Times

Tourism is passing through

one of the toughest times in its history ("Down But Not Out", SPOTLIGHT, July 6). After the sector was opened in 1960s, it has registered gradual growth contributing more and more to the national economy. With so much natural beauty to boast of and cultural identity to cherish, Nepal will never lack international visitors—only if we can keep our house in order. Hopefully, the current spate of violence and tragedy will subside soon enough and the faltering industry will take a new direction.

**Sanjeeb Rana**  
Sanepa

## Damage Control

In the aftermath of the unprecedented tragedy at the royal palace, the country's tourism

## DPM Condemns Maoist Attacks

Deputy Prime Minister and Home Minister Ram Chandra Poudel has condemned the recent attacks by Maoist rebels upon police personnel in different parts of the country. Delivering a statement on public importance in the parliament Sunday, Poudel termed the killings as a highly deplorable act by the 'terrorists' that came at a time when the government had asked the Maoists to sit for



**Poudel**

dialogue. He said the government would take every possible measure to contain such activities. Meanwhile, Monday's RAJDHANI daily has reported, quoting sources, that the central security committee, at the Home Ministry has decided to request the National Security Council (NSC) to mobilize army personnel in four more districts, namely Dang, Dailekh, Surkhet and Dolakha. Except Dolakha in the central region, all three districts belong to the mid-western region, a hotbed of Maoist activities. The government has already mobilized army personnel in seven districts under the Integrated Security and Development Program (ISDP). The committee meeting, headed by Minister Poudel, also decided to strengthen surveillance system at some 50 points at Nepal-India border to stop illegal import of arms and ammunitions by the rebels, the report said. *Compiled from reports.*

## Koirala Refuses To Step Down

Despite repeated call for his resignation by the opposition parties, Prime Minister Girija Prasad Koirala has refused to step down, at least not in the immediate future. Responding to queries raised by the opposition lawmakers in the Parliament Sunday, Koirala said the Prime Minister could be removed through constitutional procedures or as per his wish. "(So), you should take patience," he advised the opposition legislators. Communist lawmakers then boycotted the House proceedings and remained absent in the crucial vote for 'thanks motion.' *Leading dailies report.*

## Maoists Preparing To Declare 'Central Govt.'

After assessing that the 'district level people's governments' formed by its party in more than half a dozen districts in the country had strengthened their positions, the underground Communist Party of Nepal (Maoist) is preparing to announce a 'people's government' at the central level, a newspaper report said. According to Monday's NEPAL SAMACHARPATRA daily, the politburo meeting of the underground party had taken a decision in this regard a couple of months back "with a view to mobilize district level 'people's governments,' expand diplomatic relations at the international level and treat the present government of Nepal on an equal footing." The government, that will also have representation from other patriotic and left forces, will pose a challenge to the present regime in Nepal, the daily quoted a senior leader of the party as saying. The party has appointed its senior leader Dr. Baburam Bhattarai as Prime Minister and head of the central government and has decided to include independent personalities, former Prime Minister Kirti Nidhi Bista, former Speaker Daman Nath Dhungana and human rights activist Padma Ratna Tuladhar, in the government, the report said. Bista, Dhungana and Tuladhar, however, have refuted of any such proposal forwarded to them from the Maoist leadership, the report said. *Nepal Samacharpatra daily reports.*

## Explosion At PM's House

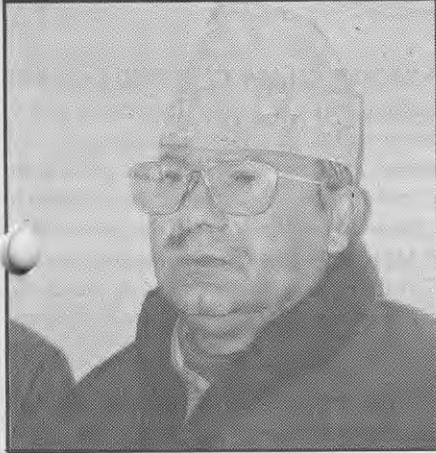
An explosive went off within the premises of Prime Minister GP Koirala's residence in Biratnagar Saturday night, reports said. According to Police, there were no casualty or damage due to the explosion. Police suspect the incident to have been caused by the Maoist rebels. Only last week, the rebels had exploded a device in front of the residence of Chief Justice, adjoining the Prime Minister's official residence, in the capital. In a separate incident, suspected Maoist rebels attacked two TATA Mobile trucks parked within the premises of Sipradi Trading, said to be owned by the royal family, in the capital Saturday night. The rebels exploded bombs in Palpa, Chitwan and Sindhupalchok districts the same night but there are no reports of any casualty. On Friday night, more than 40 policemen were killed and dozens injured in three separate attacks by the armed rebels in Nuwakot, Lamjung and Gulmi districts. *Leading dailies report.*

## Economy To Grow By Close To 6 Percent: Survey

The Nepalese economy is estimated to grow by 5.8 percent in the current fiscal year 2000/01, lower than the last year's GDP (Gross Domestic Product) growth of 6.4 percent, the latest Economic Survey said. The Survey reported presented in the Parliament Sunday by Finance Minister Dr. Ram Sharan Mahat, said agriculture sector is expected to grow by 4 percent and non-agriculture sector by 6.9 percent this year. Though the survey indicates toward strong growth prospects and sound macroeconomic stability, it paints a bleak picture in the areas of poverty alleviation, social services and basic infrastructure. The survey also showed that the budget deficit has widened further and foreign debt service liability has also gone on the rise due to devaluation of the Nepalese currency vis a vis the convertible currency. There is a practice of presenting of the survey to the parliament every year on the eve of the presentation of the annual budget. *Compiled from reports.*

## Oppositions Hold Strategic Meeting

Frustrated by the constant lingering by the Prime Minister Girija Prasad Koirala on their demands seeking his resignation, the top notch leaders of the opposition parties are meeting here on Friday (July 8) for what they call as a strategic dialogue.



Nepal

The main opposition party Unified Marxist Leninist has called the meeting on the day when the parliament is to pass the government's policies and programs. The party decided to call the meeting following its standing committee meeting on Saturday. The leaders invited to the meeting include opposition leader Madhav Kumar Nepal, RPP President Surya Bahadur Thapa, NSP chief Gajendra Narayan Singh, leader of National People's Front Chitra Bahadur KC, President of Nepal Workers and Peasants Party Narayan Man Bijukchhe and leader of United People's Front Lilamani Pokharel, among others. Meanwhile, the much touted dialogue between the opposition leader Nepal and Prime Minister Koirala failed to materialize on Saturday, too. *Leading dailies report.*

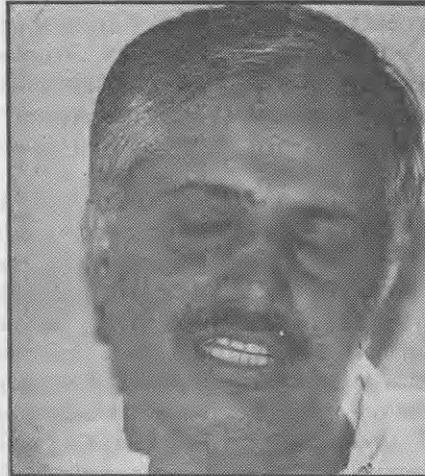
## Nepal Raps Maoists

The leader of the main opposition and General Secretary of Unified Marxist Leninist Mr. Madhav Kumar Nepal came down heavily against the Maoists' policy vis-a-vis the monarchy. The underground Maoists, who claimed late King Birendra as liberal and patriot after his death, may also say the same of new King Gyanendra

if they get "green signal" from him, Nepal said. It was during the reign of same liberal and patriot king when they went underground. And as soon as the new king took over, they showed desperation to come out in the open even as they started sloganeering against him, he added, addressing party workers meet in the capital. *Leading dailies report.*

## Acharya Resigns Over Heir Dispute

Spokesman of the ruling Nepali Congress party Narahari Acharya has resigned from his post following his differences with the party General Secretary Sushil Koirala regarding the party's stand on the issue surrounding heir to the throne. Acharya alleged Koirala of speaking in violation of the party's official stand regarding the need to empower parliament to protect the dignity and give continuity to constitutional monarchy, remaining within



Acharya

the constitutional parameters, and to review the provision on heir to the throne. *Leading dailies report.*

## ADCs Sacked By The King

His Majesty King Gyanendra, upon the recommendation from the high-level military committee formed to review the palace security arrangements following the June 1 Narayanhity massacre, has sacked four ADCs, dismissed four other palace employees and terminated then Crown Prince's Secretariat. The ADCs sacked include late King Birendra's ADC Colonel

Sundar Pratap Rana, late Queen Aishwarya's ADC Major Ananta Keshar Singh and then Crown Prince Dipendra's two ADCs Major Gajendra Bohara and Major Raju Karki, according to the Defense Ministry. Royal orderlies Shiva Bahadur Thapa and Ram Krishna KC, too, have been dismissed and so have been the two employees at then Crown Prince's Secretariat. The high-level military committee was formed by the Royal Palace in the aftermath of the royal killings. It was headed by former Principal Military Secretary Lt. General Shanta Kumar Malla. The committee has recommended to employ new strategy to ensure security arrangements inside the palace and take care of the weapons there. *Leading dailies report.*

## Astrologers Predict Grim Future

The noted astrologers of the country have predicted that the series of misfortune, which have hit the country since the beginning of 2058 BS, will continue in the rest of the year as well as in the next year 2059 BS. A group of astrologers speaking at a program organized on Tuesday by the National Astrological Science Service Committee, said that the months of Shrawan (July/August), Mangsir (November/December), Poush (December/January) and Falgun (February/March) are particularly prone to misfortune this year. They even predicted that in these coming months of this year and the next year, bad incidents of even greater magnitude could befall the nation. They, however, refused to pinpoint the nature of such incidents. *Compiled from reports.*

## SC Declines To Entertain Case On King's Property

The Supreme Court on Thursday declined from registering a case filed demanding the property of late King Birendra and new King be made public. The case was filed by an advocate Jhak Kandel asking the apex court to issue necessary directives to make the property public and protect them from any kind of illegal encroachment. The Supreme Court's registrar declined to entertain the case saying that the present constitution does not allow any question to be raised against the King's action in any court of law. *Leading dailies report.* ■



**Finance Minister Dr. Ram Sharan Mahat presenting annual budget for the F.Y. 2001.2002 at the parliament**

**THE STATE-OWNED NEPAL OIL CORPORATION (NOC)** and Indian Oil Corporation Ltd. have reached into an agreement on supplies of petroleum products. The agreement will cover the period of nine months (July 1, 2001 to March 31, 2002) only as the Indian government will be decontrolling the import of all kinds of petroleum products since April 1, 2001. Under the next agreement, that will cover a period of five years. Nepal will provide India with imported crude oil, which will be refined at Indian refineries before being forwarded to Nepal. According to NOC, Nepal currently consumes 60,000 liters of petrol, 350,000 kilo liters of petrol, 350,000 kilo liters of diesel, 350,000 kilo liters of kerosene, 66,000 kilo liters of aviation fuel and 50,000 tonnes of cooking gas every year. The consumption rate of petroleum products is growing by almost 10 percent every year in the country, officials said.

**ALL THE SECURITY AND DEVELOPMENT ORGANS OF** the government participated in an unprecedented seminar on the ongoing Internal Security and Development Programs (ISDP) in Nepalgunj of Banke district on Saturday. The seminar was participated by top officials from the police, army, National Planning Commission, District Development Committee, among others. The ISDP program has been implemented in Maoist-affected districts including Rolpa, Rukum, Salyan, Gorkha, Jajarkot, Pyuthan and Kalikot. Several working and strategic papers were presented by military and administrative officials at the seminar. In the papers, the government has indicated that it would employ army only as shield against any disturbance to the development projects.

**THE LAST WEEK ALSO WITNESSED THE NEPAL STOCK** Exchange (NEPSE) lose 3.77 points in a gradual slump it has been experiencing for some time. On the first day of business last week, the NEPSE had opened at 331.05 points. As it came to the closing day, the point had come down to 327.28.

**THREE REBELS FROM THE MAOIST GROUP HAVE BEEN** shot dead in an encounter with the police on July 2 evening in Siuna village located 25 km north of Manma, the district headquarter of Kalikot, police say. According to the Chief District Officer Mukunda Prasad Dhakal, the Maoists were killed during their clash with the Siuna-based police striking force that was on its regular patrol. Meanwhile, the rebels hurled a bomb at the Balaju Textile Mill in

Kathmandu on Tuesday afternoon. The bomb went off during the lunch hour when there were no workers inside the factory. Property worth more than two million rupees were destroyed by the explosion. This is the first attack by the rebels in the Balaju industrial estate. In a separate incident, another banner-bomb exploded in Bafal area the same afternoon. The bomb was strewn in a banner portraying Maoist slogans and was similar to the one discovered in Kel Tole last week. No one was hurt in the incident. According to the police, although three white pouches were hung in the banner only one contained explosive while the other two were filled with mud.

**THE JAPANESE GOVERNMENT HAS EXTENDED A GRANT** assistance worth Rs 1.12 billion for Debt Relief Measures as well as the for the project to improve road intersections in Kathmandu city. According to the press release about the agreement, the grant is the first lot of grant assistance provided by the Japanese government in Japan's fiscal year 2001. The nearly half amount of the grant will be utilized under Debt Relief Measures to procure commodities such as construction materials, fertilizers, petroleum products, medicine, transportation related equipment and other development related materials.

