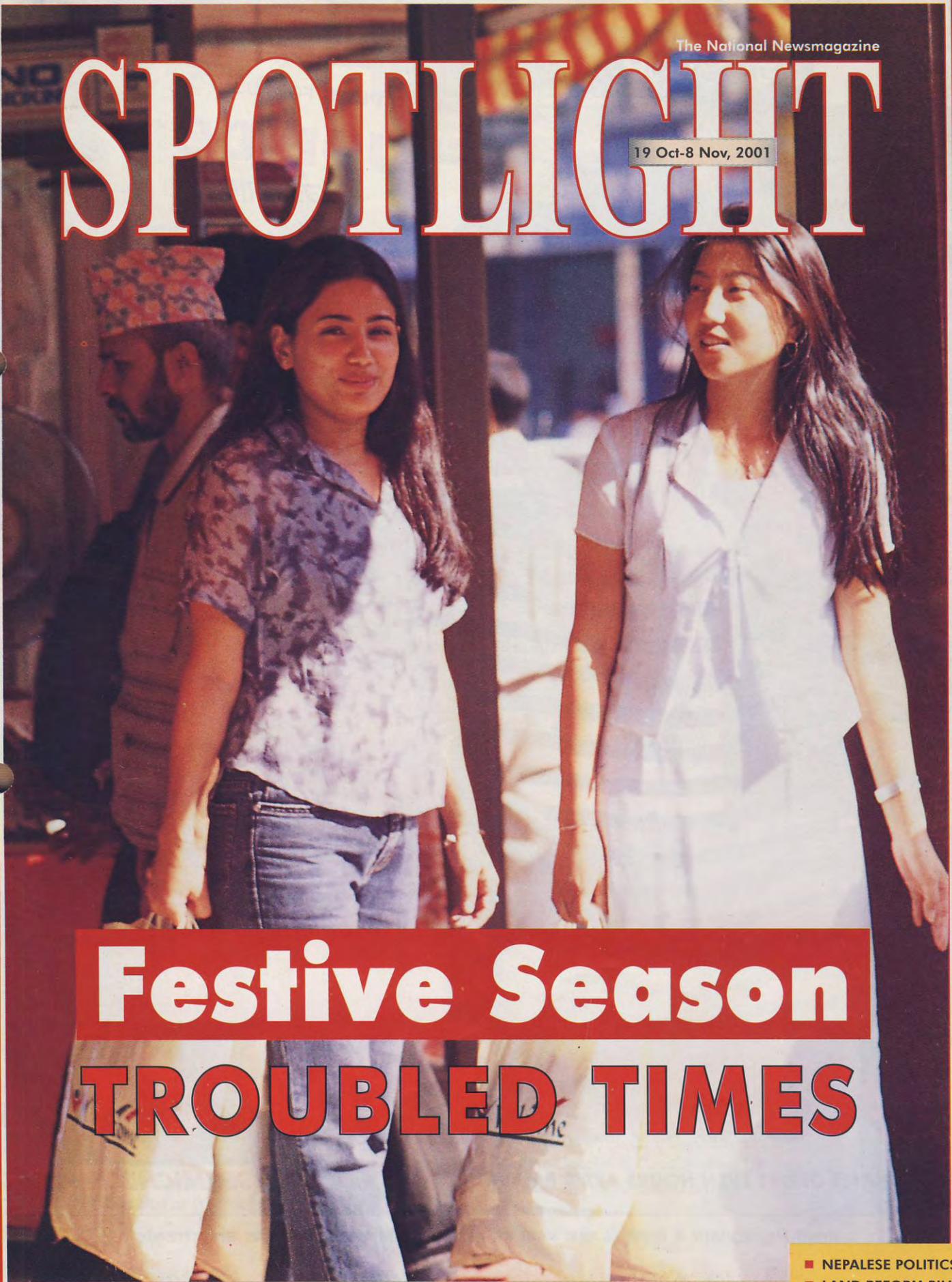


The National Newsmagazine

# SPOTLIGHT

19 Oct-8 Nov, 2001



## Festive Season TROUBLED TIMES

- NEPALESE POLITICS
- LAND REFORM BILL
- FACE TO FACE WITH SHYAM AGRAWAL

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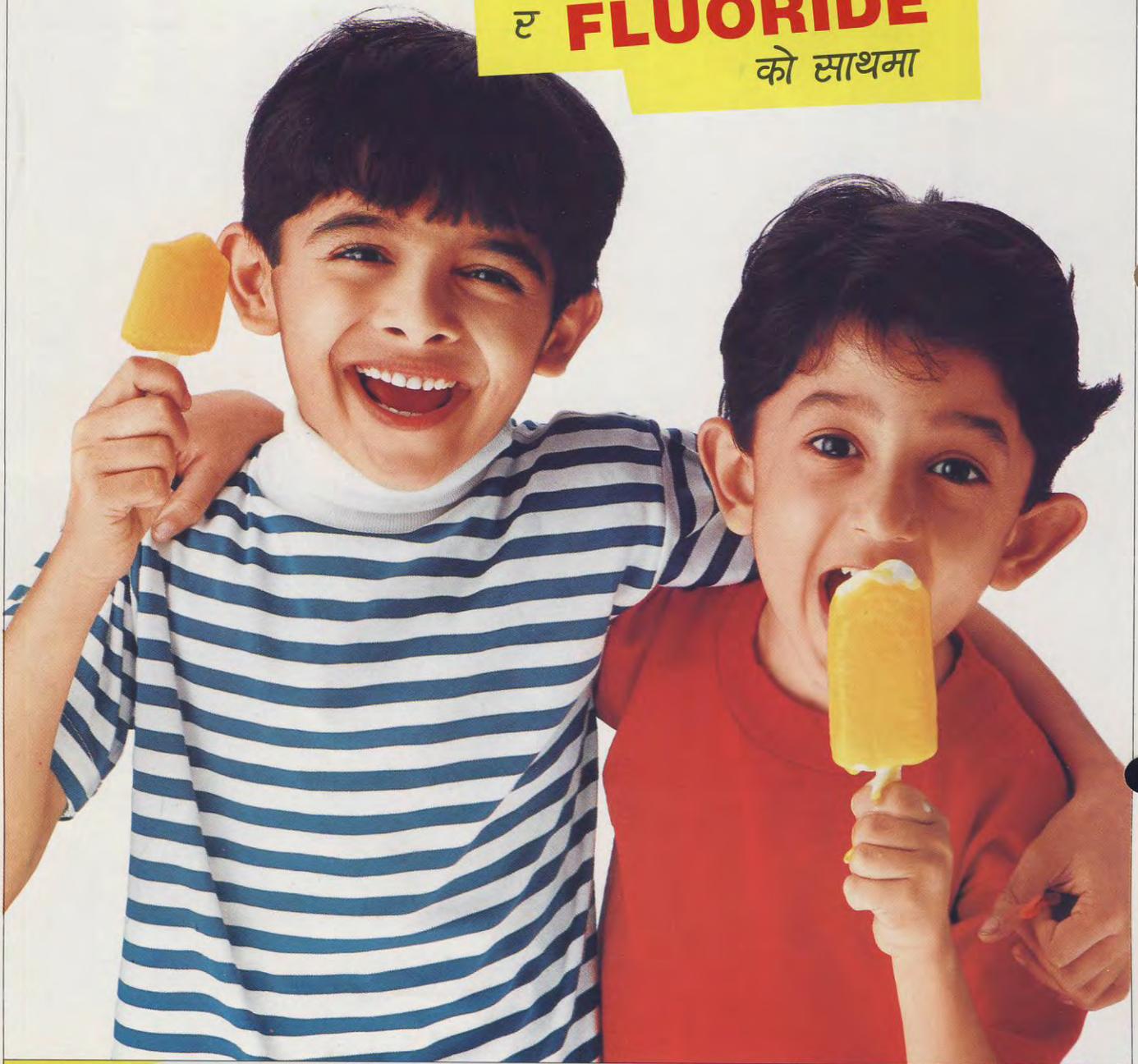
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## Cover Story : Troubled Times

Rattled by domestic as well as international problems and amid a gloomy economy, the usual crowd at the marketplaces is absent this Dashain

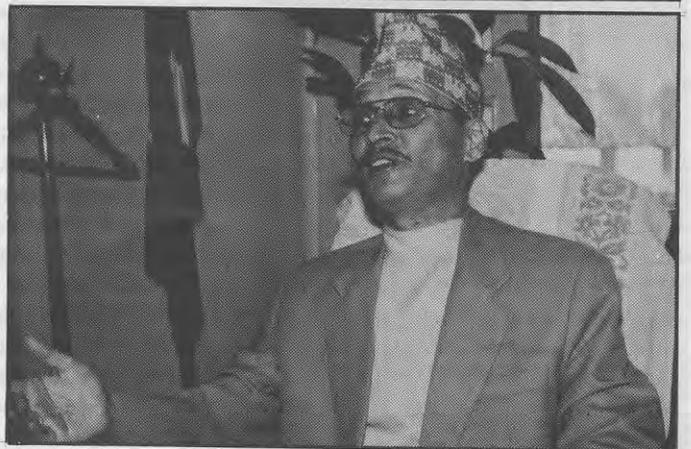
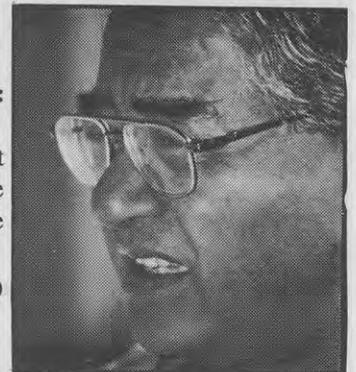
(Cover photo by Sandesh Manandhar)

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## MAOIST INSURGENCY: Defaming Itself

As the two sides prepare to sit for the third round of talks, there is increased pressure on the government not to bow down

Page 9



## INTERVIEW: Bishnu Bahadur K.C.

Auditor-General K.C. talks about the rising heap of unsettled accounts and other financial indisciplinaes.

Page 22

# SPOTLIGHT

THE NATIONAL NEWSMAGAZINE

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## EDITOR'S NOTE

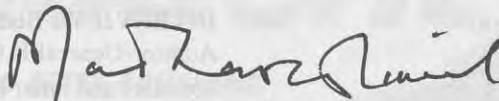
The aftermath of the terrorist acts of September eleven has generated a situation that could destabilize life even in the remotest part of the world. Since no sane person could approve the heinous acts of terrorism whether they are suicide bombings or mailing anthrax, it has become most imperative that every human being irrespective of caste, color or religion take a pledge to root out the evil from the face of the world. The fight against terrorism spearheaded by the United States of America demands that all peace loving people, wherever they are, must voluntarily come forward and share any information that might contribute to limit or mitigate the bad effects of this scourge. The United States, which has become the prime target of the terrorists, has a stupendous job in its hands. And it would sure be very difficult, if not impossible, for the U.S. to attain any measurable success without the unstinting cooperation of the rest of the world. Indeed, she may have all the resources needed to fight this terrible evil and she must be applying them to the best of her ability. But to think she can eradicate this plague single handed would be a big mistake. Consequently no one should shy away to pass on any information that may help them, in howsoever a small way, to achieve their objective. Since all the religion of the world teach universal love and peace and no religion teaches hatred, it becomes the bounden duty of all the people of the world to join hands to fight this evil of terrorism. The sooner we do it, the better for us, the better for the whole world.

\* \* \*

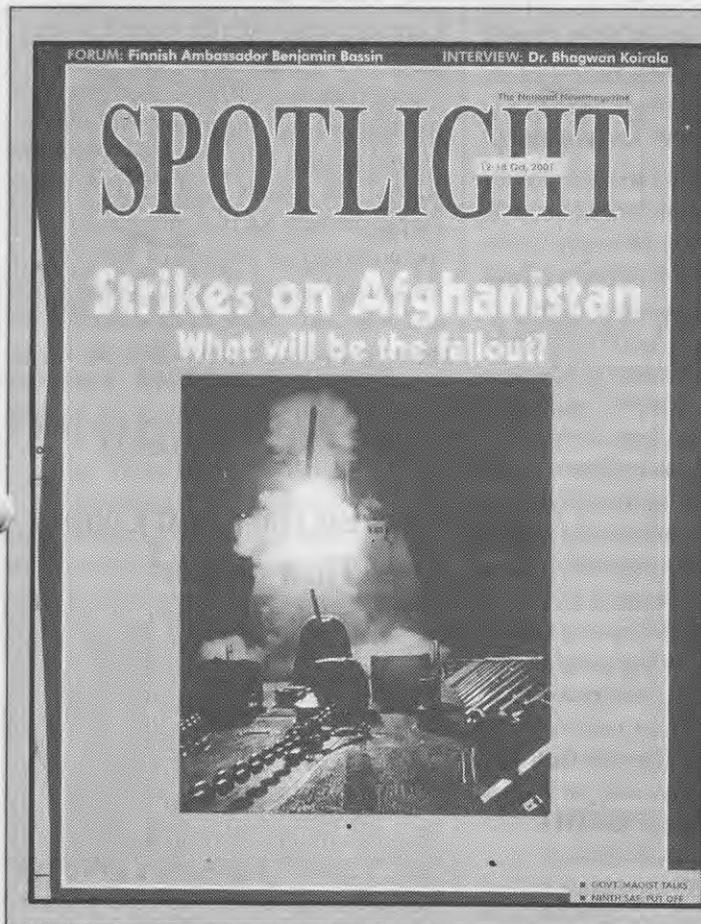
It is being reported that Prime minister Deuba is going to expand his cabinet immediately after the twentieth session of Parliament ends. Nobody needs be illuminated why the Prime minister has waited for that long to enlarge his cabinet. As a matter of fact, Deuba need not have expanded his cabinet at all. If he could run the government for three months with thirteen, he could easily run for the remainder of his regime (howsoever long it might be) with the same number. Since the main purpose of joining the cabinet is to get rich quick, the smaller the number the greater the opportunities for making quick bucks. But how long can one keep the recalcitrant members in check who have been boiling to get a share in the loot? Hence the proposed expansion. What is the country to expect from the cabinet which cannot safeguard the nation's interest from a domineering neighbor? The nation is waiting with bated breath to see the end of the trade talks. How the cabinet expansion is going to help our poor nation time only will show. Since we are helpless to stop any wrongdoing on the part of the government, we have no option but to bear. And that we have been doing.

