

JOY STEPHENS

● **Sonia Awale**

In 2017, the newly-formed Dhaulagiri Municipality elected Thamsara Pun as mayor. She took the revolutionary step of moving the headquarter to Muna village to make it better accessible to the region's indigenous and Dalit populations.

In the past five years, villagers have seen improvements in health, education and jobs, thanks to political devolution gained through Nepal's new federal structure. Pun is looking forward to fast-tracked local elections on 18 May, and the chance to serve five more years.

This is what federalism means in practice: letting under-served communities take charge. Dhaulagiri Municipality is also a reminder to the squabbling political class in faraway Kathmandu, some of whom have prematurely declared federalism dead without even letting it prove its worth.

Excitement about local elections is already palpable across rural Nepal, but a cynical and pessimistic political class in the national capital does not want to let go of power and resources. In fact, despite a federal Constitution, political decision-making is more

centralised than ever before.

“Federalism is the sum total of everything we Nepalīs have gone through, from various governing structures to the Maoist conflict, the Madhes Movement and everything in between,” explains Khimlal Devkota, recently elected to the National Assembly.

"Federalism stands for stability, development and devolution and we had high expectations, expecting quick results," he adds. "In some ways we have succeeded, people don't have to rely on Kathmandu for everything. But the centre is still involved in everything from hydropower plants to erecting view towers."

The 2015 Constitution devolved rights to local and sub-national governments, but the necessary laws were not in place until after elections. This meant a confusing transition regarding jurisdiction which threatened to undermine past gains in areas like community forestry, public health and education.

“Coordination between the governments, vertical and horizontal, is a pillar of federalism and so is functional demarcation,” says Balananda Paudel who headed the Local Bodies Restructuring

Commission. "Our laws are riddled with lack of clarity in some places and elsewhere there is a problem of overlapping functions for different levels of government."

Federalism, therefore, is still work in progress and this year's series of elections will hopefully result in greater devolution. One of the reasons it got a bad name is that it also decentralised corruption. Of the 753 local governments, one-third have elected chairs and mayors who are businessmen who have awarded themselves sand-mining, road-building and quarrying contracts.

Which is why upcoming local elections are even more important -- to reward elected municipal governments who have worked for the people with another five-year term and reject those who did not.

This might also be a time to question the purpose of retaining a parallel power structure of Chief District Officers. Its job of issuing citizenship papers and passports allows this unelected office of centralised bureaucrats to wield extraordinary power over ordinary people.

"We have made some headway in formulating laws and regulations, now we must bring it into practice,


**Inside**

Takam village (*above*) in Dhaulagiri Municipality that is profiled in this week's centrespread as a model for how federalism should function.

**PAGE 6-7**

improving staffing for service delivery at local levels and promoting better coordination between and within levels by activating intergovernmental relations," says Paudel.

Just as democracy is only as effective as politicians, federalism too will only function if it truly hands over power to the periphery – with support from the central leaders who see devolution as a precursor to development.

Says Khimalal Devkota: "Citizens should be placed at the centre of all decision making. This can be done only by nurturing and strengthening federal practice." 



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**SalesBerry**

A dark blue Hyundai Tucson is shown driving on a wet city street at night. The car's headlights are on, and its reflection is visible on the wet pavement. In the background, there are blurred city lights and buildings, suggesting a fast-paced urban environment. The car's license plate reads '0F HY 509'.

# The sizzling.

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The Hyundai logo, consisting of a stylized blue 'H' inside an oval, followed by the word 'HYUNDAI' in blue capital letters.



# Ground reality of landlessness

The first popularly elected government led by B P Koirala enacted the Birta Abolition Act in 1959 that required zamindars formerly granted land by the state to pay full tax. Feudal landlords opposed the move, and it became one of the reasons why King Mahendra ousted Koirala in a coup d'état on 12 December 1960.

B P believed that only genuine land reform would ensure that all Nepalis prospered together, and also deflect the Communism tide. But in justifying his coup, Mahendra declared that Nepal's first democratically elected government had to be overthrown because it had "failed to work in the interest of the poor".

More than six decades later, BP's Nepali Congress that espoused social democracy is leading a governing coalition. Sher Bahadur Deuba, who once led the party's student union, is prime minister for the fifth time.



AMIT MACHAMASI

Yet, 1.5 million families representing a quarter of Nepal's households are still landless. Some 53% of Nepal's farmers own only 18% of the total cultivable land.

After ousting B P, King Mahendra continued the सुधार सुधार land reform to retain international support and quell domestic discontent. But the effort was half-hearted: the landed kept their land. Mahendra and his son Birendra ruled through a partyless Panchayat system for the next 30 years.

Ironically, unequal land ownership (the very reason that pushed Mahendra to stage his coup) was a factor that led to the downfall of the Panchayat in 1990.

But even after democracy was restored, there was only tokenism for land rights. In 1991, a commission set up to resolve the issue was dissolved even before it could complete its work. In the past three decades, 18 more land reform commissions have been formed by democratic governments, only to fizzle out.

Land ownership and rights have been weaponised at election time since 1990 to win votes, but there has been no real change on the ground. The NC, UML and Maoists are all

guilty of making false promises.

The Maoists made land to the tiller and just land distribution a major point in their 40-point demand to Deuba in 1996 during his first tenure as prime minister. Their main slogan to recruit young men and women to take up arms was to promise land.

After all this, the landless have stopped trusting politicians who never kept their promise. Disputes over land make up one-third of all cases in Nepal's courts.

Various factors have changed the dynamics of land today. While educated Nepalis do not want to farm, and migration is leaving arable land fallow, remittances fuel the market in real estate, the price of which has risen exponentially (*pages 10-11*).

This unorganised and uncontrolled buying and selling of land has once again concentrated ownership in the hands of the powerful, who have grown phenomenally richer as property values escalate.

This is why we have the farce of the Baluwatar real estate scandal that involves the mightiest in the land, even while a quarter of the country's population is landless.

The Gorkha empire's expansion in the 18th century was financed by land. Generals and soldiers were granted ownership of portions of the land they conquered. The Birta system may have been repealed six decades ago, but it is still intact in other forms through landlords, traders and brokers owning most property.

Real estate today is booming business, and a major source of revenue for the state from taxes. But it is not productive when real estate speculation becomes a mainstay of the economy.

It does not create jobs, and it exacerbates inequality.

Private property rights legitimise past injustices that parcelled out large swathes of the country to the privileged. It perpetuates inequality, laying the seeds for future conflict.

To be sure, distributing land to the landless alone does not solve their problem, nor does it erase historical discrimination. Self-respect comes from belonging to the land, giving owners a sense of purpose and responsibility (*see page 9*). It is a start. But it should be without any condition, it cannot be a publicity stunt, or ploy to pad up vote banks.

If we are to safeguard the gains of the 2017 Constitution and build the pillars of the federal democratic republic from the ground up, we must pick up where B P Koirala left off 61 years ago.

**Rabin Giri**

## Politicians have weaponsied land for elections without addressing the deeper crisis of landlessness

## 20 YEARS AGO THIS WEEK

## Wretched Development



*At the height of the Maoist insurgency two decades ago, every Nepali wanted peace to prevail and the development to take off.*

*But 15 years since the Comprehensive Peace Accord, there is now peace but no stability, there is some development but no dividend. Just look at the illegal sand mining in the Tarai that is decimating a fragile landscape and displacing farmers.*

*The disparity between the rich and poor is greater than ever before. Inflation is at its highest in years. Corruption has been decentralised by elected contractors. But therein lies the solutions to good governance, which is why the local elections in May is of utmost importance.*

*Excerpt from page 1 story from issue #79 1-7 February 2002 from 20 years ago this week:*

"Decentralisation" is in danger of turning into just another buzzword, but experts agree that handing decision-making to local bodies is the only way to begin addressing the causes

fuelling the insurgency: lack of basic services due to apathetic Kathmandu-centric control.

