

June 27-July 03, 2008

SPOTLIGHT

C.D.O. Regd. No. 151/039-40
Postal Regd. No. 20/064-65

1.00
US \$ 2.00
US \$ 2.00
US \$ 2.00

1.00 Australia/New Zealand.....
1.00 Europe.....
1.00 USA/Canada.....

US \$
US \$
US \$

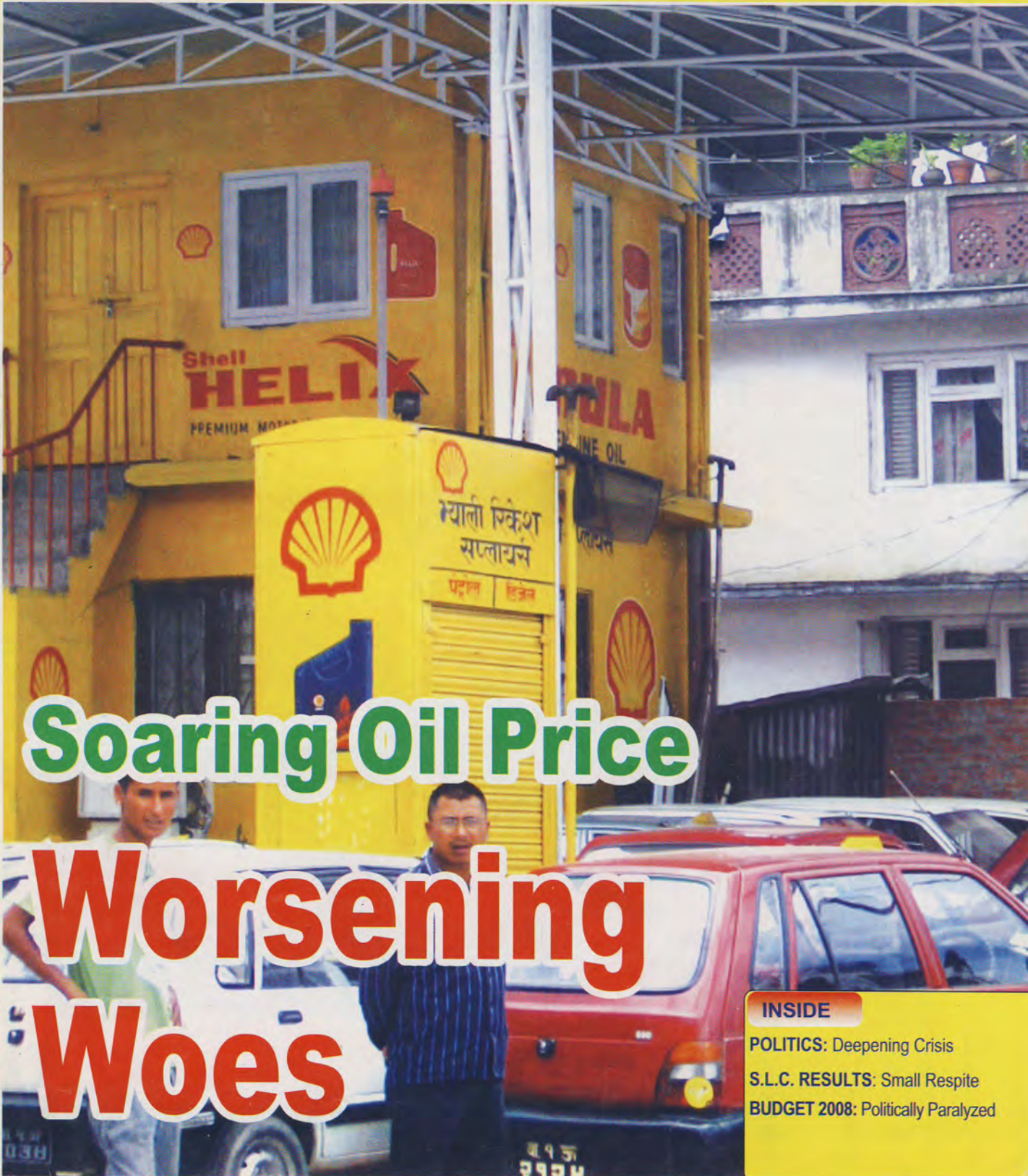
China/Korea.....
ME/Israel.....
Hong Kong/Taiwan.....

1.00
US \$ 1.00
US \$ 1.00
US \$ 1.00

Other SAARC Nations.....
Asean Countries.....
Japan.....

30.00
25.00
25.00

Nepal.....NRS.
India.....IRS.
Bhutan.....NU.



Soaring Oil Price

Worsening Woes

INSIDE

POLITICS: Deepening Crisis

S.L.C. RESULTS: Small Respite

BUDGET 2008: Politically Paralyzed

अब... १* रु. १ मै बचत खाता



नेपाल इन्भेस्टमेन्ट बैंक बढी भन्दा बढी नागरिकहरुमा बैंकिङ्ग सेवाको पहिलो अनुभव एवं बाजी बस्न सक्नेोस भन्नाका लागि सजोरब प्रस्तुत गर्दछ... **मात्र रु.१ मा**

“आफ्नै बचत खाता”


सम्पूर्ण अन्तराष्ट्रिय स्तरको सेवा सुविधा सहित ।



जीवनका पहिला पलहरू देखि नै बचतको बानी सुरक्षित भविष्यको लगानी

*सर्वोच्च न्यायिक निकायबाट

Ad Media/NIBL/RM-1-107


नेपाल इन्भेस्टमेन्ट बैंक लि.
NEPAL INVESTMENT BANK LTD.
Truly a Nepali Bank

ब्रान्च केन्द्रहरू:

- Dunbar Marg, P.O.Box : 2412, Kathmandu, Nepal. Tel: 4228228, 4242350. Fax: 4228348, 4228827
- Patilhasidhak : 4445303
- Spitali : 8615617
- Baranagar : 21534523
- Naryagah : 5653261
- New Road : 4230374
- Banga : 11862401
- Palaha : 81535819
- Jamnapur : 41527331
- Thamel : 4218443
- Birgunj : 51525927
- Biraha : 81535819
- Nepalgunj : 81528832
- Pulchowk : 5520346
- Jampur : 34520937
- Bharatnagar : 73381



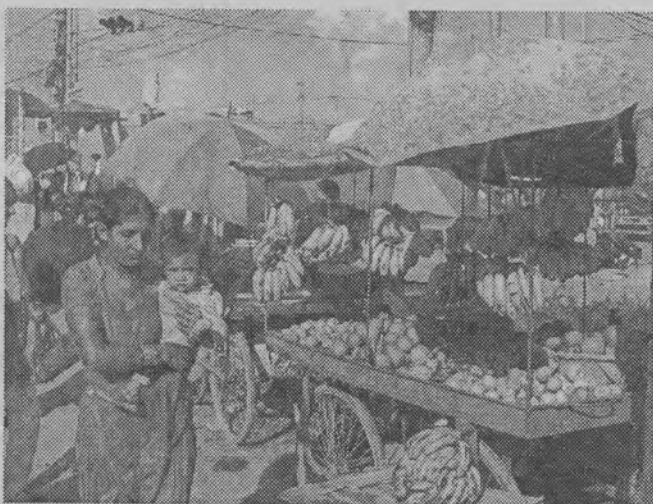
CONTENTS

	Page
LETTERS	3
NEWS NOTES	4
BRIEFS	6
OPINION : Dr. Ananda Bahadur Thapa	7
SEVEN-PARTY COALITION: Beginning of End	9
SLC RESULTS: Small Respite	10
UK MINISTER'S VISIT: Show Of Support	18
INFLATION: Dangerous Movement	19
POLITICS: Deepening Crisis	20
VIEW POINT : Dr. Surya Dhungel	22
QUOTEUNQUOTE/TRANSITION	23
MUSIC: Festive Occasion	24



COVER STORY: Worsening Woes

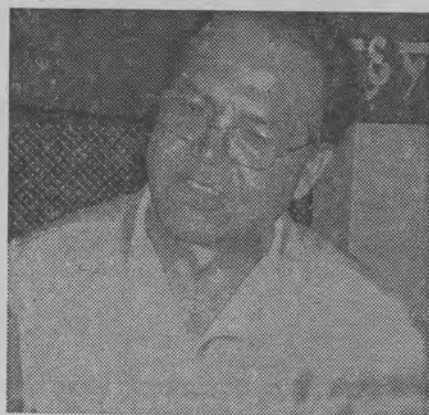
The unbridled rise of prices and supply disruption has made the lives of millions of poor people miserable Page 12



BUDGET PREPARATION: Politically Paralyzed

In the absence of political certainty and leadership, the budget for the coming year is only going through technical and bureaucratic preparations Page 11

INTERVIEW: Jhal Nath Khanal The general secretary of UML elaborates about latest pact between his party and the Maoists Page 16



SPOTLIGHT

THE WEEKLY NATIONAL NEWSMAGAZINE

Vol. 27, No 41, June 27, 2008

Ashad 13, 2065

Chief Editor And Publisher

Madhav Kumar Rimal

Editor

Sarita Rimal

Managing Editor

Keshab Poudel

Senior Reporter

Sanjaya Dhakal

Cover Design & Layout :

Hari Krishna Bastakoti

Layout

Jyoti Dangol (Singh)

Photographer

Sandesh Manandhar

Legal Advisor

Advocate Lok Bhakta Rana

Marketing

Navin Kumar Maharjan

Madan Raj Poudel

Editorial Office

GPO Box 7256, Maitidevi, Kathmandu

Tel (977-1) 4423127 Fax: (977-1)

4417845

Chief Editor's : 4435594,

E-mail : spot@mail.com.np

Internet : www.nepalnews.com/spotlight

Distribution : R.B. News Paper Traders

New Road, Kathmandu, Nepal

Ph : 4232784, 2020247, 4244679

E-mail : rbnewspaper@hotmail.com

Printers : Pioneer Offset Printers (P.) Ltd.