\* \* \*

Dashain, the biggest of all the festivals of the Nepalese people is knocking on the doors. It is one time when even a poor man shares his melancholy smile with his family, friends and neighbors. But, the failure of the government to restore peace in the country is sure to deprive the people of all the zest of the festivity. As it is, the gloomy economy has spread a pall of depression over the whole nation. The uncertain situation generated by the terrorism of the Maoists has further aggravated the miseries of the people. If they do not stop their violence and permit the poor people to enjoy the few days in the year in peace and tranquility, they will not only be perpetrating big injustice but also distancing themselves from the sympathy of the poor. Why the Deuba government is so nervous in bringing the Maoists to a successful dialogue is becoming more incomprehensible as time passes. If the government cannot force the Maoists to come to terms at this juncture, they cannot have any justification to stay in power. As such, we do trust they will pluck some courage and behave like real administrators and provide some peace and security to the poor people so that they will be able to celebrate Dashain in a normal environment. Trusting that the government will rise up to the occasion, we wish all our friends, admirers and all the countrymen a very very Happy Vijaya. ■



**Madhav Kumar Rimal**  
Chief Editor & Publisher



### Regional Angle

*The cover story "What Will Be The Fallout?" (SPOTLIGHT, October 12) rightly pointed to the possible effects of a prolonged war in Afghanistan on the region. Home to one fifth of the world's population and among the poorest regions of the world, South Asia could do without the current war on its north-western flank. Now that it has begun, one can only hope that the war will end soon without further loss of civilian life.*

**Ramesh Bista**  
Hattisar

Singh's remarks as a positive gesture toward Nepal. It remains to be seen whether other Indian agencies will follow suit.

**Rakesh Shrestha**  
New Baneshwore

### Welcoming Enough?

I read with interest your article "Learning Again" (SPOTLIGHT, October 5). The ideas put forth hold a great deal of truth. Many Nepali students who are equipped with degrees from international institutions decide to settle in foreign lands with the belief that the grass is definitely greener there. But do we realize that it is not only for a lust for a fancy, lavish, comfortable lifestyle and a dollar salary that Nepalis decide not to come back? The availability of better chances to make the most of what they have learnt and better opportunities to exploit their potential are strong attractions. Ideally, it would be beneficial if students with international degrees and exposure came back and worked for the country's development. But does our country have enough jobs, facilities and incentives to draw these students who have knowledge, exposure and the will to work for Nepal? Do we have the social infrastructure to accommodate them with enough chances to unleash their potential? Are there enough opportunities for their career and intellectual growth? Moreover, would they want to come back to a country beset by numerous political, social and economic problems perpetuated by a succession of unimaginative leaders and policies?

**Moheindu Chemjong**  
via email

**NOTICE:** The next issue of SPOTLIGHT will come out on November 9, 2001, after Dashain Holidays.

— ED

### New War

With each passing day of air strikes on Afghanistan, western countries are moving closer to igniting World War III ("What Will Be The Fallout?" SPOTLIGHT, October 12). The September 11 terror attacks on the United States were a heinous and barbaric act. But how justifiable is it to bomb a whole country to catch a few thugs. By doing so, the US-led alliance is only glamorizing villains like Osama bin Laden and the Taliban in certain parts of the world. US President George W. Bush has rightly said that this is a new kind of war. Why is he, then, bent on using conventional means like bombing a country to fight the new war? Definitely, a new war demands new ways. The Nepalese government made the right decision by extending its support to and expressing solidarity with

America's fight against terrorism. Terrorism anywhere is a threat everywhere. This threat demands new means of fighting. The decision by governments to freeze bank accounts of terrorist outfits was laudable. Such methods will go a long way in rooting out these thugs. But bombing a country could only prove counterproductive.

**Diwakar Basyal**  
Dhapakhel

### Skewed Policy

Nepal is one of the most reliable friends of India in South Asia. As a small country with cultural and religious affinity with India, no Nepali can ever think of harming India and Indian interests. Unfortunately, Nepalis have never received such feelings from Indian officialdom. The Editor's Note in SPOTLIGHT regularly high-

lights this important message, but Indian officials seem to ignore it. India already has had a bitter experience of promoting terrorist outfits against neighboring countries. The LTTE and Bhindranwale have taught lessons to India, but the officialdom pretends not to learn. Indians seem to enjoy promoting extremism in Nepal. Although India has often accused Nepal of sheltering the ISI, Pakistani intelligence agency, it is Indian policy toward Nepal that is more dangerous. Indian Defense and Foreign Minister Jaswant Singh seemed to understand this by declaring the Maoists as terrorist. Two senior politicians, former prime minister Girija Prasad Koirala and CPN-UML general secretary Madhav Kumar Nepal, have pointedly accused India of backing the Maoists. It is not too late to take

## US Rejects Fresh Taliban Proposal

In their second week of air strikes on Afghanistan, US jets pounded Kabul airport, the Taliban military academy and an artillery garrison, agency reports said. Taliban officials said the warplanes also attacked targets around the cities of Mazar-e-Sharif, Kandahar, Jalalabad and Herat. In Pakistan, at least one demonstrator was killed and 10 others injured when police opened fire to control a crowd in Jalalabad that was protesting against the Pakistan government's decision to allow US forces to use a local air base. Meanwhile, a senior Taliban official said Sunday that his government was ready to discuss handing over Osama bin Laden, the prime suspect for the September 11 terrorist attacks on New York City and the Pentagon, to a third country if the US halted its air attacks on Afghanistan. "If the US presents evidence about bin Laden's involvement in the attacks and stop bombing Afghanistan, we would be ready to hand him over to a third country that would never come under pressure from the US," Deputy Prime Minister Haji Abdul Kabir told reporters in Jalalabad. US President George Bush, however, flatly rejected the

Taliban proposal. *Compiled from reports Oct. 15.*

## 'Govt. Not To Bow To Maoists'

Prime Minister Sher Bahadur Deuba has said the government will not bow to the Maoist insurgents. Addressing a mass meeting organized by the ruling Nepali Congress in the mid-western district of Banke Sunday, Deuba said the government would not compromise on the issue of constitutional monarchy, multiparty democracy and present constitution with the rebels. "We don't want to turn Nepal into an Afghanistan," he declared. Earlier, former prime minister and Nepali Congress President Girija Prasad Koirala blamed the Deuba government for failing to resolve the Maoist insurgency despite full support from the ruling party. "If the talks proceed in this way, the (problem of) insurgency will never be resolved," he added. *Compiled from reports Oct. 15.*

## British Immigration Fines RNAC

The Department of Immigration of the British government has imposed a fine of 38,000 sterling pound (approximately Rs 4.23 million) on the Royal Nepal Airlines

Corporation (RNAC) for sending people to the United Kingdom on fake visas. In a letter written to the RNAC, the department has recalled that the airline has been involved in such activities from 1997. The RNAC has already paid 132,000 pound (approximately Rs 14.5 million) for sending unauthorized persons on fake visas to the United Kingdom between January 1999 and June 2001. Meanwhile, a petition has been filed at the Commission for Investigation of Abuse of Authority demanding action against the culprits at the national flag carrier. *Space Time Oct. 13.*

## 'Maoists Have Lost Control Over Their Cadres'

A senior Maoist leader has admitted that the underground party has lost control over its cadres. Leader of the main opposition, Madhav Kumar Nepal, has quoted top Maoist leader Dr. Baburam Bhattarai, as telling him during a recent telephone conversation that the Maoist guerrillas and 'people's militia' were no more under the party's control. Addressing a public function in the capital Saturday, Nepal quoted Dr. Bhattarai as saying that the Maoist party has launched a special campaign to control the growing irresponsible and anarchic behavior among its cadres. Nepal, however, did not disclose whether the underground leader called him from within the country or abroad. *Space Time Oct. 13.*

## Millions Of Rupee For Dalits Spent On Seminars

Over half of the Rs 150 million allocated for the upliftment of dalits (so-called untouchables) community in Nepal per year is spent on formal programs like seminars, workshops and interactions, a leading daily reported Monday. Action Aid, an INGO, spends annually around Rs 35 million, Save the Children (US) nearly Rs 10 million, Danida Rs 11.5 million and Helvetas nearly Rs 30 million per year on dalit-related activities. Millions of rupees were spent in sending 45 delegates to the UN conference on racism in Durban recently on behalf of different NGOs. An official with Action Aid confirmed that out of Rs 30 million allocated for the dalit

*We Extend Our  
Hearty Greetings And  
Best Wishes To All Nepalese  
On The Auspicious Occasion  
Of Vijaya Dashami And  
Deepawali 2058 B.S.*



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programs, nearly Rs 5 million is spent on advocacy works like seminar and workshops. Similarly, Danida has agreed to provide Rs 34.5 million for advocacy related to dalit over the next three years. "All such investment moves around some smart 'dalits' in the capital itself and never reaches the needy outside Kathmandu," said Lal Bahadur Biswokarma, a member of the National Assembly. *Kantipur Oct. 25.*

## Upper House Rejects Property Rights Bill

The Upper House of parliament Saturday rejected the controversial 11th amendment to the Civil Code, granting daughters property rights equal to those of sons. The opposition lawmakers have been criticizing the bill saying that the provision of returning the property to the parents after a girl gets married is discriminatory. The ruling Nepali Congress is in minority in the Upper House. The House of Representatives had passed the bill Wednesday amid a boycott by the main opposition, UML. As per the constitution, the bill will now be returned to the Lower House for further discussions and possible amendment. *Compiled from reports Oct. 14.*

## Maoists Torch Vehicles in Pokhara

Maoist activists have burnt down four vehicles and vandalized three more vehicles in western town of Pokhara Thursday, a newspaper reported. The violent activities took place during the 'echakka jam' (halt traffic) program called by the pro-Maoist All Nepal Transport Union (ANTU) Kaski district unit demanding release of one of its members, Dev Raj Bastakoti. Police had taken Bastakoti into custody some two weeks back after a group of landless squatters burnt down the office of ward no. 18 of Pokhara sub-municipality. About half a dozen students, in their campus uniform, burnt down a Land Cruiser jeep belonging to British-Gurkha pension camp in front of the Prithvi Narayan Campus. "The students sprayed petrol on the jeep, set it on fire and then went inside the campus," said Nara Baha-

dur Rai, an officer at the pension camp, who was traveling in the jeep. The activists also burnt down two trucks and a taxi in different places within the municipality. Police had not arrested anybody in connection with the violence. *Nepal Samacharpatra Oct. 12.*

## 'Maoists Transport Arms To Kalikot'

At a time when the government and Maoist rebels are engaged in talks, the latter are allegedly building up their military strength, a ruling party leader said. Former deputy prime minister and home minister Ram Chandra Poudel told an all-party meeting Wednesday that the Maoist rebels have reportedly transported 700 loads of arms to remote northern district of Kalikot. Poudel later told reporters that (the government) should watch if the rebels were trying to strengthen their strategic position under the pretext of talks. Meanwhile, an unnamed senior official at police headquarters said it would not be possible for the Maoists to transport the huge amount of arms from one place to another. "We have already issued directives to all the districts to arrest anyone found carrying arms," he said. *Kantipur Oct. 11.*

## 20,000 Tonnes Of Sugar Being Imported

On the eve of the Dashain and Tihar festivals, Nepal is to import sugar from India, a leading daily reported. The government-owned National Trading Limited (NTL) is to import 20,000 metric tonnes of sugar from

the State Export Corporation of Bihar state of India in the first phase. General Manager of the NTL, Madhav Jung Rana, said the corporation was trying to meet the shortage of sugar in the market by importing it within a week. The government had granted the NTL permission to import 40,000 metric tonnes of sugar and Nepal Food Corporation, another government-owned agency, an additional 20,000 metric tonnes to meet the domestic demand. The annual demand for sugar in Nepal is estimated at more than 150,000 metric tonnes. This year Nepalese sugar factories produced only 100,000 metric tonnes (compared to 140,000 metric tonnes last year) amid conflict between sugarcane farmers and sugar factories. The government has also decided to reduce the customs duty on the imports of sugar from 40 percent to 10 percent this year. The import of sugar is finally moving ahead after court litigation and intervention by a parliamentary committee. *Kantipur Oct. 11.*

**२०५८ सालको बडा दशैंको**

शुभ उपलक्ष्यमा सम्पूर्ण ग्राहकवर्गहरूलाई  
हार्दिक मंगलमय शुभकामना  
व्यक्त गर्दछौं ।  
साथै  
बडा दशैंको उपलक्ष्यमा

भारतमा ९१ कन्टी कोड प्रयोग भई  
गरिने अन्तर्राष्ट्रिय ट्रङ्कलको महसुलमा

**५० प्रतिशत छुट**

(२०५८ मार्ग मसान्तसम्म)  
बेलुका १० बजेदेखि भोलिपल्ट विहान  
६ बजे सम्म

नेपाल दूरसंचार संस्थान  
व्यापार व्यवस्थापन विभाग  
टेलिफोन नं. २१०११२, २१०२०४



**Celebration of Rara festival in Mugu**

**DURING THE FOURTH MEETING OF THE NEPAL-CHINA** consultative mechanism in Beijing Tuesday, both countries agreed to expedite six project agreements signed during the visit of Chinese Premier Zhu Rongji to Nepal in May. The Foreign Ministry here said a Chinese team is to visit Nepal shortly to make necessary preparations for the implementation of the construction of civil service hospital, Syarubesi-Rasuwa road and a polytechnic institute, among others. Both sides also agreed that the memorandum of understanding on the implementation plan for outbound travel would be concluded as early as possible. "The Chinese side also responded positively to Nepal's request to include Beijing and Xian as two intermediate points and two more points beyond Shanghai for air flights," the ministry said. Foreign Secretary Narayan Shumsher Thapa led the Nepalese delegation at the meeting, whereas Wang Yi, Vice Minister for Foreign Affairs, led the Chinese team.