Development expenditure has taken a direct hit. The government urgently needs to multitask: stave off an insurgency, accelerate development, and put its economic house in order with fiscal reforms, re-prioritisation and bureaucratic efficiency-all at once.

The Finance Ministry and the Nepal Rastra Bank know better than anyone else just how serious the country's economic crisis is, and are racing against time to raise revenue, reform banking and privatise sick corporations. But reforms are politically painful. Does the leadership have the political will and transparency to wage war on poverty and implement genuine reforms?

Prime Minister Sher Bahadur Deuba rules out resuming talks until the Maoists lay down their arms, and says there can be no development without peace. But there is a consensus that the military campaign must go hand-in-hand with urgent and effective delivery of basic services and jobs in rural areas.

Krishna Sapkota, chairman of the Kavre DDC summed it up last week: "Without peace there will be no development, and without development, no peace. The underlying reason for violence is our inability to improve peoples' lives."

From archives material of *Nepali Times* of the past 20 years, site search: [www.nepalitimes.com](http://www.nepalitimes.com)

## ON THE WEB

### LOCAL ELECTIONS

It is easy to blame the country's problems on federalism, and it is encouraged by powerful interests in the centre ('All politics is local', Sahina Shrestha, #1096). Great to see these stories of local politicians working for their constituents!

**Marty Logan**

### LABOUR MIGRANTS

Only if there were some proactive efforts to create jobs at home, would there be less need for youth to migrate for jobs ('Diaspora Diaries 1', #1096).

**Bishow Parajuli**

• While I understand that men make up the majority of the migration flows for Nepal, let us not forget that women migrant workers also contribute significantly and at times in a higher proportion of their income to remittances that fuel the country's economy.

**Neha Choudhary**

• A returnee woman gets empowered in multiple ways - she enters a new world, makes decisions, gains independence, has financial strength - and all of this leads to gender gains for this generation and the next.

**Seeta Sharma**

• This is such a good idea for a series -- and I found the first one very interesting and sad. Thank you, Nepali Times.

**Tom Robertson**

### MAILA BAJE

I used to read his pieces frequently, great to know who he actually is ('Maila Baje' is Sanjay Upadhya, #1096).

**Bhim Adhikari**

• One of the long-held mysteries of Nepali-English blogosphere has been solved.

**Deepak Adhikari**

• Interesting! ... One afternoon an uncle visiting from New York asked whether I read Maila Baje's blog. When I said I did, he asked whether I knew who he or she was.

**Chun Gurung**

• Maila Baje is no more 'underground'.

**Namindra Dahal**

### AIR POLLUTION

The situation in Kathmandu is already hopeless ('20 years ago this week: Then and now', #1096). Yes, some things can be done to slow the worsening air pollution but does anyone believe that the Nepal government or the Kathmandu Municipality will actually take serious measures? Not a chance. Kathmandu is a cesspool, Pokhara is not far behind. A once beautiful location has been ruined. When foreigners come to Kathmandu, they are now stunned by how horrible it is and they want to leave as soon as possible (unless they are from Delhi)!

**Roger Ray**

• I left Kathmandu in 2006 after working there for almost 21 years. I've returned several times since then, and each time the pollution is worse. I long ago gave up any hope of it being a liveable city. I cry for the lost city I once knew. The tragedy is this could have been prevented.

**Margaret Kerr**

### WAR CRIMES

A very touching account of collateral casualties of Nepal's needless "anti-People's War" whose victims continue to suffer even as their perpetrators go scot-free ('The scars of war', Sahina Shrestha, #1095). Thanks Nepali Times for rekindling the memories so poignantly portrayed in A People War.

**Kul Chandra Gautam**

• Sometimes it is funny to see when Pushpa Kamal Dhal, Baburam Bhattarai and the company call outright terrorism a 'People's Revolution' when the very 'people' they claim to have fought for literally burnt by their criminal actions. Do they even know what accountability is?

**Ratna Deep Lohani**

### ELECTRIC VEHICLES

Make electric cars cheaper ('Nepal backs EVs to boost hydro-electricity uptake', nepalitimes.com).

**Bhim Limbu**

### HUMBLE BRAGGING

Social media, especially Facebook, Instagram and increasingly LinkedIn and Twitter too, thrive on people's craving for attention, acknowledgment, praise, even adulation ('Boasting while pretending not to', Anjana Rajbhandary, nepalitimes.com). My response to that sort of thing is to simply ignore it on social media and avoid it if in person.

**Krishna Joshi**

### JOHN NANKERVIS

John was indeed an extraordinary person, witty, wise, knowledgeable with a great sense of humour ('Remembering John Nankervis 1946-2022', Lisa Choegyal, nepalitimes.com). He was my Spanish language student for more than 17 years, and a fluent Spanish speaker. He was always ready to debate. I admire his resilience and strength. I will miss him.

**Martha Paty**

### REINHOLD MESSNER

He is the most respected mountaineer who has ever lived ('What next for Reinhold Messner', Kunda Dixit, nepalitimes.com). He made people realise that Mt Everest could be done without oxygen and is the first person to do so.

**mnlrgrm**

## Times.com

## WHAT'S TRENDING



### All politics is local

by Sahina Shrestha

As Nepal gears up for local elections to be held in May, read up on local governments elected in 2017 that have shown us what the country can look like when people are put first.

**f Most reached and shared on Facebook**



### Hiding their head in the sand

by Ramu Sapkota

Illegal sand mining on Chure Rivers are displacing farmers across Nepal's mid-hills and Tarai with worsening floods and landslides while decimating an already fragile landscape. Visit nepalitimes.com for this exclusive investigative multimedia field report.

**t Most popular on Twitter**



### Diaspora Diaries 1

In this new fortnightly column, we provide a platform for Nepali blogger who wrote under a pseudonym finally comes out of the shadows in a new book. Go to our website for the most-read article of the week with excerpts from two chapters.

**“” Most commented**



### 'Maila Baje' is Sanjay Upadhya

by Sanjay Upadhya

Nepali blogger who wrote under a pseudonym finally comes out of the shadows in a new book. Go to our website for the most-read article of the week with excerpts from two chapters.

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## QUOTE TWEETS



**Nepali Times @NepaliTimes**  
#Remittances fuel #Nepal's #economy, but the country's migration policies still do not favour workers. No Country for Young Men | Shristi Karki (@shristi550)



**Aaron Nepal @OxNepal**  
We need to go from a tourism-based economy to a tech-based economy. For that Nepal government needs to put web3/crypto at the forefront.



**Nepali Times @NepaliTimes**  
As recently as 45 years ago there was only one cement factory on the outskirts of Kathmandu. There are now 55 plants operating across #Nepal. Companies exploit #naturalresources for profit, but the environment and people lose out. @Raw\_Ku reports:



**Priyesh @priyesh\_Kh**  
This news deserves more attention



**S T @sthapa1978**  
no accountability there



**Nepali Times @NepaliTimes**  
Illegal sand mining on #Chure rivers is displacing farmers across #Nepal's mid-hills and Tarai with worsening #floods and #landslides while decimating an already fragile landscape. @ramusapkota investigates the human and environmental cost of it all.



**AManHasNoNameHeHe @FreedomAndWings**  
This is heartbreaking.



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# Nepalis moving from mountains to plains

There is much more than meets the eye in the preliminary results of Nepal's 2021 census

● **Shristi Karki**

On 27 January, Nepal's Central Bureau of Statistics (CBS) published the preliminary report of the 2021 census, ten years after the last one.

Nepal's 12th ever census, postponed from its May-June 2021 date due to the Covid-19 second wave last year, was conducted by some 40,000 enumerators and supervisors from 11-25 November.

The new report puts Nepal's population at 29,192,480, showing that the country's average annual population growth rate dropped to 0.93%, its lowest recorded. The growth rate was 1.34% in 2011, and had continued to rise since Nepal's fourth annual census in 1942.

The high, medium, and low variation population projection put out by the CBS in 2014 had estimated that Nepal's population would cross 30 million in 2021.

This decline in population growth could be due to factors like Nepal's changing socio-economic status, public health, education and employment landscapes.