Dillibazar, Kathmandu

Ph : 4415687, Fax: 977-1-4438650

C.D.O.Regd. No

151/039-40

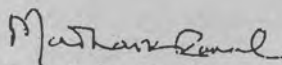
Postal Regd. No

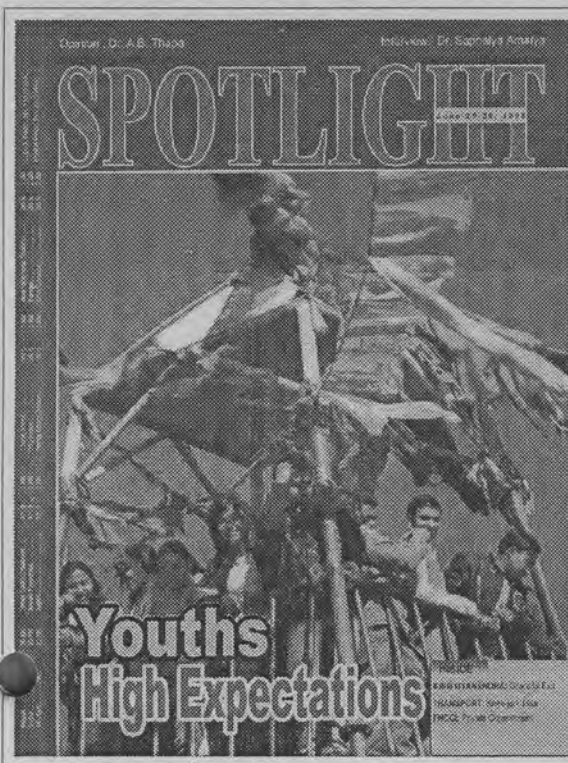
42/61/62

U.S. Library of Congress

Catalogue No. 91-905060

Two and a half months after the elections to the constituent assembly, the major political parties in the newly elected assembly have still not succeeded to arrive at any workable solution and the poor countrymen are being continuously pushed to greater hardships. Even though the process of frustrations and disillusionments at the behavior of their politicians has started opening the eyes of the teeming poor Nepalis, they are still not yet prepared to come out in open revolt against such political leadership. Nothing could be more demoralizing and disastrous for the poor country than the self-oriented character of senior Nepali politicians who don't want to learn from their past experiences that piggy-back-politics neither helps them nor their country. It seems they have not seen the rodeo where the rider is thrown off the shoulders by the bulls in a very short time. The CPN (Maoists) have yet to take the reins of the government in their hands even though some of their senior politicians have tested the pleasures of unearned income and must have fallen a prey as is demonstrated by their fight for power. Their charisma with the local people is gradually dying and if they don't mend their manners, will completely evaporate very soon. Their obduracy not to give up their militant character does not only generate great misgivings about their overall intentions but also creates apprehensions that they might not fit in to rule the country in a democratic set up. And the days of one party government or regimented administration can be started only on the Mars. And they must know how long they would have to wait for that. So, we would like to advise them to come down to solid earth and start behaving like other ordinary Nepali patriots – not like older generation of politicians. Neither should they overlook the possibility of some other militant political party emerging in the country. The worsening situation in the country could very well be arrested, to a great extent, if our student community stopped being led by anti-national politicians. The future anchors of our independence and sovereignty and also good administration and enviable statesmanship, they must not emulate what happens in the neighborhood. The big neighbor had to struggle hard and fight a powerful colonial power to regain their independence. And consequently they had to mobilize the big student force. But our country does not face any of their problems. Our student force must be more disciplined and try to lead the unscrupulous politicians rather than be led by them. They have a big responsibility to shoulder? Will they take up the challenges?


Madhav K. Rimal*Chief Editor & Publisher*



Southern Attitude

India's former foreign secretary Kanwal Sibal showed what attitude India's high level Babuji holds on Nepal. It is open to all that India gave safe sanctuary, logistic support and training to Nepalese Maoists in the last twelve years. However, Sibal tries to link Maoists with the palace. As geography binds the people of two countries, no patriotic Nepali can even think against India. Sibal's article is just a biased mindset of India's babuji and his views don't represent that of the overwhelming majority of patriotic Indians.

Yam Bahadur Rai
Via email London

student wings, the political parties should provide them employment opportunity. Youth need opportunities not protection.

Sunil Shukya
Via email

Commercial Key

I agree with you that the commercialization is the key to increase the agriculture productivity (Cover story Agriculture Commercialization Is the Key June 13-19). Although the government has made several efforts in the last few years to transform agriculture from subsistence-based to commercialisation promoting the off-season vegetables and other cash crops resulting in the increase in the income of the farmers. However, this practice is still confined to just a few areas. At a time when the world is facing food crisis, the only way out is to increase the production or yield. The diversification of the crop system is another important aspect to increase the production. One can hope Nepal will follow the market oriented approach.

Astha Karki
Via email

Timely Tale

The cover story on Youths: High Expectations (June 20-26) was very relevant. At a time when a large number of youths are unemployed and uneducated, the country is always vulnerable for political and economic instability. With the number of young population entering into the job market reaching 300,000 a year, we require a high economic growth rate. However, the country's economic performance is yet to grow to meet the demand. I agree with you that as the country does not have programs to generate employment, growing number of involvement of youths in criminal and other political activities have already indicated that the human time bomb is ticking.

Janaki Shrestha
Via e-mail

Shocking Situation

It is shocking to know that the number of youths involved in criminal activities has increased. If these trends continue, the country will have to face serious consequences in the future. The incident of Tiwari is a good example how an

unemployed youth can agree to kill a person just for a small amount of money. This is an alarming situation. During the twelve years long Maoist insurgency, many youths joined the insurgent group but some of them have now come out and are involved in criminal activities. Thanks to legal impunity, most of the insurgents were given amnesty for their past crimes. Unfortunately, they are now active in such activities hoping that they will receive similar amnesty.

Shital Lama
Via e-mail

Exploiting Resources

Political parties, which are supposed to work out plan for betterment of youths, are exploiting unemployed youths to pressure the government. One can easily see the number of youth participation in political activities. It is very unfortunate to know that large numbers of youths are recruited in party forum but they don't have any economic program to engage them in productive sector. In the last few years, all the political parties tried to attract youths in their student wings. Instead of encouraging students to join their

Agro Story

It was good to read the cover story on Agriculture. I hope you will increase coverage of such stories in the coming days. One of the important aspects about your cover story is the improvement made in the agriculture sector by applying new methods of production of vegetables. Our experiences have shown that Nepalese farmers have comparative advantages in the agriculture sector than in other areas. As the farmers of our neighbour India receive high subsidy to grow rice and wheat, Nepalese farmers who do not get any subsidy, cannot compete in the market by producing such products. But by switching to growing vegetables, Nepalese farmers can not only make the money but also compete with the farmers from neighbouring country.

Ashok Chaudhary
Birgunj via email

Koirala Says He Is Ready To Step Down

In view of increasing 'mutual consent' among the Maoists and the UML on the issue of president and both of them refusing to back his presidential bid, Prime Minister and Nepali Congress (NC) president Girija Prasad Koirala has hinted that the NC would not be part of the next government. Speaking during a meeting of the seven-party alliance at his Baluwatar residence Thursday (June 19) evening, Koirala said he was ready to step down and that he was not willing to hold any position. Koirala said he would resign as soon as the seven parties suggested him where he should submit his resignation letter. The NC, he said, will fully involve itself in the constitution-making process. He spoke for three minutes at the start of the meeting and left the meeting hall, reports say.

Compiled from reports

Minister Yadav Defends His Action

Minister for Forest and Soil Conservation, Matrika Yadav, has defended his action of locking up a Local Development Officer (LDO) of Lalitpur, Dandu Raj Ghimire, in the toilet of the ministry on Tuesday (June 17) for not following his orders. Organizing a press conference at the ministry Thursday, Yadav said he would not apologize for



his action against LDO Ghimire and that he would keep on taking similar actions against corrupt officials. "I don't think I should apologize for locking up a corrupt person in the toilet. There will be more stringent action against corrupt officials in future," Yadav, who has frequently courted controversy for his maverick actions in the past, added. Accusing the protesting government officials of

supporting a corrupt official, the minister said that such pressure applied by "a bunch of government employees" would not intimidate him. He also came down hard against media for helping the 'corrupt.' He accused that a section of media run under the investment of 'corrupt and smugglers' had become a shield for 'corrupt employees.' He further said, "My latest action must have raised the hackles of the corrupt lot." He however, urged the protesting officials to return to work. Local body officials, Wednesday, shut down the local bodies throughout the country protesting the minister's action against the Lalitpur LDO. *Compiled from reports*

Civil Servants Up In Arms Over Yadav's High-Handedness

Civil servants Wednesday protested at what they described as the illegal, inhumane and uncivilized behavior of the Minister for Forest and Soil Conservation Matrika Yadav, who allegedly tormented the Lalitpur district Local Development Officer on June 17. The civil servants demanded Minister Yadav, who called the LDO to the ministry and locked him inside a toilet, to publicly apologize. Minister Yadav allegedly locked Lalitpur LDO Dandu Raj Ghimire in the toilet of his office on Tuesday for allowing a boulder mine at Lalitpur community forest. The local government employees have announced to shut down VDCs, DDCs and municipalities across the country on Thursday. Employees associated with Nepal Civil Servants Association, Civil Servants Union, Federation of District Development Committee, Federation of Professionals and Employees at Lalitpur District Development Committee (DDC) took out the protest against the Forest Minister's brutal behavior. The agitating civil employees at the Ministry of Forest and Lalitpur DDC decided to halt their work for Wednesday. Likewise, Employees at Lalitpur Department of Forest staged a demonstration in front of the district forest office at Hatti Ban in protest of the incident. A statement released by Lalitpur chapter of Civil Servants Association mentioned that

Minister Yadav's use of force to lock up an employee was a blatant attempt to exercise feudal punishment. Stating that the incident was a slap in the face of the law, the civil employees warned the minister not to repeat the act again. Meanwhile, local people of Lalitpur vandalised the District Forest Office and torched an effigy of Minister Yadav accusing him of unlawfully arresting one Giri Prasad Timilsina in his direct order. The locals have accused that the Minister arrested and sent Timilsina – who is a district member of Nepali Congress (NC) – to Nakhu jail for 'encroaching forest land.' "Can a person like a minister arrest people unlawfully? He has been arrested without fulfilling legal procedures in a direct violation of rule of law," said Khum Prasad Ghimire, president of NC of Lalitpur constituency. *Compiled from reports*

Experts Stress On Use Of Ethanol And Biodiesel

Experts have stressed the need to switch to the use of ethanol and biodiesel to lessen the financial burden created by spiraling price of petroleum products. According to Professor Amrit Nakarmi of Energy Study Center of Pulchowk Engineering College, only the use of such alternative fuel can provide relief to consumers. Even though the government has authorized the mixing of 10 percent ethanol in petrol four years ago, it has not been implemented. Professor Nakarmi said that up to 20 percent ethanol can be mixed in petrol. Likewise, up to 20 percent biodiesel can be mixed in diesel. Ethanol can be produced from molasses – the byproduct generated during the process of producing sugar from sugarcane. Biodiesel can be produced from various plants. As per the data of Nepal Oil Corporation (NOC), Nepal consumes 144 million liters of petrol a year. Ten percent of that will mean 14.4 million liters. If ethanol is used as a substitute, the import of petrol can be reduced by 14.4 million liters a year – valued at Rs 1.44 billion at current market price. Likewise, if up to 20 percent biodiesel is mixed in diesel, yearly import of diesel can be reduced by 84 million liters equivalent to Rs 7.56 billion at current price. The annual consumption

of diesel stands at 420 million liters. "These substitutes are being used all over the world. Here we have not done anything to provide relief to consumers," said Nakarmi. According to sugar industrialist Diwakar Golchha, a liter of ethanol costs Rs 58 to 60—much cheaper compared to the cost of petrol at Rs 100 per liter. Golchha added that local sugar mills can produce 10 million liters of ethanol a year. *Kantipur daily reports*

Martin Urges Nepal Govt To Define UNMIN's Role

Chief of United Nations Mission in Nepal (UNMIN), Ian Martin, called on Prime Minister Girija Prasad Koirala in Baluwatar Wednesday (June 18) and discussed the mission's role in Nepal's ongoing peace process. According to Prime Minister's foreign affairs advisor Utiya Baral, Martin said that the Nepal government should now explain the role it wants the UNMIN to play. In response, Prime Minister Koirala said the government very soon would take a decision regarding the UNMIN's role after consultations with the parties. UNMIN's term, which was renewed by six months, ends on July 23. It is not yet clear whether the government will ask the UN for some role in the proposed army integration. Army integration has been the one of the hotly debated issues in the meetings of the three main parties, as they are sharply divided on how and when the integration should proceed.