**ADDRESSING THE SIXTH INTERNATIONAL CONGRESS ON** AIDS in Asia and the Pacific organized in Melbourne early this week, Minister for Health Sharat Singh Bhandari said the Nepalese government is planning to observe 2002 as a year of "HIV/AIDS Awareness and Prevention" by involving people from different walks of life as well as government and NGOs. Meanwhile, a recent international study has identified Nepal as one of the five Asian countries where HIV has begun to spread rapidly. The report published by MAP (Monitoring the AIDS Pandemic Network), a UN-sponsored agency, said the HIV virus has begun to make rapid inroads in Nepal, Indonesia, Iran, Japan and Vietnam. Official figures say little more than 2,000 people have tested HIV-positive in Nepal. Unofficial estimates put the number as high as 70,000.

**THE FEDERATION OF NEPALESE CHAMBERS OF COM-**merce and Industry (FNCCI) has set up the Nepal-India Economic Forum (NIEF) to strengthen and increase cooperation between the two neighbors in areas of trade, commerce and economy. The forum is expected to follow a "track two" mechanism to bolster economic ties and promote investment between the two countries, the FNCCI said in a press statement. Headed by Rabi Bhakta Shrestha, president of the FNCCI, the 10-member mechanism will take up issues at the government, private and political levels, the chamber said. The forum will lobby with the Nepalese government on issues related to Indian jointventures operating in Nepal and with the Indian government and other concerned groups regarding Nepalese exports and trade. India is the largest investor in Nepal and nearly one third of Nepal's foreign trade is directed toward India. Nepal and China already have a similar mechanism at the private-sector level.

**THE GOVERNMENT HAS DECIDED TO CLOSE DOWN FOUR** loss-making Public Enterprises (PEs), a private daily reported. Finance Minister Dr. Ram Sharan Mahat confirmed Tuesday that the government had decided to close down these PEs "as there was no rationale for

operating them." The PEs slated for closure include Gharelu Shilpakala Bikri Bhandar, Nepal Transport Corporation, the Timber Corporation of Nepal and Nepal Orind Magnesite Company. Rajdhani daily reported. According to the Finance Ministry, the government has invested more than Rs 7,400 million in 43 PEs in the country but the annual return the government gets is a meager Rs 360 million.

**AT LEAST 60 PERCENT OF THE NEARLY 127,500 COTTAGE** and small industries registered until 1999-2000 are now in dire straits. According to the Federation of Nepalese Cottage and Small Industries (FNCSI), although this sector has only 18 percent of the total industrial investment, it provides 67 percent of the total employment (offered by the industries) and has 80 percent share in the total industrial output. The downward slide of the 'edhaka' and 'epashmina' has discouraged the entrepreneurs. Speakers at a seminar organized in the capital Monday urged the government to act promptly on patent rights and identification of export items. They also demanded that a Cottage and Small Industries Act be formulated and export houses be established at the regional and national level as cooperatives.

**THE CENTENARY NOBEL PEACE PRIZE HAS BEEN** awarded to the United Nations and its secretary-general Kofi Annan. "The fight by the man and the institution for global peace belonged center stage as the world plunges into a new war on terrorism. The only negotiable route to global peace and cooperation goes by way of the United Nations," the Norwegian Nobel Committee announced in Oslo Friday. The committee said while Annan had underlined the UN's traditional responsibility for peace and security, he had also led the world body in rising to 'new challenges,' among them international terrorism and the HIV/AIDS epidemic. Responding to the news, Annan said in New York that the prize had brought 'great encouragement' but also a challenge to the world body. Similarly, the Swedish Academy's decision to award the Nobel Prize for Literature for 2001 to V.S. Naipaul, a Trinidad-born British writer of Indian origin, has been hailed worldwide.

**Wishing All  
Our Clients And  
Well Wishers  
A Very Happy  
Vijaya Dashami  
And  
Deepawali 2058 B.S.**

**Royal Nepal  
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**"T**he Nepali Congress has given full support and an unlimited mandate to the government to resolve the Maoist problem. I can't understand why the government has failed to present itself in a stricter manner in the talks."  
*Girija Prasad Koirala, president of ruling Nepali Congress, in Himalaya Times.*  
 \* \* \*

**"W**e will never allow Nepal to become another Afghanistan."

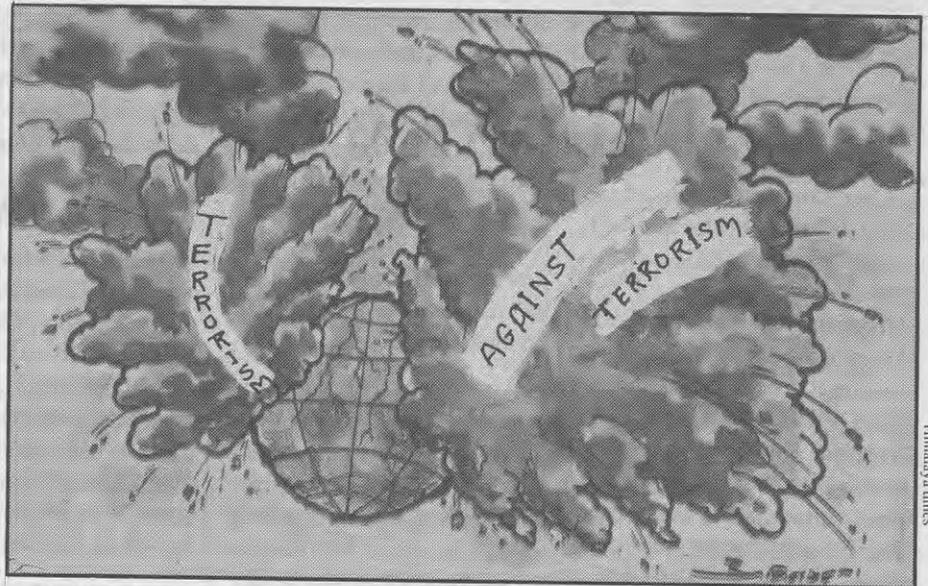
*Prime Minister Sher Bahadur Deuba, saying Afghanistan reached today's condition after the communists overthrew the monarchy there, in Himalaya Times.*  
 \* \* \*

**"T**he Maoist rebels are out of the control of their leaders."

*Madhav Kumar Nepal, leader of the main opposition and general secretary of Unified Marxist-Leninist, speaking at a public forum, in Spacetime daily.*  
 \* \* \*

**"T**he Upper House is a mature and erudite chamber. But its role has been diminished by the manner in which it rejected the bill even before allowing it for discussion. This has raised questions about its wisdom."

*Tek Bahadur Chokhyal, chief whip of the ruling Nepali Congress, reacting to the Upper House's rejection of*



Himalaya times

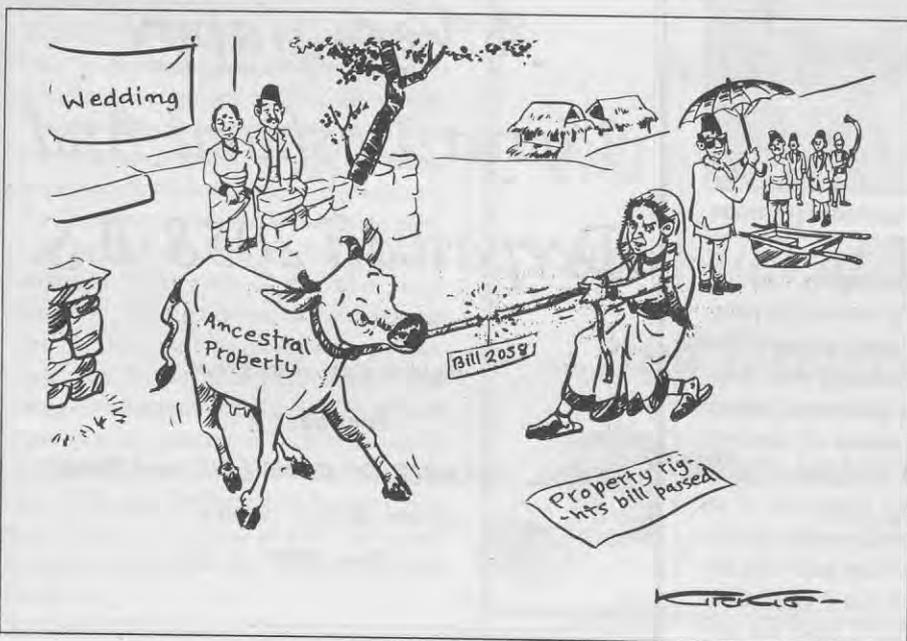
*bill to amend the civil code which dealt with property rights for women, in Gorkhapatra.*  
 \* \* \*

**"T**he Maoists do not have a clear political viewpoint."

*Taranath Rana Bhat, Speaker of the House of Representatives, in Himalaya Times.*  
 \* \* \*

**"I**t is imperative to change the structure of politics, economy and society to develop the country. But this cannot be achieved through violence and terror. The present constitution has shown certain ways to do that."

*Surya Bahadur Thapa, former prime minister and president of the Rastriya Prajatantra Party, addressing a public program.*  
 \* \* \*



Gorkhapatra

**"I** remained in the Marxist Leninist (ML) party for so long despite having so many differences."

*Devi Prasad Ojha, former minister and one of the key architects of the group that broke away from the UML, who recently quit the ML, in Jana Bhawana.*  
 \* \* \*

**"T**here will be a terrible war if the talks fail."

*Padma Ratna Tuladhar, one of the facilitators of the government-Maoist dialogue, in Bimarsha.*  
 \* \* \*

## Opportunistic Streak

When Sri Lankan President Chandrika Kumaratunga dissolved parliament hours before it was to have started debating a no-confidence motion, a group of Nepalese lawyers and opposition members were infuriated by the conduct of their counterparts in the island nation. If Prime Minister Sher Bahadur were to recommend the dissolution of the House of Representatives, we know what our politicians and lawyers would have done. They would have thronged the Supreme Court with petitions seeking to declare the order unconstitutional. From the ruling Nepali Congress to the main opposition CPN-UML, all parties have shown this opportunistic streak. That's why the 'passivity' of Sri Lanka's opposition politicians and lawyers has infuriated their opposite numbers in Nepal.

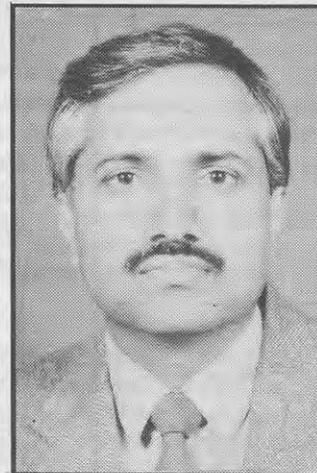
## Where Do They Stand?

Most of the King's nominees in the upper house of parliament seem to have forgotten their primary responsibilities. As no political party has a majority in the house of elders, some royal nominees find it

easy to follow their own brand of 'Aya Ram Gaya Ram' politics. Whether it is sitting MP Yankela Sherpa or former MP Sarada Pokharel, few show compunction in betraying the institution that sent them there. As royal nominees, their duties are to defend the monarchy by conveying proper perspectives in the house. Unfortunately, most royal nominees are trying to project themselves along party lines. Doesn't this suggest that the time has come for the palace to re-evaluate the nomination process?

## Formal Informality

Nepalese journalists often put political leaders on the defensive. But recently a leading politician painted them into the corner. Nepali Congress leader Narahari Acharya knows how



**Acharya:** Aggressive politician

to tackle journalists and disseminate the views of his party. Acharya recently organized an informal meeting with journalists but discussed almost all formal issues of concern. He replied to reporters' queries without pretenses of an off-the-record session. As the convener of the publicity department of the Nepali Congress, Acharya gave out key

information relating to the party. Whenever there is a crisis in the Nepali Congress, Acharya has been successful in throwing the views of the party by placing journals on the defensive. Acharya has devised a convenient way of leaking information and floating trial balloons with proper safeguards for himself.

## Mysterious Absence

House of Representatives Speaker Taranath Ranabhat and his deputy, Chitra Lekha Yadav, seem to be very unhappy over the land reform agenda presented by their party. What else could explain their absence from the session in which the government tabled the land reform bill for a vote?

Ranabhat and Yadav are normally present in sessions that deal with the most mundane matters. Their decision to let a junior MP chair such an important session leaves ample room for suspicion.