"Young Nepalis in foreign employment have contributed to the reduction of the fertility rate, which has affected the population growth rate," says Tribhuvan University professor Yogendra B Gurung. Nepal's total fertility rate is now approaching replacement level — 2.3 children per mother.

Gurung points to other factors: increasing literacy rate especially among young women, high living costs, as well as the participation of both parents in the workforce.

Even though employment abroad reducing poverty is a reason for decreasing population growth, the census report only shows 2,169,478 Nepalis living abroad, which is probably a gross undercount.

Nepal's Department of Foreign Employment (DoFE) has issued more than 3.6 million labour permits since 2011. This does not include data on India, where at least 3 million Nepalis are working.

Government data also does not



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include Nepalis who travel overseas using back channels, or the number of Nepali students abroad.

Rabindra Mishra of the Bibeksheel Sajha Party weighed in on the debate. "The government has figures on those leaving the country for foreign employment, but it has no records of those who return," Mishra wrote on Facebook. "Entire Nepali families live or have obtained citizenship overseas ... and are not included in the census."

The undercount has political implications. Mishra's party has an anti-secular, anti-federal and pro-monarchy platform, and is battling for overseas Nepalis being allowed to vote in elections back home.

Central Bureau of Statistics head Nebin Lal Shrestha himself expressed surprise at the low figure, and agrees about the possibility of an undercount.

"The census data on migration does differ from data released by other institutions during the pandemic," says Govind Subedi,

head of the Central Department of Population Studies at Tribhuvan University. "The absentee population should have been higher than what was reported."

Along with international migration, the census report also shows significant internal transmigration from Nepal's mountains to the plains. Nearly 54% of the country's population now lives in the Tarai, up from about 50% in 2011 — even though the Tarai makes up only 23% of Nepal's land area. Madhes Province alone has 21% of the Nepal's population, its total fertility rate of 5.15 is much higher than the national average.

The population density of the Tarai is also steadily rising, reaching 461 people/sq km, compared to only 34 people/sq km in the mountains. In fact, 21% of the Nepali population lives in the eight districts of Madhes Province — where the density is the highest at 636 people/sq km.

The proportion of people living

in the mountains has fallen to 40%, and most districts there are seeing a depopulation. In fact, 32 out of Nepal's 77 districts have seen a negative population growth — in the 2011 census only 27 districts had negative growth.

"The population increase in the Tarai is a reflection of a continuous migration of the Nepali village population to the cities in the plains," explains Jeevan Baniya, at the Centre for the Study of Labour and Mobility at Social Science Baha.

"The Tarai belt has experienced infrastructure development and connectivity due to the construction of highways," continues Baniya, "as well as the growth of small cities into mega cities due to increased economic activity influenced by Nepal's remittance economy."

Nepal's federal governance structure, and elections at the provincial and local levels in 2017 also spurred Nepalis to move to the Tarai from elsewhere in Nepal.

The number of Nepalis residing in Kathmandu Metropolitan City decreased from 1 million in 2011 to 0.8 million.

"With local level elections, Nepalis have recognised the importance of voting from home," says Baniya. "When local levels have representation, there is no need for people to remain in Kathmandu."

The rising costs of land and real estate have increased living costs, and entire families have settled abroad, contributing to Kathmandu Valley's decreasing population.

The number of Nepalis moving overseas for non-labour activities, like those seeking permanent residence abroad, are also concentrated in cities within the Bagmati province, says Baniya.

The Covid-19 pandemic is also a factor in the movement of people out of densely-packed Kathmandu in the last two years for safety reasons.

If the overall population and numbers living abroad are undercounted, then all other inferences like average annual growth rate, Kathmandu Valley's population, and even estimates of the country's 'youth bulge' could be inaccurate.

"As far as methodology is concerned, there is room for doubt as to whether enumerators were able to reach every household in the country," admits Subedi.

There were many instances of homeowners refusing to give accurate information about family members because of rumours that it would be used for tax collection.

In Rasuwa, for instance, data shows that 466 more earthquake-affected families received government aid than the number of families recorded in the census.

Says Subedi: "Unless another scientific procedure is conducted, there is little way of knowing about data discrepancies and methodological errors. The only reliable way to figure out exactly how much underestimation took place is for the CBS to conduct a post-enumeration survey." 🇳🇵

**prabhu BANK**

## Turkish design award

Turkish Airlines has been presented the 'Airline With The Best Design' award in Europe at TheDesignAir Awards



2021. The carrier has been recognised for its young fleet equipped with latest technology, facilities at Istanbul airport and its in-flight designs.

## Nissan Magnite

Nissan India recently announced the expansion of Magnite's exports to 15 countries, including Nepal following domestic success of the model. Magnite is the first global product in the Nissan NEXT plan and more than 42,000 cars have been produced despite the ongoing pandemic and semiconductor shortage.



## Indian aid declines

The Union Budget for 2022-23 presented by Indian Finance Minister Nirmala Sitharaman this week has limited aid to Nepal to Rs12 billion, down from Rs15.87 last year. India and Nepal also signed an agreement on Tuesday to build a bridge over the Mahakali River joining Darchula in Nepal and Dharchula in India.

## Khalti Fonepay

Payment service provider Khalti and payment processor FonePay have collaborated to ease digital QR payments for Khalti's two million users and is now a part of the FonePay payment service provider network alongside eSewa, IMEPay, CellPay and PrabhuPay.

## Petroleum price hike

Nepal Oil Corporation has hiked the prices of petroleum products to Rs142 and diesel and kerosene Rs125 per litre. The price of aviation fuel has also been increased by Rs10 per litre while LPG prices remain the same.



## IME New Mascot

IME has unveiled a new mascot for IME Life insurance with its Facebook page reaching 10,000 likes. The mascot is a hybrid of a human and robot form conveying the digital technology-oriented stance of the company.

## eSewa turns 13

Nepal's first digital wallet, eSewa, has completed 13 years following its launch in 2010 with 5 million users, 2 million merchants, 530,000 agents and partnerships with 51 banks. E-Sewa is most commonly used for mobile top-up app in Nepal.



**Sewa**

## Ncell Tablet

Ncell has tied up with Malaysian telecom companies to offer three customers with the highest international calls from Malaysia a chance to win TCL Tab 10s. Those subscribing to DG, U Mobile, Celcom and Maxis Malaysia are eligible for the 10-day scheme in February.



## Syringes from Israel

The Israeli government dispatched over half a million syringes to Nepal this week to support the country's vaccination campaign. Israel had previously donated various medical equipment including ventilators and oxygen concentrators to hospitals in Nepal.

## Tata sales

Tata Motors registered its highest-ever monthly sales in India in January with 40,777 units, it also posted record SUV and EV sales at 28,108 and 2,892 despite the Omicron surge and global semiconductor shortage.

## WorldLink referral

Under WorldLink's new referral scheme, customers can now get free Internet and NETTV facilities for a month. The offer is valid only if the referred individual installs and completes payment for either a three or twelve-month Internet service package from the ISP. A referrer can also refer to multiple people through the WorldLink refer offer page, my WorldLink app or a phone call.

## Segway-ninebot

Segway-ninebot electric scooter has released its Segway E-100 in Nepal via importer and distributor Ihub with plans to introduce other models soon. Segway E-100 is priced at Rs291,000.

## Japan vax aid

The Japanese government through UNICEF has provided equipment including nine transportable walk-in coolers, 38 solar-driven vaccine refrigerators, 1,109 long-range vaccine carriers and 53 cold boxes



to ensure effective Covid-19 vaccine rollout in Nepal. The grant also supports human resources to monitor and maintain the cold chain facility. Japan is also providing a loan worth Rs10.39 billion to assist Nepal's economic recovery and growth.



# MCC risks split in Nepal’s ruling coalition

## Geopolitical pressure from Beijing against American infrastructure grant threatens governing partnership

A much-delayed half-billion dollar US government project to upgrade Nepal’s infrastructure threatens to split Nepal’s governing coalition, amidst indications the Chinese have intensified lobbying to oppose it.