Nepalnews.com reports

Human Error Caused UNMIN Chopper Crash

The government-formed commission to investigate into the UNMIN chopper crash in Ramechhap district concluded on Tuesday (June 17) that the human error was the reason behind the incident, which took lives of 10 persons on March 3. The MI-8MTV-1 helicopter Ra-27019, operated by Vertical-T for the United Nations Mission in Nepal, crashed in Bethan-9 in Ramechhap, killing all seven passengers and three-member crew. "The investigation has concluded that the chopper crashed due to the violation of regulation, lack of experience and familiarization with local terrain and weather as well as poor handling of flight

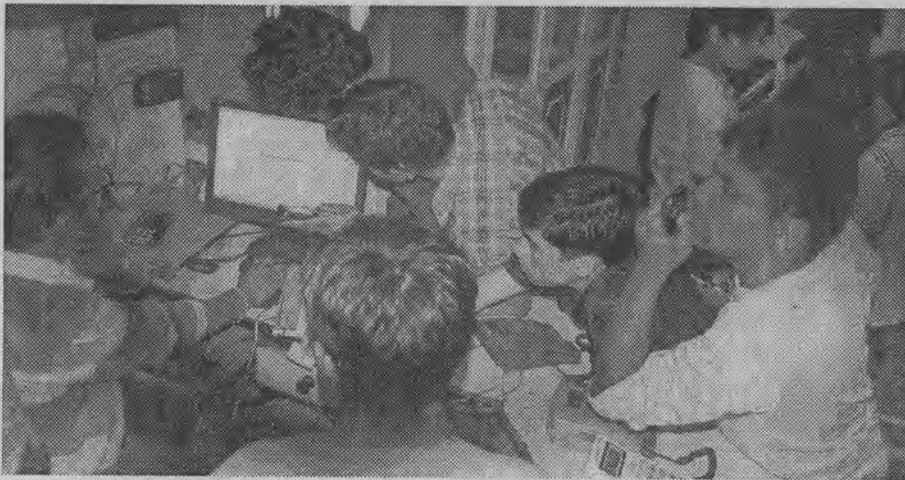


control system by the flight crew in an emergency situation," said Dron Raj Regmi, the chief of the commission. The report raised doubts over the ability of Russian pilot. However, it failed to elaborate why and how both engines were shut down. "There was no record of the crew's conversation in the flight deck," Regmi said. The Cockpit Voice Recorder also could not be used in the course of investigation, as it was not set to the starting position before the first flight of the day, he said. "The crew conducted flight in a helicopter certified for Visual Flight Rules into Instrumental Meteorological Condition and encountered the clouds. Severe turbulence and absence of visual cues led to spatial disorientation among the crew members, leading to loss of control of the helicopter," the report states. "The flight crew decided to take the flight to 4,000 metres to avoid difficult terrain and weather without acquiring a weather forecast and without route planning." The report adds that after the engine shut, the pilot in command was unable to bring the helicopter safely to the ground in autorotation. The Russian pilot was said to have only 10 hours of flight experience in Nepali terrain and also had problem in communicating in English. The commission has recommended the Civil Aviation Authority of Russia to take steps to prohibit the wrong practice of flight crew of helicopter carrying out Instrumental Flight Rules flights for VFR certified helicopters. "The UN should designate responsible persons for engineering, quality control, chief pilot, store in-charge," the report adds. It states that the Civil Aviation Authority of Nepal should make the foreigners operating aircraft here aware of safety regulations of the country. The report was handed over to the secretary at Ministry of

Culture, Tourism and Civil Aviation, Lilamani Paudyal. *The Himalayan Times daily reports*

Rs 200 B Budget Likely

Senior finance ministry officials said the budget for the fiscal year 2008-2009 could go up to Rs 200 billion. The accumulated demand from different ministries, constitutional bodies and government agencies stands at around Rs 240 billion, though. The projected outlay is 20 percent more than the revised total expenditure of Rs 165.50 billion in the current fiscal year ending in mid-July. "The budget of Rs 200 billion is manageable at the current state of economy and the total amount is about 22 percent of the GDP," finance secretary Vidyadhar Mallik said. "The actual budget size, however, would depend on new government's policies and programs," he added. He said the delay in formation of new government could have some impact on finalizing the budget even as its technical part was ready and the Finance Ministry officials were fully involved in the preparatory works. Krishna Hari Baskota, chief of budget division at the ministry, said ministries of health, education, local development, forestry and physical planning had demanded comparatively more budget than the other ministries. Health Ministry alone has asked for at least 10 percent of the total budget, according to Baskota. The demand from the Ministry of Education and Sports is also significant, as it has stressed the need for providing education to all. The ministry has sought budget for recruiting 62,000 teachers, supporting over 23,000 public schools and launching new schemes to increase girls' enrolment nationwide. The Ministry of Agriculture and Cooperatives has proposed many exciting programs including subsidy on chemical fertilizers to farmers that would require Rs 9 billion a year. The Peace and Reconstruction Ministry has demanded Rs 7 billion to implement the peace process, management of the Maoist combatants in cantonments and to rehabilitate the internally displaced people and other post-conflict activities. The Ministry of Physical Planning and Works has demanded budget for Kathmandu-Terai fast track road and development of alternative routes to minimize traffic congestion in urban areas, particularly in the Valley. *The Himalayan Times daily reports* ■



Anxious students checking out SLC results in the internet in a cybercafe Kantipur

THE PANEL WHICH WAS ASSIGNED the job of auditing the former Narayanhiti palace's properties and assets Friday (June 20) tabled its report to the government. The panel's coordinator Govinda Kusum said the 550 page report was handed to Prime Minister Girija Prasad Koirala. The report mentions and lists the royal crown, sceptre and other royal assets. It also suggests ways in which to change the palace into a museum. The panel had completed its report after 20 days.

THE GOVERNMENT OF NEPAL AND KOREA Eximbank, the export-import bank of Korea, are to sign a \$45 million loan agreement for the construction of a 30-MW hydropower plant for the Chameliya hydropower project and installation of a transmission line in Darchula. The estimated cost of the project is \$9.99 crore. Korea Eximbank and Nepal's Economic Cooperation Development Fund (ECDF) have agreed to contribute 45 percent of the total cost, according to an official at the Department of Foreign Aid. The loan will be used for the procurement of goods and services required for the implementation of the project, to be completed within 48 months of the effective date of the loan agreement. Nepal Electricity Authority, the executing agency, also completed the 14-MW Modi Khola Hydroelectric project in 2000, similar to the Chameliya project. The loan carries an interest rate of 0.5 per cent per annum and has a maturity period of 30 years including a 10-years grace period, after which the loan must be repaid in semi-annual installments. The contract will be awarded to bidders in a consortium of Korean and Nepali firms. Korean firms will lead the consortium and undertake a majority of the work assignment.

THE MINISTRY OF LABOR AND TRANSPORT MANAGEMENT has authorized the transport entrepreneurs to raise their fare only by 25 percent – as against the suggestion by the Fare Fixing Committee to increase the same by up to 35 percent. The transporters had demanded the increase after the hike in price of fuel by around 21 percent. In the face of growing opposition by the students against the fare hike, the Ministry has also decided to provide 43 percent discount

in travel fares for students and those injured in People's Movement. Earlier, the students used to enjoy 33 percent discount in travel fares. Shyam Prasad Mainali, Secretary at the Ministry, warned that the government will take strong action against those found charging fares in excess of its permitted level.

SUPREME COURT JUSTICE Min Bahadur Rayamajhi and US Ambassador Nancy J. Powell formally launched the Strengthen Rule of Law Program in a ceremony at the Supreme Court on Wednesday (June 18). The United States, through the US Agency for International

Development (USAID), has pledged nearly USD 1,791,000 to the two-year program which will support Nepal's initiatives for strengthening the judiciary and improving access to justice, a statement issued by the embassy said. The Strengthen Rule of Law program, which will be implemented by the Asia Foundation, will help the judiciary in building the foundation for credible and efficient justice institutions and providing responsive and accessible dispute resolution services. The program is also believed to help build the capacity of court staff, prosecutors and judges. Speaking at the ceremony chaired by Justice Min Bahadur Rayamajhi, Ambassador Powell said, "This program will not only improve people's lives, but also help pave Nepal's path to sustainable peace by demonstrating the government's commitment to provide legitimate and efficient mechanisms for redressing grievances."

THE CONSTITUENT ASSEMBLY (CA) sitting has been postponed for an indefinite period due to lack of agenda for discussion. The CA sitting Wednesday (June 18) ended after nominating 11 members to act as its chair until chairman is elected Wednesday. Speaking at the Assembly, CA members criticized the parties for failing to find a point of consensus even in two months since elections were held. Nepali Congress leader Narahari Acharya accused parties of disrespecting the Assembly by only engaging in power sharing negotiations. He said it was pity for the party leaders who could not reach a consensus on head of the state and appointment of 26 constituent assembly members. Maoist members Dharma Shila Chapagai accused the Nepali Congress of sticking with the government thereby not paving the way for formation of new government. Gagan Thapa, Ram Baran Yadav, Chandra Bahadur Gurung and other members called on the parties to make effective the role of the Assembly. The second session of the CA, acting as legislative parliament, has begun in the afternoon where Home Minister Krishna Prasad Sitaula is scheduled to present three bills for endorsement. ■

HISTORY OF CHINA'S GRAND CANAL

•Dr. AB Thapa

Nepal and India had few years back agreed to carry out detailed studies of the Kosi development works primarily to avert the Kosi flood disaster. Components of the Kosi development works have already been identified in the 1997 Indo-Nepal agreement to conduct jointly the feasibility studies. The feasibility studies would cover the Sun-Kosi high dam project, the Kosi high dam project and a navigation canal linking Nepal with the seaport The 165 km long navigation canal extending from Chatra in Nepal to the Ganges river in India would be the most important component of the Kosi development works equally benefiting both Nepal and India that would help to promote the commerce and industrial development

in our region. About 120 km long stretch of the proposed navigation canal would have to be dug in the Indian territory.

China is among very few countries in the world where the inland water transport was developed from the time immemorial. There are 5,800 rivers in China, totaling 430, 000 kilometers in length, of which 109,000 are navigable.

China is among very few countries in the world where the inland water transport was developed from the time immemorial. There are 5,800 rivers in China, totaling 430, 000 kilometers in length, of which 109,000 are navigable. In the last 40 years, large rivers have been regulated and small rivers canalized. Nepal and India can learn a great deal from the China's past experience. Grand Canal is China's oldest waterway. It dates from a period long before the Christian era and served as means of navigation and communication

Longest Canal System

Grand Canal is a waterway in eastern China, connecting Hangzhou in the south with Beijing in the north. It is the world's longest canal system, extending in a generally north-south direction for 1,900 km.

Construction of the Grand Canal is regarded to have been attributed to the initiative of Yang Guang, the second emperor of the Sui Dynasty (581-618). The original canal route was constructed during his reign linking the northern region of present-day Beijing with the southern rice-growing region around the city of Hangzhou, on the Huang He (Yellow River). The canal system incorporated and expanded some existing canals, the oldest of which dated back to the 4th century BC and it connected the Yangtze (Chang Jiang)

River and the Huai He. The oldest part of the canal lies between the Yangtze and the city of Huai-yin (also called Ch'ing-chiang; in Kiangsu province), which was originally on the Huang Ho (Yellow River) when that river had a far more southerly course. This section, traditionally known as the Shan-yang Canal, in recent centuries has been called the Southern Grand Canal (Nan Yün-ho). This ancient waterway is believed to have been constructed as early as the 4th century BC. It was rebuilt in AD 607, and



has been used ever since The Sui Dynasty (581-618) built the first great canal system in 607-610, constructing a north-east-southwest link from the Huang Ho

(when the Huang had a northern course) to the Huai River. Known as the New Pien Canal, it remained the chief waterway throughout the T'ang period (618-907) and in the early Sung period (960-1126).

New Demand for Transportation

The need for a major transport link again arose under the Yüan (Mongol) dynasty (1279-1368), whose capital at Peking required a grain-supply system. In 1282-83 it was therefore decided to build a new canal from the Huang Ho—which since 1195 had changed its course southward to usurp the former mouth of the Huai below Huai-yin—to the Ta-ch'ing River in northern Shantung province, which was dredged to give an outlet to the sea. The mouth of the Ta-ch'ing, however, silted up almost immediately. An alternative canal, cut across the neck of the Shantung Peninsula from the harbour also proved impracticable and was abandoned. Eventually another stretch of canal, the Hui-t'ung Canal, was built to join Tung-a-chen on the Huang Ho with the Wei River at Lin-ch'ing. In this way, the modern Grand Canal came into operation.