## Freedom Furore

Nepal has entered a free-for-all phase in its democratic evolution. A judge issues an interim order on a matter not formalized by the government. The opposition refuses to discuss a bill passed by the lower house. And judges who are supposed to listen to opinions start to vehemently plead their own case. Has anyone thought about the kind of message this robust exercise of freedom is sending to the people? ■



**Sherpa:** Show of immaturity?

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# MAOIST INSURGENCY

## Defaming Itself

As Maoist rebels start disobeying their party command, the government comes under pressure to act tough

By BHAGIRATH YOGI

Nepali Congress cadres listening to their senior leaders at a mass meeting in Nepalgunj on Sunday got a clear message that there was no love lost between ruling party president Girija Prasad Koirala and Prime Minister Sher Bahadur Deuba. Refuting charges from the top party brass that the government was giving unnecessary concessions to the Maoist rebels, the prime minister said his government will not bow down in front of the insurgents. "The government will not compromise on the issue of constitutional monarchy, multiparty democracy and present constitution with the rebels," declared Deuba.

Referring to the demands for a republic state by the Maoists, Deuba said, "We don't want to turn Nepal into another Afghanistan". Earlier, former prime minister and Nepali Congress President Koirala blamed the Deuba government for failing to resolve the problem of Maoist insurgency despite full support from the ruling party. "If the talks proceed in this way, the (problem of) insurgency will never be resolved," he added. As the ruling party leadership is exerting pressure upon the government to act tough against the rebels, Prime Minister Deuba doesn't want to go to such a distance that could push the rebels out of the negotiation process, said sources.

The disenchantment in the ruling party could be understood as the Maoist cadres continued their spree of extortion, loot, abduction, burning down of vehicles and even murder, enjoying the lax security situation after the informal truce observed as soon as Deuba assumed office. "The present anarchy is an outcome of lack of a code of conduct to be agreed by both the parties," said Shobhakar Budhathoki, a human rights activist who has served as a UN volunteer in regions of conflict like Kosovo and East Timor.

Analysts say the recent terror being spread by the Maoists may be an indication of the grip the party leadership is losing over its cadres. Addressing a function on Saturday, leader of the main opposition UML, Madhav Kumar Nepal, quoted top Maoist leader Dr. Baburam Bhattarai as telling him during a recent telephone conversation that the Maoist guerrillas and people's militia were no more under the party's control. According to Nepal, Dr. Bhattarai said the underground party has launched a special campaign to control the growing irresponsible and anarchic behavior among its cadres.

Despite reports of growing differences within the Maoist party, officials are optimistic that the rebels will finally agree to

ësafe landí their six-year-old insurgency. "We hope at least half of the rebels would agree to pursue a peaceful course," said Premier Deuba. Agreed Narahari Acharya, one of the members of the government negotiation team, "I am optimistic that within the next six months, the Maoist party will prepare itself to join the political mainstream and contest parliamentary elections."

As the Maoists are losing their ëpopular appealí due to their anarchic behavior, giving up arms and contesting elections would not be an easy choice. But growing international opinion against terrorism and Indian Foreign Minister Jaswant Singh's recent description of them as terrorists is likely to force the Maoists to adopt a more pragmatic path as they prepare to sit for third round of negotiations with the government later this week. "If they lose this opportunity, the Maoists will have to pay a heavy price," declared Prime Minister Deuba in Nepalgunj. At the same time, critics say the entire country may have to pay the price for the seeds of hatred, violence and ethnic conflict already sown by the rebels during their nearly six-year-old insurgency. ■

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## RELIGION, WAR AND POLITICS

# The Afghan Syndrome

Realities of history and geography provide enough reason for Nepal to remain vigilant as the US-led war on terrorism rages

By AKSHAY SHARMA

In the aftermath of the September 11 terrorist attacks on the United States and Washington's pledge to pulverize terror groups and their sponsors with the full force of its military, some Nepalese analysts are predicting significant impacts on this country.

Their conclusions are rooted in geography as well as history. Afghanistan and Nepal are in the same neighborhood and have given similar responses to expansionist forces in different periods in the past. Moreover, Nepal and Afghanistan are both land-locked nations lying in the same mountain chain. However, Afghanistan has seen more political upheavals than Nepal has.

Nepalis understand well how international and regional events go on to shape their destiny. "When former Pakistani prime minister Zulfikar Ali Bhutto was hanged in 1979, there were political upheavals in Nepal that nearly restored multiparty system," says a political scientist. The fact that multiparty democracy had to wait for another decade, until the collapse of communism in Eastern Europe, to re-enter the country is not lost on Nepalis, either.

As the US-led coalition has embarked on a new kind of war, Nepal and its neighbors have either offered to provide or are already providing various forms of support to the campaign. After the World Trade Center twin towers in New York City collapsed, a social organization, Goreto, recorded that the people of Kathmandu were more concerned by that event than they were about the Rukumkot massacre mounted by the Maoists a few months ago.

Nepal's Gurkhas warriors, known internationally for their bravery and fighting skills, have associated the country in one way or the other with most modern wars. Coming from several ethnic backgrounds within Nepal and having a military tradition dating from the 16th century, the Gurkhas' fame spread throughout the world after they fought the British army in the Anglo-Nepalese War (1814-1816).

Although the British defeated Nepal,



**Warplanes:** Will they ensure peace?

the victors were so impressed by the Gurkha fighters that they enticed them to enter the British (and, subsequently, Indian) army. The Gurkhas, known for their dextrous use of the kukris, have fought in nearly all of the world's major wars and have earned Britain's highest service awards, including the Victoria Cross.

The increasing use of technology in warfare, however, is decreasing the need for fighters such as the Gurkhas. Both Britain and India have reduced their recruitment of Gurkha soldiers in the 1990s. Nevertheless, early reports from London said the first British ground troops to be deployed in Afghanistan were likely to be Gurkhas.

The nature of terrorist activities and the response required have changed the terms of warfare. Groups and individuals linked to Saudi-born millionaire Osama bin Laden, the prime suspect in September 11 attacks, have been traced to over 50 countries. The newsmagazine *India Today* carried a cover story on the "Osama bin Laden of India". The man on the cover was the main person the hijackers of an Indian Airlines flight from Tribhuvan International Airport in December 1999 wanted released from a Kashmir prison. Indian Foreign Minister Jaswant Singh accompanied Maulana Masood Azhar to the Afghan city of Kandahar to negotiate the return of the passengers.

Azhar formed the shadowy Jaish-e-Mohammad group in March 2000, which initially took responsibility for a suicide attack on the Jammu and Kashmir state legislature, killing at least 38 people. Although the group later denied involvement, Indian officials remain convinced that Azhar, believed to have close links with bin Laden, was behind the attack.

Newspapers around the world are focusing on religious parties and charities that are directly or indirectly helping Al Qaeda's terrorist activities. The primary man behind bin Laden is Mullah Mohammed Omar, an Islamic cleric who leads Afghanistan's Taliban government, according to a strict version of Islam.

Afghanistan's neighbor to the west, Iran, was where the first modern Islamic Revolution was successful. A Shia cleric, Ayatollah Ruhollah Khomeini, exiled in France, led a popular uprising that ousted Shah Mohammed Reza Pahlavi in 1979. "[O]n January 6, 1979, the symbol of Iran's stability and symbol, the Shah, was forced to leave the country under the pressure of one of the most extraordinary revolutions of the Third World," Golam R. Alfatkani remembers in his book "The Iranian Revolution".

The Iranian monarchy had collapsed when both the Shah and his system appeared quite strong. "The debate over the role played by the West in the fall of the Iranian monarchy is still zealously pursued

by a respectable number of knowledgeable Iranian. The Shah himself passed away apparently convinced of the West's culpability in the overthrow of his regime," Golam writes. "The available evidence, however, does not corroborate the role attributed to the West, even though is no doubt that some Western politicians and functionaries were anxious to see the Shah fall."

The extraordinary instrument of the revolution was religion. Ayatollah Khomeini's popularity showed the undetected strength of the Shia religious establishment. As Golam writes, "In the year following 1978, religion succeeded when the crucial segment of the society had very little affinity towards religion."

A similar affinity to tradition led the Afghan mujahideen to force Soviet troops, who launched an invasion in 1979, out of the country a decade later. The bloodletting among various Islamic warriors that followed the Soviet pullout paved the way for the Taliban's rise to power.

Even in the midst of this modern war on terrorism, tradition has again asserted itself in Afghanistan, albeit in a different way. The former king, Mohammed Zahir Shah, overthrown in 1973 and living in exile ever since, is being encouraged by the West and many Afghans to lead the transition to a broad-based government in Kabul after the fall of the Taliban.

As the US military continues its military strikes on Afghanistan, Al Qaeda has threatened further attacks on the United States and other countries. The question now isn't if they will strike again, but where and how they will do it.

The repercussions on Pakistan could be significant. President General Pervez Musharraf is under intense US pressure to assist in the hunt for the perpetrators of the 11 September terrorist attacks. The problem for Gen. Musharraf is the legacy of the Islamization policies pursued in the late 70s and early 80s by a previous military strongman: General Zia ul-Haq. One consequence of the Zia years has been the proliferation of Islamic seminaries in which around 600,000 boys are now studying. On leaving these seminaries, many graduates go to Afghanistan to be imbued in the rhetoric of holy war.

Another legacy of the Zia years has been the miniaturization of religious organizations. During the Zia years, a number of Pakistani religious parties began military training programmes, often linked with Afghan or Kashmiri groups. These included the mainstream Jamaat-e-Islami led by Qazi Hussein Ahmad and the Jamiat-e-Ulema Islami led by Fazlur Rahman.

Extremist splinter groups such as the Sipah-e-Sahaba, the Lashkar-e-Tayba, the Lashkar-e-Jhangvi, and the Harakat-ul-Mujahideen have also emerged, often with moral and financial support from oil-rich Arab states.

The situation is further complicated by Pakistan's sectarian split between the dominant Sunnis and the 10 percent to 15 percent of the population that follow the Shia brand of Islam. The Pakistani Shias are supported by Iran that, in turn, is opposed to the Taliban, bin Laden's protector.

Some 20 million of Pakistan's 140 million people are ethnic Pathans, the group from which the Taliban primarily draws its support. If ever a political leader was caught

between a rock and a hard place, it is Gen. Musharraf.

Experts here predict that Nepal would also be affected by a prolonged war on terrorism in South Asia. There have been demonstrations and rallies in Kathmandu to protest against the bombings in Afghanistan. However, the scale of the impact on Nepal would go beyond anything domestically driven.

"The United States has cautioned India not to try to take advantage of this situation," says a security analyst. "But there will certainly be a spillover, as Kashmir is so close to Nepal. Nepal could also be targeted if the current campaign is broadened to identify and locate Kashmiri forces, which New Delhi believes are also in Nepal. Furthermore, the government could find itself fighting extremist forces within the country that have largely remained dormant," the analyst adds. This reasoning may seem to be in the realm of speculation now. In view of the speed and form in which events are unfolding in the region, however, Nepal cannot afford to lower its guard.

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## LAND REFORMS

# Unreal Estate

Despite stiff opposition from different quarters, the government, with the support of the main opposition party, passes the land reform bill

By KESHAB POUDEL

The drama surrounding the government's land reform program unfolded in a manner similar to Leo Tolstoy's famous story "How Much Land Does A Man Need?" After initially backing the government's program as revolutionary step to provide surplus land to the poor and landless, the communist opposition ended up providing grudging support, calling for further reduction in ceilings.

It is not land that would meet the re-

After the passage of the land reform bill by the lower house of parliament, the communist opposition declared that their quest to reduce the land ceiling would continue. This has sent a wrong signal across the entire economic sector. "The land reform program should be made in accordance with the high-level Badal Commission report," said MP Bharat Mohan Adhikary, chief whip of the main opposition Communist Part of Nepal Unified Marxist-Leninist.

As the majority of the country's people

individual to hold one bigha in the terai, five ropanis in Kathmandu valley and five ropanis in the hills.

Earlier, an individual could hold 28 bighas in the terai, 58 ropanis in Kathmandu valley and 96 ropanis in the hills. Whatever the arguments political parties forward, few see the possibility of collecting surplus land.

In the nearly 37 years that have passed since the implementation of first land reform program, the increase in the number of family members in almost all households has already reduced land holdings from 25 bighas to less than five bighas.

According to the survey of the Farm Size and Distribution of Cultivated Land the percentage of the population holding 5-10 hectares of land is less than one percent. The National Agriculture Sample Census of 1998 shows a small number of people who hold such land. If the case is so, even fixing the ceiling as per the recommendation of the Badal Commission, only a small portion of surplus land could be acquired by the government.

"Whatever revolutionary land reform programs the country's major political parties bring, they cannot find any land to distribute to the common people," says Dr. Ram Prakash Yadav. "Where is the land to distribute?"

After the August 16 declaration of Prime Minister Sher Bhadur Deuba on reducing the land ceiling, Nepal's stable land sector was badly rocked, sending wrong signals to other economic areas. Despite the claims of the ruling party and the communist opposition, the so-called 'revolutionary' land bill will hardly benefit anyone. What it has achieved is to inject a feeling of instability among the people.

Although the land reforms bill has no economic sense, the ruling Nepal Congress and the communist parties have termed it as a revolutionary step. One of the basic characters of the bill is that it reduces the land ceilings in different ecological zones.

The land reform amendment bill does not have any significance in terms of economics. What it will do is give a tool to politicians to keep fooling innocent Nepalis with their cheap and populist agenda. For the people, the quest for land is no more than the costly wish of Tolstoy's main character, Pahom, who ended up getting a six-foot plot from his head to heels for burial. ■



**Communist demonstration :** Populist agenda

quirements of the poor people of one of the world's poorest countries. What they need are policies and programs that would help them gain livelihoods in other sectors as well. The experience of the last 20 years has shown that one cannot reduce poverty merely by distributing land. Nepal's communist parties, however, continue to chant cheap and populist programs without bothering whether they could work.

oppose the land reform amendment bill in its present form, claiming that it would destroy stability in the agriculture sector, the House of Representatives passed it with "critical support" from the communist opposition. According to the new land ceiling, an individual cannot hold more than 10 bighas in the terai, 25 ropanis in Kathmandu valley and 70 ropanis in the hills. Apart from cultivated land, the ceiling also allows an

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## PDDP

# Power To The People

The Participatory District Development Program proves successful in enhancing the capabilities of local bodies

By A CORRESPONDENT

**W**ith the implementation of the Local Self-Governance Act 1998, the role and status of local institutions have undergone drastic change. But how will Village Development Committees (VDCs) and District Development Committees (DDCs) launch programs on their own through old institutional structures?