Prime Minister Deuba of the Nepali Congress (NC), coalition partner Janata Samajbadi Party (JSP), as well as the main opposition UML support the project. But it is opposed by the Maoist Centre (MC) and the Unified Socialists.

The strain within the coalition intensified after Deuba got wind that Parliament Speaker Agni Sapkota postponed a sitting of the House on Sunday that was to discuss the Millennium Challenge Corporation (MCC) project.

After a meeting of the five coalition partners on Saturday failed to agree on getting the MCC ratified by Parliament, Sapkota called off a scheduled House sitting at the bidding of his Maoist party.

Deuba was so put off that he threatened to unseat Speaker Sapkota, and has hinted that he will push through the MCC even if it means a split in the coalition.

China’s Ambassador to Nepal Hou Yanqi has been meeting coalition leaders in the past months to lobby against the MCC, the latest was a one-on-one with the UML’s K P Oli on 22 December.

Then on Saturday, just after the inconclusive coalition meeting, the Maoist Centre’s Pushpa Kamal Dahal held an hour-long hush-hush virtual meeting with Song Tao of the International Department of the Communist Party of China (CPC).

In November, CPC officials had been active in lobbying against the American project. The deputy head of the International Department of the CPC Chen Zhao had even called the UML General Secretary Ishwar Pokhrel on 13 December to try to change his party’s pro-MCC stance. Zhao also spoke to Madhav Kumar Nepal of the Unified Socialists who assured him that he would not let the MCC be ratified.

Speaker Sapkota has been known to be close to Beijing, and has made no secret of his opposition to the MCC. His predecessor Krishna Bahadur Mahara, also a close confidante to Dahal, was also publicly anti-MCC before he was removed from office in 2019 after allegations of rape.

China’s is convinced the MCC is an American geo-strategic counter to its own Belt Road Initiative (BRI). Wang Yiwei of Renmin University in an op-ed in October called the MCC ‘American play’.

Besides geopolitics, the MCC has also become a factor in Nepal’s domestic politics as parties try to position themselves for upcoming local government elections in May and federal polls later this year.

Deuba managed to convince Dahal and Nepal to lift their opposition to holding local elections on time in exchange for keeping the coalition in an electoral alliance. On Wednesday, he met them again to try to save both the MCC and the alliance. But it looks more and more like an either, or.

The Maoists and the Unified Socialists both say they will back the MCC only “with amendments” to clauses in the contract that they say undermines Nepal’s sovereignty.

For its part, the UML has



obstructed Parliament for the past six months, accusing Speaker Sapkota of allowing a breakaway group to keep their seats.

Deuba appears to be losing his patience with coalition partners. He takes personal responsibility

for having signed the MCC agreement during his previous tenure five years ago, and fears loss of credibility for Nepal from international partners if the agreement is not ratified.

Sources said that in Saturday’s meeting, Deuba actually brought up the possibility of the coalition splitting if the MCC is not passed. Deuba is gambling that an electoral alliance with the coalition is important for the Maoists and the Unified Socialists, both of which have been weakened by their split with the UML.

The UML itself is now playing coy, and K P Oli wants to use the MCC as a battering ram to split the coalition. Deuba is determined to push the MCC to Parliament even if it means getting UML support, since the NC and JSP alone do not have the numbers to ratify it.

Oli was a strong backer of the MCC when he was prime minister till July last year, and it was his erstwhile party colleagues Pushpa Kamal Dahal and Madhav Kumar Nepal who used the MCC to bring him down. Ultimately, this led to their Nepal Communist Party to split into the MC and the UML, and



Nepal himself breaking off to form the Unified Socialists.

Having been so vehemently opposed to MCC, Dahal and Nepal now cannot do a 180 degree on the project. They also have to contend with the Chinese breathing down their necks.

One of the more vocal proponents of the MCC has been former Maoist ideologue and ex-prime minister Baburam Bhattarai who fell out with Dahal and is now with the JSP.

Bhattarai, who also has a PhD in urban planning, tweeted on Monday: ‘The MCC is a trial by fire for Nepal’s political parties, mainly the Communists. First: Will we try to balance the US and India and China or be beholden to one of

them? Second: If we do not want American support, what will we do with aid from the WB, IMF or ADB? If an American grant is untouchable, how about aid from India, China or others?’

The \$500 million project was signed in 2017 when Prime Minister Deuba led a coalition that also had the Maoists as a partner in government. The Americans have denied that the project has any military component, saying Nepal qualified for it and there are no strings attached.

Increasingly impatient with delays in Nepal and irritated with what it sees as Chinese obstruction, the Americans have sent a slew of high officials to Nepal in the past six months. They warned Nepal that project approval is time-bound.

The project will expand Nepal’s electricity transmission lines to distribute power, as well as export surplus to India. Nepal is expected to increase generation capacity to 5,000MW by 2025. The project also has a component to boost economic growth through improvements in highway connectivity in Central Nepal. 🇳🇵



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# Clouds lift below Dhaulagiri

Far away from cynical and pessimistic Kathmandu, federalism brings hope to a remote Nepal village

● Joy Stephens in Myagdi

At first glance, 68-year-old Bal Bir Biswakarma looks like millions of other Nepalis – a poor and illiterate subsistence farmer. There is nothing in his clothes, his one-room house, and the way he squats in his courtyard, to indicate what an extraordinary life he has lived.

Yet, had he been born with a different name, or in a different country, he might now be a celebrity on the speaker circuit, a successful business tycoon, or someone may have made a movie about his life.

I am meeting him to discuss how to get some benefits from tourism trickling down to his village of Lulang in Dhaulagiri Rural Municipality amidst the craggy mountains of Central Nepal.

“We live in the shadow of Dhaulagiri, but tourists don’t come here,” Bal Bir explains, in a soft and dignified voice. “Several people in our village are licensed trekking guides, but they can’t find employment. A few go to Jomsom and hang around the airfield for portering work, but the competition is intense and they are paid a pittance. So they are forced to go abroad as migrant labourers.”

We chat in the veranda of his house, from the ridge above there is a vista of snow-capped peaks of the Dhaulagiri Range, and the serrated outlines on forested ridges fading away one after another into lighter shades of blue in the distant haze.

“I’ve done a bit of guiding myself,” he admits modestly. Bal Bir was no ordinary guide, but a *sirdar* for mountaineering

expeditions in the Himalaya. But like most Nepalis, he is a master of understatement and plays down his accomplishments.

As the head of high altitude porters, his job was to get expedition supplies to Base Camp and from there to the higher camps. He describes how, in the days before roads when the trek to base camps could take two weeks or more, he would be responsible for over a hundred porters and their loads. It was a major logistical and financial responsibility.

Pulling the stories out of Bal Bir is like extracting teeth. He is not one to blow his own trumpet. Slowly, I learn that he has been to the top of Mt Lhotse, he has climbed Tukche Peak where the foreign climber he was guiding was too tired to plant his country’s flag, so Bal Bir did it for him.

He has climbed majestic Churen Himal, visible from above his village to the northwest on the border with Dolpo. There, he was once caught in an avalanche and badly injured. He had to be stretchered seven days to Pokhara (no helicopter rescue in those days) and spent three months in hospital.

The stories go on . . . I learn that Bal Bir has even been to the United States, spending six months there at the invitation of an American climber. The highlight of his trip was not cruising down the interstate highways, but rock climbing in Wyoming.

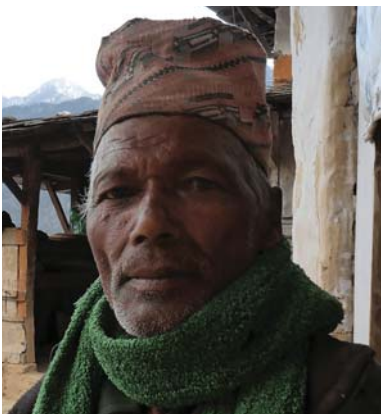
Why is this man, who should be a national treasure for having accomplished so much, helped so many, facing a poverty-stricken retirement in a poverty-stricken village up in the mountains? Why has he not been able to capitalise on



**POWER IN THE PERIPHERY:** Muna village became the new centre of Dhaulagiri Rural Municipality of Myagdi District after the 2017 election.