Yuan Dynasty and Grand Canal

Yuan Dynasty, 1279-1368, the period of Mongol rule over China initiated by the conquest of the Southern Song (Sung) Dynasty by Kublai Khan. Northern China had fallen to the

Mongols in 1234, but more than 40 years passed before they gained control over and incorporated the rest of the country into what proved to be the largest land empire in world history. Under the leadership of Genghis Khan and then of his descendants, the Mongols in the 13th century carved out an empire stretching from what is now Korea and western Russia in the north to Burma and Iraq in the south.

During the 13th century, Mongols swept through China from the northwest. Kublai Khan, the Mongol leader, established the Yuan Dynasty (1279-1368). It was during his reign that Marco Polo and other European traders established contact with the Mongol Empire.

The Mongol Empire linked Europe and East Asia, initiating the first direct contacts between China and the West. After the Mongols imposed their rule over much of Asia, they promoted

trade and travel, permitting West Asian and European traders, artisans, and missionaries to reach China. Chinese silks and ceramics arrived in Europe via

Eurasian caravan trails and stimulated European demand for these products, inspiring the search for a sea route to East Asia.

Yuan Dynasty rulers fostered trade and accorded merchants a high social status. Moreover, they promoted commerce by increasing the use of paper money, by offering cheap loans to merchant associations, by building roads, and by allowing traveling merchants to lodge and to obtain supplies at government postal stations, which were located about 32 km apart throughout the empire. Concern about supplying the new capital led the Yuan court to initiate the ambitious project of rerouting and expanding the GRAND CANAL, aiding the shipping of surplus grain from southern China to the less fertile lands of the north.

Peking Again Became Capital

At the beginning of the Ming dynasty (1368-1644), the capital was at Nanking. After Peking again became the seat of government in 1403, the whole canal—including the section from Lin-ch'ing on the Wei to its junction with the Huang Ho, which was dredged and repaired, remained in operation until the 19th century. It comprised six main sections: (1) a short canal from the outskirts of Peking to T'ung-chou, (2) a canalized river joining the Hai River to Tientsin and then joining the Wei River as far as Lin-ch'ing, (3) a section in Shantung rising over comparatively high ground from Lin-ch'ing to its highest point near Chi-ning and then falling

again to a point near Sūchow, a difficult stretch with a number of sluices and dams using water from a number of small rivers flowing off the T'ai Mountains and from the string of lakes southeast of Chi-ning, (4) a stretch from Sūchow that followed the southern course of the Huang Ho as far as Huai-yin, (5) a section from Huai-yin following the ancient Shanyang Canal south to Chen-chiang on the Yangtze, and (6) a section south of the Yangtze where the canal ran southeast then southwest for some 320 km via Su-chou to Hang-chou.

New Repair Works

In the 19th century a series of disastrous floods broke the dikes of the Huang Ho (which began to move to its present northern course), caused great problems in the section of the canal between Sūchow and Huai-yin, and cut across the canal between Lin-ch'ing and Chi-ning. After the Taiping Re-

bellion (1850-64) and the Nien Rebellion (1853-68), the use of the canal as the major supply line to Peking was abandoned, and the canal gradually fell into disrepair in its northern sections. After 1934 the China carried out extensive

works on the canal between Huai-yin and the Yangtze; ship locks were constructed to allow medium-sized steamers to use this section, which was dredged and largely rebuilt.

New work was begun in 1958 to restore the whole system as a trunk waterway able to carry ships of up to 600 tons. Between 1958 and 1964 it was straightened, widened, dredged, one new section 64 km long was constructed, and modern locks were added. The canal can now accommodate medium-sized barge traffic throughout its length. The main traffic, however, is concentrated in the southern half. The canal is also used to divert water from the Yangtze River to northern Kiangsu province for irrigation, making possible double cropping of rice.

At The Present Time

Inland navigation on China's many rivers and canals accounts for a large proportion of the goods shipped within the country, and its potential for increased development is great. Despite the fact that the largest inland waterway is the Yangtze River, which has major ports at Chongqing, Yichang and Wuhan, and some 18,000 km of the Yangtze and its tributaries can be traveled by steamboats, the busiest inland waterway system in China, however, is the Grand Canal, which extends from Beijing to Hangzhou, near Shanghai. The southern portion of the canal is actually a network of many local canals and lakes. Such cities as Suzhou, Wuxi, and Changzhou are important inland ports in this region. In parts of rural China, peasants use irrigation and drainage canals as inland waterways. ■

Despite the fact that the largest inland waterway is the Yangtze River, which has major ports at Chongqing, Yichang and Wuhan, and some 18,000 km of the Yangtze and its tributaries can be traveled by steamboats, the busiest inland waterway system in China, however, is the Grand Canal, which extends from Beijing to Hangzhou, near Shanghai.



PM Koirala : End of Coalition

SEVEN-PARTY COALITION

Beginning of End

Long on the verge of collapse, the seven-party coalition is finally falling apart

By SUSHIL SHARMA

It was long on the cards. It was inevitable. It is happening now. The seven-party coalition is falling apart.

The monarchy was the sole thread binding the seven parties together. That threat disappeared last month. Then reappeared the unbridgeable differences of the parties. Over power-sharing.

The differences held the constituent assembly hostage for a month. The assembly got down to the real business only last Wednesday.

It was not business as usual, though. Battle lines had been drawn the previous night. The Maoist communist party and the UML were on one side. The Nepali Congress on the other.

The three biggest constituents of

the seven-party coalition had parted ways.

On the surface of it, the Maoists are poised to get the prime minister's chair. Prachanda is the obvious choice. And the UML the presidential suite. There is no obvious name yet. The Nepali Congress will sit in the opposition. The undisputed opposition leader Girija Prasad Koirala.

The politics of consensus is dead.

The two big communist parties together have more than a simple majority in the 601-member assembly. On that strength, they are ensured a cakewalk in the newly proposed simple majority arrangement for the country's top two offices.

The death of consensus politics should in normal situation augur well for democracy.

But there is a lurking fear of a head-on confrontation.

"The game has just begun," said an insider, "with a number of referees on the ground."

Some see the unlikely coming together of the two biggest communist parties as a direct result of intervention of one of the referees. The referee is to China.

Knowledgeable sources dismiss the suggestion. According to them, China has still kept a distance from the Nepalese Maoists, despite the latter's repeated attempts to woo it.

Sources quoted Prachanda as saying that China has advised the Nepalese Maoists to not annoy India.

But the potential consequences of a communist prime minister and president on its national security continue to haunt Delhi. Irrespective of the clout it has on them. Hence the need to keep a strong check on them

The Maoists have realized this, too. Said a prominent lawmaker involved in key power negotiations, "the demand for an opposition member in the national security council is not aimed at the Nepali Congress alone."

The recent 'revolt' by junior officers of the armed police force against their seniors in Parbat and Banke and the open show of support of the Maoist newspapers and some senior Maoist leaders to the 'revolt' have further raised the alarm bells in the 'security-sensitive' capitals around Nepal.

This concern and the resultant confusion on how to deal with the emerging situation in its neighbourhood are expected to unfold a high-voltage drama in the constituent assembly in the next few days.

"The drama will throw many surprises," said an insider. Does that mean Girija Prasad Koirala for president, still, and Prachanda for prime minister?

It's anybody's guess. But the end of the seven-party coalition will be no surprise. The coalition was doomed with the end of the monarchy. ■



Students: Checking out their result Photo: Nepalnews.com

SLC RESULTS

Small Respite

The pass percentage this year has improved but it is a small respite

By A CORRESPONDENT

The iron gate of school education, the School Leaving Certificate (SLC), had, indeed, turned out to be iron-gate not allowing many to pass through it for these many years.

This year, however, the gate opened a little bit more. Although only 64 percent of regular examinees were successful in passing this year's SLC examinations – it was the highest record.

Of the 307,078 examinees who appeared in this year's SLC examination, 1,95,689 have passed – which is 63.73 percent, the highest ever pass percentage in history of the examination.

According to results published by the Office of the Controller of Examinations (OCE) late Sunday (June 22) evening, altogether 9,882 students have secured distinction by obtaining over 80 percent marks.

Similarly, a total of 74,707 students secured first division, while 105,592 and 5,508 made it with second and third division, respectively. Of the total

number of students who passed, 112,975 were boys and 82,714 were girls.

The SLC examination this year had been held in March.

Altogether 58.64 percent students had made it through the examination last year.

Among the total number of examinees, 1088 students had dropped the exam and the result of other 1,105 have been withheld. Similarly, 32.24 percent of the total 59,963 exempted students passed this year's SLC examination. Of them, 635 students passed in first division while the number of exempted students passing in second and third division stand at 15,793 and 2,907 respectively.

Experts have said that the high pass percent this year was because of provision that SLC examination questions would be asked only from the syllabus of Grade X unlike in previous years when both Grade IX and X syllabus were part of the SLC exam. ■

APF HOSTAGE CRISIS ENDS WITH A PACT

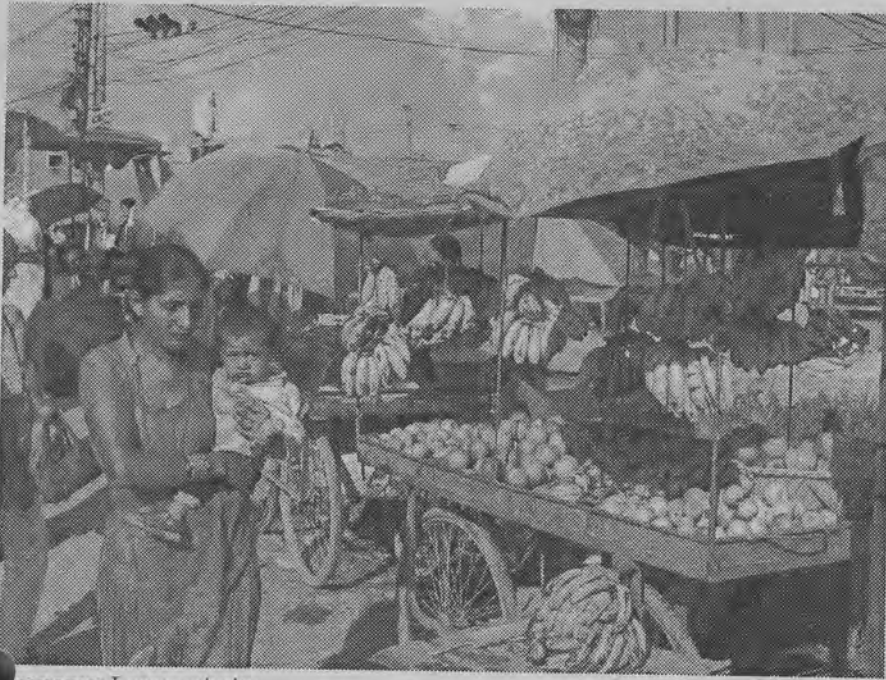
The disgruntled Armed Police Force (APF) personnel of Bageshwori barracks based at Sumshergunj in Banke district Monday released all 17 officers taken hostage on Saturday (June 21) after signing a 22-point agreement with the Home Ministry representatives, reports Kantipur.

The agitating APF police personnel released three DSP and 14 inspectors in fine condition after holding talks with the Home Ministry team. The Home Ministry team comprising Joint Secretary Mod Raj Dotel and APF Assistant Inspector General (AIG) Narayan Pandey reached Nepalgunj Sunday to negotiate with the agitating APF personnel. Around 200 irate APF constables had launched the protest accusing their seniors of misbehaving, inflicting torture and providing them with indecent food.