Nepal has a long experience of managing village- and district-level programs. Even during the Panchayat days, the government focused its attention on institutional building in such bodies. Because of their continual presence at the grass-roots level, governments that came to power following the restoration of multiparty democracy in 1990 did not have much to worry about.

Despite basic institutional set-ups, a large number of VDCs and DDCs do not have technical and other capabilities to execute the new act. The districts and villages supported by the Participatory District Development Program (PDDP) - a project implemented by National Planning Commission and United Nations Development Program at the district level to promote decentralized local development and sustainable human development - have many advantages.

The districts supported by PDDP project are now proving their efficiency in project implementation and execution as well as in formulating periodic plans in accordance with the Local Self-Governance Act.

In the first phase of experiment, the PDDP has been able to build institutional mechanisms to go along with the principles of the Local Self-Governance Act. Although the project was implemented only in six districts at the beginning, it has gradually expanded to 30 of the country's 75 districts.

Funded by the Norwegian development agency, Norad, and the UNDP, the PDDP has shown that it is the participation of people that can ultimately bring desired

change. The success of the PDDP has also encouraged other agencies to replicate program approach in other districts. The program offers support to DDCs to establish a district-level Local Trust Fund to implement and expand the social mobilization process in villages.

The PDDP supports the government to develop the capacities of the established decentralized governance structures to institutionalize participatory and sustainable process for management of local development initiatives and to enhance equitable access to development resources. The Ministry of Local Development has also been launching similar programs in other districts. One of the objectives of the PDDP is to empower people to take increasingly greater control over their own development and to enhance their capacities to mobilize and channel the resources required for poverty alleviation. The PDDP works simultaneously at the local and central levels.

"The PDDP has played a very important role in strengthening local capabilities and institutional set-up," says Dr. Jagdish C. Pokharel, a member of the National Planning Commission. "In the second phase of its implementation, the project needs to focus more on poverty alleviation and formulation of periodic planning ac-

ording to the actual needs."

The project provides support for improving the governance system and social empowerment process at the village level through the development of self-governing community institutions. It also supports the strengthening of development program and management capabilities of the DDCs.

"The project helps to enhance the capability of the local bodies and strengthen their institutional set-ups," says Sanjaya Adhikary, national program manager. "In the first phase of the program, the PDDP focuses more in enhancing the institutional capabilities," says Adhikary.

The PDDP shows the way how to encourage the people in grass-roots areas to enhance their capabilities for their own development and the importance of social mobilization to bring change in the particular areas. The program thus fits into the social realities of the country, providing greater momentum to development attuned to requirements the targeted beneficiaries themselves feel they need. ■

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DASHAIN FESTIVAL

# Season Of National Anxiety

As the Dashain festival begins, the crowds at stores and stalls are apparently thinner this year. There is a palpable sense of anxiety among consumers. Even in the peak of the country's marketing season, they seem to be tightening their purses, letting it loose only to buy essential items like foodstuffs and clothes. The series of tragic events that hit the country this year has had a dramatic effect on consumer behavior. Just as businessmen were hoping to welcome consumers back to their shops on the eve of the Dashain festival, international events have scared buyers away. Will consumer and business confidence be restored after Dashain?

By SANJAYA DHAKAL

**S**hambhu Thapa, 42, has decided to shelve his plan to buy a new 14-inch color television this Dashain. His two sons have been pestering him to buy a new TV set for the last few years. A clerk at a private company, Thapa had made up his mind to buy one this year with his savings and Dashain bonus. But events in the

country over the last couple of months have forced him to reconsider. "I am not sure that I should spend my savings just yet. After the massacre in the royal palace and escalation in the Maoist insurgency, it does not seem alright to waste money on non-essential items like TV. Who knows what is going to happen tomorrow?" asks Thapa, who lives in a rented apartment in Old Baneshwor.

Thapa has decided to save his money this year. "I hear of price rise and, with the war on Afghanistan, there is a definite possibility of sharp inflation. Besides, I will have to buy new clothes and foodstuffs for the festival, too."

Gauri KC of Sanepa shares Thapa's views. "The situation is all confusing. There is no telling what is going to happen. Obviously, we are saving our money rather than spend it lavishly like



**Consumers in a shop: Hard bargain**

Thanks to the economic downturn and the uncertain atmosphere, consumers are not in their usual Dashain state of mind as far as spending is concerned.

"There are no transactions this year. When the pockets of the customers are empty, how can we expect to make more sales," asks Manoj Rauniyar, a trader who had put up a stall to sell sweaters and other winter attires at the Dashain Mahotsav in Bhrikuti Mandap. "We have slashed prices heavily to lure consumers."

Rauniyar's stall sells sweaters for Rs 550 each (down from the usual Rs 1,050). "We were having a lot of stocks lying unsold in our shop, so we put up our stalls here hoping for brisk sales."

Prakash Kafle, who also has a clothes store in the Dashain Mahotsav, shares Rauniyar's sentiments. "We have come to this kind of fair for the first time this year. But it does not seem like we will be making any profits," he says. Kafle spent Rs 21,500 on putting up the stall for eight days. "It seems we will be only breaking even, going by the transaction of the first three days here."

Both Rauniyar and Kafle say they decided to put up the stall in the fair hoping to make up for the declining sales in their respective shops in New Road and Putalisadak. They say that while the richer customers prefer big department stores, it is the middle and lower middle class people who come to them. "And this year I have found that our customers are in a mood for hard bargaining as well," says Kafle. Another indication of the emptying pock-

previous years," said the middle-class housewife. She said that although her family will not stop from spending on items like foodstuffs and clothes, which is a benchmark of Dashain festival, they are not going to make big buying decisions anytime soon. "Let's see what happens with the Maoist government dialogue and this war in Afghanistan first."

Thapa's and KC's anxiety reflects the real condition of Nepalese consumers. Struck by domestic and, lately, international turmoil, the people are not in their regular Dashain shopping spree. "There is a marked change in consumer behavior this year. Earlier, people used to buy electronic items like TV sets during Dashain from their bonus salaries. But this year they are limiting their spending to regular essential items," says Bhaskar Rajkarnicar of Everest Exhibition (See box).

#### **Market Transactions**

Most of the shops and departments stores are recording stagnant and even decreased sales volume this Dashain.

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# 'People Are Not Spending Much'

— BIRENDRA RAJKARNICAR



*BIRENDRA RAJKARNICAR is the Managing Director of the House of Rajkarnicar (HoR), an organization that has been regularly organizing exhibitions and events. Currently, the HoR is organizing Dashain Mahotsav, a major consumer trade fair, at Bhrikuti Mandap. Rajkarnicar spoke with SANJAYA DHAKAL on the current state of consumer behavior. Excerpts:*

## **How do you find the current trend of consumer behavior?**

In general, I have to say it is not good. The average person does not have enough money in his pocket. There is an environment of uncertainty in the domestic front. The outcome of the government-Maoist dialogue is being anxiously awaited. Likewise, in the international arena, the war in Afghanistan is having direct and indirect effects. The exports of carpets and garments have come down drastically. The consumers who do not have enough money are definitely not going to spend much. Even those having it are saving it. This is what the environment is.

## **You are organizing the Dashain consumer fair. How has public reaction been?**

The consumers' reaction to the fair has been interestingly quite encouraging. This year the traders have been recording depressingly low transactions. Thanks to the economic downturn and domestic reasons, the business was at a low ebb. As a result, the traders have had a considerable stock of goods. The fair has given them a unique short-term opportunity to make up for those lost times. On the other hand, the general consumers, who were going through a rough phase over the last couple of months, thanks to insecurity, bandhs and the campaign to ban the sale of alcohol, are now restless to get back to normalcy. The fair has given them that opportunity. The fair is a combination of entertainment and business.

## **What about spending patterns? Are consumers spending as much as they were in previous years?**

Another interesting development has been the drastic cutdown of prices by the traders. They have introduced heavy discounts. These facts have worked together and we can safely say that the number of visitors at the fair is not going to come down compared to previous years.

## **Isn't there some noticeable change in the consumer mood?**

The basic thing is that people spend only when they have money. Moreover, in times like these, people tend not to spend even if they have money. They rather like to save it for future. At present, the situation is beset with uncertainties and instability. Until and unless this situation improves, the condition will remain the same.

## **Do you think the present trend of stagnant, if not decreasing, consumer spending is a reason for serious concern?**

It is, indeed. The government needs to introduce some package. They have to take some policy initiatives to restore consumer confidence. Long-term policies and strategies are needed to boost exports.

## **What are your expectations on actual buying-selling in the Dashain fair?**

Though it would not be a normal growth, I hope there will be average business. In general, transactions worth at least 20 million rupees to 30 million rupees do take place in such fairs. ■

ets. The signboards offering heavy discounts 6 up to 65 percent — that are rampant in the fair area also point to this fact.

## **Consumer Spending In Economy**

According to the World Development Report 2001 prepared by the World Bank, Nepal's household final consumption expenditure as a percentage of the Gross Domestic Product (GDP) in 2000 stands at whopping 77. It means that 77 percent of the country's GDP is because of household final consumption.

This is higher than the South Asian average of 70 percent. The household final consumption expenditure as a percentage of GDP in 2000 stood at 68 for India, 78 for Pakistan and Bangladesh and 71 for Sri Lanka. If compared globally, too, the figure is higher. The same figure for the high- and mid-income countries stand at 62 percent each, while those in the low-income countries (with per capita incomes under US\$755) record 69 percent.

The high household consumption in Nepal may be because the people here earn less and have to spend a significant part of it on essential items. Nevertheless, it shows how important consumer household consumption is to the country's economy.

"Compared to other countries, our household consumption expenditure is rising," says Tula Ram Basyal, spokesperson at the Nepal Rastra Bank (NRB). "The thing is, Nepalis spend most of their resources for regular purposes and have little savings to utilize in business or investment."

According to him, the National Saving in 2000/2001 for Nepal was 20 percent of the GDP and Gross Domestic Saving was 16 percent of the GDP, up one percent from the previous year.

## **Depressed Mood**

After the June 1 royal massacre, the Nepalese people are going through a depressed mood. Earlier the onset of the festive season marked an increase in the volume of market transactions. Dashain is the biggest festival of Nepalese Hindus. The festival is marked as a time to eat good food and wear new clothes.

From towns to villages, the festival is observed with emphatic enthusiasm. Goat meat and sweets are a must. Wearing new clothes is another important tradition. People go to relatives' houses to receive tika (sacred vermilion) from elders. The festival is marked as an event of victory over evil.

"Even the poorest of the poor people take loans to buy new goods for the festival. Such is the strong sense of celebrating festivities among the Nepalese society. Therefore, it would not be appropriate to say that their bad mood will hamper their spending pattern, though it can be safely argued, the pattern has been somewhat affected," says a sociologist. He, however, added that the royal massacre has seriously affected the social psyche of Nepalese people, if not their economic psyche.

Agrees Shambhu Thapa. "Definitely, Nepalis are in no mood for entertainment at present. After the royal massacre and the continued killings in government-Maoist clash, the people are feeling very bad."

Definitely, the mood of the consumers is going to affect their buying decisions. This could be one major reason why there have not been desired transactions this season.

#### Will Consumer Confidence Be Re- ed?

There are silver linings in the dark cloud. Many believe that if the ongoing dialogue between the government and the Maoists succeeds or if it paves the way for the peaceful conditions, not only the consumers' confidence, the whole economy stands a chance to revive.

Nepalis are not unfamiliar with recession. They have been going through bad economic times for many years. That is why it will be unfair to judge the present circumstances as being the defining moment.

Presently, the export sector is going through turmoil. More than 80 percent of the country's garment industries have already closed down, leaving around 40,000 people jobless in the aftermath of growing domestic insecurity and

deepening global recession. The impact of the economic downturn in the United States, the key market for Nepalese garments, has been particularly harsh. The same is true for the carpet sector.

The tourism industry is witnessing unprecedented turmoil, especially with the threat of global terrorism keeping visitors away. Already plagued by series of events like 1999 Indian Airlines hijack, the Hrithik Roshan riots, the royal palace massacre and the escalating Maoist insurgency, the tourism sector

has been dealt a fresh blow in the form of global war on terrorism. In short, the pillars of Nepal's exports are crumbling down. With the US military strikes on Afghanistan, the entire region has become tense, with deepening uncertainty about their fallout. What will all this ultimately lead to? Bhaskar Rajkarnicar believes the Nepalese economy has hit rock bottom. "The only place it can go is up, and I believe it will go up after the current festive season." Soothing words, especially when they are coming from a businessman in these troubled times. ■

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# 'The Only Way For The Business Sector Now Is To Go Up'

— BHASKAR RAJKARNICAR

*BHASKAR RAJKARNICAR is the Managing Director of the Everest Exhibitions and a prominent entrepreneur in the advertising field. Rajkarnicar recently organized a major trade fair in the capital called Kathmandu Utsav. He spoke with SANJAYA DHAKAL on issues related to consumer economics. Excerpts:*

**Recently you organized Kathmandu Utsav amid reports of economic depression and low consumer confidence. How was your assessment of this phenomenon?**

It is very much true that there is depression in economic activities. However, in terms of consumers, Nepal has an interesting market. When we planned Kathmandu Utsav six months ago, we had thought that in the given circumstances of political instability, it could not be successful. Fortunately, there was a record booking of stalls for the Kathmandu Utsav and consumer turnout, too, was massive. Even the transaction was not bad. So, I have to say that from the point of view of consumers, the market is not that bad. But again, the point to remember is that this enthusiasm, too, is the result of this depression. For the past five months, Nepalese traders/businessmen were facing extreme difficulty in recovering their costs. They were struggling to keep afloat. Obviously, they took this fair as sort of last resort. On the other hand, this is the hottest buying season for Nepalese consumers. So we cannot say that because there was normal sales in the fair, the depression has gone away. That is incorrect. Still there is slack in sales. If you compare the transactions/sales to previous years, then, I have to say we have a problem. Already less than a week remains for the festival to begin and we are yet to witness the normal surge in marketplaces. However, I think that the business in the country will improve after Dashain and Tihar.