Bal Bir Biswakarma (*below, left*) who used to be a mountaineering guide, and has climbed Mt Lhotse.

Thamsara Pun is the elected mayor of Dhaulagiri Municipality, and is excited about the upcoming local elections.



his skills and experience?

While there may be many contributory factors, the biggest stumbling block is that Bal Bir was born into a poor Dalit family in western Nepal where society is still conservative and caste-based discrimination is entrenched, despite people being more educated.

Growing up, Bal Bir learned about his people’s place in society, the rules he had to follow for being from an ‘untouchable’ caste. To be successful in business requires



not only financial capital but also social capital (*afno manche*) — the network of influential people who have decision-making power in the world of business and politics in Nepal.

Bal Bir might have been to America, but in Nepal he is a nobody. He is a Dalit, he is poor, he is from a remote far-flung village, and he is illiterate.

Lulang is not only a neglected far-away village, but its 300 households are all Dalit. Their combined financial and social

capital, and self-esteem, are close to zero. For centuries of Nepal’s feudal past, it has been a hopeless situation. Things should have changed after 1990 when Nepalis restored democracy, and the country became a constitutional monarchy. Things should have changed after the Maoists waged a war to liberate the downtrodden, and Dalits picked up the gun to join the militia, many sacrificing their lives to end the injustice to their people. But nothing changed.

Now, a ray of sunshine has broken through the clouds in Dhaulagiri Rural Municipality. What democracy and an armed struggle has not been able to achieve is beginning to happen with political devolution through Nepal’s new federal constitution.

After elections to all three levels of government in 2017, the new federal system is flexing its muscles and showing how it can sweep away the cobwebs of old power networks. People from under-served communities have begun to take charge.

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When tourism picks up again after the pandemic, visitors may want to venture off the beaten trek to the wilderness of western Myagdi. This is what Nepal was like before tourism took off, and there are now efforts to build a network of homestays so the income from trekking stays in the homes of people.

“People respect me more because they see that I have a steady income from my rooms,” says Rati Maya.

Most trekkers to Nepal are not aware of the caste discrimination that is still prevalent in Nepal. Dalits have not been able to benefit proportionately from tourism because they are not usually hired by trekking agencies. If they are, it is usually for the lowest paid job of portering.

Trekking was already a seasonal occupation, and now with the collapse of tourism, even that source of income is gone.

Nepal can move to a better normal with an improved model of trekking that benefits the most under-served communities. Post pandemic, just such a place could be the Dhaulagiri Rural Municipality and its network of homestays.



[www.offthebeatentreks.org](http://www.offthebeatentreks.org)



“As a teacher I could help a limited number of people. What

A large advertisement for the Tata Nano X. The main focus is a red Tata Nano X SUV parked on a grey surface with a city skyline in the background under a blue sky. A dark blue banner at the top left contains the text "LIVE MORE WITH H5" in white. In the top right corner is the Tata logo. Two callout boxes are positioned to the left of the car: one showing the interior sunroof with fireworks outside, labeled "PANORAMIC SUNROOF", and another showing the vehicle's chassis, labeled "BASED ON LAND ROVER'S LEGENDARY D8 PLATFORM". At the bottom right, there is a QR code with the text "For online booking" above it and the word "SIPRADI" in red below it.

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EVENTS



**Thangka Painting Exhibition**  
'Kalpa: the timeless heritage of Himalayan Art' by Heritage Circle will feature top Thangka collections. Don't miss the exhibition.  
11 February, 5pm onwards, Taragaon Museum and Patan Museum

**Physiotherapy**  
Visit S&S Physiotherapy Health & Fitness Centre this weekend and check out their free physiotherapy services. Call for more details.  
5 February, 10am-4pm, Bafal Chok, (01)5233261

**Aerial Yoga**  
Sign in to learn Aerial Yoga with the beginner classes from a certified instructor. Call for more details  
The Pump, Jhamsikhel, 9818412031

**Connect (IN)**  
Participate in the third International entrepreneurship condave and meet Nepali and Indian startups, entrepreneurs, investors and venture capitalists. Call to register.  
5 February, 10am onwards, 9851213403

**SDG Workshop**  
Attend the one-day Sustainable Development Goals workshop co-funded by the European Union.  
4 February, 9am onwards, VHS Kathmandu

**Cine Night**  
Enjoy a weekly movie night over mulled wine and popcorn with cinema lovers.  
Wednesdays, Bikalpa Art Cafe, 9851147776

DINING




**Blenders**  
This milkshake bar offers the yummiest flavors in its cute reusable glass bottles, leaving you wanting for more.  
9.30am-9.30pm, City Centre, Kamal Pokhari, 9808080808

ONLINE ARCHIVES



**Children's Digital Library**  
Visit the International Children's Digital Library archives. The library has access to children's books from all over the world.

**Audio Bites**  
Audio Bites by Shutter Corp films offers discussions with Nepali public figures on socio-cultural topics including mental health, motherhood, social media, the environment and more. Find the podcast on YouTube.

**Arkadium**  
Home to free online games of all types,  
  
from puzzles to memory based. Go to the Arkadium website to get started.

**Poem-a-Day**  
Poetry lover? Subscribe to the daily digital poetry series featuring unpublished works of some of today's most talented poets.



**Tasty**  
The Tasty website has it all. Search, watch and cook any recipes from the hundreds featured in the platform and enjoy a perfectly cooked dinner this weekend.

**Lhakpa's Chulo**  
Lhakpa's Chulo offers a variety of Continental and Nepali cuisine. Pick anything from the Swiss Rösti and spinach to cheese momos.  
Jhamsikhel, (01) 5542986



**Sam's One Tree Cafe**  
Sam's One Tree Cafe has mouthwatering appetizers, perfect atmosphere and a big tree. Sizzlers are definitely a must-have here.  
12pm-9.30pm, Darbar Marg, (01) 4222636

**La Dolce Vita**  
Serving since 1986, La Dolce Vita serves pizza, steak, pasta and other appetizing Italian food.  
Thamel, (01) 4700612

GETAWAY

**Hotel Annapurna View**  
Located at an altitude of 1600m, the hotel offers the picturesque scene of the Annapurnas and the Phewa lake.  
Sarangkot, Pokhara, (061) 506000



**Kasara Resort**  
For those seeking a luxurious, comfortable stay in the lush natural setting in the heart of Chitwan National Park. Guests can indulge in activities from cycling to wildlife viewing.  
Pathani, Chitwan, (1) 5909980

**Grand Norling Hotel**  
Retreat to the quiet, serene environment of Gokarna with a stay at the Grand Norling which offers magnificent vista of Gauri Shankar, golf course and bird watching.  
Gokarna, (01) 4910193



**Hotel Heritage Bhaktapur**  
Immerse in the Newa-style boutique hotel surrounded by the rich art and architecture of the old town. Don't miss out on their scrumptious Newa cuisine.  
Suryabinayak, Bhaktapur, (01) 6611628

**Pataleban Vineyard Resort**  
Pataleban Resort, surrounded by the green hills and vineyard, is the perfect getaway. Guest can go for a hike and try the wine made from the vineyards.  
Chisapani, (01) 4316377



**Casa Mexicana**  
Head to Casa Mexicana for the best Mexican in town. It serves both vegetarian and meat options of tacos, quesadillas and the sweetest tres leches for dessert.  
12pm-8pm (Except Monday), Gairidhara, 9840542082

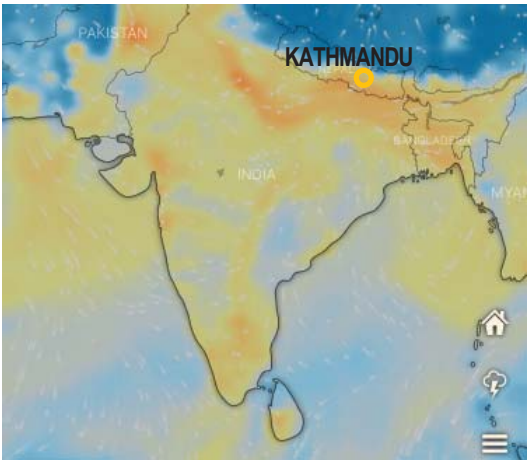
WEEKEND WEATHER



We all better hunker down as another westerly storm system moves into Nepal, carrying rain, wind and more snow. Parts of the trans-Himalayan districts which got no snow last winter should be ready for more snow, hail and rain on top of the 1m of old snow they already have from the January blizzards. The system will arrive over Kathmandu Valley by Friday, and the Weather Forecasting Division is predicting light to moderate precipitation and the snow coming down to 2,500m in the surrounding hills. There may even be lightning and thunder towards afternoon, and it may get quite breezy, increasing the wind-chill at higher altitudes. By Sunday, the weather should clear with the sun peeking out of the clouds.