They have claimed that no further incidents occurred at the battalion on Saturday, although local residents had issued a number of complaints. The agitating APF officers had forwarded a 26-point demand letter to the home ministry on Sunday.

Some of their key demands included severe action against chief of the battalion Hari Shanker Budathoki for corruption, an end to physical and mental torture and equal and decent food for all. APF AIG Pandey conceded that the issue concerning misconduct in the battalion had occurred repeatedly, but could not be corrected due to internal weaknesses.

The Home Ministry's joint secretary Dotel, APF AIG Narayan Pandey, Armed and Nepal Police Mid-Western Region's DIGs and chief district official Narendra Raj Sharma were among the negotiators. ■



● Economy: Lesser priority

BUDGET 2008

Politically Paralyzed

In the absence of political certainty, the preparation of budget is moving ahead only in bureaucratic manner

By SANJAYA DHAKAL

It's been two months since the elections for the Constituent Assembly (CA) were held and almost one month since the establishment of republic, and yet there is no clear sign when the new government will assume office.

As the jockeying for power has continued since last two months, the parties have yet failed to reach to any understanding to pave the way for new government.

Every year, the government presents budget estimates for the coming fiscal year in early July. This year, however, the preparation of budget is in a limbo. The officials at the Ministry of Finance are busy preparing the budget based on technical parameters but they are lost amid the lack of clear political command in place.

After they emerged as the largest party in the CA election, the Maoists are widely expected to form the new government. But they have not been able to cobble up enough understanding to form such government leaving the job of preparing the budget in the hands of 'lame-duck' government.

According to Krishna Hari Baskota, chief of the budget division at the Ministry of Finance, they are working on schedule to prepare the budget.

"We have received demands from ministries and departments. We are working as per the parameter fixed by the National Planning Commission – which has asked us to prepare budget remaining within the minimum of Rs 184 billion to maximum of Rs 189 billion limit," said Baskota.

"However, how the budget preparation moves politically is something that only the political leadership will know," he added.

Each and every government wants to have a stamp of its policies reflected in the budget. As such, the Maoists who could soon be forming the government would want their policies reflected in the budget. But due to the delay in reaching political settlement, they could end up having to implement a budget in whose preparation process they are not involved.

The business community feels that cart is being placed ahead of horse as far as the budget preparation is concerned. "The parties that will have to implement the budget should have been involved in its preparation. Otherwise, how can we expect that the huge economic challenges before us can be overcome," said Binod Chaudhary, president of Confederation of Nepalese Industries (CNI).

Added Surendra Bir Malakar, president of Nepalese Chamber of Commerce (NCC), "We are deeply concerned with the prolonging instability and lack of interest towards economic issues. We are still suffering from insecurity."

Unfortunately, the political leaders have not included economy, in general, and budget preparation, in particular, as an agenda during their protracted meeting.

"This shows the true face of the seven party leaders who have shown total indifference toward budget preparation – which ought to have been the primary agenda at this point of time," said former finance minister Dr. Prakash Chandra Lohani.

Before the election, parties had promised to renewed attention towards developing economy once the polls are conducted. But they have again landed in series of political deadlock pushing the economy out from their mind. ■

SOARING OIL PRICE

Adding

To

The Trouble

Even as it passes through an intense political turmoil generated by its own geo-strategic location, the soaring global oil price has fuelled the internal crisis in Nepal. As there is no sign of reduction in the price of fuel, social and political turmoil looks imminent. The rise in the fuel price will increase the inflation hitting hard the life of overwhelming majority of the people. Past experiences have shown that government involvement in price-fixing often invites troubles rather than bring respite and relief. The time has now come for the policymakers to allow market forces to have determining role in the oil business

By KESHAB POUDEL

"My monthly household bill has increased by twenty to forty-percent a month. The prices of all the items have increased even the transport fare has gone up by around twenty five percent," said Krishna Ram Dahal, a non-gazetted official at the Ministry of Law and Justice. "The increase in the transport fare has added burden. Besides, even after the rise of their prices, the oil and gas are not easily available in the market."

Like Krishna, many other Nepalese knew that the bad news would not be limited in their families alone when the government increased the prices of petroleum products by 25 percent.

As Krishna was expecting, there is a stand off between the government and transport entrepreneurs after the unilateral increase of transport fares by transport entrepreneurs and subsequent intervention by the government.

The hike in the fuel price triggered the prices of food stuffs. According to Nepal Rastra Bank (NRB), the prices of grains, cereals, pulses, cooking oils and ghee rose by 13.5 percent, 13.4 percent and 18.8 percent respectively in the year through mid February 2008. The interruption created by the transport strikes has already reduced the stock of such products further pushing the price.

Painful Suffering

As the global price of oil continues



Oil in a reservoir tank: Scarce commodity

to go up, a country like Nepal is certain to face painful situation in the coming days. Although the government has made efforts to minimize the effects by intervening in the prices of oil, it is just going to be a temporary solution. As the current price rate is still below the international rate, the government is unable to maintain the supply as demanded by the market.

From oil price to transport fares, the government has authority to decide market prices. This often creates more troubles. Although the government pleads free market and competition, it continues to play the role of interventionist. This is the where many problems lies.

The indefinite transport strike was sparked by a unilateral decision of the government to increase the transport

fares by 25 percent and 43 percent concession to the students in public transport. The disputes may come to an end following the agreement between the government and agitating parties but it is going to be a never-ending process.

"The government intervention in the transport sector often creates problems. Our demand is just to let us increase the transport fare in accordance with the surge in the fuel price," said Dinesh Bhandari, president of Nepal Federation of Transport Entrepreneurs.

Parties in Politics

At a time when the country's major political parties are engaged in negotiations for power sharing, they are yet to realize the gravity of situation in day to day life of common people caused by hike in the fuel price.

Although the government increased

fuel price, the state-owned Nepal Oil Corporation (NOC) still incurs about Rs 1.5 billion monthly loss. The government is channeling money from other social sector to subsidize the petroleum products.

As the government declares that it is not in a position to provide adequate subsidy, the NOC has no option other than to reduce the import creating scarcity in the market.

"We are not in a position to supply enough oil because we don't have money to buy it. How can we sell the oil which costs US\$140 a barrel at the rate of US\$ 100," said Digamber Jha, general manager of Nepal Oil Corporation.

With the demands of adequate supply of petroleum products, Nepal Petroleum Dealers Association has called indefinite strike from June 24. "There is

no question to sell the petroleum products as long as the government doesn't supply as per our demand," said Shiva Prasad Grimier, president of Nepal Petroleum Dealers Association.

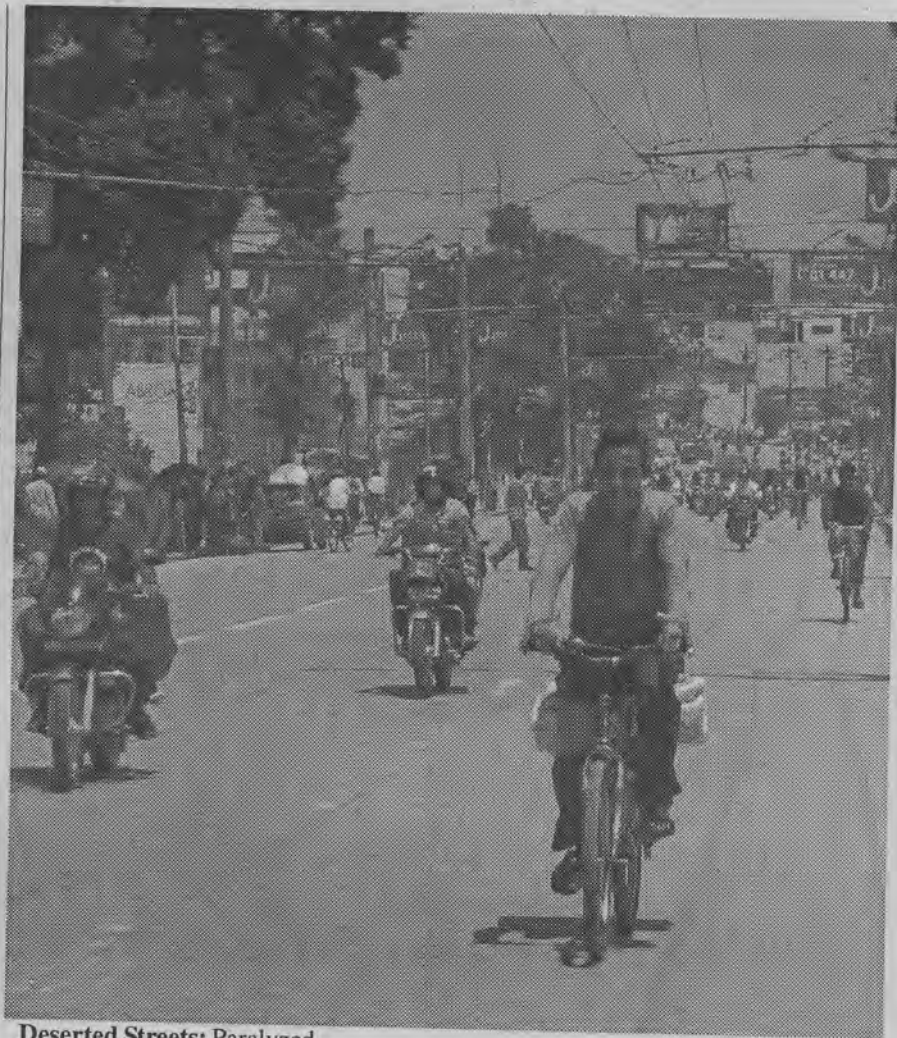
The short supply of petroleum products will lead to interruption of supply of other essential commodities. This will increase the woes of common consumers.

Reduction of Subsidy

"There are limits to which we can provide such a huge subsidy," said Purushotam Ojha, Secretary of the Ministry of Industry, Commerce and Supplies. "If we provide subsidy on oil, a large number of people will be deprived of education, health and other such facilities. Without adjustment of prices, we could run out of funds to import oil. We are still losing Rs. 1.5 billion a month."

The crisis grew in the past few months as the price of a barrel of oil has skyrocketed to almost US\$ 150, up more than 30 percent since January. The spike is contributing to fears that an era of easy life may be drawing to a close. Rising oil price pose the major growth and inflation risk for a country like Nepal.

Unlike in the past when the government spent billions of rupees to subsidize fuel costs to keep it cheap for



Deserted Streets: Paralyzed

their poor and often quarrelsome citizens, it is unable to do so now

because the oil price has increased to such a level that subsidies and price controls are increasingly impossible to maintain. Nepal currently needs to provide Rs. 1.5 billion a month to subsidize the oil - this budget is more than Nepal spends for education and health in a month.

The effect of reduced fuel subsidies will ripple through economies, increasing costs across a wide range of industries, boozing inflation, undermining the government budgets and stirring up unrest among citizens who are already feeling the bite of slower growth.

In Nepal, the main reason governments impose controls on petroleum products such as diesel, kerosene and liquefied petroleum gas is to help tens of thousands who live on



A school remains closed: Strikes affecting education



Student protests: Misplaced priorities

less than \$1 a day- and go give politicians a chance to stay in power on election day.

The government raised the prices of kerosene, LPG and diesel slightly because they impact directly on family budget. This is the reason the loss on petroleum products is soaring. Diesel, kerosene and LPG is widely used by all sections.

"The only way out for the government is to adjust the prices of petroleum products at par with the international price," said Dr. Shanker Sharma, former vice chairman of National Planning Commission.