**THE 183RD MEETING OF THE NATIONAL PLANNING** Commission (NPC) held at its secretariat in Singhdurbar on Tuesday and chaired by its Chairman Prime Minister Girija Prasad Koirala decided to approve the draft of the mid term review of the current Ninth Plan and make it public. Likewise, the meeting also agreed to take necessary steps to prepare the approach paper for the Tenth Plan. The approach paper has been decided to be forwarded to the National Development Council meeting after it is prepared.

**ACCORDING TO A STATEMENT BY THE HOME MINISTRY,** the government has distributed money worth Rs 100 million in the last one year as the financial assistance to different individuals. The assisted individuals include former Chief Justice, former ministers, their relatives, senior bureaucrats, politicians and so on. Former CJ Biswonath Upadhyaya, former minister Mohammad Aftab Alam, chairman of Nepal Sadbhavana Party Gajendra Narayan Singh, some of the individuals who have bagged the assistance. Most of them have bagged the assistance for medical reasons. Sanctioning of such amounts need cabinet approval and is released by the Finance Ministry.

**IN WHAT IS SEEN AS A BIG BOOST TO THE GOVERNMENT'S** multi-billion rupees Poverty Alleviation Fund (PAF), the British agency Department for International Development (DFID) has expressed commitment to extend grant assistance of around 50 million British pound to the PAF. According to the Vice Chairman of the National Planning Commission (NPC) Prithvi Raj Lital, the understanding to this effect has already been reached and that the commission is awaiting a final agreement. Meanwhile, the International Fund for Agricultural Development (IFAD), too, has expressed commitment to make a substantial contribution to the fund. Lital said that the government would also increase its contribution to the fund. The forthcoming budget will further add o existing annual allotment of Rs 100 million to the fund. The fund is a broad-based plan introduced to counter the worsening poverty situation in the country. ■

“Come through constitutional means. If you want me to resign voluntarily, have patience.”

*Prime Minister Girija Prasad Koirala, refusing to step down under pressure from the opposition, in an address to parliament.*

\* \* \*

“The budget is balanced. All Nepalese will like it.”

*Krishna Prasad Bhattarai, former Prime Minister, giving his reaction to the budget.*

\* \* \*

It is possible that the Maoists will call the present King Gyanendra liberal and patriotic if they receive the green signal from him.”

*Madhav Kumar Nepal, leader of the main opposition, criticizing Maoists' policy towards the monarchy amid their declaration that late king Birendra was liberal and patriotic, in Kantipur.*

\* \* \*

“The Maoists have hijacked the nation's sovereignty.”

*Ram Chandra Poudel, Deputy Prime Minister and Home Minister, reacting to the violent attacks by the rebels*



Dushi

*that left 41 policemen dead.*

\* \* \*

“Opposition parties should think.

How long are they going to tied up with the demand for [the prime minister's] resignation? Are there no

other issues facing the country?”

*Sushil Koirala, general secretary of the ruling Nepali Congress, saying that the prime minister's resignation would not resolve the country's problems, in Bimarsha.*

\* \* \*

“All liberal communists should unite under the Unified Marxist Leninist party.”

*Krishna Raj Verma, leftist leader whose party recently merged with the UML, in Budhabar.*

\* \* \*

“I don't know why I was removed from the film. In fact, I came to know of my ouster from press reports.”

*Sanchita Luintel, an up and coming actress, charging there was a conspiracy in the manner in which she was removed from an ambitious film based on poet Laxmi Prasad Devkota's epic "Muna Madan", in Gorkhapatra.*

\* \* \*



Jana Bahwana

## Atanka Bhat

By brandishing those guns on TV, Taranath Ranabhat has firmly established himself as an entertainer. But there may be other facets of the man that might explain why he was so happy with those triggers. The name Ranabhat chose for his son might help to analyze the behavior of speaker. Although



**Ranabhat : Father of Terror?**

names like Bom (explosives), Shanti (peace), Pragati (progress) and Bikas (development) are common in Nepal, Atank (terror) is very rare. But, then, how many people get to become speaker of the House of Representatives?

## Party of Disunity

The Rastriya Prajatantra Party (RPP) has a long history of love-hate relations among its leaders. Divided between the lobbies of former prime ministers Lokendra Bahadur Chand and Surya Bahadur Thapa, the RPP is often described as a party that has more



**Thapa : Divided we stand**

leaders than followers. It was born as twins and split twice. The party often unites without reason. The RPP was on the verge of another split last month over the nomination of candidates for the upper house elections. Although it has a fair chance to emerge as a more dominant force in Nepalese politics, RPP leaders seem to be more worried about their individual futures.

## Nepal's Magic

After pushing the ruling Nepali Congress into a corner, CPN-UML leader Madhav Kumar Nepal seems to have gained much-needed strength in the party. Although Nepali Congress president and Prime Minister Girija Prasad Koirala is yet to announce the date of his resignation, Nepal has wasted no time in bragging about his strength in front of workers. Even other members of parliament, including RPP leader and veteran pancha politician Surya Bahadur Thapa, are following in Nepal's footsteps. What kind

of magic wand does Nepal wield that he has been able to charm the wily Thapa?

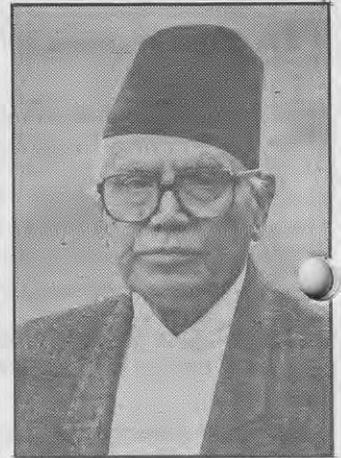
## Lonely Mainali

When half a dozen former followers of CPN-ML leader C.P. Mainali returned to their mother party, the CPN-UML, leader himself was said to be considering whether to follow suit. This may explain why Mainali is nowadays trying to

hobnob with UML leaders wherever he sees them. When UML leader Madhav Kumar Nepal arrived at a recent public meeting, Mainali was first to greet him. With most of his friends returning to the UML, Mainali must be getting very lonely. Should the front door at Balkhu Durbar widen a bit, Mainali may just decide to get back in.

## Mum Bhattarai

Former prime minister and Nepali Congress leader Krishna Prasad Bhattarai seems to have adopted a vow of silence. What else could have kept the witty and garru-



**Bhattarai : Lips are sealed**

lous septuagenarian quiet even after the beginning of the new parliament session? Whatever the reason, Bhattarai seems to be in no mood to speak about his party and country. Is this the lull before the storm? ■

*Sincere Felicitations to  
His Majesty King  
Gyanendra Bir Bikram  
Shah Dev  
on His Majesty's 55th  
Auspicious Birthday*



**NEPAL BANK LIMITED**  
(ESTD. 1937)

## MAOIST ATTACK

# Terror Tactics

With the government pushed to the corner and monarchy on the defensive, the rebels take full advantage by spreading their tentacles of terror

By A CORRESPONDENT

As the country is still struggling to find its feet after the horrendous June 1 royal tragedy, the Maoist rebels have escalated their terror tactics to take advantage of the confusion and chaos at the central government.

In one of the most destructive attacks by the Maoists in a single night, the rebels killed 41 policemen in a separate but seemingly coordinated attacks at three different districts on July 6 — on the eve of 55th birthday of new King Gyanendra Bir Bikram Shah Dev.

The police posts at Bichaur in Lamjung district, Taruka in Nuwakot district and Wami Taksar in Gulmi district were overwhelmed by the gun-toting guerrillas in the night time attack killing 21 and 10 each policemen at the posts respectively. This is the first major Maoist attack following the June 1 royal massacre in the Narayanhity palace.

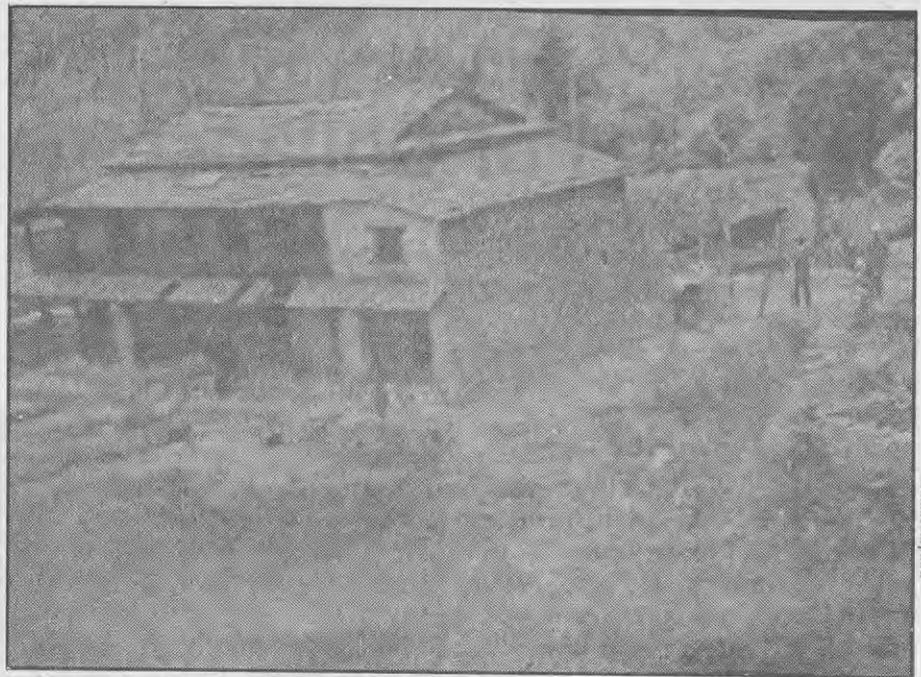
According to reports, nine rebels, including five women, were also killed in the fierce gun battles. Among the simultaneously executed attacks, the worst hit was the Bichaur-based police station where at least 21 policemen including an inspector were killed. The rebels looted arms and ammunition from the decimated police posts. Eighteen policemen are reported missing after the attack in Gulmi and Nuwakot.

In the immediate aftermath of the palace killings, the rebels have surged their operations even in the urban areas including the capital valley. A string of banner bombs were strewn around the thoroughfares of the city last week.

Ever since the rebels first hit the Dolpa district headquarters at Dunai last September killing more than a dozen police officials, they have given continu-

ity to en masse hit and run tactics running down the police posts at Bhorletar, Naumule, Rukumkot and now the Bichaur. According to a senior police official in Gulmi, the rebels tied the hands of six policemen, who had surrendered, and bombed them to death.

The low morale-hit policemen stationed at the remote areas have become sitting ducks before the rebel guerrillas



Police post at Bichaur : Ravaged by rebels

who attack in closely coordinated groups.

Already the lives of 1700 people have been sacrificed in the name of people's war since the rebels began their anti-establishment campaign in February, 1996. And still, there is not any sign of any immediate cessation of the violence. Earlier concentrated at few districts in the mid-western hilly region, the Maoist violence has now spread to dozens of districts across the country.

Security experts say that the Nepal Police, with its current facilities, is ill-equipped to fight the rebels. "The rebels have motivation, police ought to match it with equipment," they say. But the flip-flop attitude of the government, which sometimes decides to form armed police and sometimes decides to deploy army, has not helped the matter either. Currently, the government has been implementing an integrated package called Internal Security and Development Program (ISDP) in just over half a dozen districts, whereby it aims to push development projects with army backing up from behind.

After the last week's attack at Bichaur police post, the Deputy Prime Minister and Home Minister Ram Chandra Poudel urged all pro-multi party democracy

forces to join hands to face the current problems. He charged the Maoists of hijacking country's sovereignty. "These Maoists, who do not recognize the identity of anybody including the King, Congress, UML and RPP, have become the challenge for the whole country," he added.

But as water begins to trouble further, the call for dialogue, too, has begun to be pushed back. ■



Nepal (left) with PM Koirala : Wings are clipped

## PRIME MINISTERIAL SYSTEM Heading For Collapse

Amid an erosion in the prime minister's authority, the minority in the House of Representatives is pressing the majority to change its leader

By KESHAB POUDEL

If the ruling Nepali Congress party, which holds a majority in the House of Representatives, replaces its leader under pressure from the opposition CPN-UML, the very essence of Nepal's Westminster-style political system will be undermined.

The last few weeks have seen the main opposition CPN-UML stepping up pressure on Prime Minister Girija Prasad Koirala to resign. If he does, it might represent a short-term victory for the opposition. Over the long run, a core value of parliamentary democracy — rule of the majority — will be severely compromised with unpredictable consequences.

People are surprised to see how Koirala, who proved to be an effective and strong leader in his first tenure as a prime minister, has become so weak in recent

years. In fact, it is the position, not the person, which has been subdued. After the Supreme Court's interpretation in 1995 of the prime minister's right to dissolve the House of Representatives, parliament has turned into a permanent chamber reminiscent of the Rastriya Panchayat of the partyless era.

At a time when the prime minister does not have the authority to dissolve the house as a way of disciplining members of parliament, every head of government could find himself facing Koirala's dilemma. Had this key prime ministerial prerogative remained untouched, the country might have been spared such a long phase of political instability.

In the last seven years, legislators have humiliated a series of revolving-door prime ministers — Sher Bahadur Deuba, Lokendra Bahadur Chand, Surya Bahadur Thapa, and Krishna Prasad

Bhattarai. In the process, the importance of majority rule and minority opposition has virtually lost meaning.

Those who drafted the Constitution of the Kingdom of Nepal 1990, following the dismantling of the Panchayat system, envisioned the majority party governing the country by exercising full independence in electing its leader. The minority party was entrusted with working as a loyal opposition. In the last year, the opposition has been pressing the majority party to replace its leader with someone more acceptable to the minority.