**What about visitor turnout this year?**

In terms of visitor turnout, there is no significant change as such. It is true, there is no growth but it has not declined, either. The same is true as regards consumer spending. Normally, we should be witnessing 20-25 percent growth in sales/transactions. But that is absent.

**Due to the incidents of last few months, the collective mood of Nepal is at very low**

**ebb. Has it made any difference to the way they buy/spend?**

Definitely, it has. In the past we used to see that consumer behavior during Dashain was very positive. It is also a bonus month. And even those people who do not get bonus always plan to buy something new in the season. Dashain ushers in added market in the field. More specifically, people tend to buy electronic items or go out somewhere to enjoy like restaurants once they lay their hands on their bonus salary. This we have not seen this year, unfortunately. The present consumer behavior is such that they are buying only regular items like clothes and foods. This is indeed a sign of depression.

**How dangerous, do you think, is this kind of consumer behavior to the country's economy?**

I think that Nepal's economy cannot and will not collapse as international economies do. We do not depend wholly on the business resources. We have other sources, too. Our economy cannot collapse the way the Thai or American or Malaysian economies do. If we look at the past 10-20 years of the history of our consumer market, we are at the lowest point now. I think it cannot move below this point. Most probably, the economy will get a boost in November after the festival season. We were expecting it to boost before Dashain, but it did not because of international events. Presently, our economy is getting closely inter-linked with international mainstream. Even a slight change in American consumer behavior will hit our garments and carpets, two of the major export items. I think that our economy will witness an upturn now. We have come to the lowest point. The only way we can go now is, up. Carpet, garment, pashmina, tourism & every sector is already affected. There is nothing worse than that can happen now.

**How do you assess business and investment confidence?**

If we take the reports by banks and financial sectors as the actual picture, then I must say the situation is not very bad. Though there are doubts whether this is the actual picture. As far as other business sectors like electronic, information technology, exports, tourism, restaurants are concerned, they are in really bad shape. If there was massive foreign investment



and if the investment was withdrawn en masse, our economy could have collapsed. But that is not the case here. The business sector has realized that they, themselves, have to revive the economy. This is evident by the fact that even in these uncertain times, we see a lot of new economic activities going on.

**What should be the government's role?**

The government has its duties. The first thing it has to do is reform the banking sector, which is the pre-requisite for any economic reforms. Just two months ago the central bank introduced new rules and regulations saying they were of international standards. I disagree. I believe we have to introduce modern approaches rather than sticking to traditional ones. Everybody is talking about the relief package. The government should relax taxes. At present the business sector is reeling under double pressure — one from recession and the other from strict taxation. The authorities need to ensure a peaceful environment as well as introduce some sort of short-term tax holidays to bail this sector out from the turmoil. We are not expecting billion-dollar bailouts from the Nepalese government like in the United States. We are only demanding that the government become flexible enough to soothe the sector and enthrone confidence. That apart, we want even those forces outside the government to refrain from hitting at the economy, which is the lifeblood of the nation. In fact, recently the Federation of Nepalese Chamber of Commerce and Industry ran a media campaign urging all to show restraint and stop hurting the economy. In Sri Lanka, too, there is a serious internal problem, but it has not been allowed to hurt the economy. We demand the same here. Otherwise, I have to say that the country will collapse even before the economy does here. ■

## CYBER WARFARE

# Vulnerable Battlefield

Nepal could find itself caught in cyber warfare waged by regional rivals without being able to do anything about it

By AKSHAY SHARMA

The aftermath the September 11 attacks on the United States has created psychological scars in nations around the world. The period has also focused attention on the need to be prepared for newer technologically driven forms of warfare. Precariously perched in a region that has become a hotbed of instability, Nepal could soon find itself caught in cyber warfare triggered by regional rivalries.

The head of Taiwan's Defense Ministry's Information and Communications Bureau, Lt. Lin Chin-ching, announced that Taiwan had categorized about 1,000 computer viruses, which could be used to counter a Chinese electronic attack, the British Broadcasting Corporation reported earlier this year. But China's limited information infrastructure may work to its advantage in a confrontation with Taiwan, which is more computer-dependent. The threat of electronic mutually assured destruction may prove to be a counterproductive strategy because the sector of Chinese infrastructure most vulnerable to attack is highly linked to Taiwan's own economic well-being.

In May 1999, Taiwanese Defense Minister Tang Fei announced the establishment of an information warfare research and training taskforce in response to growing concern over China's development of information and electronic warfare capabilities. In last November's defense budget debate, Tang emphasized Taiwan's need to improve its defenses against missile attacks and to develop its information warfare capabilities.

In fact, these two areas are thought to

be at the core of Taiwan's next five-year military modernization program (2001-2005). Following the 1991 Gulf War, China initiated a full-scale campaign to develop its information warfare capability at the strategic, operational and tactical levels as part of its overall military modernization effort.

According a recent US government report, "Selected Military Capabilities of the People's Republic of China", the PLA only recently modernized its automated

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**The way events are unfolding, we can expect a similar battle in Nepal, traditionally described as a yam between two boulders. There have been reports of "E-supadies" where Indian officials have accused Pakistan's Inter Services Intelligence as sponsoring such attacks into Indian technical community.**

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command and control system and is developing a new kind of computerized field communications system. Moreover, China's civilian infrastructure relies little on computer systems.

Though China ranked as the 10th country with the most computers, according to a 1997 Computer Industry Almanac survey, when measured in per capita use, only about one in every 10 Chinese has access to a computer. This is significantly smaller than Taiwan, which is estimated as having computer access for one out of every three citizens.

Despite China's relative weakness in the computer sector, a Taiwanese counter-

attack may prove counter-productive. The portions of the Chinese economy most affected in the event of a Taiwanese counter-attack would be the parts that are more integrated to the rest of the world, hence more technologically dependent. The most notable sectors are tied to the import and export of goods, especially computer-related products. This directly affects Taiwan.

In April 1999, Janet Matthews Information Services Country Risk Report reported that due to a low-cost production base in China, nearly 30 percent of Taiwanese computer-related products are manufactured in mainland China. With this in mind, a Taiwanese counterattack would, in fact, endanger Taiwanese-owned and operated computer businesses inside of China.

Taiwan ranks only behind Japan and the United States as a source of net Foreign

Direct Investment (FDI), although FDI in China fell in 1998 to \$36.7 billion, down from \$41.7 billion in 1997. If Taiwan were to initiate an electronic attack against China, it would be tantamount to shooting itself in the foot. It may prove less harmful for the Chinese military or civilian infrastructure than toward computer-orientated Taiwanese businesses in China.

The way events are unfolding, we can expect a similar battle in Nepal, traditionally described as a yam between two boulders. There have been reports of "E-supadies" where Indian officials have accused Pakistan's Inter Services Intelligence

as sponsoring such attacks into Indian technical community. During the recent "Tehelka.com" scandal, Indian authorities maintained that one of the suspects plotting to kill the editor of the website was operating from Nepal-India border town of Birgunj.

"Having become the focus of countries like America and India, Nepal is a more crucial and a perfect battleground for the forces that are against the ideology of China, Nepal may also become a staging ground for countries battling each other on the Internet," says a security analyst. A wake-up call indeed for our IT and security planners. ■

# 'Accountability Must Begin From Top Politicians And Bureaucrats'

— BISHNU BAHADUR K.C.

*BISHNU BAHADUR K.C. has had a long innings in the Auditor-General's Office, having joined the body as a career auditor. After a series of promotions, the King appointed him head of the constitutional body. Auditor-General K.C. has introduced new techniques and modalities for intensive auditing. He spoke to KESHAB POUDEL on key challenges of auditing in Nepal and lapses in the government expenditure. Excerpts:*

**As a career bureaucrat promoted to the highest position of the Auditor-General's Office, how do you see your performance over the last five years?**

Although one can see slight improvements in the process of annual auditing and positive tendencies in the annual budget expenditure, I have not been able to achieve major things to satisfy myself. I will be happy when the volume of the annual unsettled account is reduced and collections of government dues increase. Unless one can feel drastic changes and progress in budgetary spending, there is no reason to celebrate. My objective is to encourage officials to abide by the law. If I succeed in doing so, it will be one of the greatest achievements of my life.

**Are there any flaws in the Financial Administration Act and Regulations?**

After the amendment to the Financial Administration Act and Regulations three years ago, some ways have been opened in spending annual budget, but there are still many lapses. According to the Constitution of the Kingdom of Nepal, the government has to spend money sanctioned by parliament through the Financial Act. If the government wants some changes in the budget, parliamentary sanction is required. It is very unfortunate that no one seems to abide by their constitutional obligations. Annual budget allocations are changed randomly by officials. The budget allocated to one heading is transferred to another area. Unless the role and duties of the concerned officials are clearly defined, I don't think budget allocations and expenditure can be used properly.

**What is required to compel officials, then?**

First of all, there is a need for commitment among senior bureaucrats and politicians to abide by the rule of law. Secondly, the government needs to take action against those who do not fulfil the roles, duties and responsibilities spelled in the act. The government changed the Financial Act and Regulation in 1998, but it is still incomplete and confusing. The act is still not in consonance with the spirit of the constitution. I have often raised the issue in the Public Accounts Committee of parliament and with concerned officials. The committee has also directed the government to take necessary steps to fulfill the constitutional obligations. Along with

modification in this system, we also need to bring changes in the accounting system.

**What are the highlights of this year's report?**

We have tried to audit more and more institutions and increase the volume of money. Overall, there has been an increase of 21 percent in unit and 25 percent in amount in unaudited money compared to the last fiscal year. We have seen progress in preparing budget allocation report for audit and promptness among officials to reply to our queries. This year the amount of unsettled accounts of auditing has been reduced by a marginal percentage. Last year, the unsettled account increased by Rs 3.24 billion, but this year it has increased by just Rs 710 million. The total amount of unsettled money is Rs 26.41 billion and auditing due is Rs 2.85 billion. Another serious issue of concern is the increasing amount of revenue due, which is Rs 26.62 billion now. The total amount of revenue due and unsettled account is Rs 55.88 billion.

**How do you see the response of officials to your report?**

The officials are gradually supporting us by implementing our suggestions and recommendations. This year, the settled amount increased by Rs 3.90 billion and unsettled account of Rs 7.43 billion has been cleared. The account was settled through regular and special provisions. Overall, the amount of settled account has increased, but ministries are trying to reduce the level in terms of unsettled account and settled account, the progress is very positive. In case of advance payment, the amount has declined compared to previous years. If we see the cases of revenue collections, there are billions of rupees that are overdue. The total revenue overdue was Rs 13.53 billion in the last fiscal year and today it is Rs 17.36 billion. The money includes royalty of electricity, auction of timbers and other revenue and taxes. This is a more serious issue than the amount of unsettled account. The revenue overdue is so high that the progress made in the areas of unsettled account has no effect.

**What is the trend of overdue revenue?**

If you see the trends of the last five years, the amount of revenue overdue has increased by 374 percent. In fiscal 1996\1997, the revenue due increased from Rs 3.67 billion, but now it is Rs 17.37 billion. This is a result of negligence in the implementation of financial rules and regulations. In business transactions, we have not seen seriousness among the officials. We don't have any monitoring system for follow up and to take action.

**What are the problems then?**

The problems are the violation of the act and regulations while spending the money allocated in the annual budget. As long as top officials do not abide by the rule

*It is very unfortunate that no one seems to abide by their constitutional obligations. Annual budget allocations are changed randomly by officials.*

of law. I do not see any possibility of bringing the desired change.

**After presenting the fourth report in parliament, what improvements have you found in the area of auditing?**

There are still many problems and challenges. I am very tired of seeing the repetition of the same types of mistakes each year. Negligence and irresponsible behavior continue to exist and senior officials use public money as they wish. There is still a tendency to spend the budget through decree, not under rules and regulations. Modern accounting is based on certain rules and planning, but our ministers and officials want to use public funds under their discretion. The tendencies and practices among top officials to bypass the law and regulations continue. Had senior officials followed the rule and regulations, the problem of unsettled account would not have grown to such a large proportion.

**What are the major challenges in auditing?**

There still are many issues that need to be addressed in order to meet the enormous challenges we face. As you know, the government is yet to agree to put the Rs18 billion-Rs 20 billion in foreign aid in the annual budget. In the budget of fiscal year 2000\01 the government had disclosed only Rs 8 billion in the title of foreign aid. More than 50 percent of foreign assistance is yet to come under the budget. Each year, the government takes overdraft from the central bank, instead of collecting its own revenues and resources. In the last fiscal year, the government took Rs 300 million in overdraft. This year the figure is going to be higher. The government is taking overdraft from the bank but it has not made any effort to collect revenues due from taxpayers.