Rising Inflation

On the back of rising prices of food, oil and beverages, the year-on-year consumer inflation stood at 8.9 percent in mid-April 2008 compared to 5.6 percent in the corresponding period last year,

said a statistics of Nepal Rastra Bank (NRB). According to the statistics of NRB based on the first nine months' data of fiscal year 2007/08, the inflation was mainly driven by the significant rise of 12.6 percent in prices of food and beverages in the review period. The price rise of food and beverages was 7.9 percent last year.

Of the items in the index of food and beverages group, the prices of oil and ghee, grains and cereal product and pulses increased by double digit. The price indices of oil and ghee sub-group increased by a whopping rate of 33.8 percent on year-on-year basis.

The sub-group of grains and cereal products witnessed a year-on-year price rise of 19.7 percent in mid-April 2008 compared to 8.7 percent a year ago. Prices of rice and rice product of this sub-group increased by 25 percent compared

to 4.9 percent in previous year. The price rise of pulse stood at 14.9 percent on year-on-year basis in mid-April 2008 compared to a rise of 17.2 percent in mid-April 2007.

The index of non-food and services group rose by 4.9 percent in mid-April 2008 compared to a rise of 3.2 percent last year, said the report. In mid-April 2008, the year-on-year core inflation went up to 7.0 percent from 6.6 percent a year ago.

After the rise in the fuel price, the inflation is feared to cross the double digit. Inflationary pressures intensified as renewed political unrest disrupted supplies of essential commodities.

In the face of staggering rise in global oil price, Nepal is not in a position to provide subsidy. The option for Nepal is to allow the private sector in the distribution of petroleum products. ■

“This Is Just An Alliance To Settle The Political Deadlock”

Jhal Nath Khanal

JHAL NATH KHANAL, general secretary of CPN-UML, is busy these days in negotiations to form new alliance with the CPN-Maoist. Following the resignation of Madhav Kumar Nepal, Khanal was elected as the general secretary following his party's debacle in the election. Khanal spoke to **SPOTLIGHT** at the parliamentary party office of the party regarding the new political development. Excerpts:

At a time when Maoist workers continue to attack your party workers, what prompted you to forge alliance with CPN-Maoists?

Maoists have promised they will not repeat the past mistakes. This alliance is not just between the two parties. It is a part of seven party alliance. We still want to have cordial relations with Nepali Congress and other parties till the formulation of the new constitution.

What is the basis of your new alliance?

Our alliance is based on power-sharing and constitutional amendment as both parties have agreed to bring about the amendment in the constitution and forming a new government as per the mandate of the people. We will support CPN-Maoists in forming the government and Maoists will support us to have the first president from our side.

Since UML and Maoists were already a part of seven party alliance, why did you have to forge new alliance between two parties?

Our alliance is not directed against any one. This is just an alliance to settle the political deadlock. Of course, we agreed on power sharing in future government but many issues are yet to be finalised. After long discussions and political debates, UML and Maoists agreed to share power in the coming government. It is natural for political parties to have such kinds of alliance.

If you think the new political alliance is necessary, what do you think of the future of seven parties' alliance?

We concluded that it will be an unconstitutional and apolitical to have member of opposition in the Security Council, which Nepali Congress is pressing for now. But we want to strengthen seven party alliance.

Why are you expressing such a grave

concern on such a simple issue?

It is not a question whether we like it or not. Simply, these kinds of practice are not there in any democratic system. As Security Council is an executive body, the demand to have opposition member in the Security Council is undemocratic.

There are many instances in the past when you settled constitutional and political impasse by not exactly sticking to democratic norms and values saying that Nepal is a special case. Why not use this phrase again for such an insignificant matter?

This applies to those of our political colleagues who have been forwarding this demand. Our argument is that we need to discuss issues which are necessary. Nowhere in democratic countries is there a provision to include opposition party in National Security Council.

If NC decides to be in opposition, what role will there be for the party?

Main opposition party should be given due space in other areas of governance.

Is your alliance for communist polarization?

That is a false rumour that we are heading towards the communist polarisation.

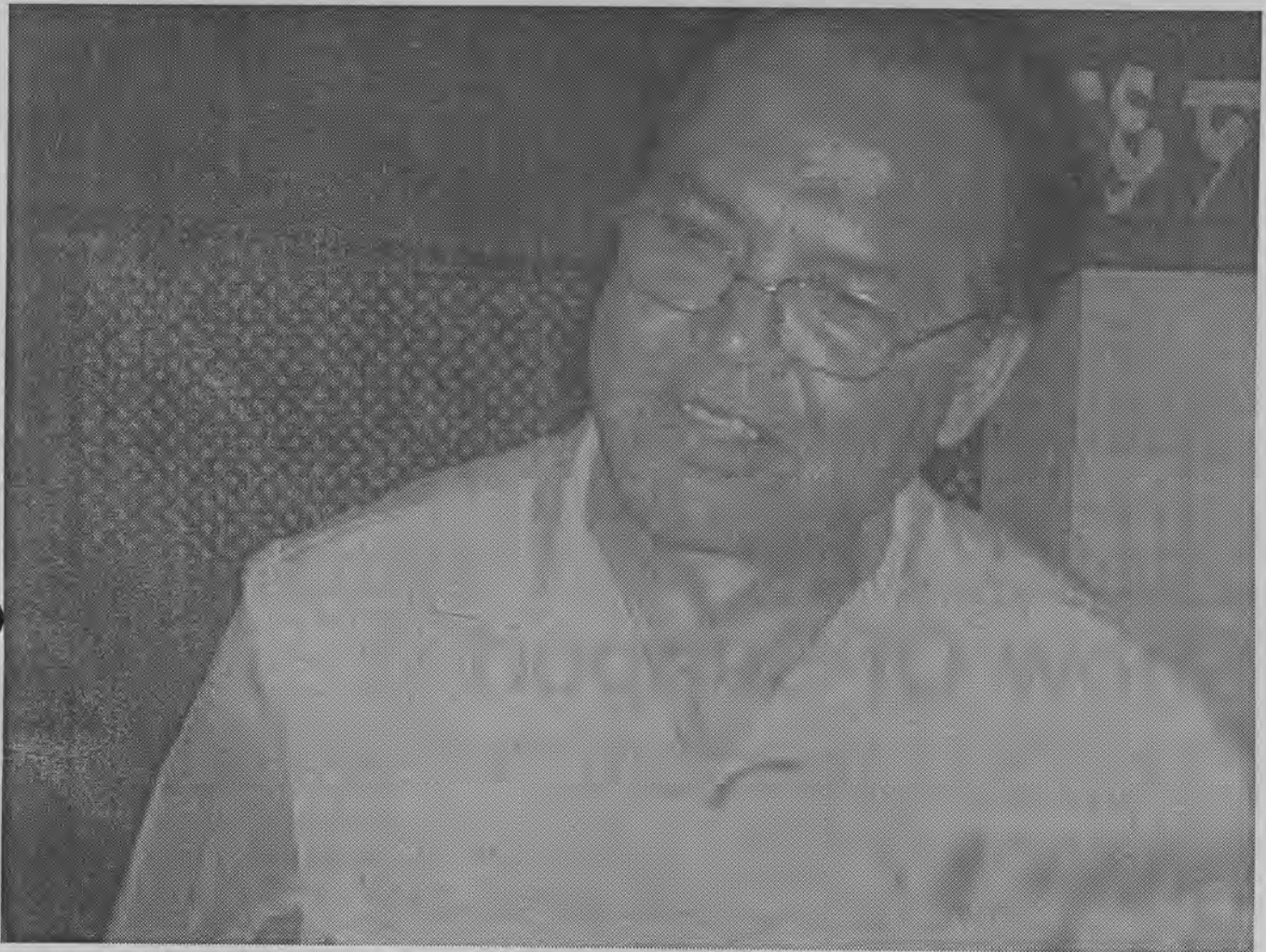
If your party and Maoists don't want to consider the demand of Nepali Congress, how can you see the possibility of consensus?

We have resolved all complicated and important issues in the last three years by following the politics of consensus and compromise. Unfortunately, now the differences appeared when NC demanded to have opposition in the Security Council. There is no option for us other than to have consensus politics.

Your party had also pulled out your ministers from the government just a few days after your defeat in the election. Was that not against the spirit of consensus politics?

On that matter we have intensively discussed in our party meeting. We even drew the conclusion that the decision was taken in a haste. I don't want to talk on those issues now as our party has already decided to move forward by correcting past mistakes.

That is a false rumour that we are heading towards the communist polarisation.



What are the problems now?

The present problem is how to solve the existing political deadlock. Particularly, our political colleagues of Nepali Congress have to think seriously. Nepali Congress leaders must build a basis for new political consensus.

If Nepali Congress government does not register constitutional amendment bill, will your party register the vote of no confidence motion against prime minister Girija Prasad Koirala?

It will depend on how Nepali Congress will come forward. In case, the government does not register the constitutional amendment bill in the CA, we will have to chart another course. We are also discussing this question ourselves and we have to consider all kinds of alternatives. We will try our best to avoid a situation compelling us to table a private bill for the fifth amendment to the interim constitution.

What will be your position?

On these issues we don't believe that we have to register motion of vote of no confidence against prime minister.

How do you see the reaction of Maoist leaders that the constituent assembly will decide the formation of new government and president? As their new partner, how do you look at it?

Maoists have the right to hold their own views. However, the need of the hour is to build the political consensus and work in a united manner till the formulation of new constitution.

As the Maoists have already agreed to support your candidate for country's first president, who will your party field for the position?

Once the legal and constitutional matters are resolved, we will announce the name of our candidate at appropriate time.

Maoist leaders have announced that they will not go to prime minister's residence any more for talks. What is your position?

We will make all kinds of efforts to have political consensus. We are ready to go to any place to build the political consensus. ■

In case, the government does not register the constitutional amendment bill in the CA, we will have to chart another course. We are also discussing this question ourselves and we have to consider all kinds of alternatives.



Mallik (center) at the press meet: Generous support

BRITISH MINISTER'S VISIT

Show Of Support

The visiting UK Minister stresses on formation of government of national unity to address security and development issues

By SANJAYADHAKAL

When UK Minister for International Development (for Asia) Shahid Mallik visited Nepal in September last year, he was greeted with the news of en masse resignation by the Maoist ministers.

And when he visited Nepal for the second time this week, he was once again confronted with the news of Maoist ministers bolting out from the government.

"I have been assured by chairman Prachanda that these were mere coincidences," a frank and forthright Mallik told reporters in a light vein.

On a somber note, he called on the political actors of the country to deliver peace and development to the people of Nepal. Addressing a press meet at the end of his three-day visit to Nepal, Minister Mallik, on Sunday (June 22), said there should be continuation of

consensus politics as not all challenges have disappeared.

Stating that without peace, there will not be prosperity, the visiting minister Shahid Mallik said, "There are still challenges in terms of security and those challenges will not be met until the formulation of new government, which can take responsibility for criminalization and violence that does exist in Nepal society."

"Nepal first of all needs a government that will bring security and the rule of law. The vacuum of governance urgently needs to be addressed. With security people can go about their daily lives without hindrance; with security investment can happen, businesses can flourish and create more jobs; with security it will be possible for government to deliver development to the people," he said.