"Prime Minister Girija Prasad Koirala has no alternative to resigning," says K.P. Sharma Oli, deputy leader of the CPN-UML parliamentary party. "If he does resign, we will disrupt the budget session of parliament. Our politburo and central committee have already work out our agenda."

No one disputes the fact that the opposition exists to exercise vigilance over the government. This task is done through parliamentary norms and conventions. The CPN-UML seems to have lost patience for legislative rules. "We don't care who holds the majority. If the Nepali Congress does not change its leader, we will take necessary steps inside parliament and outside to make it do so," says Oli.

A core feature of parliamentary governance is that the leader of the house — the prime minister — decides the life of the chamber. The prime minister retains the right to dissolve the house and call fresh elections. Article 53.4 of the constitution gives the prime minister the right to dissolve the House of Representatives. According to the article: His Majesty may dissolve the House of Representatives on the recommendation of the prime minister. His Majesty shall, when so dissolving the House of Representatives, specify a date, to be within six months, for new elections to the House of Representatives.

If Prime Minister Koirala resigns under pressure from the main opposition party, it would represent a serious setback to Nepal's decade-long parliamentary democracy. A whole new set of questions will have to be answered. Whose duty is it to choose the leader of the majority party? Can the minority party decide the fate of

leaders of other parties? If the leader of the ruling party asks the opposition party to change its leader, what will it do?

The CPN-UML is still working under the influence of the traditional communist system where the central committee can change the leader of the government. In a parliamentary democracy, it is the people who have the right to do so. It is difficult to understand how this basic fact has always escaped the attention of the CPN-UML, especially since it had two representatives in the panel that drafted the present constitution.

In his first three years as head of government, Koirala was capable of providing stable and strong leadership. Although the prime minister had committed many mistakes, he exercised the authority that came with the position. Now Koirala seems to have lost his power to maintain order, which has raised a question mark on his capability. The prime minister is still the top elected leader of the country, but his authority to govern in keeping with the spirit of the constitution has been considerably weakened.

The constitution has been perverted by the Supreme Court's controversial decision in 1995 that set limits on the right of the prime minister's prerogative to dissolve the house. Since then, the country has been facing a drought of

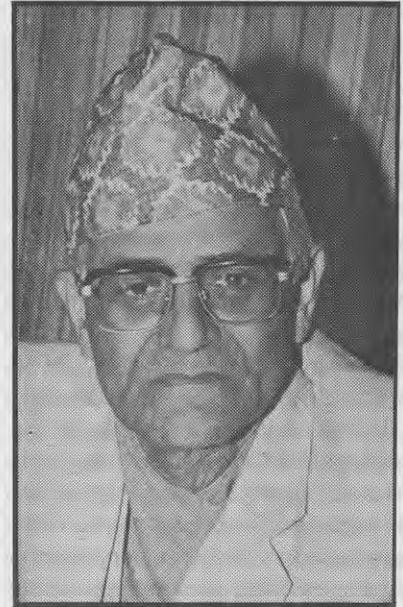
effective leaders.

As the prime minister does not have authority to discipline his members, he has to make compromises to survive in office. The eventual losers are the people. Unless the prime minister's authority to dissolve the house is restored, no majority government can expect to lead a stable and effective government.

The central committee of the CPN-UML has expropriated the power to make and unmake the prime minister. "Who will be the next prime minister will depend on the opposition communist party," a political analyst says. "Perhaps nowhere else in a democratic set-up is the politburo of a communist party so powerful," he adds. "What is more interesting is that British- and US-educated leaders of the Rastriya Prajatantra Party are following in the footsteps of the Stalinist party."

Calls for Koirala's resignation are being linked to the 14-point consensus package. All political parties are talking of Panchayat-era arrangements like consensus. How can they achieve national consensus at a time when there is virtually no consensus within the parties themselves? Be it the RPP, CPN-UML or the Nepali Congress, each suffers from its own brand of factionalism.

The opposition party, through extra-parliamentary activities such as street pro-



**Upadhyaya:** Controversial decision

tests, is pressing hard to get the prime minister's resignation. What will happen tomorrow if the CPN-UML happens to hold the reins of government and the Nepali Congress in opposition makes the same demand? The political parties seem to be more interested in short-term gains rather than in strengthening parliamentary practices over the long term.

In all parliamentary democracies, the prime minister can decide the date of elections and force MPs to seek a fresh mandate. But Nepalese parliamentarians have saved themselves from this inconvenience by knocking the door of the court. The court is ever ready to examine the validity of political assessments and decisions in connection with holding elections.

The opposition has embroiled the prime minister in litigation and vitiated the political atmosphere. Ordinary citizens have been allowed to challenge the dissolution of parliament, as they have done in 1994 and 1995. No judiciary in any democracy in the world exercises this kind of political control.

All constitutional safeguards seem to have failed in the last six years and there is no valid way in which the prime minister can expect to discipline wayward members of parliament belonging to his own party as well as those in the opposition. This chaotic situation is not because of the



**Former PM Bhattarai (left) with PM Koirala :** Erosion of Authority

constitution but because of the various interpretations it has been subjected to.

If the opposition parties can accept Koirala's programs, how does his remaining as prime minister bother them? When the ruling and opposition parties have proved incapable of reconciliation at this critical juncture in the aftermath of the tragic royal killings, can the people expect them to agree on issues concerning national development?

"Parliamentary democracy should be run in accordance with parliamentary practices. It is the parliament members of the ruling party who decide who is going to be their leader. If the Nepali Congress replaces its parliamentary leader on the basis of the opposition's choice, the very essence of majority rule and minority opposition will die," said senior advocate Mukunda Regmi, who was also a member of the panel that drafted the present constitution.

Lord Campion in his famous book "Parliament: A Survey" says: though it is the right of the opposition to criticize the government and to secure its downfall by winning over the votes on any issue, in many matters the opposition has to cooperate with the government, in the interest of democracy itself."

"The opposition has to cooperate with the government, instead of creating deadlock by taking up an attitude of obstruction. Again, in matters of emergency or national danger from external or internal causes, the opposition has not only to cooperate but also to pledge its support the government to uphold the national interest," says Regmi. The principal parliamentary duty of the opposition is to oppose. Though attacks on the government as a whole and on individual ministers, inadequacies are exposed, ministerial responsibility to parliament is made real, and the opposition's status as the alternative government is set out.

The opposition will challenge, question, debate, divide the House: but, in the end, the government's majority will inevitably carry it though, and the opposition would be foolish if it failed to accept the facts of parliamentary life and embarked on a doomed attempt to stop the government's legislative program in its tracks. ■

## CHILD DENTAL CARE Healthy Smiles

In response to the growing problem of dental decay among Nepali children, Nepal Lever Ltd., the leader in oral care products in Nepal and the manufacturer of leading brands of fluoridated toothpastes like Pepsodent and Close Up, have launched the "Pepsodent Miles of Healthy Smiles 2001" Oral Health Program in partnership with United Mission to Nepal, a prominent non-government organization.

Designed to address the lack of awareness of oral health prevention and high prevalence of dental decay in children under the age of 12 years, "Pepsodent Miles of Healthy Smiles 2001" will provide education, oral health care tools and free dental examinations to more than 50,000 school children across Nepal this year.

One in two children in Nepal under the age of 12 years suffers from dental decay, and most of this disease remains untreated due to poor access to oral health care services and lack of awareness of proper oral hygiene. Creating private-public health partnerships such as "Pepsodent Miles of Healthy Smiles 2001" can improve the oral health of young children across the nation.

Oral health is integral to overall health and social well-being, and a simple measure such as brushing twice a day with a good fluoridated toothpaste such as Pepsodent is effective in reducing dental decay. By providing knowledge and oral self-care skills to children at an early age, we can ensure stronger teeth, healthy smiles and overall well-being for a lifetime, said Dr. Robert Yee, Director of the United Mission to Nepal Oral Health Programme.

Combined with the resources of Nepal Lever Ltd. and the oral health personnel of the UMN Oral Health Programme, "Pepsodent Miles of Healthy Smiles 2001" will empower school children and teachers in major centres throughout Nepal.

**The program includes:**

—Free dental examinations for school children under the age of 12 years and referral for dental treatment

—Oral health education, pamphlets, stickers and posters

—Tools for oral self care

—Seminars and educational materials to empower teachers to teach oral health effectively

"At Nepal Lever Ltd., it is our mission to improve the quality of life of the people of Nepal by providing affordable products



**Students are receiving dental education :** Raising awareness

which take care of local needs," said Anish Roy, marketing manager for Nepal Lever Ltd. "We believe healthy and beautiful smiles for life is an important and achievable goal.

"We therefore are committed to use our resources to make a difference in the oral health of children in Nepal. We are attempting this at two levels, firstly by locally manufacturing international quality fluoridated toothpastes which prevent dental caries in children, and secondly through better oral health education and community empowerment."

The "Pepsodent Miles of Healthy Smiles 2001" program, which started early this year, has already covered more than 15,000 students in parts of Rupandehi district and the western part of Nepal. For more information on the program, please contact the United Mission to Nepal Oral Health Programme at 1-257612 or email: ohp@umn.org.np. ■

## GOVERNANCE

# Parties To Power

The ruling and opposition parties have clearly defined roles. It's their erratic performance that often confuses the people

By AKSHAY SHARMA

“Public authorities not enjoying the ‘shield of the crown’ — not being government departments or crown servants — were never immune from liability in tort and they possessed corporate personality, could sue or be sued in ordinary court proceedings,” writes Colin Turpin in his book “British Government and the Constitution”.

In Nepal, whose constitution is modeled after the Westminster system, the reach of the legal system's net is extensive. So is the scope of public scrutiny.

“In the constitution of 1991, the people got what they wanted — constitutional monarchy and multiparty democracy,” says Prakash Koirala, Minister of Forests and a member of parliament. “But when the people threw stones at the prime minister's car when the bodies of the royal family members were being taken for cremation last month, were they not in a way undermining these gains?” he asks. “What were those stone-throwers thinking? Do the people really want a political system where freedom means they can hurl stones at the head of government?”

The people's movement of 1990 vested in the prime minister powers that were concentrated in the palace during the previous three decades under the panchayat system. So the prime minister has become the focus of the people's wrath and admiration.

“The people seem to harbor the feeling that Girija Prasad Koirala is the bad guy,” says Rupak Sharma. “Why weren't prime ministers before him the target of public wrath? They, too, wielded the same powers Koirala is exercising today.”

In the aftermath of the tragedy that struck the royal palace on June 1, an elected prime minister would have been expected to step in to prevent Nepal's slide into a

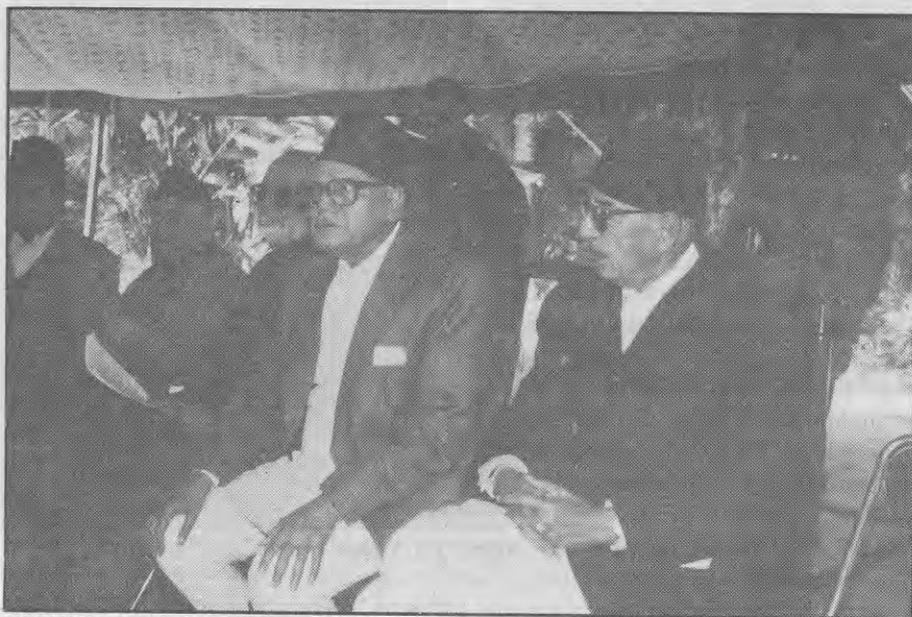
quagmire. However, Koirala became one of the first targets of an irate people who wanted answers but couldn't get any. In the midst of the tension, Koirala has his admirers. “In my opinion, there doesn't seem to be anybody else who is both willing and capable of handling such a delicate situation,” says Amit Joshi.

As D.L. Kier wrote in “The Constitutional History of Modern Britain”, with the

hold office “at the pleasure of the crown”, they can be easily dismissed by the king, but to do that the king must act in accordance with the constitution.

Another set of politicians is entrusted with ensuring that such powers are exercised judiciously. “Democratic government demands not only a parliamentary majority but also a parliamentary minority. The minority attacks the government's policy denying its principles and if there be no opposition there is no government,” Turpin writes.

Nepal's constitution recognizes the opposition's key responsibility in scrutinizing the actions of the executive. The performance of opposition parties since the restoration of multiparty democracy has become a subject of extensive debate. Are opposition parties fulfilling their constitutional role or are they burdened by their own



PM Koirala (right) with senior NC leaders : When will the culture develop?

development of modern government, fresh departments were formed to be headed by ministers or by the secretary of state. Just as all were appointed to carry out the royal will, so today all ministers are appointed to exercise the power of the crown, together with the powers as statutes conferred on them directly.”