**As you say, a large sum of money that comes through foreign assistance is yet to be recorded in the annual budget. What impact will this have in the budget?**

There are two components of foreign assistance. The first is foreign loan and other is foreign assistance. As far as foreign loan is concerned, it is included in the annual budget and the Auditor-General audits it. There is transparency on the part of the loan. Foreign grants, however, are yet to be brought under the purview of the annual budget. We have been requesting the government to disclose the entire amount available through grants. If it is not included in the budget, there is going to be a lack of transparency. As a citizen of the country, one is entitled to know how much money is coming to Nepal and whether the money is being properly used. In many cases, there is no accountability in spending such grants. As the government has already agreed to bring a foreign aid policy, the issue will be settled in the future.

**Why are you so much concerned about grants?**

Look, a large sum of grant money is being spent without the notice of the government. If the grant is given to Nepalese people, it must be channeled properly. There must be valid auditing from the Auditor-General. If grant money is allowed to be spent without following certain financial norms, it will create problems in the future. It is up to the government to decide



where it wants to spend the money. So, you need to have parliamentary approval. If the money is included in the annual budget, it will promote good governance and transparency. The money is now being spent is not in our interest but in the interest of others.

**How do you see the level of professionalism among employees in the financial administration and how up-to-date are they on the Financial Act and Regulations?**

It is not as if nothing has changed. We can see much improvement in the financial administration. Five or six years ago, employees were left virtually scot-free even after increasing unsettled account. But now senior officers have started to take action against those who do not follow the financial rules and regulations in government expenditure. This in itself is a major shift in policy, but it is still inadequate. Despite the sensitivity and complications involved, the financial administration is yet to receive due attention from the concerned officials and large number of defaulters are yet to be brought before the law. There is much room for improvement, but the pace is not enough to bring desired results. If this situation continues, there will be more defaulters and uncollected revenues.

**How do you see the quality of manpower in the financial administration?**

Of course, the quality of manpower is an essential component in maintaining a healthy accounting system. As long as senior officials, including ministers and secretaries, are unprepared to follow rules and regulations, skilled officers cannot do anything to improve the situation. The change must begin from top of the bureaucracy. The government must take earnest steps to improve the quality and skill of employees. Fundamentally, senior officials who are given the authority to run the account must be sincere.

**What is the level of violation of financial regulations in local bodies like District Development Committees (DDCs), Village Development Committees (VDCs) and municipalities?**

In the DDC level, the situation is not as alarming as in government offices. Since the implementation of the Local Governance Act 1998, we don't have to audit the expenditure of the municipalities. Although the municipalities are more resourceful than the DDCs and VDCs, the act gives authority to the municipalities to audit on their own. I don't understand why municipalities are excluded from the central auditing system. ■

*There is transparency on the part of the loan. Foreign grants, however, are yet to be brought under the purview of the annual budget.*

# 'The IT Sector Is Doing OK'

— SHYAM AGRAWAL

*SHYAM AGRAWAL is the managing director of Worldlink Communications, a leading Internet Service Provider (ISP). He spoke with SANJAYA DHAKAL on issues facing the Information Technology sector in the country. Excerpts:*

## **How do you find the present scenario in the IT sector in the country?**

As far as the IT sector is concerned, I would say the present scenario is OK. It is neither very good nor very bad. When we say IT, it comprises lot of things like ISP, software development and other supporting services. Among these components, ISPs are doing OK, despite the stiff competition. The other two components of IT are not in very good shape. In fact, they are still in infant stage here. We have not been able to export software significantly. We need to be serious about that.

## **What is the range of IT services that Worldlink provides? How is it doing?**

We provide a whole range of IT services. We are an ISP and therefore we deal with Internet and value-added services. We also provide space for hosting web pages and develop web pages. Recently we also started software development.

## **The number of Internet users in the country has been growing rapidly. What is the market share of Worldlink as an ISP?**

We have not done any research so it will be hard to say what our exact markets share is. But it is indeed sizable. Internet use is growing in a steady pace, which could be the result of falling cost. The growth, however, cannot be termed as phenomenal.

## **There is a feeling that ISPs have mushroomed. Do you agree?**

There are quite a few ISPs operating in town. That is good because more companies mean more competition and ultimately the clients will benefit. But sometimes what happens is that competition becomes so high that it goes out of track. Definitely, it takes some time for maturity to set in. Initially, it is difficult for companies to evolve good business policies and they end up having a tough time. But that will all settle down once the maturity comes.

## **There is controversy regarding the use of Voice Over Internet Protocol (VOIP) that provides for cheaper international telephone calls. What do you say?**

I think the VOIP is a blessing. What is the harm in legalizing VOIP when it can provide people with cheaper international calls? I agree that the quality of VOIP is poorer compared to regular ISD calls. But let the people decide. If they want cheaper but relatively poorer quality of service, they will use VOIP. For the customers who demand quality, the regular ISD calls will be there. It makes no sense in controlling such service.

**It is said that Nepal has good prospects in IT-enabled services like Medical Transcription, call centers, etc. Do you agree? Is Worldlink also involved in providing such services?**

There are good prospects. We are also trying to enter this field. But we are waiting for the right time because these services demand special expertise, like trained employees. We still have to see how it unfolds. That is why we have not jumped into the field right now.

**Following the recent terror attacks in the United States, there is a feeling that a global recession is going to set in which, among others, will also hit the IT sector. Will IT companies in Nepal be also affected by that?**

Since we are not doing much business with the United States, it is not going to affect us directly. I don't think we are exporting software to the United States significantly to affect us badly. Even if we were exporting it, I don't think we will be affected because we are competing with other companies on prices. We can provide services at better price so it may not affect us that much.

**How is the situation of instability and insecurity in the country affecting the IT sector?**

I personally feel that as far as IT sector is concerned, we are not affected much. But I have heard that other sectors like schools and liquor businesses are having a tough time. But it has not been much of a threat to IT sector.



**The government came up with an IT policy last year. How do you find that?**

It is encouraging but they have not been able to implement it fully.

**What is the major challenge for the IT sector?**

We have to rope in more businesses from outside and generate more employment. The government should look into the IT policies of neighboring countries, know what kind of services they are providing to IT entrepreneurs and emulate them here. That would make it easier for Nepalese entrepreneurs to compete and attract more business from outside. ■

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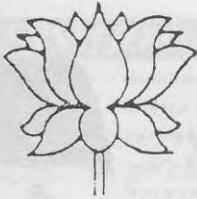


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BOOK

# Anatomy Of Corruption

Dr. Panday's book highlights various aspects of corruption and underscores the importance of greater transparency

By KESHAB POUDEL

Corruption has always been a catchy slogan to defame individuals, especially among those inside the political system. Almost all "revolutions" in Third World countries like Nepal are the result of public disgust over corruption.

Corruption is a most powerful weapon against any political system. As it is said, before hanging a political system, give it a bad name. Nepalese history shows how four constitutions and three political systems were overthrown by giving them a bad name. The issue of corruption was at the forefront of each of those efforts.

At a time when Nepal is traversing a strenuous path toward modernity, it is very difficult to replace old values with new ones. It is not easy to establish rule of law in a country that has been run for so long on the basis of hukum (decrees). Nepal's problems related to corruption and misuse of authority must be seen in this perspective. Changing collective behavior and cultural practices is a long and evolutionary process that requires much patience.

Where lawlessness is rampant and responsibility to respect the rule of law is yet to develop, patience wears out fast. It is not surprising to see violations of rule and regulations in transactions at every level. For the opposition, however, corruption is a very useful tool to defame the popularly government and the system as a whole. Nepal has paid a heavy price in the name of eradicating corruption. Today's sense of anarchy and lawlessness is a direct result of the crusade of populist slogans mounted by frustrated intellectuals. Despite restoring multiparty democracy, Nepal has not seen any of the drastic changes the political transformation should have brought.

From the public pronouncements of intellectuals and reports of public bodies, it looks like corruption is the most visible enemy of the country today. Whether under the discredited Panchayat system or today's multiparty political system, intellectuals have been raising similar concerns about financial irregularities, official arbitrariness and abuse of power. A large group of disenchanting intellectuals are now

questioning the very legitimacy and viability of multiparty system in Nepal.

From the tenor and depth of the debate, it seems most intellectuals and politicians today are willing to consider replacing the system if it is necessary to restore probity in society. Whether they can go to the extent of introducing a new polity or even pressure the government to follow norms to curtail corruption, however, remains to be seen.

Corruption is no longer confined to the bureaucracy, political parties and other sectors of the state. It is largely prevailing in all domains, including civil society, non-governmental organizations and the media. Virtually every institution is confronted with its own set of challenges in tackling corruption.

Amid this controversy - and confusion - over the terms and modality required to describe corruption, Dr. Devendra Raj Panday has brought out a book, mostly a collection of articles written during different phases of his public life. Dr. Panday, who has the rare distinction of having served as both finance secretary and finance minister, rightly describes the general situation of Nepal.

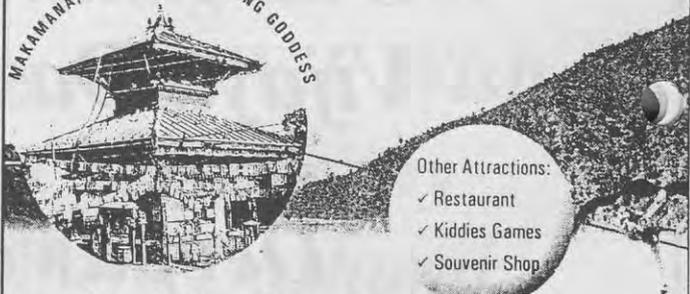
"A discourse on corruption geared to contributing to the movement against it has to touch the hearts of the people in addition to their heads. By 'the people' I mean members of the chattering and ruling classes of which myself may be a sinning member whose conscience may benefit from a little massaging," says Dr Panday in his book.

As he suggests, transparency is one of the important components of an anti-corruption campaign. But how many individuals, NGO, politicians and members of civil society have made their activities open to the people? In the process of modernization, Nepalese society has developed a culture to criticize others to gain personal benefit. It is no accident that most of today's anti-corruption crusaders are the same people who were accused of corruption in the past.

Corruption is eating into Nepalese society in two ways. It is intimidating individuals who really want to do something for the country and people and is encouraging those who want to make quick money without doing anything.

Dr. Panday, one of the renowned economists of Nepal, is president of Transparency International's Nepal chapter. In the book, he tries to highlight the maladies confronting the development process in Nepal and the extent to which corruption is standing in the way. His unique insights, gathered from different vantage points, can be expected to foster a greater understanding of the venality of corruption and the urgency of remedial action.

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By M.S.KHOKNA



**TRANSITION**

**LEFT: Amod Prasad Upadhyaya**, Minister for Education and Sports, for Paris, to participate in the 31st general convention of UNESCO.

**REINSTATED: Kaushal Raj Regmi**, as the vice-

president of the Higher Secondary Education Board, by the Supreme Court.

**ROYAL ASSENT GIVEN:** By His Majesty the King, to the National Assembly (first amendment) Regulations 2001.

**FELICITATED: Naticaji,**

senior musician, with the Nai Sur Samman.

**Ram Krishna Dhakal**, singer, and **Samde Sherpa**, comedian, by the Naya Basti Yuba Club.

**AWARDED: Dr. Surya Dev Singh** "Prabhakar" and **Bunni Lal Singh**, with

the Krishna Chandra Mishra Hindi Samman Awards for the year 2057 and 2058 respectively, by Dr. Krishna Chandra Mishra Academy.

**Yubaraj Nayaghare**, essayist, with the Hari Bhakta Katuwal Award 2058. ■

# Bangladesh Elections: Insights For Nepal

By HARI PHUYAL

Bangladesh has been studiously working toward institutionalizing democracy ever since a popular uprising overthrew the military government led by Gen. Hossain Muhammed Ershad in 1990. Since then, the country, which has one of the world's highest population densities, has held three elections to the House of Representatives. The author, a member of the international team that observed the October 1 general elections, takes the opportunity to shed light on some of his experiences.

The idea of a neutral caretaker government emerged as a consensus among the major parties that struggled against the Ershad government. The political leaders concluded that the Supreme Court chief justice could embody the ideas and principles of a neutral government, which would conduct elections within three months.

Under Bangladesh's constitution, the government announces the elections and gives way to a caretaker administration. A retired judge is nominated as the chief adviser to the president with full executive powers for day-to-day administration. The chief adviser is empowered to nominate advisers in different ministries from among people maintaining a neutral image in society. The Representation of People Order 1992 has given sweeping authority to the cabinet of advisers to maintain law and order, manage the election, transfer administrative personnel, and take all necessary steps to ensure free and fair elections.

During interviews with different personalities of society before the elections, it was found that the caretaker government was considered highly successful in neutralizing the administration by, among other things, acting against top-level administrators believed to be involved in manipulating the process. The first step of the chief adviser during this election was to transfer almost two dozen senior officers. This was a way of ensuring that officials identified with the outgoing government had no opportunity of unduly influencing the poll outcome. This move was also aimed at instilling a sense of confidence in the opposition parties.

Despite rejecting the election result and accusing the caretaker government of bias, former prime minister Sheikh Hasina of the Awami League acknowledged that the concept of a caretaker government was hers. It would be pertinent for Nepal to institute such a neutral caretaker government by amending the constitution, in an effort to strengthen democracy and raise the credibility of the electoral process.