Mallik met with prime minister Girija

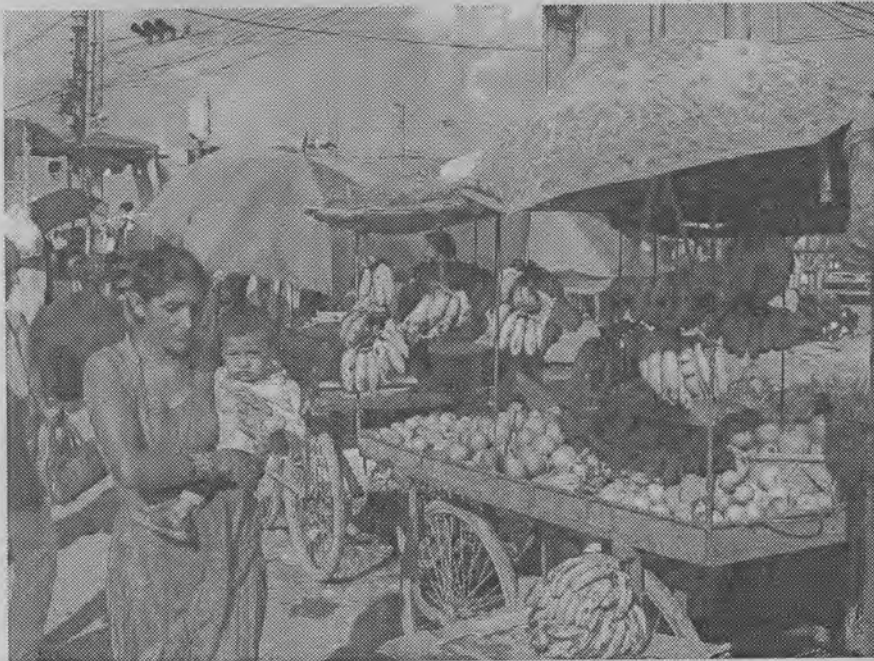
Prasad Koirala, Maoist chairman Prachanda, Unified Marxist Leninist (UML) general secretary Jhal Nath Khanal and Madhesi Janadhikar Forum (MJF) coordinator Upendra Yadav. On the issue of ongoing meetings among party leaders, Mallik had this to say, "Let's hope that they are able to in their meetings in the next few days come to some kind of consensus and deliver a government of national unity, which they all agree is the best way to move forward."

In a gesture of continued British support to Nepal, the minister also announced US\$ 55 million in aid over four years to help the government unite all of rural Nepal through roads.

"Delivering on the construction of roads is key to achieving a prosperous and inclusive Nepal. Roads will connect remote areas to the rest of Nepal and make health, education, food, water and employment more accessible. Roads also create opportunities, particularly for women. I visited a road constructed in Kavre district through UK and other donors funding. I met a woman there who told me the road had not only opened up opportunities for her home, but opened up the minds of many women to opportunity," Mallik said.

The British Department for International Development (DFID) is the largest bilateral donor to Nepal. It provided \$ 273 aid in the last five years including \$100 million for health over five years and further \$30 million for HIV/AIDS (2004-2009); and \$40 million for education over five years (2004-2009).

The DFID has also focused on road infrastructure development in Nepal – which has the lowest access rate to roads in Asia where 10 million people live two hours distance away from the nearest road. Around 36 percent of Nepal population walk up to four hours to reach a road. The DFID has provided \$100 million over ten years to support infrastructure including 120 suspension bridges, and 800 kms of rural roads. ■



Marketplace: Prices getting hotter by the day

INFLATION

Dangerous Movement

The inflation has come forth as the singular challenge to the economic stability as it threatens to reach double-digit figure with recent fuel price hike

By SANJAYA DHAKAL

The storms of inflation have lashed coast to coast across the globe. Riding on record-shattering hike in price of fuel in international market, the inflation has hit all the countries. But its blow has been the most painful for poor and developing countries like Nepal.

The latest rise in the price of fuel by around 21 percent is certain to push the inflation rate further. This, economists say, would break the back of common people.

They have also warned that the uncontrolled rise of inflation would put a brake on economy, which has been showing signs of recovery from decade-long conflict.

Soon after the officials predicted around 5 percent rise in the economy this

year, the government raised the price of fuel and cooking gas by around 21 percent.

And its direct impact is going to be on the rate of inflation – which has become the number one challenge for economic stability in recent times.

Already the rate of inflation was hovering at 8.9 percent. With the latest hike in fuel prices and continued rise in prices of food products, the inflation could easily race past double-digit figure.

According to Gopal Bhatta, chief of the Price Division at the Nepal Rastra Bank (NRB), the latest fuel price hike could raise the inflation rate by another 3.5 percent in next one year.

Piggy-backing on the rising food and fuel prices around the globe, the

inflation is going to hit the common consumers the worst.

Says economist Dr. Shankar Sharma, "Worst affected will be people from middle class and lower class who spend almost 70 percent of their income on food. They will become poorer. The profit level of industries and businesses will come down. The demand for products and services will decline, which will worsen unemployment situation. Even the government will try to decrease its demands."

However, if the government tries to decrease its demands or take measures to encourage lesser use of fuel, it could be counterproductive to economy in the larger context, according to Dr. Tilak Rawal, former governor of NRB.

"If the government does that, the economy will screech to a halt. There is a direct relation between the consumption of diesel and economic growth," said Dr. Rawal.

The government, which did not have any alternative to rising the price of fuel, seems unable to heave a sigh of relief even after raising the price.

In what could spell more trouble to the government, recently Indian government informed that its rate of inflation has accelerated to a 13-year high after record crude oil price compelled it to hike fuel prices.

The Wholesale Price Index of India jumped to 11.05 percent in the first week of June, 2008 compared with 3.11 percent in November of 2007.

The rise in WPI of India, traditionally, has had a direct bearing on Nepal's inflation situation. "In fact, fluctuation in WPI of India creates more inflationary pressures here than the domestic money supply situation," said Dr. Bishwambher Pyakuryal, an economist.

The unbridled rise of inflation rate is proving as a big impediment for the economy, which was showing signs of recovery after years of hovering around two, three percent. ■



Seven Party Leaders : Deepening Crisis

POLITICS

Deepening Crisis

Even after signing of seven-point pact on peace process and 20-point deal on constitutional amendment, there is no sign of a long term order and peace

By KESHAB POUDEL

Although the tabulation of fifth constitutional amendment bill at the constituent assembly temporarily settles the current phase of political crisis, the breaking of three-years-long honeymoon period of seven party alliance, which came into being following the twelve-point agreement signed in November 2005 in New Delhi, will invite more turbulent politics in coming days with the polarisation on various ideological and other ground.

The two communist parties CPN-UML and CPN-Maoist are set to climb to power and Nepali Congress is set to stay

in opposition. "The deal constitutionally ends the seven party alliances which were in effect since the signing of the 12 point agreement," declared Nepali Congress spokesman Arjun Narsingh K.C.

Twenty Points Agreement

Under the fresh political agreement, the government led by prime minister Girija Prasad Koirala finally registered 20-points fifth constitutional amendment bill in the Legislature Parliament on Wednesday.

Everything came like stage managed actions. Even for the seven party alliance, it took about two months after the CA

election and one month after the abolition of monarchy to amend the constitution.

After the amendment of the constitution, the government formation will be based on the simple majority and there will be opposition party. President and prime minister will be elected on the majority basis. The government can also be ousted on the basis of simple majority. However, two third majority will be required to oust president and vice president.

Among others, the seven parties also agreed to extend the tenure of UNMIN by six months with a mandate to look into the integration of army. According to the deal, integration of Maoist combatants will be completed within 3 to 6 months and Maoist combatants will be brought within the purview of state with their political affiliation terminated.

However, there is disagreement over the position of opposition party in the National Defence Council. CPN-UML and CPN-Maoist disagreed with the NC's proposal to include opposition leader in

the council. "The political deadlock is over and the country will have new elected president and prime minister," said Jhal Nath Khanal, general secretary of CPN-UML. "Maoists and our party will decide power sharing."

Prime Minister Girija Prasad Koirala will resign after the election of president and vice president. Koirala is habituated to creating crisis and facing the crisis.

Madhav Nepal's temptation created the fresh crisis. However, Ram Raja Prasad Singh, another aspirant to the top position of president, who came to Kathmandu all the way from terai has now disappeared from the scene.

Politics of Mess

There is mess everywhere. There is anarchy everywhere. Supreme Court is without full panel of judges, armed police faced rebellion, bureaucracy is indisciplined and humiliated, transport owners and students are on strike and the role of politicians seem only to create more problems.

For example, the step taken by Minister for Forest and Soil Conservation Matrika Yadav set an example how inhumane a minister can be. Never in the history, had a minister locked a high ranking government official in a toilet.

Rebellion in the armed police is another example of mess. There is no one to take moral responsibility for the rebellion in the armed police force. A person who has lost the election - is home minister and who is supposed to be spokesperson of the incident remained silent.

In the past two months, the country has seen very unusual phenomenon. Prime minister Koirala had power without mandate and Maoists had mandate without power.

"It is not that Nepalis do not have calibre in them to restore order. There is mess because a powerful external power is mingling with internal politics. Its involvement has been increasing day by day and the crisis is deepening. Crisis is aggravating alarmingly," said a political analyst. "It seems that the country is going through a serious conspiratorial operation to dismantle its inherent capabilities to remain independent."

Nepalese politicians, who are unable to take the decisions on their own, are

selling the dream all the time. They are circulating new political jargons one after another.

"Our politicians have become helpless instruments. Despite that the positive side of the politics in Nepal is the mass education through their everyday actions and interactions," said the analyst. According to the analyst, though people are not fully involved in the process, this political exercise is creating mass awareness in the politics of the country. Nepal has basically a rural society and, therefore, people generally get involved in the day to day event of the country - that way people are being educated for a multi-party political exercise.

There are disputes, strikes and conflicts among the parties but people remain still peaceful. It took several months to see the new government but people quietly watched it. Why is it so? "It is because of the inherent quality of the people of Nepal. So far as the common people in Nepal are concerned, they have a compulsion to live in interdependence in a multi-ethnic and multi linguist community," said the analyst.

Strategic Location

Nepal's geographic location, which is very unstable and violent in nature as it is at the center of two major tectonic plates, very much responsible for political upheavals in Nepal. "Fortunately and unfortunately, Nepal is sandwiched between two emerging regional powers. Whenever there is some unease in relationship between them, Nepal is seriously affected more than any of their other neighbours," said the analyst.

The present crisis started from the Maoist demand for abolition of monarchy but there was competition among other established political parties to champion the demand. However, even after the abolition of monarchy and declaration of Nepal as a new republic, the country is not going to have absolute peace.

"Time and again, I have mentioned that the crisis of Nepal is not a crisis of internal origin but an outcome of an external and particularly regional crisis. For example, the recent events of anti-Chinese activities of Tibetan refugees in Nepal have dragged China's attention



PM Koirala (Center) Ian Martin : Term exentention

much seriously in Nepal. The center of the trouble is not Nepal but somewhere in India where a large number of Tibetan refugees have been living along with their spiritual head Dalai Lama. Why Nepal has been preferred as a play ground for them instead of India?" asked the analyst.

"As Nepal embarks on its new journey, a lot depends on how these two neighbors, India and China, behave. Of course, both will be wooing the new republicans of Kathmandu — it would only be a natural thing to do — but any muscle flexing by one would prompt the other into action, leaving Nepal in a welter that won't be comfortable to either. We don't want to see Nepal become a cold war hotspot," writes Indian journalist Barun Roy in *Business Standard*.

Nepal's peace will depends upon the regional situation. According to the political analyst in a regional context of rivalry, it is unthinkable to have a completely peaceful and orderly political situation in Nepal. What is going on in present day Nepal has a long background. Instruments and tactics have been changed but strategies are in continuation. One after another, several facets have been in change since long. Earlier, it was a leftist-facet and now there are several regional facets both in the hills and terai."

"Nepal may still have to suffer for a long time but it will never be like Sudan, Afghanistan or any such conflict-ridden countries. The reason is that it will have a serious spill over effects on both the sides which prevents them from using extreme means," said the analyst. "Nepal's crisis emanates from its geographical location but the location also is a guarantee for its survival." ■

Danger of revival of 'conflict' still exists if the CA process is not wisely handled

-Dr. Surya Dhungel

Dr. SURYA DHUNGEL is a well known constitutional lawyer. Having written a number of books on constitution, Dr. Dhungel spoke to SPOTLIGHT on various issues regarding the CA. Excerpts:

What is your views on current politics and political parties ?