The executive powers of any government are, in general, exercised by or on behalf of the crown, which in the theory of the constitutions are themselves servants of the crown. They are chosen by the prime minister and appointed by the king. As they

contradictions and trying to throw off some of the load in the form of agitational politics?

“If Nepal can keep the cardinal features of the current constitution intact, we can perhaps expect to enjoy the political bliss the British seem to be enjoying,” says Prakash Koirala. “Democracy is just over 10 years old, and we seem to be headed on the right track.”

But are we? An answer to that question may not be found without unleashing an entirely fresh round of politically charged discussions. ■

## SATELLITE TELEVISION

# Beyond National Frontiers

Two Nepalese television channels have gone for satellite transmission. Will they be able to make their presence felt?

By SANJAYA DHAKAL

“Going for satellite transmission is the easiest part. The challenge lies in delivering quality programs,” said ace director Yadav Kharel about the recently launched transmission of Nepal Television and Channel Nepal Network via satellite.

“I cannot agree more. We can avail of the latest technology by spending few millions of rupees, but the bigger challenge will be to make our presence felt and deliver quality programs,” replied Durga Nath Sharma, general manager of Nepal Television (NTV).

The state-owned NTV launched its satellite transmission on July 4, 2001 via the Intelsat, which will beam its digitized signals across Asia. The private Channel Nepal went on air on July 3. The channel, after failing to receive government signal to uplink its programs from Nepal, did so from Thailand via ThaiCOM satellite. Its signals will be beamed across the globe, according to reports.

The news that two Nepalese television channels have gone for satellite transmission has come as pleasant surprise not only to television artistes but also the whole Nepalese public. While the artistes are now looking for larger viewership and the possibility to expand their popularity beyond national frontiers, the public have felt proud to have their country's channels up there in the sky.

Plagued by the constant (mis)reporting by the foreign media, Nepalese public had been clamoring for their voice to reach outward. In fact, the MPs and members of civil society have for long demanded that the government facilitate Nepalese channels to go for satellite transmission.

This demand gained momentum after the negative publicity Nepal received in the

aftermath of December 1999 IC 814 hijack and the Hrithik Roshan episode last year. The need was further underlined during the recent unprecedented media coverage Nepal received after the June 1 royal palace killings.

“The satellite transmission of our channels will provide us with the chance to take our voices across our borders. This could help in countering the exaggerated and un-biased reporting,” said Prabhat Poudel, a youth from Matar.

But Poudel's optimism could be mis-



**Nepal Television** : In the satellite era

placed. “Mere going for satellite transmission may not guarantee us the voice we have been yearning for. First, we have to make our presence felt and there is the problem of language and reach, too,” said Rajendra Dahal, editor of the Himal weekly magazine.

In fact, the space out there is teeming with literally hundreds of channels. Every now and then, a new channel is popping up and another one is dropping out. So, in the midst of this chaotic competition, the survival of the fittest is the only mantra.

“To think that we will now be able to counter the negative reporting by the foreign media is naive. Sure, we can give our voice, our side of the story. But you cannot

compare our reach, viewership and coverage with those of BBC, CNN, Doordarshan or Star TV,” said Sharma. “But then, we will try our best to provide credible news.”

Besides the issue of countering the foreign media, another point of worry to the Nepalese satellite channels will be to provide quality programs. While the programs of the Channel Nepal are relatively new, it may not be proper to judge them just as now. But as far as NTV is concerned, its programs are not considered to be of best in quality.

“NTV's programs are tailor-made for a certain segment of Nepalese audience. Now the definition of this audience will change once its signals expand in reach. So, definitely, there has to be big change in its content,” said Kharel.

Agrees Tapa Nath Shukla, former boss of the NTV. “Previously, NTV could have shown anything. But now there will be comparisons. What will we show to our international audience? The NTV must think on this direction,” he said.

Nir Shah, the chief of the Shangrila Television and former boss of NTV, thinks that the government should give special facilities to help the private sector develop software content. “We lack adequate remuneration, we lack technical facilities and studios. The authorities should give necessary help to us in this regard,” he said.

The state-owned television is preparing to sell its nighttime slots to the private sector to give a boost to the quality of its programs and make itself a 24-hour channel. “From mid-July we are introducing new programs like Cash Five Hundred Thousand (quiz show) and other historic serials. We will definitely improve our software quality,” said Sharma.

As NTV has to pay Rs 25 million annually as the rental charge for its satellite transponders, the television is planning to increase its ad tariffs as well as increase by 20 percent the rate it is currently charging to private time-buyers like Divyadrishi and Shangrila.

With two Nepalese channels now in space, there is a lot of interest whether they will be able to make their presence felt and attract audiences beyond our borders. ■

## MUNICIPALITY REVENUE

# Counting On Recovery

Declining tourist arrivals have eaten into the revenues of two municipalities of Kathmandu valley

By A CORRESPONDENT

**B**haktapur and Lalitpur municipalities had not expected their tourism revenues would fall to such rock-bottom levels. In June, their coffers were virtu-



Tourists : Enjoying in Thamel

ally empty, affecting development activities in the municipality areas.

Despite declining revenues, the municipality officials have not shown much anxiety, as if tourism is not their area of concern. "We cannot do anything to increase the number of tourists," says Buddhi Raj Bajracharya, mayor of Lalitpur Municipality, who is affiliated with the CPN-ML. "This is a national issue and all political parties should develop certain understanding not to take any activities that would harm the tourism business."

Out of the five municipalities in Kathmandu Valley, four are under the leadership of communist parties. Interestingly, communist parties are behind most bandhs and other disruptive activities.

"We are more concerned about declining tourist arrivals in Bhaktapur city. If things remain the same, we would be forced to cut down on our annual devel-

opment programs," said Prem Suwal, mayor of the city.

Recovery in the months of July and August also remains uncertain following the stepped up violence by Maoist insurgents in the three cities of Kathmandu valley and in the popular tourist destination, Annapurna Conservation Area. For the first time in the last six years, the municipalities in the Kathmandu valley have realized the importance of law and order to luring tourists.

The June 1 killings at the royal palace and the violent aftermath damaged the recovery process as western embassies in Kathmandu advised their

citizens not to visit Nepal until normalcy returned. Although Maoist-led violence in the first and second weeks of July was more localized, it sent a wrong signal to the world.

"The law-and-order situation is not good, but it is not as bad as projected by the international and local media. If we see the situation in the other South Asian countries, Nepal is still in a better situation," said Prasiddha Raj Pandey, managing director of Shangrila Hotel. "If tourists

can visit Sri Lanka, India, Pakistan and the Philippines, what is wrong for them to come to Nepal?"

According to figures compiled by Nepal Tourism Board, the number of tourists in June declined by 56 percent to reach 10,238. Last June, 23,715 tourists visited the country.

In the first six months of 2000, 168,000 tourists visited Nepal, compared to 166,000 in the same period this year. Although tourist arrivals in the first two weeks were much worse, the situation had gradually improved by the third week.

"Tourism arrivals in the second half of June showed that things are gradually returning to normal," said Tek Bahadur Dangi, marketing director of Nepal Tourism Board. Following the hijacking of an Indian Airlines flight to New Delhi from Kathmandu in December 1999 and the subsequent suspension of IA operations, tourist arrivals had declined by 11 percent in 2000. The number of Indian tourists recorded its lowest level in a decade.

The beginning of 2001 has shown some significant gains in comparison to the previous year. Despite hostile publicity and internal political instability, the growth of tourist arrivals was satisfactory.

## Annual SUBSCRIPTION Rate

Nepal	INDIVIDUAL NRS Rs. 1400.00	INSTITUTION NRS Rs. 2500.00	China/Korea	US \$ 150.00	US \$ 200.00
India	IC Rs. 1400.00	IC Rs. 3200.00	ME/ Isreal	US \$ 150.00	US \$ 200.00
Other SAARC			Bhutan	US \$ 150.00	US \$ 200.00
Countries	US \$ 100.00	US \$ 150.00	Hong Kong/Taiwan	US \$ 150.00	US \$ 200.00
Japan	US \$ 150.00	US \$ 250.00	Australia/New Zealand	US \$ 150.00	US \$ 200.00
Asean Countries	US \$ 120.00	US \$ 200.00	Europe	£150.00	£200.00
			USA	US \$ 150.00	US \$ 200.00

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## BUDGET ESTIMATES 2001-02

# Promises To Keep

Finance Minister Dr. Mahat tries his best to restore business confidence and strike a balance between the development needs of the country and rising government expenditure in the next year's budget. But deteriorating law and order and political instability pose threats upon its effective implementation

By BHAGIRATH YOGI

**W**hen a young hotelier in Kathmandu got his copy of the NEWSWEEK magazine early this month, he found himself in a great dilemma. The magazine had a cover feature on the ten worst countries in the world. Was Nepal one of them? As he went through the magazine recalling Lord Pashupatinath, to his great satisfac-

tion, Nepal was nowhere in the picture.

While presenting the budget estimates for the year 2001-02, Finance Minister Dr. Ram Sharan Mahat had the onerous task of restoring confidence of people like the young hotelier in the capital. Growing Maoist insurgency, extortion, attacks and arsoning of the industry and businesses, frequent 'bandhs' and strikes, attacks upon a section of business community right in the heart of the capital late last year, to name a few,

have done collective harm to the Nepalese economy. The royal palace massacre on June 1 may have been the last nail in the coffin. Most of the hotels and businesses in the country are yet to return to the normalcy.

Presenting an annual budget in such a situation would not have been a preferred exercise for any finance minister. Two-week long state mourning and targeting of high revenue paying establishments by the Maoist rebels at the end of



**Minister Mahat flanked by Prime Minister Koirala and Deputy Prime Minister Poudel : Can they deliver?**

the fiscal year made matters worse. "Recent disturbances may have caused the state exchequer a loss of up to Rs 1.5 billion," admitted Finance Minister Dr. Pam Sharan Mahat.

When he was appointed chief of the Bagh Durbar in February 2001—after a gap of nearly one year, Mahat was reportedly unwilling to join the office. Well aware of the challenges that the country was facing and growing burden on the exchequer due to rising security expenses and substantial hike in the salaries of the government employees' in the current fiscal year's budget, he knew where his priorities lay. Declining business confidence, deteriorating law and order, slackness in economic activities and acute political instability would not help the job of a finance minister. "The country could fall into an unprecedented crisis if the widening gap between government's income and expenditure is not reduced,"

warned the minister. "A poor country like Nepal can't sustain spending a huge sum under security expenses for long."

In less than five months in office, Dr. Mahat had his job cut out to him. Despite tremendous political pressure, he has announced accommodation or slashing of nearly 12 percent of all the government offices in the next fiscal year's budget. (Nepalese fiscal year begins in mid-July). The government has also decided to implement a number of recommendations made by the Public Expenditure Review Commission (See: Box). While the budget has set ambitious targets for mobilization of revenue and

foreign aid, officials say they had to use all their skills to keep the size of the budget under 100 billion rupee mark.

As expected, the budget doesn't make provision for any new projects. Instead, it has announced a concrete time frame to ensure timely release of the budget and implement the development programs. Early this year, the Finance Ministry brought out a new Budget Preparation Manual replacing the one issued in 1997 with emphasis on the performance of the projects.

Of the estimated Rs 99.79 billion budget estimates, Rs 49.32 billion has been allocated as regular expenditure and Rs 50.47 billion as development expenditure. The budget plans to finance the expenditure by raising Rs 60 billion from revenue and Rs 30 billion from foreign aid. There will be a budget deficit of an estimated Rs 10 billion. The minister proposes to finance nearly one-third

of the total budget through foreign aid (including grants and loans).

According to Dr. Mahat, the budget proposal aims at improving the environment of investment, reform the financial sector, maintain public expenditure under sustainable limits and strengthen good governance. The budget has proposed a number of measures to rehabilitate sick industries, promote exports and information technology, pursue financial sector reforms, reform state-owned enterprises, alleviate poverty, expedite social sector development and employment promotion.

### **Industry/Exports**

With a view to support dwindling domestic industries, the budget makes it mandatory to procure local products as much as possible under the theme "Be self-reliant, use local products." The budget has also made a provision of concessional loan at 7.5 percent interest rates to sick industrial units. The government has said it will simplify the existing procedures related to foreign direct investment (FDI). Director general at the Department of Industries has now been authorized to clear FDI of up to Rs one billion. With a view to sort out duty drawback problem, the budget has introduced "pass book" system for the exporters. Similarly, exporters drawing credits in foreign currency have been offered interest concessions of up to 1.5 percent, while those using local currency denominated loans have been offered a concession of 1 percent in their banking sector loans. The budget has identified the information technology sector as a priority industry and has also proposed setting up of a venture capital fund to minimize risks in the investments made in this sector.

### **Social Sector/Poverty Alleviation**

The social sector has drawn the biggest share of the budget. The allocations to education, health, drinking water and local development have been increased by 18.8 percent, 45.1 percent, 34.4 percent and 33.1 percent respectively in the next year's budget in comparison to the last fiscal year's revised estimates. The budget has allocated Rs 206 million for the Poverty Alleviation Fund and has

# Budget At A Glance

Figures are in rupees in thousands

Head	FY2056/57 Actual	FY2057/58 Revised Est.	FY2058/59 Estimate
<b>Total Expenditure</b>	66272461	83224807	99792219
Regular	34523278	43460936	49321941
Development	31749183	39763871	50470278
<b>Sources for Financing</b>	48605451	59283974	74372115
Revenue	42893780	49606802	60251320
Existing Sources	42893780	49606802	56546220
New Proposal	-	-	3705100
<b>Foreign Grants</b>	5711671	9677172	14120795
Bilateral	4171177	7820938	11838130
Multilateral	1540494	1856234	2282665
<b>Surplus (+) Deficit (-)</b>	-17667010	-23940833	-25420104
<b>Sources of Deficit Financing</b>			
Foreign Loans			16420104
Bilateral	11812247	15941063	2684878
Multilateral	757891	1001634	13735226
Domestic Loans			9000000
Banking Sector	5500000	7000000	
Non-banking Sector	3300000		
Cash Balance(-surplus)	2200000		
	354763	999770	

Keeping in view of the growing Maoist insurgency, the budget has allocated Rs 10.28 billion for security expenses of which the lion's share will go to Nepal Police (nearly Rs six billion). Besides, Rs 600 million has been allocated for Integrated Security and Development Programs being implemented in seven districts severely affected by Maoist insurgency. The government is planning to expand the program in four more districts this year, reports said. For the first time since the launching of the Maoist

expenses. "The introduction of the tax in the name of security points toward the government's commitment to bring the law and order situation under control," said Dr. Minendra Rijal, a management expert. "But at the same time it will be under constant pressure to deliver the goods."