Although the president, at the recommendation of the government, appoints its members, the Election Commission in Bangladesh is an independent body. At the time of the election, the caretaker government and the Election Commission work closely and with mutual understanding. Officials of both institutions have asserted that they never faced problems in their endeavors. The most striking part of the Election Commission of Bangladesh is that it is empowered by law to take action against those found to have indulged in unfair and partial practices during the election process. The military, police and the administration are required by law to follow the directives of the Election Commission.

The commission accredits foreign and local observers to monitor the fairness and impartiality of the voting process. Local observers must have prior experience of monitoring elections. They cannot be posted in their own area. He or she must be above 25 years of age to qualify as a monitor. Approximately 800,000 Bangladeshis

applied for observation work, but only 450,000 were accepted after a careful review of their criminal and political records. Some 300 international observers, from the European Union, United States, Canada and other countries and the Asian Network for Free Election, were deployed in all the 300 constituencies of Bangladesh. The observers unanimously affirmed that the elections were comparatively free and fair.



Although they did not come out in significant numbers during campaigning, the turnout of women voters was unprecedented. It would be illustrative for Nepal to note that there were separate booths for women voters. There were separate women polling officers, security and party agents in such booths. Counting took place in the voting place itself.

Deletion of the name of voters during rolling, buying of votes either in cash, gift or any promise, excessive spending by candidates, over-use of election materials and violation of rules governing election day decoration and feeding of voters were some of the unfair practices observed. Similarly, the use of unlicensed arms by the underground wings of the two major political parties, candidature by industrialist and businessman and by professional elites like lawyers, doctors and professor restricted real representation of the people in the election. The major irregularity on election day was impersonation of voters.

The election result was a debacle for the Awami League. Some say Sheikh Hasina's leadership style of never listening to others, preferring to lecture those who came to see her or went against the party. On the other hand, Prime Minister Begum Khaleda Zia of the Bangladesh Nationalist Party (BNP) is known as a good listener. However, the major reason for the BNP-led front's overwhelming victory was Khaleda Zia's ability to accommodate and harmonize the other partners. Inside the party, she approved candidatures of those considered her rivals. She discouraged any kind of rivalry between BNP candidates and those of her alliance partners. In the case of the Awami League, the reverse was true. There were approximately 25 rivals candidates in a party that went to the polls on its own.

The negative aspect of Bangladesh's elections is that the losing party does not easily accept the outcome and the winner does not prefer to hold dialogue with the vanquished. This could disturb the democratization process. However, intellectuals do not see the army, which has dominated much of Bangladesh's politics since independence in 1971, would benefit from this situation.

Developing countries like Bangladesh have become models of comparatively free and fair elections because of the provision of the caretaker government. Bangladeshis cannot imagine the ruling party conducting impartial polls. Holding simultaneous elections to parliament and local bodies under a caretaker government in Nepal could be a good way of ensuring the fairness and credibility of the democratic exercise. ■

*(Phuyal, an advocate, was a member of the international team that observed the elections in Bangladesh early this month.)*



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# Salient Features Of Nepal's Foreign Policy

By BISHNU PRASAD UPADHYAY

The foreign policy of a country is premised on its political, economic, cultural, historical, religious, intellectual and geographical background. The history of Nepal's relations with neighbouring countries goes back to ancient times. Since the emergence of Gorkha power in 18th century, however, contours of a coherent foreign policy started becoming more visible.

In his Ditya Upadesh, King Prithvi Narayan Shah the Great, the founder of modern Nepal, described the country as a yam between two boulders, whose position was always in peril in the midst of the collision of the two big powers in the north and south. In Nuwakot palace, he had in a conversation with his courtiers asserted: "The emperor of the south is very cunning, he has captured the whole of Hindustan. Nepal has to keep amicable relations with them. We have warm relations with the emperor of the north."

From the 18th century to the 20th century, Nepal saw vicissitudes in its relations with the north and indirect subjugation from British colonialists in the south. After the 1950-51 revolution, when Nepal freed itself from the clutches of the Rana oligarchy, its foreign relations grew wider. Under the last Rana ruler, Mohan Shamsheer, Nepal sought to develop friendly relations with China, the United States, Brazil and France. Nepal had been endeavouring to obtain membership of the United Nations. However, the Soviet Union's veto against Nepal's application thwarted its membership bid.

After the country gained UN membership in 1955, the door of Nepalese foreign policy was opened wider. Nepal affirmed its commitment to and agreed to follow the rules and principles of the UN Charter.

Participating in many conferences, Nepal reaffirmed its determination to follow a policy of non-alignment and anti-colonization and began raising its voice against expansionism, neo-colonialism and apartheid. Because of its policy of non-alignment, Nepal has been successful in strengthening its independence. Nepal's foreign policy is different from those of big powers. The country is aloof from any form of international groupism. But this does not mean that the country is in quarantine and disinterested in any international event. Rather it is in favour of international justice.

By espousing non-alignment, Nepal has been successful in establishing amicable relations with more than 100 countries. The country has opened 17 residential embassies abroad. Nepalese delegations have been attending meetings, seminars, conferences and summits convened by the United Nations. At such gatherings, Nepal has expounded the guiding principles of its foreign policy.

Nepal accepts the UN Charter as the basis for the maintenance of international peace, security and stability. The country is against any form of power alliances and blocs. After the Second World War in 1945, alliances like the North Atlantic Treaty Organization and South East Asian Treaty Organization were formed. Nepal has kept itself out of such groups.

Nepal has vigorously and consistently raised its voice against apartheid at the UN General Assembly, Security Council and international conferences. The country has remained a firm opponent of discrimination based on race, class, ethnicity or any other attribute.

The country is a forceful advocate for human welfare and international peace through a policy of disarmament. Nepal has fought vigorously against the use or threat of use of weapons on human beings in the name of narrow nationalism, expansionism and imperialism.

Another important characteristic Nepalese foreign policy is its

diligent espousal at the United Nations and other international forums of the transit rights of landlocked countries. As a country without access to sea, Nepal understands the handicap this group of countries faces in terms of international trade.

Although it was never colonized, Nepal has raised a strong voice against colonialism. The country fervently believes that the colonial expansions that led to the two world wars in which millions of people died and millions of others were injured, uprooted and rounded up in concentration camps should never be repeated.

In the region, Nepal has adopted a policy of equidistance with India and China. If Nepal were to favour one against the other, the country's national interests would be gravely imperilled. China has a communist government and India follows a democratic political system. The country has established neutrality as a salient feature of its foreign policy.

After the overthrow of the authoritarian Panchayat system in 1990, the country has remained a constitutional monarchy rooted in strong Hindu traditions. Its foreign relations, specially with India and China, are grounded in the traditions of peace, friendship, and tolerance.

Nepal's belief in regional self-reliance thrust it to the forefront of the creation of the South Asian Association for Regional Co-operation in 1985. Through greater understanding, cultural exchanges, sharing knowledge, skills and experiences with India, Pakistan, Bhutan, Sri Lanka, Maldives and Bangladesh, Nepal hopes to usher in an era of collective prosperity.

Through 6,000 rivers and rivulets flowing across the country, Nepal possesses vast water resources. Moreover, the country has an abundance of sylvan assets and valuable minerals. Nepal expects to harness this natural wealth with the scientific and technical support of foreign countries for mutual benefit.

Nepal opposes any dispute that convulses world peace. The country has consistently raised its voice against the exploitation of small countries by bigger ones and does not tolerate any tyranny on human beings by the military force of powerful nations.

Nepal believes in the doctrine of Panchasheel: a) respect for the sovereignty of other nations b) non-interference in the internal problems of a country c) adherence to the principle of non-aggression d) exchanges for mutual economic and cultural development. e) peaceful co-existence.

By espousing these tenets of foreign policy, Nepal seeks to strengthen international cooperation to eradicate poverty, illiteracy, disease, ignorance and backwardness from the face of the planet.

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अहिले-

- किसानहरूलाई आफूले तिर्न सक्ने जतिमात्र ऋण लिनेको लागि उत्साहित गरिएको छ ।
- बैंक र किसानबीच बढी भेटघाट हुन सक्ने नयाँ व्यवस्था मिलाइएको छ ।
- बैकिंग कार्यालयहरू माफत उत्पादनशील क्षेत्रमा जान कर्जाहरूलाई प्रोत्साहित गरिएको छ ।
- ऋण र बचतलाई संगसंगै लैजाने नीतिलाई जोडदार रूपमा कार्यान्वयन गरिएको छ ।
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# 'Nepal Must Market Itself More Vigorously Around The World'

— STEFAN W. VOOGEL

*STEFAN W. VOOGEL, general manager of Soaltee Crowne Plaza, arrived in Nepal seven months ago from Indonesia. A Dutch national, Voogel has been in Southeast Asia for more than 13 years. He spoke to SPOTLIGHT on the challenges before Nepal's tourism industry. Excerpts:*

**In recent years, Nepal has seen many difficulties in the tourism sector. This year, too, is likely to be troubling for the country. How do you assess the future of Nepal's tourism industry?**

The future of Nepalese tourism is bright and, in fact, it is extremely good. Of course, the cumulative effects of several incidents, including the hijacking of an Indian Airlines flight in 1999 followed by the Hrithik Roshan incident and Royal Palace massacre, have taken their toll. The September 11 terrorist attacks in the United States is the latest of the blows. However, Nepal has so many things to offer visitors. It is a truly exotic destination.

**How can we change the situation?**

Change will depend on how Nepal markets itself internationally and how accessible it can make itself. First, if you look at it from the perspective of marketing, Nepal is not being marketed in the way it should be. In other words, it is not aggressively done. As far as accessibility is concerned, people who want to visit Nepal are on waiting lists. Hotels are half empty and most of them are distressed, but people are on waiting lists. Obviously, more needs to be done in such areas as open-sky policy. The recent problems are just six months old, but getting a ticket to Nepal has been a problem for long. Nepal has so many natural, cultural and other products to sell internationally. The hospitality of Nepal is world famous. If you talk about the countryside, there are so many cultural treasures, scenic beauties and varieties of ethnic groups. But, obviously, Nepal needs to evolve concrete policies and become not only a destination for back-packer but for other tourists as well. I also mentioned this in a recent PATA meeting. [and sought to compare] what other countries did when crisis hit them. All the

countries started vigorous marketing. Political instability is, of course, affecting tourism, but if Nepal starts vigorous marketing, the situation will change. In my opinion, marketing is extremely important and the country needs to address this urgently. Marketing needs to be supported by other elements, including expansion of air-seats.

**What can Nepal learn from countries like Sri Lanka, which has been able to attract tourists despite a civil war?**

I have traveled to a number of countries to promote Nepal and I find that Nepal lacks marketing. Awareness about Nepal is very poor. I was in Southeast Asia for several years, where information on Nepal is very insignificant. If you want to bring change, you must market Nepal. The political situation will influence tourism, but it is not the only factor. If you do good marketing, people will continue to come. Sri Lanka's marketing is very strong and vigorous. Despite the war in the north and east, tourists still come. At present, the number of visiting tourists is slightly lower. Immediately after the attack at Colombo Airport, the Sri Lankan government instantly launched an aggressive and vigorous marketing campaign.

**What role has international hotel chains like Crowne Plaza been playing to promote tourism in Nepal?**

As a multinational company, we have over 3,000 hotels around the world. We are trying to create awareness around the world through our marketing. We have regularly sent various marketing packages that help create awareness. We try our best to promote the image of Nepal abroad. As a multinational company, we work according to international standards. It is very important for travelers to know that Kathmandu has hotels of international standard like ours. Different types of tourists come to visit Nepal and they find hotels as per their choice. A number of tourists like hotels with international standard. In case of international conferences and seminars, the guests always prefer us. Obviously, our company is playing a role.

**Nepal's hotel industry has faced three consecutive years of crisis. Do you think it**

**can survive prolonged difficulties?**

In any crisis, the strong will survive. If your business philosophy is weak, you cannot survive. Possibly, there will be a difference because of this. There is a need for a coherent philosophy and strategy to survive. You actually know how strong your philosophy and strategy are during times of crisis. I strongly believe that the tourism industry in Nepal would survive. The recent phenomenon is worldwide. Even an organization like Swiss Air can face near-bankruptcy. The case also sent out a message that you need to have a strong strategy. The tragic events in the United States have created more panic in the airlines industries. Some companies may be victimized by the crisis.

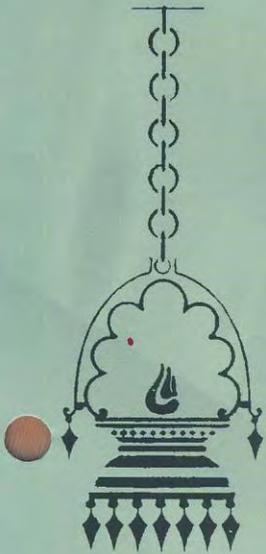
**You have been in Nepal for the last seven months. How do you see the response of policy makers to tourism?**

All of them are very much concerned about the crisis. Everybody is willing to do something to bring change. I do feel that there is a sense of urgency in the trade. The only area where I have not seen sufficient concern is in increasing accessibility to Nepal. Nepal needs to have additional flights to bring in more tourists and to solve the under-capacity crisis. The open-sky policy is not taken seriously.

**What are the prospects for foreign investment in Nepal?**

I am not an expert on foreign investment so I cannot give you details. Foreign investment comes to a country for a variety of reasons, including natural resources, easy access, good labor force, stable political and security situation and tax relief. The political and security situation in Nepal is now relatively unstable and accessibility is question mark. Because of the political and security situation, there is difficulty to deal with labor force. Tourism can play a bigger part in Nepal. I think the contribution of the tourism sector in the GDP can be increased by many folds. The current progress is not enough. The development of tourism needs to be expanded to many other parts of the country. Development does not mean building Disneyworld, but to expand destinations. Many areas are still underutilized. ■

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