FRIDAY	SATURDAY	SUNDAY
 11° 4°	 12° 3°	 16° 4°

AIR QUALITY INDEX



Given the above weather forecast, we can also expect the air pollution to build up on Friday morning. However the rains in the Valley will wash down much of the pollutants during Friday and Saturday, giving us a short respite from the dirty air. The government is keeping the odd-even rule for private vehicles, which means the air quality is already somewhat better. However, prevailing winds are blowing in quite a lot of pollution from across the border (the brown-yellow plume in the satellite image, left) where the Indo-Gangetic plains are shrouded in thick ground fog mixed with smoke that has lasted over a week now.

OUR PICK

If you are looking for a portrayal of healthy relationships and a story of healing, look no further than Netflix and tvN's smash hit series *Hometown Cha-Cha-Cha*. Shin Min-a stars as big-city dentist Yoon Hye-jin who opens a practice in a close-knit seaside village where she meets a local charming jack-of-all-trades Hong Du-sik 'Chief Hong' played by Kim Seon-ho in this 16-episode 2021 South Korean slice of life romantic comedy.



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न धुँदा जाने, न रुँदा जाने  
त्यसैले कोरोना लाग्नै नदिन  
भीडभाडमा नजाने



संयुक्त संघीय लोकतान्त्रिक गणतन्त्र नेपालको स्वास्थ्य तथा जनसङ्ख्या विभागले जारी गरेको  
सावधानी अपनाउनु  
सोचिनु  
संयुक्त संघीय लोकतान्त्रिक गणतन्त्र नेपालको स्वास्थ्य तथा जनसङ्ख्या विभागले जारी गरेको

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**BUILDING A NEW LIFE:** A former *kamaiya*, Jaglal Dagaura Tharu tends to his nursery in Kailali district, and (*below*) he is finally building a home in his own land from earnings. Radha Chaudhary of Dhangadi Municipality (*below, right*) in front of a house she is building on a plot provided by the government.



# Land ownership gives former slaves self-respect

Former bonded labourers in west Nepal build homes, raise income and find dignity

## ● Unnati Chaudhary in Kailali

After living most of his life as a bonded labourer, Jaglal Dagaura Tharu is building a home on a plot of land that he can finally call his own. Having started a successful nursery, the former landless family is now financially independent.

Jaglal, 57, was born into a life of indentured servitude to the parents who were bonded labourers at the house of a local *zamindar* landlord. This traditional system of modern-day slavery known as the *kamaiya* system was widespread in Nepal's western plains until it was abolished twenty years ago.

The young Jaglal grew up working all day long looking after the zamindar's livestock at the edge of the forest. At age 12, he was 'lent' to a neighbour's household to slave away for three years before returning to his original 'owner' Shyamlal Chaudhari.

He got married, had a family of his own, but continued working for the landlord with four other brothers who were all also bonded labourers. With no income or property of their own, they had no way of freeing themselves from a life of slavery.

But in 1979, when the Nepal Punarvas Company started distributing land to landless squatters, Jaglal's father filled in an application. Three years later, the family received a 0.3 hectare plot in Kailali. It was a start.

"We made a small hut but we did not have enough to eat so I remained a *kamaiya*

for a few more years," says Jaglal but he had already started looking at how to put the land to the best use.

In 2000, he joined the District Forest Office to work in its nursery with a salary of Rs1,500 a month. Two years later, he was contracted to set up a new nursery for the office. There, for every sapling, he used to get Rs2 and his monthly income rose to Rs25,000.

For the next 13 years, he worked at the Kailali District Forest Office, sent his son to a school with his earnings and even bought a piece of land to set up his own nursery.

Jaglal now gets four batches of seeds every year and makes up to Rs150,000 selling the seedlings. In 2018, he bought a motorcycle with the money he made from selling the seeds.

"When you have your own land, you reap all the benefits of your labour too, the result of my hard work is mine alone unlike when you slave away at someone else's farm," says Jaglal, who has managed to send a son to Romania for work, and bought another plot where he is finally building a home of his own.

In July 2000, the Nepal government abolished the *kamaiya* system and liberated some 32,500 bonded labourers from districts in the western plains including Dang, Banke, Bardia, Kailali and Kanchanpur.

Many of the former bonded labourers now have land in their own name thanks to state sponsored land distribution. With better access to education and healthcare, their lifestyle has also improved.

Ramkumari Chaudhari, 45, was also born into a bonded labourer family near Dhangadi. Her parents married her off when she was young to a man who was also forced into a life of indentured servitude.

Ramkumari with her husband Sanjay managed to sharecrop on land from the *zamindar* for vegetable farming. But when the landowner saw their success, he nullified the agreement and decided to farm himself.

"If you want to make something of yourself in this country and be independent, you need a land of your own," says Ramkumari, and the couple has managed to buy a small plot for their farm with a government grant.

What started as a small business with two pigs has now expanded into a large swine farm spread in 0.2 hectares of land which earns them Rs40,000 a month. Ramkumari also runs a profitable vegetable farm on the side so the pigs get to eat the excess vegetables and the farm benefits from fertiliser from the sty.

"We just had a hut before, but now we have a nice house. We have also bought a tractor for our farm," says Ramkumari. "We no longer face the kind of hardships and mistreatment we did when we were *kamaiya*, we work without a worry. And the best thing is that your hard work earns you money."

Ramkumari and Sanjay can now afford to send their two sons to college, but the fact that many other neighbourhood children have not been able to continue their study worries her. They risk falling back to leading

a life of indentured servitude, she points out.

Radha Chaudhari, 36, of Dhangadi municipality is also building her own house. Her husband Navaraj was a bonded labour from birth in Rajapur of Bardia and came to this town after being freed.

But when the family did not receive any land, Navraj and Radha worked odd jobs to support their family. Navraj trained hard and is now a much sought-after mason.

The government finally gave them a tiny plot of land near Dhangadi bazar, a prime location where they are planning to build their house and rent out the rest. "Our place is close to the market, which means better access to education, health facilities and jobs, we couldn't be happier," says Radha.

In the two decades since they were freed, many former *kamaiya* have found their feet. This is a success story of how former slaves have struggled to find independence, dignity and self-respect. But there are still some families who have fallen between the cracks.

With the new federal system, the rehabilitation of *kamaiyas* was handed over to the local governments and many families found the paperwork too confusing and complicated and faced confusion and delays.

There are 8,910 freed *kamaiya* families in the Kailali district, and most of them have been rehabilitated. But some 380 families are still waiting despite having an ID and land ownership documents. 🇳🇵



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# Kathmandu’s unreal

The urban property value bubble is artificial, and could spell an economic crisis if it bursts

● Ramesh Kumar

- A two-bedroom 185 sq m flat in an apartment block in Hatiban is on sale for Rs8.5 million. An average Nepali civil servant who earns Rs36,000 a month would need 20 years worth of salary to be able to afford it.
- Just to buy a plot of land to build a small house in the same locality of Lalitpur costs Rs16 million, for which the civil servant would have to pay a lump sum worth 37 years of salary earnings.
- A small plot of land by the highway bought 20 years ago in Bhaktapur is worth an astounding 7,000% more today. Even considering the devaluation of the Nepali rupee, that is sky-high appreciation.
- A property in Kathmandu’s prime Darbar Marg area recently sold for Rs90 million (\$750,000) per 33 sq m. This is one of the highest real estate values in the world.
- A house with land that was bought for Rs20 million in Tinkune six years ago sold for Rs80 million recently.