## Revenue Collection

To realize the target of collecting Rs 60.25 billion as revenue in the next fiscal year, the Finance Minister has expressed commitment to broaden the income tax base, implement the Value Added Tax (VAT) more effectively and introduce new laws and regulations to check the revenue leakages effectively. The Minister said a special campaign will be launched in the next fiscal year to bring all firms dealing in vehicles and spare parts, computers and accessories, marble slabs and hardware into the tax net. Early this month, Kantipur daily reported that there has been a leakage of an estimated Rs 150 million per annum as revenue since a majority of the computer vendors in the capital did not pay the tax they collected from the consumers to the government. The annual sales of computer parts and accessories are estimated to be around Rs two billion in the capital alone.

made provisions to avoid duplication of nearly 20 different programs targeted at poverty alleviation. It has also set aside Rs 1.5 billion to be mobilized for poverty alleviation programs through the Rural Micro finance Development Center (RMDC). Despite demands from the lawmakers, the Minister refused to raise the limit of money (Rs one million per head) provided as development fund for the Members of Parliament.

## Agriculture

Critics say, agriculture—the mainstay of the Nepalese economy has got least attention from the formulators of the budget. Instead of resuming subsidies on the imports of chemical fertilizers and shallow tube wells as demanded by some political parties, the budget has proposed concessional loans to the farmers to start commercial farming. The budget has also failed to devise any effective mechanism to effectively implement the long-term Agriculture Perspective Plan (APP)—said to be a key to poverty reduction in the country.

## Security

'people's war' more than five years ago, the government has slapped one percent special tax on import and taxable income to finance the soaring security



Shopkeepers watching the budget speech : Fearing about taxes



**Lawmakers in the Parliament :**  
Worried about their own constituency

With a view to recognize the contribution of taxpayers in the national economy, the government has announced the carrot and stick policy. Accordingly, the top ten taxpayers of the country would be entitled to use the Commercially Important Person (CIP)'s lounge at the Tribhuvan International Airport. At the same time, Dr. Mahat said the government would take stringent steps against agents of any domestic or foreign development projects who do not show their sources of income to the newly formed Department of Internal Revenue by October this year.

The Minister has proposed capital gains tax of 10 percent in the trading of securities; deductible at source if the trading is carried out at Nepal Stock Exchange Ltd. Similarly, the government has made it mandatory for professionals like doctors, engineers, lawyers etc. to maintain account books, in addition to compulsory auditing if transactions over Rs one million are carried out.

#### **Can the budget be implemented?**

Though most of the commentators have termed the budget as 'realistic,' opposition leaders have claimed that it is least likely to solve the major problems that the Nepalese economy is facing now. Former Finance Minister and a senior

## 'The Budget Lacks Commitment'

— BHARAT MOHAN ADHIKARI

*A senior UML leader and former Finance Minister, BHARAT MOHAN ADHIKARI, sees fundamental flaws in the economic policies adopted by the Nepali Congress governments since early 1990s. He is also critical of the latest budget of the Koirala government. Follows excerpts from his interview published in Budhabar weekly, Wednesday:*



#### **How do you see the latest budget presented by Dr. Mahat?**

The Economic Survey presented by Dr. Mahat in the parliament portrays dismal picture of the economy. The GDP growth rate has declined to 5.8 percent this year from 6.1 percent and growth of agricultural production has declined to 4 percent from 5 percent last year. Similarly, the growth of non-agriculture sector has declined to 6.9 percent this year from 7.4 percent only last year. The industrial productivity has gone up only by 3 percent. Despite its target of raising revenue at the tune of Rs 54 billion, the government has been able to collect little more than Rs 41 billion by the end of mid-June this year. The exports of carpet and garments are on the downward trend and that of pashmina has almost collapsed. All this shows that the economy is on the verge of total collapse. But the budget has failed to forward any programs or commitment in such a situation.

#### **How do you see the rise in the security expenditure?**

The massive rise in the security expenses is another threatening aspect of this budget. In the districts where Integrated Security and Development Program is being implemented, even the development budget earmarked for the Members of Parliament is to be spent through the police administration. In such a situation, the District Development Committees will only remain as a showpiece.

Is this decentralization? It has tried to wipe out the role of the people's representatives at the local bodies. So, I don't think that this budget will expedite development programs and give relief to the people.

#### **So, don't you see any positive aspect in this budget?**

Though it is a traditional budget it has tried to correct its past mistakes. The proposal to rehabilitate the sick industries and provide customs facilities to industries including textiles, cement, iron rods etc. is a positive development. I would like to thank Dr. Mahat for this. But the budget has failed to introduce a massive program for protection (of domestic industries).

#### **Will the implementation of Poverty Alleviation programs under the same umbrella improve things?**

In the context of 'Congressization' of programs like B. P. with the Poor, Ganeshman Peace Campaign, the proposal to integrated poverty related programs is a good initiative. Similarly, authorization of local bodies to carry out infrastructure development works at the local level is a positive development. But I must say that the fundamental trend of the budget remains same. Even after spending billions of rupees in agriculture there has been no achievement. How can you reduce poverty and unemployment without improving the agriculture? For agricultural development, the government should have put forward concrete programs to carry out revolutionary land reforms, reduce the ceiling of land, provide land to landless squatters and former kamaiyas (bonded laborers). The Agriculture Perspective Plan (APP) has targeted to double the per hectare use of fertilizer. But the subsidy on fertilizer has been completely removed. There is no proper facilities for irrigation. Even after the fourth year, the government has failed to implement a document like APP in which there was an all-party consensus. the budget has failed to increase investment in the rural areas. I am totally disappointed from this budget. ■

UML leader, Bharat Mohan Adhikari, said the budget has failed to address the critical situation of the country that the Economic Survey portrayed. "There is widespread pessimism and the document lacks a national vision." Added former Finance Minister and Vice Chairman of Rastriya Prajatantra Party, Dr. Prakash Chandra Lohani, "There is no basis to believe that the government would be able to implement whatever it has said."

The business community has taken the new budget with cautious optimism. Outgoing President of the Federation of



**Consumers in a market place :** Least bothered about the budget

## WHAT WILL COST MORE?

Prices of video parts, video camera, wristwatch, marble slab, granite, album, posters etc. are likely to go up as the government has raised import duty on these items. Similarly, the excise duties of cigarette, beer, wine and alcohol have been increased. The budget has also raised the import duty on milk and milk products, mustard oil, cement and cotton textile. The budget has balled production of polythene bags of less than 20 micron. On the other hand, the budget document has reduced customs duty on cotton yarn imported by textiles mills by 50 percent.

Nepalese Chambers of Commerce and Industry (FNCCI) Pradip Kumar Shrestha welcomed the budget and said there was a need to give emphasis on its implemen-

tation aspects. Added Rajendra Khetan, a leading industrialist and former Vice President of the FNCCI, "The government's commitment to provide industrial security and revive business confidence is praiseworthy."

Given the tendency of lack of commitment on the entire government machinery to imple-

ment the budgetary provisions, questions have been raised once again regarding its implementation. For example, the "basket funding" mechanism to carry out development works in the Maoist insurgency affected districts had to be dropped as it failed to take off amid deteriorating law and order situation. Promises made in this year's budget speech such as providing training to unemployed labor force, promotion of self employment, setting up of National Women's Commission, setting up of the National Food Security Reserve, Credit Rating Agency and Asset Reconstruction Company etc. are yet to be fulfilled.

In this backdrop, all would like to see whether the proposed budget could be implemented in its true spirit. Says Dr. Mohan Man Saiju, former Vice Chairman of National Planning Commission; "The ruling party should take initiative in resolving burning problems of the country through dialog with the opposition parties. If that can happen, there is every possibility that the Nepalese economy can take a big leap forward within the next two or three years."

As the sounds of bullets continue to echo in the remote hills and explosive devices make noises right in the capital, even the enlightened people would refuse to believe that Nepal is going to brace a promising future. Unless there is peace and tranquility, no economic activity can sustain for long, not to talk of the foreign and domestic investment. For the majority of masses, personal safety and peaceful environment is what they would strive first, rather than packages of development. Will the peace be restored in Nepal once again? Let's keep our fingers crossed. ■

## HIGHLIGHTS OF THE BUDGET 2001-02

Top priority to poverty alleviation.

Department of Industry authorized to clear foreign investment projects of up to Rs one billion.

Rs 263 million allocated for Poverty Alleviation Fund.

Provisions made for the rehabilitation of the sick industries.

Emphasis on use of domestically manufactured products.

Security budget touches Rs ten billion mark (with an increase of Rs one billion this year).

The construction of the proposed Information Technology (IT) Park to be completed within the next two years. 50,000 youth to be trained in IT in the next three years.

Rs 1.42 billion allocated for Melamchi Drinking Water Project.

Encourages investment from the Non-Resident Nepalese.

Proposes formulation of strategic planning for the state-owned enterprises and converting them into companies providing them autonomy.

Year 2003 to be observed as Export Promotion year.

Year 2002 to be observed as Destination Nepal year.

Proposes one percent special tax on imports to provide for strengthening security measures.

## ICC TROPHY

# Batting Blues

Poor batting was exposed as the weak point of Nepal's cricket team

By SANJAYA DHAKAL

In all fairness, the Nepalese cricket team that recently played the 2nd International Cricket Council (ICC) Trophy in Toronto, Canada, has to be praised for the performance they put in despite the adverse circumstances that haunted them.

Having been stripped of crucial batsmen beforehand, the team always looked prone to crumbling as far as batting was concerned. But their disciplined bowling made sure that Nepal lost only one match in the league play-offs and that, too, against the formidable Namibians.

In its matches against Gibraltar and Germany, it was the bowling that kept Nepal from losing. While the match against Gibraltar was won relatively easily, the one against Germany ended in a dramatic fashion.

As Nepal had posted a meager total of 175 runs, it was thought that Germany would easily reach the target. But bravo, likes of Jaya Prakash Sharaf and Pawan Agrawal bowled superbly to arrest the German batsmen from reaching the target.

"Definitely, batting has always been the weak point of Nepalese cricket team. That is because we only play one-day matches here. It is only after playing 2, 3 day matches, if not the 5-day tests, that the batsmen will begin to build on the habit of staying put in the wicket," said Binaya Raj Pandey, general secretary of the Cricket Association of Nepal (CAN).

"But we must give our boys a break. Their performance at Toronto was not too bad. Gibraltar and Germany were considered strong teams but we managed to defeat them."

During its initial league, Nepal did not have to play with West Africa as they

remained absent in the match. But even after defeating all other teams, Nepal failed to qualify for the second round as Namibia topped the Group 2A with maximum points.

The importance of the Toronto match lies in the fact that the top three teams would be automatically qualify for the 2003 World Cup Cricket in South Africa.

In any case, the Toronto experience will help the Nepalese cricketers a lot. Especially, the batsmen will realize what it takes to perform in an international match. In the four games that Nepal played in Toronto, only Dipendra

Chaudhary could manage to score half century (52 runs in 67 balls against Germany). "This shows the poor level of our batting," said another official at the CAN.

According to Pandey, the CAN will now begin to hold 2-day, 3-day matches to build on the batting strength of Nepalese players. "We have been given a cricket ground by the sports council. We will also practice there. In fact, we have to have at least 10-year plan and vision on what our cricket team should be like."

The Nepalese cricketers will be returning home this week. In October, Kathmandu is hosting the Under-19 Asian Championship and the CAN is now getting busy preparing players for that tournament.

While it can be debated that had the original 11 reached Toronto, there could have been different results, the facts show that Nepalese cricket still has a lot of polishing to do if it dreams to become a strong contender in international pitches. ■

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# 'Any Effort To Weaken The Monarchy Will Invite Greater Instability'

— SUNIL KUMAR BHANDARY

*A youth leader of the ruling Nepali Congress, SUNIL KUMAR BHANDARY is an invitee member of the party's central working committee. Frank and bold, former MP Bhandary spoke to SPOTLIGHT on various current issues. Excerpts:*

## **How do you evaluate the current political scenario?**

The present situation is clear to all of us. The political situation is very unstable and uncertain. One of the most important factors is that the institutions of the state are in a fragile situation. After the shocking killings of the royal family members, the institution of monarchy has faced a major jolt. Institutions like political parties, parliament, the executive and the judiciary are not in a strong enough position to cope with the situation. Terrorist activities have emerged as a major threat to the country. The present scenario is threatening nationalism and democracy. So the situation is very complex. In this situation, when people are exercising their democratic rights along with freedom of expression, the duty of the political parties is to use the support of the people to preserve the national interest and national integrity by allowing the development of institutions. We have to think seriously about ways of overcoming these challenges. Some individuals are making efforts to cash in on the unstable situation to fulfil their individual interests, knowingly and unknowingly. A situation of extreme uncertainty and turmoil exists. Everyone has to understand Nepal's geo-political, cultural and economic situation. All political parties have to work to strengthen modern and traditional institutions. One of the greatest challenges lies in bringing them together.