From a layman's perspective, I don't see any 'politics' in Nepal at the moment. There is simply a crude struggle for power, and the leading political parties' role is demonstratively limited to sharing the cake, as their ongoing negotiation and partially agreed deal to propose fifth amendment to the Interim Constitution suggests. Obviously, the business of the constituent assembly has been overshadowed by the business of the normal legislature. The political parties may not have realized that they have terribly disappointed the people and friends in the international community. In the name of people's mandate and *jana-andolan*, the leading political parties appear to have been carrying imposed and imported agenda that are not in the national interest and keep on changing everyday.

What are the worries?

This worries the people most. The love for nation, people, human rights, the rule of law, democracy and justice are becoming far from cry. The silent cries of the masses narrated in Father Stiller's book (The Silent Cry), as is unnaturally subdued in the shadow of state lawlessness and political anarchy, are well reflected in the gloomy faces and grim eyes of politically disciplined but maddening crowd of the huge constituent assembly, which has still been deprived of its core business of participatory constitution-making. The nation cannot afford to wait any longer.

What kinds of reform needed?

Internal reform of radical nature therefore has become essential in all political parties; time has come for them to change the old and orthodox guards. Nepal now needs, and will hopefully produce soon, young, competitive and dynamic leaders of high integrity with innovative ideas and new global vision. Nepal is in serious political crisis now. And crisis normally gives birth to a new national leader.

What is the role of statesmen?

Gandhi of India as a global leader

and crusader of nonviolence was born in South Africa at his early thirties when he had just started his legal career. Lee Kuan Yew as a leader of modern and prosperous Singapore was born in mid-sixties when a new nation was born, freed from the colonial power. Nelson Mandela emerged as a real leader only after he was released from the prison and started negotiating with the then political forces and rulers of the country to transform the country from 'Apartheid' to an independent and unified South Africa as a modern nation in the eighties and nineties. Dr. Ambedkar as a prominent leader of India was born only in 1947 when he was tasked to chair the drafting committee of the Indian constituent assembly and produce a durable democratic Constitution. Hence leaders are born at different ages and places at different periods of history. I am confident, if the constituent assembly in Nepal is allowed to function, a new national leader will be born in the assembly itself.

Do you have some recommendations to make for the CA members and political parties ?

I have five points that I like their attention drawn to. First, since you (CA Members) are entrusted with a noble task of formulating the most sacred constitutional text, the supreme and basic law of the land, you (political parties/leaders) yourself need to respect the rule of law, and let the people be assured of minimum governance. The way the first CA session on the first day was conducted was in total violation of the rule of law. Second, draw a clear roadmap for formulating (drafting, adopting and promulgating) the new constitution in a participatory way. This can be done while adopting the internal rules of CA procedure. Provisions for expert inputs through various committees may be included in the rules. The CA is short of experts on many fields, and grievances of various unrepresented groups are increasing every day. It is not harmful to add 25 more members through nominations in the already big house of 601, provided only experts from various fields and acutely under-represented groups are impartially picked up.

What will be third option?

Third, make sure that all political parties agree on 'fundamental constitutional



principles' which will provide a basis for the nature and main contents of the new constitution. If political parties and CA members open up their minds to welcome all possible options and try to keep themselves free from vested external political influences, even the contentious issues like ethnicity, language, religion, federalism, devolution of power, selection of political system etc. could be amicably addressed. Fourth, effective consultative devices and processing of the public submission have to be innovated for ensuring local ownership. Even the draft adoption process needs to be simplified. Last but not the least, access to and use of mass media for public awareness of the CA deliberations. This includes to recording of debates and providing briefing notes to the CA members with expert inputs on the issues under debates.

One last question about your views on the abolition of monarchy ?

Actually, the power initially granted to CA to decide on the fate of monarchy by the Interim Constitution was unconstitutionally snatched by the interim legislature. However, it does not deprive the CA from its rights to decide on the nature of political system that Nepal needs to adopt. It was wise on the part of the king to amicably accept the changes. There is no prospect for monarchy to restore again in Nepal. However, as the monarchy itself paved the path for its earlier exit, any wrong and irresponsible moves from the political parties may similarly pave the path for the rise of a new authoritarianism in the country. A wise and reasonable handling of the CA process without antagonizing the powerful 93,000 army and with due consideration of assimilating 19,000 combatants in the new political system without any threat, is a must. Otherwise, we have seen the reemergence of authoritarian regimes and revival of conflict in some parts of the world even after the peace process had once been completed. Liberia and Haiti are the glaring examples. ■

“We are only talking about policies not individuals at this point. We are trying to formulate a common program that will be owned up by all the twenty-five parties.”

Pushpa Kamal Dahal ‘Prachanda,’ Maoist chairman, refusing to clarify if there has been any pact between Maoists and UML to back each other’s candidate for the position of prime minister and president, respectively.

“We have said why not a UML candidate for the position of president. And the Maoists have responded positively.”

Jhal Nath Khanal, general secretary of the Unified Marxist Leninist (UML), hinting of a pact between his party and the Maoists on power sharing.

“It is 99 percent certain that a UML candidate will become the president.”

Bamdev Gautam, standing committee member of the UML.

“We have not promised any party any position.”

Mohan Baidya Kiran, senior leader of the Maoists, speaking at an interaction.

“I sent him to toilet and locked him up for sometime to show him how it smells like when environment is spoilt.”

Matrika Yadav, Minister for Forest and Soil Conservation, who landed in a controversy after locking up a Local Development Officer of Lalitpur in a toilet in the Ministry



who he accused of involved in anti-environment activities and corruption.

“Is the Minister also the judge? Who is he to decide whether one is corrupt or not? Why should one believe what he says.”

Bhuwani Prasad Ghimire, president of VDC Secretary Rights Protection Center, deploring Minister Yadav for ‘unlawfully’ taking action against a government employee.

“Instead of carrying out political and legislative procedures at the hall of Constituent Assembly, the leaders are doing so at Baluwatar or at some hotel.”

Bhimarjun Acharya, renowned constitutional lawyer, expressing

dissatisfaction at the continued ‘violation’ of constitution in day-to-day political activities, in BBC Nepali Service.

“There is nothing wrong if parties find settlement through meetings held either in Baluwatar or in some hotel.”

Ekraj Bhandari, a lawyer close to the Maoists, responding to Acharya’s comments, in BBC Nepali Service.

“It will be a grave and historic mistake to integrate Maoist army, which was formed and trained for particular political objective, into a non-political and professional army.”

Surya Bahadur Thapa, former prime minister and president of Rastriya Janashakti Party (RJP), in Kantipur.

TRANSITION

RESIGNED: Seven ministers – Dev Gurung (Minister for Local Development), Krishna Bahadur Mahara (Minister for Information and Communication), Hisila Yami (Minister for Works and Physical Planning), Pampha Bhusal (Minister for Women, Children and Social Welfare), Matrika Yadav (Minister for Forest and Soil Conservation) and

two State Ministers – belonging to CPN-Maoist party, from their positions.

AUTHORIZED: The Ministry of Labor and Transport Management, the transport entrepreneurs to hike transport fare by 25 percent.

ANNOUNCED: Indefinite transport strike by transport entrepreneurs protesting ‘insufficient’ hike in the price of transport fare and ‘unreasonable’ discount to students.

Agitation by student activists affiliated with various political parties, demanding 50 percent discount in travel fare for students.

ARRIVED: Shahid Mallik, British Minister for International Development, on a brief visit to Nepal.

ADJOURNED: The Constituent Assembly (CA) meeting adjourned indefinitely.

HOSPITALIZED: Senior politician Shree Bhadra Sharma at Gangalal Heart Center.



INTERNATIONAL MUSIC DAY

Music for All

Organized by Alliance Francise, the Fete De La Musique, organized to mark the international music day attracts a large number of music lovers

By A CORRESPONDENT

Although the political situation in the country was gloomy and the roads were empty because of strikes called by transport entrepreneurs, the music lovers of Nepal in large number turned up to enjoy different music events held to mark the international music day.

Organized by Alliance Francise with the support from Tuborg, the music event drew a large number of people of different ages who enjoyed it with great enthusiasm and excitement.

From traditional Nepalese music to modern and western music instruments, the event focussed on various genres.

Focusing on traditional and classical music, a concert was held at Yala Maya Kendra to let established

artists entertain the audiences. Some upcoming musicians also presented their talents at the program.

Managed by International Music Society Nepal, the program was almost jam-packed as the audience from various walks of life and all ages were there to listen to the soft sound of tabala, flute, and sitar.

As usual, Maila Dangol performed the music of Jal Taranga and Homanath Upadhyaya's Madal Tarang also thrilled the audience.

Beside that, there were also the fusion performance presented by different Nepalese artists and bands.

One of the prominent Nepalese music bands of the generation led by Brahamananaad and Robin Das from Do Re Me institute also presented fusion of western and eastern music.

A fairly good crowd gathered in Durbar Marg where various Nepalese bands and music groups showed their talents. Despite the onset of the monsoon, the sky remained calm and the concert which started at 2 pm concluded in the late evening.

From young couples to teenagers and families, there were all kinds of people who came to enjoy the concert. The music bands like The String, Shanon Scam, mukut, Shadows, Looza, Devya Bluc Acidtz, Emergency, Antim Graham and others played hard hitting music for all.

Likewise, presented by young children of Gurukul, the music by the children won the hearts and minds of a large number of youths present at the crowd. These young children proved that they have talent. The children of Atul Smriti Pratisthan presented their talent on Tabla. The young kids including Ragini Mishra, Sulochana Gautam, Ayan Gautam, Sugama Gautam, Rishab Mahanu, Pranab Pudasaini and Prayag Mishra displayed their talents in Tabala. Similarly, Ritesh Chandra Regmi presented the Sitar Vadan. Safal Khanal showed his performance in Tabla Sabin Shakya in flute and Niraj Shakya in Tabla.

For many Nepalis, music is for everything and they love music. This is what one could see in the faces of large numbers of music lover gathered in the Durbar Marg. Although the political agenda is dominating the country, people have shown that there is something beyond that which can lure minds and hearts of the people.

Unlike other programs, there is no divisions of the people and every one is listening and speaking similar topics that is their love and affections to musicians. The message of overwhelming crowd is clear there is something beyond politics and other things in day to day life. ■

SPOTLIGHT

The News
Magazine
Packaged
with
Up-To-Date

News
Views
&
Analyses
Our Readers
Deserve The Best



SPOTLIGHT

The National News Magazine

BALUWATAR, GPO BOX: 7256

TELEPHONE: (977-1) 4423127, FAX: (977-1) 4417845

Email : spot@mail.com.np



The Star is in Your Favor.

Choose Your Lucky Casino!



CASINO NEPAL
Soaltee Compound
Tahachal, Kathmandu
Tel: 4280588
Fax: 9771 4271244
rdt@mos.com.np



CASINO ANNA
Hotel de L' Annapurna
Durbarmarg, Kathmandu
Tel: 4228650
Fax: 9771 4225228
casanna@mos.com.np



CASINO EVEREST
Hotel Everest
New Baneshwor, Kathmandu
Tel: 4780925
Fax: 9771 4782284
everest@mos.com.np



CASINO ROYALE
Hotel Yak & Yeti
Durbarmarg, Kathmandu
Tel: 4438619
Fax: 9771 4223933
royal_royale8hotmail.com



CASINO RAD
Radisson Hotel
Lazimpat, Kathmandu
Tel: 4420311
Fax: 9771 4445525
casinorad@mail.com.np



CASINO TARA
Hyatt Regency
Boudha, Kathmandu
Tel: 4482517
Fax: 9771 4470722
casinotara@mos.com.np