Nepal Rastra Bank report this year shows that land value in Nepal is increasing at 27.7% a year, doubling real estate value every 3.5 years. This is despite average salaries in Nepal increasing by only 7.5% per year. Property value appreciation is

even higher in other urban areas of Nepal, especially in Madhes Province and the Tarai towns of Far West Province. The price of real estate is doubling every two to three years here because of the soaring demand for land due to migration to the cities, plains and valleys from the mountain districts.

There was a prediction that Kathmandu’s property values would decline after the 2015 earthquake, but the opposite has happened. Despite the government valuation for the property being much lower, land transactions are taking place arbitrarily, with no scientific basis for real value, or linked to productivity.

Economists say there are many factors driving this real estate bubble in Nepal. Kathmandu Valley’s urbanisation pressure increased after free market forces were unleashed following the changes in the early 1990s, and people from across the country streamed into Kathmandu for education and jobs. The 1996-2006 conflict exacerbated this trend as people fled the fighting in the hinterland.

This process accelerated after 2006, and surveys have shown that one-third of all Nepalis have now moved away from the place of birth. Domestic migration is highest in Bagmati Province where Kathmandu Valley is situated, and where 47.3% of the residents are recent arrivals from outside.

Fuelled by remittance income, this influx led directly to a steep rise in land prices. Adding to this is the unregulated loan disbursement by the banking sector which fuelled land transactions – leading directly to property speculation.

This tempted people to convert cash into real estate investment – leading to the indiscriminate ‘plotting’ of prime agricultural land in urban centres. Even the Nepal Army is turning its property in



Land being plotted for sale in Kathmandu's Sanku.

Kirtipur into a housing colony.

Banks are in on this unregulated real estate speculation. They have distributed loans worth Rs516 billion, which is a full 11% of their entire portfolios. More than 16% of

overdraft facilities also mostly go for real estate transactions. Two-thirds of all loans have property as collateral. Even loans given for agriculture are diverted to property market. In the past three years,

there has been a 60% increase in loans for agriculture projects, but neither farm production nor productivity have gone up.

In fact, one of the reasons for the liquidity crisis in the banking

# Cementing Nepal's future,

Companies exploit natural resources for profit, but people and nature lose out

Nepal’s planners are proud that the country is now self-sufficient in cement. Domestic production has expanded to meet demand that has skyrocketed since the 2015 earthquake.

The boom is seen in any drive along Nepal’s highways — the wall of every other house is painted in glaring signs of various cement companies. The sector is so lucrative that two Chinese companies Hongshi and Huaxin are among the biggest investors.

As recently as 45 years ago there was only one cement factory, Himal Cement on the outskirts of Kathmandu. There are now some 72 plants operating across Nepal that can produce 15 million tonnes of cement a year.

Together, 21 of these factories with mining capacity extract 12 million tonnes of limestone from 46 quarries in the country. There is so much limestone in these mountains that geologists estimate there is enough to sustain cement production in Nepal for another 100 years at least.

However, Nepal’s cement boom is coming at enormous environmental and social cost. Investors and shareholders

have gotten richer while the land and people poorer. Unregulated quarrying, lack of safeguards, and overexploitation have led to worsening floods and landslides, as well as air, water and soil pollution.

Fifty years ago a Panchayat-era minister proudly said that Nepal needed more smoke stacks to develop. Today, Dhruvaraj Thapa of the Nepal Cement Manufacturers’ Association echoes the same mindset.

“We cannot overlook the benefits, including employment opportunities, provided by the cement industry,” says Thapa. “We will limit our possibilities if we constantly bring up environmental protection.”

The government would like to think that the cement industry is helping the economy boom and earn revenue. While it is true that domestic production has reduced the need to import, what local and national governments get in terms of royalty fee is small change compared to the enormous environmental cost.

Nepal’s cement companies pay only Rs60 in royalty fee for each tonne of limestone compared to Rs140 across the border in India. Yet the market price of cement is twice as high in Nepal as in India.

In the past eight years, the government has collected only Rs2.84 billion in royalty from cement industries. On the other hand, the yearly turnover and profit from the industry, says Thapa, amounts to Rs150 billion.

For example, Sarbottam Cement extracted 371,000 tonnes of limestone from its



SHAURYA CEMENTS



Cement industries in the Lumbini corridor.

BHUWAN PANDEY



# real estate prices



AMIT MACHAMASI

sector today is due to over-lending for land loans. These loans are not invested in productive sectors, they do not create jobs, or contribute to the economy. They just recycle cash, creating nothing but capital

gain for those for whom gambling in real estate is a fulltime occupation.

The end result is that it has distorted Nepal's economy and created a vicious cycle, with the danger that the artificial bubble

could burst at any time. Former finance secretary Rameshore Khanal says most governments regulate the property market to make housing affordable to citizens, and manage urbanisation.

"As long as banks are careful about giving out loans for land, property prices can be kept in check," Khanal says.

The unrealistic price of land has impacted on the government's infrastructure plans and private sector investment in hydropower, and other projects. Bhairawa International Airport cost only Rs7 billion to build, but the government had to pay out Rs23.58 billion just in acquiring land for the project.

Twenty years ago, during his second tenure as prime minister, Sher Bahadur Deuba got Parliament to announce a ground-breaking lowering of the threshold for land ownership, and also stipulated that land should be used for none other than the designated purpose. The law was never properly implemented, and to date the government does not even have a unified database of land ownership in the country.

The real estate bubble is so lucrative that most companies that have gone bankrupt because of falling business have managed to stay afloat because of the increased value of the property they own. Nepal has been growing at an average of 4% a year for the past two decades, but this is not reflected in manufacturing or productivity.

"Unless we stop this vicious cycle and prevent investment in real estate speculation that is supposed to go into the productive sector, the bubble in Nepal's economy is going to burst sooner or later," says economist Dilli Raj Khanal.

The new-rich from property speculation is fuelling an import boom so that Nepal's hard currency

reserves have fallen to levels where they can pay for only 6 months worth of imports. This, in turn, has increased the income gap between the poorest and richest Nepalis.

One of the reasons for the real estate bubble is that the tax on land transactions in Nepal is so low. In fact, if a land is sold within five years of being bought, the seller only has to pay 5% of the capital gain tax to the government. If the land is sold after more than five years, the tax is only 2.5%.

The tendency is to bribe officials to undervalue the rate at which property is sold, so as to reduce the taxable amount.

"Raising the tax rate for real estate transactions will immediately discourage property speculators, reduce the number of transactions, and put a check on the increase in land prices," admits Gunakar Bhatta of Nepal Rastra Bank.

The reason property transactions have not gone down despite sky-rocketing real estate prices is that Nepal's economy is run mainly through informal channels. Many unscrupulous businesses are cashing in on a weak state to get rich quick, and investing their ill-gotten wealth by laundering it through real estate.

Says economic professor Achyut Wagle: "Real estate has become the ideal venue to park wealth earned through corruption, even people who do not really need land are investing in it," he adds. "Real estate speculation has also killed entrepreneurship."

In his previous tenure as prime minister Sher Bahadur Deuba allowed Gopal Dahit to lift a ban on fragmentation of agricultural land for housing colonies. A lot of money is said to have changed hands to allow this law to be passed. When K P Oli was prime minister, his Land Management Minister Padma Kumari Aryal lifted the ban on turning agriculture land

into housing colonies, if a local government office certified that it was not used for farming.