**Some of your party colleagues are openly challenging existing rules and regulations relating to the monarchy, even demanding the need to amend the Succession to Throne Act. How do you look at it?**

This is an unnecessary debate. I totally disagree with the view that this is an ideological debate of the Nepal Congress. Thousands of

Congress workers share my views. The Nepali Congress is based on a clear ideology of constitutional monarchy, nationalism and democracy. Our party survives on such ideals. The Nepali Congress was formed on these three pillars. I don't think this is the proper time to be raising such issues as amending the Succession to Throne Act. Some individuals may hold different views on the matter, but the Nepal Congress as a whole stands on its original ideals.

**Don't you think such unnecessary debates generate misunderstanding between the Nepali Congress and the monarchy?**

Yes. The aim of such debates may be to generate misunderstanding between the two institutions. Ultimately, such debates would not be in the interest of democracy and the country because they mislead the people. They will also weaken the Congress. Only by preserving traditional institutions like the monarchy can we achieve our long-term goal of strengthening democracy.

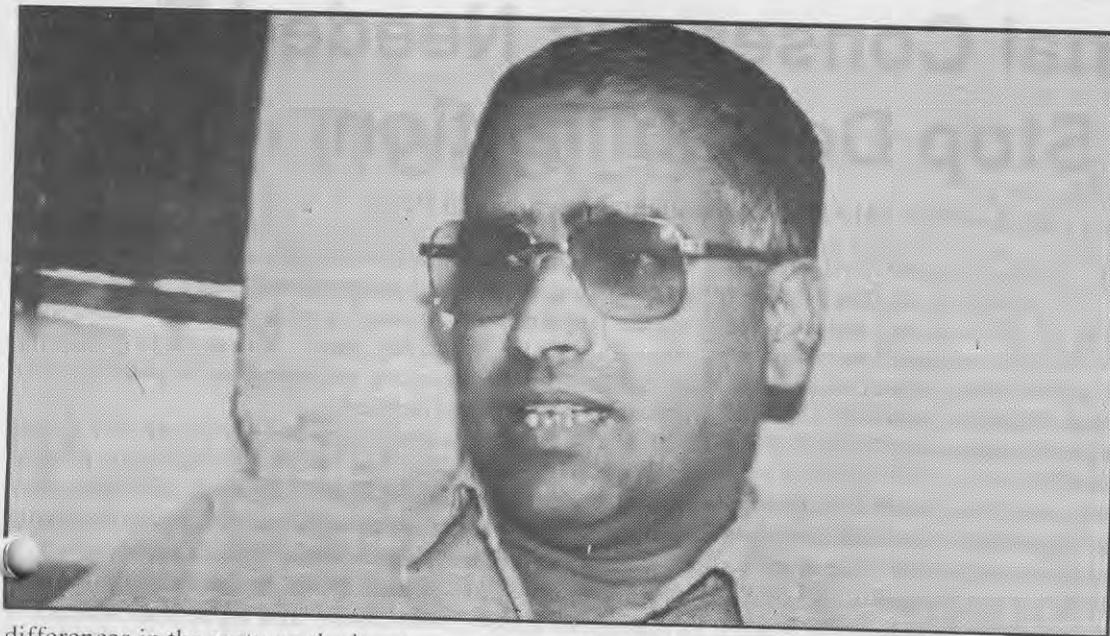
**But the spokesman of your party has resigned, citing differences over the issue?**

As I told you, the Nepali Congress has its own ideology and principles. One cannot compare individual opinions with those of the party. Our party general secretary Sushil Koirala has already refuted the opinions expressed by some individuals regarding the need to amend the Succession to Throne Act. Our party has not changed its principle and it has not taken any decision regarding the need to amend the act. How does the question of principle appear? There are no differences in the Congress party over its basic principles.

**What do you think prompted this debate?**

At this crucial juncture, democracy needs the total support of monarchy and the monarchy needs the support of democracy. Confrontation and misunderstanding will harm the interest of both. This is a time for reconciliation, not confrontation. I don't understand why our colleagues generate such unnecessary debates. We don't have any ideological

*"After the shocking killings of the royal family members, the institution of monarchy has faced a major jolt. Institutions like political parties, parliament, the executive and the judiciary are not in a strong enough position to cope with the situation. Terrorist activities have emerged as a major threat to the country."*



differences in the party on the issue.

**How do you see it then?**

The preamble to the constitution and the Succession to Throne Act clearly spell out the procedures governing succession. Even in such a crucial situation, the new king was chosen according to the Succession to Throne Act smoothly and the transition has been completed peacefully. Monarchy is a traditional institution, which has its own customs and rules that give much-needed stability to the institution. When there is no controversy on succession under the act, what prompts some individuals to propose amending it? At a time when political parties are facing difficulties in choosing successors within, the institution of monarchy has showed that it does not have such problems. Our constitution also clearly states that the monarchy is the symbol of national unity. I still remember the proverb: The King is dead, long live the King.

**What should the Nepalese people do now?**

At this crucial juncture in the history of Nepal, when all institutions are weak, not only the Nepali Congress but all political parties have to come together to strengthen them. The new King Gyanendra has already expressed his commitment to constitutional monarchy; the political parties also have to back the monarchy. If we get involved in such unnecessary debates now, we may lose our identity. I don't think any individual who has a national perspective has ever talked about taking a confrontational line. We can raise any issue when the country gains stability and modern institutions are in a position to cope with the situation. When modern institu-

tions are yet to strengthen, weakening traditional institutions like the monarchy will invite more instability. The primary duty of the Nepalese people is to preserve democracy and protect national integrity.

**If your party is seriously concerned about these things, why didn't views like yours come out sooner?**

Our leadership has made clear that such a debate is irrelevant in the present context. The situation is not proper to debate issues of succession to the throne. At present, we need to discuss the role of the Nepali Congress. We have held debates within the party. It is very unfortunate that some of our responsible party members have written articles giving the impression that they are reflecting the views of the Nepali Congress. The response of our general secretary was aimed at clarifying the party's stand.

**How do you see the role of monarchy in Nepal?**

The role of the monarchy is very important in Nepal. The constitution gives due respect to the institution, describing it as a symbol of unity. I am very happy that King Gyanendra expressed his commitment to democracy in his first address to nation. The Nepal Congress cannot go beyond its ideals on constitutional monarchy. In 1951, the Nepali Congress party restored the institution of monarchy and now it has again fulfilled its historical duty by making way for the smooth succession to the throne. Prime Minister Girija Prasad Koirala has played a very important role in the process of succession and is fully committed to strengthening the monarchy. ■

*"The preamble to the constitution and the Succession to Throne Act clearly spell out the procedures governing succession. Even in such a crucial situation, the new king was chosen according to the Succession to Throne Act smoothly and the transition has been completed peacefully."*

# National Consensus Needed To Stop Destabilization

By KUBER SHARMA, President, Green Nepal Party

I like to call it a "Cultural Shock". The massacre at the Royal palace on 1st June, 2001 was indeed, very shocking to all. The emotional Nepalese were deeply moved by this inhuman, cruel and gruesome tragedy. However, the awful incident could not distract those Nepalese who are craving for a change to get relief from rampant corruption and bad governance. The Royal Palace killings is, in no way, connected with the dissatisfaction and anger of common man. For that reason I prefer to call it a "Cultural Shock".

The political tremor is yet to come. The agitation against corruption and abuse of authority was there before the sad incident and would continue. The palace mishap has accelerated the destabilization process which had started with the declaration of mid-term poll in 2051 (1994). Not only Prime Ministers were changed like socks, the destabilization also gave birth to many anomalies in our nascent democracy. As if that was not enough the Nepali people witnessed three kings in as many days. In five years the Maoist people's war has spread like wildfire from the Himalayas to the plain lands near the Indian border in the south. Unrest and economic ruin is on the rise. The elected government is proving to be corrupt, weak and incapable to govern. Whenever the government becomes weak due to unpopularity it strikes on civil rights and press freedom — consequently further weakening the democracy.

The "Raj Parishad," a body of powerful and elite Nepalese formed to take bold and wise decisions at times of national crisis decided to exalt the Crown Prince who was in coma due to a bullet injury in brain. Doctors attending on him did not expect the Crown Prince to survive. The Regent, Prince Gyanendra was made to announce that the "mishap occurred due to sudden blasts of automatic weapon." Royal bodyguards, battalions posted inside the palace for exclusive protection of king, military, police and their chiefs claimed that their sphere of operation did not cover security within the doors of the palace. Therefore, "they were directly/indirectly or morally not responsible for the accident". The Prime Minister (also in-charge of palace affairs) and Defence Minister did not show any sense of guilt for such a grave happening. Like the Kangaroo hiding its baby, the Prime Minister shielded his Defense Minister. Deputy Prime Minister and Home Minister made frequent statements but each of his new statement contradicted the previous one. The report of high powered investigation committee under the chairmanship of Chief Justice of the Supreme Court only exposed the fact that the governance of Nepal was in total disarray.

When the government becomes irresponsible and ineffective the possibility of coup *de'tat* becomes real. Similarly, when elected leaders become corrupt, incapable and vision-less, the chances of political revolution are high. Since the mid term election of 1994, I have been telling people — that a big boulder is rolling down the mountain top, we have to watch and see how many heads are crushed before it reaches the ground. Chaos and instability must end soon. To avoid disorder and disturbance in state affairs the Royal family have been following the ritual of carrying the deceased king's corpse to the funeral only after the new king is proclaimed. I cannot agree to those who advocate that the new king should be given time to take serious decisions. To meet the

challenges of agitation or to restore normalcy after revolution or to gain public support, the new ruler must introduce some revolutionary and popular programs. At the moment of crisis if the ruler cannot show courage and wisdom, events may overtake. This simple truth should be accepted by His Majesty the King, the government, the political parties and the entire enlightened Nepalese.

At this period of national catastrophe, the only way to end confusion and instability seems to be an all side conference of political parties, religious organizations, civil society, intellectuals and prominent personalities — to spell out a common national goal. While paying tribute to late King Birendra, Green Nepal Party had said — "At the time of confusion and crisis created by the savage act all responsible Nepalese and political parties should bring about timely changes in their outlook in the interest of the country and democracy. We should learn a lesson that conservative and insensitive stand can cause unimaginable damages."

While expressing our heartfelt felicitations to HM King Gyanendra Bir Bikram Shah Dev, we have outlined the problems and proposed their solutions. "The unexpected painful incident at the Royal Palace has weakened the institution of monarchy, and history has put on Your Majesty's shoulder a difficult responsibility of creating stability, strengthening the constitutional monarchy and multiparty democracy with people's support. Hariyali Nepal Party is committed to the constitutional monarchy and multiparty democracy. Our party, alone or along with others is working towards safeguarding Nepal's sovereignty, nationality, national heritage, monarchy and democracy."

The anomalies and distortions seen in our present exercise of democracy — corruption, mismanagement of public resources and machinery, ineffectiveness of the constitutional organs, civil service, police and military due to politicization — are the outcome of the total disregard of the rule of law by the representatives of the people. In order to overcome these maladies, existing laws should be amended and strictly enforced. All errant and corrupt politicians must be booked and put behind the bars and their ill-gotten wealth confiscated. This action should receive priority and to expedite it, an ordinance can be issued, if necessary. Our party further reiterates that responsibility and accountability should be enforced on all constitutional organs and administrative offices to promptly carry out the decisions and in case of defaults, punishment should be meted out to all concerned. All people, irrespective of their status and influence, should receive equal treatment before the law. We are confident that His Majesty's wisdom, determination and selflessness will help to discharge the difficult task brilliantly.

Today, the exigencies in our country require unanimous consensus in solving the burning issues facing us — like Maoist insurgency, holding of free and fair election and the economic disparity. The Raj Parishad must initiate an all side conference of political parties, voluntary organizations and individuals in the presence of the King where the Maoist leaders, too, must be invited. They must deliberate to arrive at a consensus. Hariyali Nepal Party is confident of the people's support to the policy and programs agreed upon at the conference. And that should be the national agenda. ■

## RESTAURANTS

# Table Troubles

Waiters in Kathmandu's restaurants say the least they deserve is some respect for the service they provide

By AKSHAY SHARMA

The expansion of the tourism industry and the growing trend of eating out have created jobs for those who are hardy to make the lives of other people easier. Tell that to waiters of Kathmandu's restaurants and you get what is unmistakably a half-sneer.

From five-star hotels to regular restaurants, waiters tell you how they have to put up with people of all dispositions and temperaments. For some, this may be a swell job. A lot of others understand that the people you're dealing with can make or break your day.

Waiters complain that the discomforts they have to endure are hardly noticed. "Some customers make unwanted advances," says Sapana Ghimire, who works at Friendly Restaurant at Durbar Marg to finance her studies at Shanker Dev Campus.

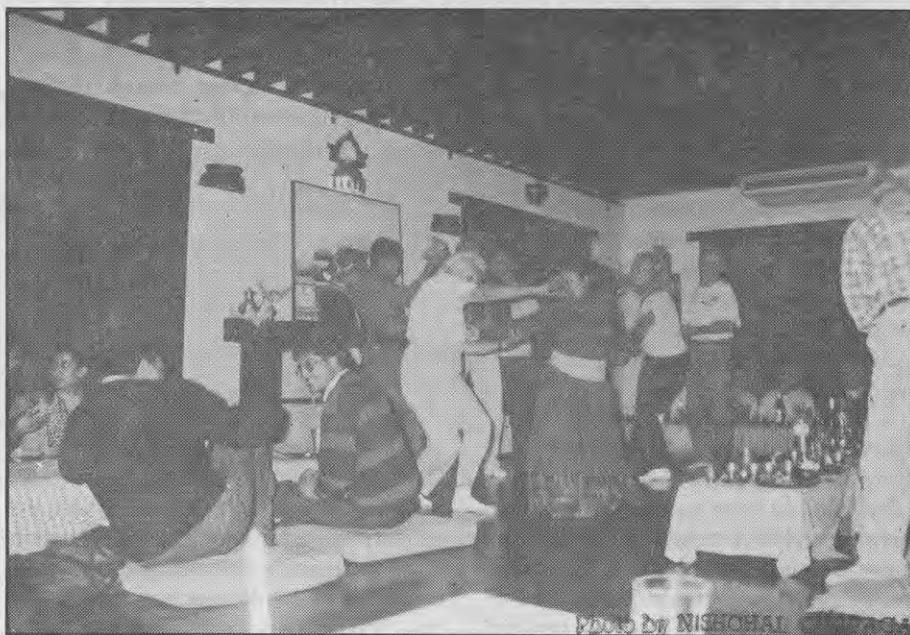
Some customers are understanding. "These people are not servants," says Sameer Shrestha of Baluwatar, who describes himself as a frequent restaurant-goer. "I wonder how they can endure the insults thrown at them."

A nice tip may be a consolation, but not everyone can expect one. Some waiters are handicapped by language. "I don't handle foreigners because I can't speak English. Nepali customers rarely tip," says 20-year-old Shambhu Karki of Sindhupalchowk, who works at the G4 Cafe in Bishalnagar.

But tips are just part of the problem. "People just come in and they tell me they have a reservation, yet they refuse to give me a name. Why can't people save themselves and us time by just giving a name first?" Ajit Gurung grumbled to us on condition that the establishment he works

for not be named.

"People try and make a reservation on a Saturday night, 15 minutes before they want to come. When I tell them I don't have a good table for them until later in the evening they tell me they deserve one because they know the owner. Oh how nice. I know the owner, too, and where has that got me in life?" says Satish



A typical Nepali restaurant : Welcoming dance

Thapa, who works at the Radisson Hotel. "This guy didn't even know the owner. He just lives on the same street as our owner and he thought he should get the window."

The small ones sometimes pose a big problem. "I just cannot understand why people bring small children to a fine dining establishment. The people cannot enjoy their time because of all the whining and crying," says Pratik Pradhan. "Then they don't watch them and think that I am supposed to double as some kind of babysitter."

Some waiters say they wished people just paid more attention to the menu. "I hate it when people sit there and order something on the menu that says it's scalding hot and when they begin to eat it they break into a deep sweat and say, 'That's really hot, spicy', engaging in a variety of facial contortions," complains one who works at a Durbar Marg restaurant.

Preferences not related to the taste buds also create problems. "The other night we had this tidal wave of people come in and I was hurriedly seating people at their tables. This party of four stops me to ask what the score of the cricket game was," says Pabitra Shrestha, who works at the Discovery Hotel in Thamel. "I said, 'I have no idea, this isn't a bar, we don't have a TV up here.'" So they ask me if I

will go next door and find out what the game score was. Like I don't have a million other things to do. Luckily I was able to pawn that score-finding duty onto the manager."

Uttam Nepali, a 14-year-old from Dhangadhi in far-western Nepal who came to Kathmandu a year ago and works at the Valley Sweets at Ratna Park, says, "Tipping is actually showing appreciation for the service we provide people." Although that kind of appreciation need not necessarily come with a monetary value, it is nevertheless scarce. ■

## SOUTH ASIA

# Security Concerns

Instability and internal disturbances have put countries of South Asia in the midst of a security crisis

By KESHAB POUDEL

If the statement by former US president Bill Clinton that South Asia is a nuclear flashpoint is any indication, it shows how sensitive the region has become after the detonation of nuclear weapons by India and Pakistan. At a time when all South Asian countries are going through unstable phases, scholars of the region have made efforts to analyze what is really happening and what will be the long-term effects of internal and external security problems. As India towers over the other South Asian nations because of its size, population, economic and military strength, scholars say regional stability and security depend upon how India formulates its policy toward its neighbors. As long as India itself does not feel secure, no state in the region can enjoy stability and security.

India has many grievances. It believes its smaller neighbors fail to recognize its concerns with developments inimical to its national security interests in the region. A country like Nepal cannot ignore its immediate northern neighbor, China. But India seems to have objections to anything beyond limited contacts between Kathmandu and Beijing.

"India's regional strategy suggests two core perceptions: India will not allow a neighboring state to undertake any action in foreign affairs or defence policy that India deems potentially inimical to Indian security. India will not permit foreign government to establish a presence or influence in a neighboring state that India views as unfriendly," said P.R. Chari, director of the New Delhi-based Institute of Peace and Conflict Studies, in his article "Security in South Asia: Indian Perspective".

South Asian countries are facing internal security challenges. From Kashmir to Karachi, from Colombo to Dhaka and from Kathmandu to Thimphu, South Asian governments are

struggling to tackle the insurgency and terrorism. India has been struggling to contain the insurgents from north-east to Jammu and Kashmir and small-scale violence by the Naxalites. Pakistan, Bangladesh, Sri Lanka and Nepal have their own internal insurgencies. The Bodo and ULFA outfits of north-eastern India have created internal security problems in Bhutan.

In seven articles, prominent regional scholars discuss security from the perspective of each of the seven South Asian countries.

As relations between India and Pakistan determine the future of economic cooperation

## *Security in South Asia Policy Study Series 2*

*Published by Institute of Foreign Affairs*

*Edited by Mohan P. Lohani*

*Price: Rs. 300 or US\$ 10*

*Pages: 131*

in the region, one cannot be optimistic in the current phase of hostility. Although India and Pakistan have been making efforts to improve their relations, that does not seem to be an easy task. "Pakistan's perception that India is the principal threat to its integrity is unlikely to alter until it takes a more mature and equitable approach towards its neighbors and the core dispute of Kashmir settled," said Lt. Gen (Retd) Talat Masood, member of the advisory board of South Asian Comprehensive Security Project, Delhi Policy Group.

When the countries of the region are searching for a framework to overcome instability and chaos, these scholars have delivered their perceptions on what needs to be done to develop understanding.

The escalation of nuclear tensions constantly hangs over the region. In view of the history of hostility between India and Pakistan, one cannot rule out the possibility of armed — even nuclear — conflict. India,

which shares borders with all South Asian countries, holds that only a strong state can promote the interest of the citizens.

Chari points out that the distinguishing features of the strong state are "a militaristic approach to security based on the nuclear deterrent, powerful conventional forces, escalating defense expenditure, and a greater role for the armed forces and intelligence services in national security decision making."

The rise in the Indian defense budget by a total of US\$ 13.5 billion, accounting for 3.2 percent of GDP, according to Dhruva Kumar, senior fellow at the Center for Nepal and Asian Studies, Tribhuvan University, is the largest increase in military spending in India's history. In such a situation, all small South Asian countries fear greater destabilization in the region. Along with India, defense expenditures of other countries also go up.

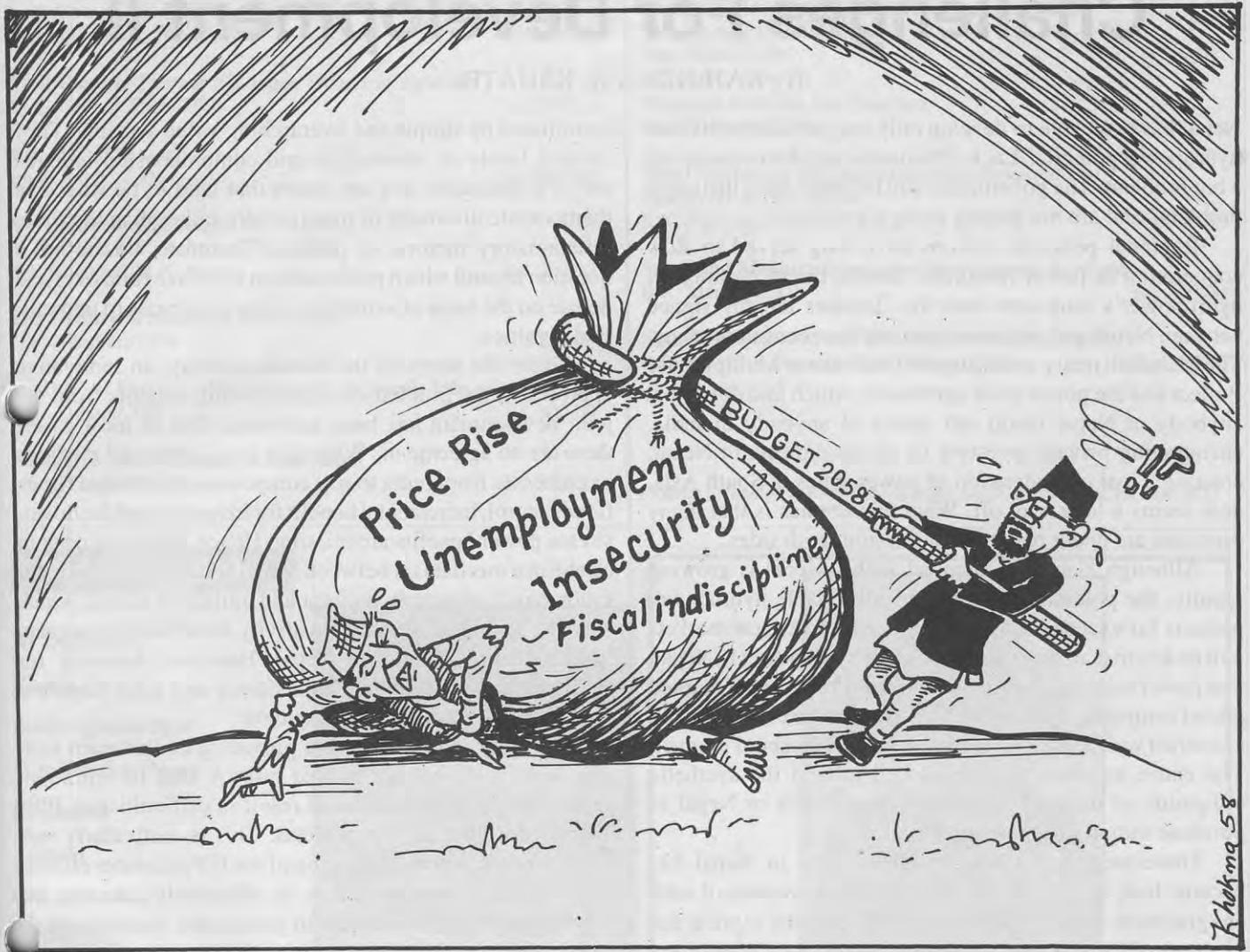
"India's neighbors perceive India as the natural threat to their security and great power ambitious of playing the dominant role in the regional affairs. India continues to firmly believe in a strategic indivisibility of the region in which South Asian small neighbors are acting as integral parts of components of Indocentric security system," said M. George A. Corray, a professor of international affairs at the University of Colombo.

Imtiaz Ahmad, a professor at the Department of International Relations at the University of Dhaka, discusses the security perspective of Bangladesh. Ahmad holds views that the growing internal civil conflicts are going to be major security threat in the long run as increased use of security force in civil conflict diminish the rule of government.

Bhutan seems to have become increasingly aware about its national security. Karma Ura, a head of the Center for Bhutan Studies in Thimphu, sees the illegal activities of Bodo and ULFA as a long-term security threat.

Ibrahim Hussein Zaki, Minister of Planning and National Development of the Maldives, sees nuclearization, internal conflicts and terrorism as major challenges to South Asian security.

The preface by Mohan P. Lohani, executive director of the Institute of Foreign Affairs (IFA), summarizes the views expressed by the prominent scholars. IFA has done a commendable job in bringing out a highly valuable volume on regional security perception of South Asia. ■



## TRANSITION

**RETURNED:** **Prajwalla SJB Rana**, Chief of Army Staff, Royal Nepalese Army, after completing a six-day official visit to the United Kingdom, at the invitation of British Chief of the Defence Staff **Admiral Sir Michael Boyce**. General Rana met with Secretary of State for

Defence Geoff Hoon and also visited the Royal Gurkha Rifles, based in new barracks in Folkestone during the visit. He was accompanied by Colonel Mark Dowdle, the Defence Attache at the British Embassy in Kathmandu.

**RECONSTITUTED:** The national working committee of the Nepal Sadbhavana Party, by the party's national president **Gajendra Narayan**

**Singh**. MPs **Hridayesh Tripathy** and **Badri Prasad Mandal** are named vice presidents and MP Rajendra Mahato as general secretary.

**RESIGNED:** **Narhari Acharya**, spokesman of the Nepali Congress party, from his post. **Hridayesh Tripathy**, the newly appointed vice chairman of Nepal Sadbhavana Party,

from his post.

**REJECTED:** The national talent award, by popular lyricist and poet **Kali Prasad Rijal**.

**FORMED:** A national task force, to conduct and supervise activities regarding the worldwide campaign for Nepalese children, by the Ministry for Women, Children and Social Welfare. ■

# Competition In Electricity: Challenges For Development II

By RAJENDRA K. KSHATRI

Nepal has been able to develop only one per cent of its vast hydropower potential. Lack of business confidence has posed a big problem. The government and business have their own problems and are not getting along together.