The Supreme Court ruled last year not to allow the fragmentation of land holdings for housing colonies, but in reality it never stopped. There have been more than 500,000 new property ownership certificates distributed by dividing larger holdings in the past year. Corrupt officials demand under the table payments to approve property sales even where dividing up a property is legitimate.

The standard operating procedure at the land tax office is that most of these transactions go through only after money exchanges hands under the table.

Most economists agree that tightening the process through which banks finance land purchases can burst the bubble on real estate prices. For example, a house owner should not be given a loan to buy more than one property.

Sujeev Shakya of the Nepal Economic Forum agrees that buying house or property other than the one a person is living in should be taxed heavily. He has another idea: slap an inheritance tax on property that is passed down from one generation to the next, as is the practice in other countries.

Another measure would be a hefty increase in the nominal land transaction tax. "How can it be that a person who earns a living through hard work pays 36% income tax while profit from selling property is only 2.5%-5%?" asks chartered accountant Seshmani Dahal.

Other measures like land sales only through banks can deter undervaluation. The government should also be involved in building and establishing affordable housing for middle income families. The Constitution establishes the right of all citizens for decent housing, and it is up to the government to fulfill that pledge. 🇳🇵

## , but at what cost?

quarry in Palpa district in the fiscal year 2019/2020. The company earned a profit of Rs1.17 billion, but paid royalty fees worth only Rs20.2 million — a mere 1.9% of its earnings.

Similarly, Shivam Cement distributed Rs1.4 billion (24% of its total profit) to shareholders in the fiscal year 2020/2021, but the company paid just Rs26 million in royalty to the government.

Thapa at the Cement Manufacturers' Association counters, says raising the royalty fee for limestone extraction could only make cement costlier for builders.

Nepal's annual per capita cement consumption is 303kg, higher than India (195kg), but much less than China (1,716kg) and even Bhutan (734kg). At the present rate of growth domestic cement demand could reach 25.8 million tonnes by 2025.

This means an unsupervised cement industry would end up not just affecting ground water, disturb fragile mountain slopes to trigger landslides, but also increase Nepal's carbon footprint at a time when the country has committed to net-zero emissions by 2050.

Mahendra Pandey of Dobhan in Palpa, knows all too well what a cement quarry in the neighbourhood can do to agriculture.

"Everyone talks about the benefits of the cement industry, but no one cares about how it affects us farmers here," says Pandey, who has to deal with the impact on groundwater supply, soil and air pollution from the nearby Sarbottam Cement plant. "The government is no help, it does not

care about what the people here on the ground face."

It is not that the government is unaware. All new cement factories have to complete an environmental impact assessment (EIA), but this can be easily circumvented, while report after report submitted to the government have been warning about the need for harm reduction in the cement industry.

In a 2021 survey conducted by Nepal Rastra Bank, 92% of respondents said that cement industries caused air, water, noise and soil pollution in their communities, severely impacting their livelihoods.

Last month, the CIAA started legal proceedings against 9 cement companies, three directors and staff of the Department of Mines and Geology. They are alleged to have colluded to allow more limestone extraction than permitted, for flouting environmental norms, and evading royalty fees.

It took two decades of relentless activism for the government to close down Himal Cement Factory in Chobhar which had affected the health of Kathmandu Valley's population. But that was because it was the capital.

Since then, the government has allowed two private cement factories to operate in Dhading's Naubise which is situated in a narrow Valley that traps suspended particles.

Locals living near mining sites in Palpa and Dang have long opposed the operation of cement factories in the districts due to increased pollution in the region. Residents

in Makwanpur have also held protests against the limestone mines operated by Shivam Cement, citing environmental pollution.

In fact, not even World Heritage Sites like Lumbini are protected: there are now a dozen cement factories within the 10km-radius from the birthplace of the Buddha (pictured, left).

There is no government monitoring of the limestone being extracted, and royalty fees are determined based on documents submitted by the companies themselves.

Cement factories transport limestone in overloaded tipper trucks from quarry to factory, destroying road surfaces. Ironically, an industry that is supposed to be the backbone of infrastructure is ending up damaging the country's arterial highways.

In a recent paper in the *Journal of Development Innovations*, authors Birendra Sapkota and Kumar Khadka link soil erosion to poor management and monitoring of limestone excavation practices.

Shivam Hongshi, one of the largest cement companies in Nepal, obtained the EIA approval in 2017 after the project was already half-completed. Huaxin Cement Industry was up and running in 2019 without EIA approval, concerns over which were even raised in Parliament.

Moreover, in May 2021, the Ministry of Forests and Environment made amendments to the Environmental Protection Regulations 2020 such that development projects will now be allowed to use up to 25 hectares of forest land after conducting only a

preliminary environmental assessment. Previously, an EIA was mandatory for all projects requiring more than five hectares.

Meanwhile, even as Nepalis living and working in proximity to mining sites and cement industries bear the brunt of resulting environmental and health crises, they receive few financial benefits.

"Stone, gravel and sand mining are controlled by a select few Nepali companies who reap the financial benefits while the locals incur damages to their livelihoods and the environment," says former finance secretary Rameshore Khanal.

Indeed, the excavation and sale of aggregates, boulders and sand from riverbeds have become so lucrative that local governments depend on them for revenue for development work. An estimated Rs100 billion worth of riverine products are traded annually in Nepal, with at least 600 'crusher' industries converting them to raw materials for infrastructure.

At COP26 in Glasgow, Nepal pledged to increase its forest cover to 45% of land area. But overexploitation of government-owned forest areas for infrastructure, hotels, cable car ventures, hydropower plants, haphazard housing colonies now threaten these gains.

Says economist Pushkar Bajracharya says: "When natural resources are managed in a way that benefits the people, it can reduce poverty and increase income."

But Nepal clearly has not found that balance as it hurtles headlong down an unsustainable growth path. 🇳🇵

**Ramesh Kumar**





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# 10 reasons to leave Nepal

However much we love our country Nepal, there comes a time when we have to take the bull by its horns or, as they say in the migration sector, hoist ourselves up by our own petard.

Since space is limited this week due to commercial encroachment, let's not waste too much time beating needlessly around the bush, since a bird in the hand is worth two in the aforementioned bush, both of which we can kill with one stone at an opportune moment. So, without further ado, no more to-ing and fro-ing and weighing pro's and con's, allow me to hand the floor to the Chair of this week's session to list ten reasons why we think we should all get the hell out of here:

1

Nepal's population has crossed 29 million, our food and fuel imports are rising exponentially, foreign exchange reserves can only pay for 6 months of imports. It is therefore every Nepali's patriotic duty to do his/her/its part not to be a further burden on the Motherland. The last one to leave please turn off the light.

2

This is the year with elections for all three levels of government. So, let us vote with our feet.

3

The latest Corruption Perception Index released by Transparency International shows that Nepal's ranking is stuck at #117 in the list of countries deemed to be most corrupt. This means that despite ample opportunities for malfeasance during the Covid-19 crisis, and utmost efforts by the country's bureaucracy, politicians, industrialists to foster a culture of bribery, Nepal is still exactly where it was last year in the Corruption Index,

4

Ten years ago, Nepal's top economists had confidently predicted that by the end of the decade Nepal would be a 'failed state'. We have failed to achieve that goal. Instead, Nepal is preparing to graduate to Middle Income Status by 2025. If we cannot even reach the goal of being a failed state, it is futile to waste time hanging around to wait for it to happen.

5

The government is making it impossible for illegal sand miners, limestone quarry contractors, cement tycoons and willful defaulters to earn a decent living and flaunt our wealth. We are not even allowed to adulterate honey anymore. How can we live in a country that does not respect risk-taking and entrepreneurship to take someone else's money and run?

6

There are no more idols left to steal anymore, so why stay?

7

There is too much petty corruption, but not enough grand larceny, profiteering and breach of trust on large infrastructure projects to make it worthwhile to do business in Nepal anymore.

8

The new Media Code of Ethics does not even allow journalists to accept envelopes during free lunches.

9

Go where there is enough water for a nice long hot bath.

10

If you gotta go, you gotta go.

The Ass

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