Regional political tensions have long served to slow cooperation in power resources, despite the recognition of hydropower's long-term benefits. Treaties already signed between Nepal and India now seem in danger of unraveling. The Mahakali treaty setting up the Pancheswar Multipurpose Project and the power trade agreement, which laid down that anybody in Nepal could sell power to anybody in India, encouraging private investors to set up projects in Nepal, creating a real confederation of power states in South Asia, now seems a long way off. What this implies is that many promises are under reconsideration from both sides.

Although electricity demand within Nepal is growing rapidly, the potential for economically viable hydropower projects far exceeds consumption needs. So export markets will be key to realizing the potential for hydropower in Nepal. The power trade agreement has endorsed a concept of marked priced contract by which market access can be established by a contract with a supplier of feedstock or off taker of product. The entire structure was developed around the synthetic obligation of utilities or non-utilities in India or Nepal to purchase output at agreed price.

Therefore, market access risk to IPPs in Nepal has become high because of the lack of implementation of such an agreement. In fact, market access risk goes not to price, but to access of the project to a free and open market. When there are barriers, export of electricity may be fatal risk. Because of the lack of market access, West Seti Hydroelectric Project has not moved as anticipated. All necessary transmission arrangements and pricing formulas between West Seti and potential buyers in India are yet to be determined. The deals are still in the works, but they are taking a long, long time to get done. For the most part, it is a wait-and-see situation.

There is a severe and multi-faceted problem in the area, which needs to be sorted out through effective strategies to restore enterprise value. The continued involvement and support of the government are important for successful allocation and sharing of risks. Deregulation of power markets in the country needs to take account of the viability of the development and financing of hydro plants. With international projects, a form of implication agreement should be entered into to define the role of all parties. Issues related to hydropower development are highly technical and not readily

assimilated by simple and overarching value systems. They involve levels of information and comprehension attained only by specialists and are issues that tend to be waged in the moderate discourse of management rather than the more inflammatory rhetoric of politics. Therefore, this is not a question around which politician can mobilize followers and debate on the basis of symbolic values or appeals to unqualified loyalties.

Under the terms of the Mahakali treaty, an innovative approach to the problems of apportioning benefits from the joint development has been addressed. But in most cases, there are no agreements. With such gaps, approved methods or processes from India to pay compensation to Nepal for its flood control, incremental benefit for irrigation and for downstream power benefits are missing. Hence, there is a need to establish a mechanism between Nepal and India for compensation based separately on joint and unilateral action, which could be beneficial to both. Sensitivity about the downstream benefit sharing is high in Nepal. However, demands for clarification have been met with silence and most Nepalese doubts are fast turning into suspicion.

The costs sharing of works providing downstream benefits seem to be a huge missed task. A lack of initiation, particularly from Nepal, could result in difficulties to IPPs interested in mega hydro projects. This is particularly true because of the limited obligation of the IPPs. Greater efforts, therefore, must be undertaken to effectively measure the downstream benefits, not just to justify any requirement. If the costs of downstream benefits are less than the opportunity costs of development, then the government should be able to take firm decisions to gear up projects even without apportioning downstream benefit. This, however, is by no means to suggest that downstream benefits sharing are unreasonable.

The attitude of India to enter an agreement for apportioning downstream benefits in non-utility projects developed upstream in Nepal is harder to gauge. How long the government takes to win Indian approval for this will be one pointer to the Nepalese economy's future prospects. But there are no plans for such a settlement and no talk about creating a definitive framework for this idea of sharing downstream benefits. Whether all the different songs can be blended into a single harmony or whether they will turn into a discordant cacophony of clashing voices will determine the path of hydropower development in Nepal. ■

*Kshatri writes on water resources*

**Now In Town**

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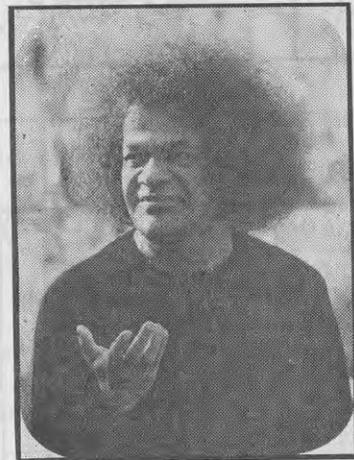
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- ordrish
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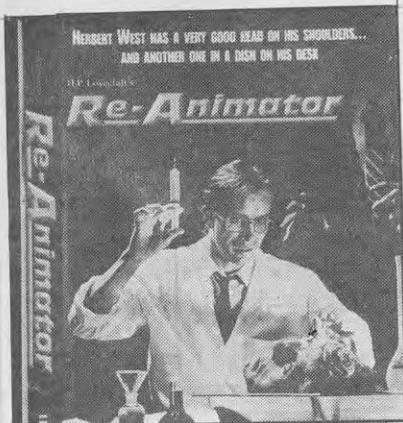
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- Love Ke Liye Kuch Bhi Karega
- Lagaan
- Gadar
- Pagalpan
- Avgat
- Master
- Mujhe Kuch Kahena Hai
- Pyar Tune Kya Kiya
- Ek Rishtaa

(Source : Super Star Video, New Road)



*“Man is born  
to share and serve,  
not to grab  
and  
grieve”*

**- SATHYA SAI BABA**



GHOST STORY CLUB



HAGAR THE HORRIBLE



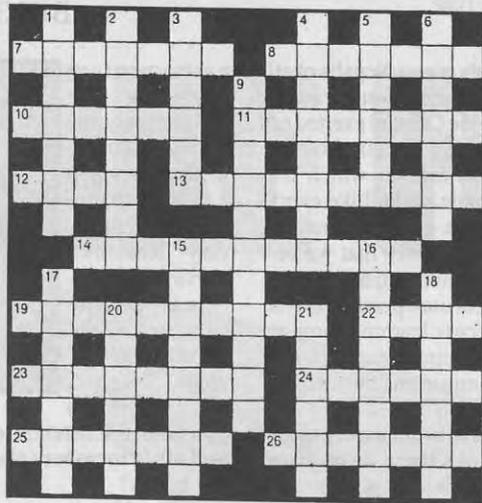
GARFIELD



MOMMA



# CROSSWORD



## ACROSS

7. Strip mills is bored (7)
8. 'Mr. Steel' — working foundry-man (7)
10. Dance garment (6)
12. Cook in waxy water (8)
13. Brighton's calaboose (4)
14. Where 'egreen' investors hold their nerve? (6,5)
19. Centre for coarse fishing on the Isle of Wight? (10)
22. Bird which nests in Southern England (4)
23. Its choir could be famous (8)
24. Experience the Spanish light (6)
25. Boom on channel (7)
26. They lend and borrow certain horses (7)

## DOWN

1. Hard times for scaffolders by sound of it (7)
2. Witho ut us rogue pigs take a run (8)
3. 3. Drink in sailor's circle (6)
4. It's fine when it's rolled (8)
5. Flimsy cut (6)
6. Any decent restaurant provides for strikers (7)
9. Stern's bow? Nonsense ! (11)
15. Tall queen in drag act (8)
16. Provide for good souvenir (8)
17. Apprentice jumping Aintree (7)
18. Blubbering like a harpooned whale? (2,5)
20. It's not half common, variety program on TV (6)
21. peter worried about a show again (6)

Down : 1. Rigours 2. Arpeggio 3. Absorb 4. Umbrella 5. Slight 6. Centres 9. Fiddlestick 15. Towering 16. Keepsake 17. Trainee 18. In tears 20. Sitcom 21. Repeat

Across : 7. Distrobe 8. Smelter 10. Bolero 11. Irrigate 12. Brig 13. Bedclothes 14. Bottle banks 19. Freshwater 22. Erne 23. Historic 24. Pastel 25. Resound 26. Bankers

## SOLUTION

# BRIDGE

NORTH 3-22			
♠ 8			
♥ Q 9 8 2			
♦ 10 8 7 3			
♣ K Q J 8			
WEST		EAST	
♠ J 9 6 4		♠ Q 10 5 2	
♥ 4 3		♥ 6 5	
♦ A Q		♦ K 9 6 2	
♣ 10 9 7 6 3		♣ A 5 2	
SOUTH			
♠ A K 7 3			
♥ A K J 10 7			
♦ J 5 4			
♣ 4			
Vulnerable: Both			
Dealer: South			
The bidding:			
South	West	North	East
1 ♥	Pass	3 ♥*	Pass
4 ♥	All pass		
*Limit raise			
Opening lead: Club 10			

**“Water will not slip through the miser’s grasp.”**

— Malay Proverb

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

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

“I was hoping you had the spade ace,” was West's lame excuse. What was wrong with his reasoning?

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

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

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

# 'There Has Been A Generational Shift In The Council's Customers'

— BRIGID OCONNOR

**BRIGID OCONNOR**, director of the British Council, is not a new name as she has been here for a year. Oconnor spoke to SPOTLIGHT on various issues related to the facilities included in the Council. Excerpts

## How do you see the changing role of the Council?

We are witnessing a dramatic increase in the number of Nepalis going to UK for study; this seems to be an ever upward trend. The majority of students want short courses, up to six months duration in either information technology or tourism related studies. There has always been a steady flow of students to the United Kingdom, some for schooling, some for degrees, and mostly from families who already had a knowledge of Britain and its education services and facilities. The Council's role now is partly to provide information and guidance on qualifications and institutions, especially in vocational and technical education to students and their parents who find the range and choice of study options available in UK at times bewildering. Our other role is to ensure that school pupils who are at the age of considering first degree overseas are made aware of the benefits that a UK degree confers in terms of international job mobility and flexible learning.

## You came here when the council was passing through transition from old building to new one. What is your impression about this change?

One of the most visible changes - and you have indeed commented on this, very often - is the generational shift in the Council's customers since we moved into the Lainchour building. The average age of visitor to our centre in the last six months is about 18-22 years. Walking across our office courtyard feels like being in the middle of a college campus in Britain some days, with Study Centre students, GCE candidates and cafe customers thronging the space. This is not an accidental effect resulting from the move of our office; it is a result that we set out to achieve. We had been redesigning our services and refocusing our marketing for about 12 months prior to the opening of the new Centre in order to attract young people. The Council recognizes that the young and educationally aspiring generation are the future of Nepal. Their need is for access to opportunities in learning and self development that will assist their careers. The Council's job is to provide those opportunities.

## The Council has been serving as the center for learning for such a long time. How challenging is its role?

The Council is certainly one of the longest established foreign cultural and educational organization in Nepal - it may even be

the oldest. One constantly meets Nepalis of all ages and professions who recall very warmly the positive impact that the Council exerted on their lives and careers through our work in education. That is a heritage in which the Council takes considerable pride. Like every organizations we prioritize our programs and allocate resources to the activity that we believe will achieve the optimum impact. For the Council today, the heart of our operation is still in education, in self access learning through the Knowledge and Learning Centre, in English language and examinations through the Study Centre.

## The council seems to be focussing more on databases than books these days. How would you retain the old book-loving members?

We do have a lot of books, about 10,000, slightly fewer than in our former building but still a considerable collection. The Council replaces its bookstock at the rate of ten percent a year, as a minimum corporate standard so the book collection is a living and changing thing not an archives. Our older members seem to have had no difficulty in adapting to new sources of information and new media, quite the reverse. There is no correlation to be observed between grey hair and adaptability to new media.

## Besides the cultural exchange and learning, what other programs the council is currently having now?

Culture and education are the two reason for our existence and everything that the Council does in some way connects to those. Some of our programs are not visible as they are run in partnership with other organizations. For instance we have for several years managed a project in health access in rural areas with the Ministry of Health on behalf of the Department for International Development (DFID). The Council also works in partnership with the Nepal English Language Teachers Association (NELTA) to improve standards of English language learning and teaching in Nepal. Of course we teach English in our own Centre to our own students but the Council has a larger interest in improving pedagogy and practice in the country more widely.

## Do you have any programs to help the democratization process in Nepal?

The Council has an ongoing program of support to the legal profession especially in the area of access to justice. We have run training workshops for professionals working in the criminal justice sector and are currently in discussion with the Police and the Department of Prisons Management on long term development plans which the Council can support. We have also supported the democratic process by providing training in presentation and report writing skills to MPs from the

parliamentary opposition. We are currently assisting the Parliament to develop a project to create a Parliamentary Research Service for members in association with the Scottish Parliament.



## How do you find the interest of Nepalese students and other members of communities regarding books?

The Nepalis who find their way to the Council are very motivated to improve their educational qualifications by study, whether through books or cassette or video or CD-ROM or internet. Most of our customers read for a purpose rather than for pleasure, though an increasing number of our younger customers who are more comfortable with English also borrow books to read for fun or entertainment and not only for course work or exams.

## On average, how many students come to your library and how many of them come for career counseling? How many actually go to the U.K. for further studies?

About 300-400 customers come through the Library doors in an average day, of whom about 50 come looking for information on study. There is a huge interest in UK study. The number of Nepali students going to the UK for study is doubling year on year at the moment. We are working with the Consular Services of the British Embassy to track those who have been given student visas. We are interested to discern patterns in the kind of courses and institutions and qualifications that are most popular in order to better serve our customers with information.

## How do you find the existing library facilities in the schools/campuses and communities in Nepal? Does the Council plan to help them?

The resources in the private institutions and the seriousness with which they are treated, are impressive. I have visited a range of schools and universities here in the public and private sector. Outside that narrow range, the resources and services are extremely poor. The Council is not a donor organization and we have no resources for setting up or running libraries outside our own centre. We offer the advice and guidance of our own professional staff where appropriate to institutions. The Council is plugged into information and library professional networks globally and in South Asia and can identify consultants for organizations wanting to upgrade their library services. ■



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