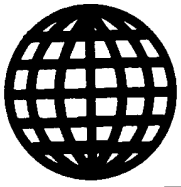


JPRS-NEA-92-133  
13 October 1992



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# ***JPRS Report***

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# **Near East & South Asia**

***NEPAL***

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# Near East & South Asia

## NEPAL

JPRS-NEA-92-133

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## International Affairs

### Koirala Discusses Foreign Policy, Other Matters

#### 18 Aug Remarks

92AS1564A Kathmandu THE RISING NEPAL in English  
19 Aug 92 pp 1, 7

[Article: "Protection of National Interest Foreign Policy Objective: PM (Prime Minister) Koirala; Ties With India, China Cordial"]

[Text] Kathmandu, Aug 18 (RSS): Prime Minister [PM] and Foreign Minister Girija Prasad Koirala has said that protection of national interests, firm adherence to the United Nations charter, nonalignment, independence, democracy and respect for human rights have been the fundamental characteristics of Nepal's foreign policy.

Premier Koirala made this remark today while replying to various points raised during the debate on the appropriation heads concerning the Ministry of Foreign Affairs, the Defense Ministry, the Cabinet Secretariat and the National Planning Commission at the House of Representatives.

Nepal has been pursuing the policy of developing friendship with all nations of the world on the basis of such principles as sovereign equality of nations, mutual respect, non-interference in each other's internal affairs.

"Certain aspects of our foreign policy are characterized more by practicality than by principle and it is our reality," he observed, stating that Nepal's relations mainly with two neighbours India and China should be viewed from this view-point.

We strive to further strengthen our relations with the two close neighbours and make the relations more practical on the basis of the obtaining realities. The Prime Minister said, adding that the interdependence between Nepal and India in various aspects only indicates the realities existing between the two countries.

But it does not mean that the level of relations with other friendly nations including China is different, he stressed.

**National Interest:** Nepal expects a respect from its national integrity, identity and national interest from its neighbours and reciprocates the same for theirs, he said.

Stating that his last year's visit to India has further strengthened the friendship and cooperation between the two countries, the Prime Minister said that the trade and transit treaties signed during the visit are already in effect.

In line with the decisions of the Nepal-India Joint Commission, various tasks are underway and it is in accordance with the decision that feasibility study and on-the-spot survey have already been completed for the establishment of B.P. Memorial Institute of Health Science in Dharan and the establishment of B.P. Ophthalmology study and research centre in the TU [expansion not given] Institute of Medicines, he said.

Prime Minister Koirala went on to say that the last year's visit to China and the cordial talks with the Chinese leaders

on the occasion has helped further develop and strengthen the mutual understanding and friendly relations subsisting between the two countries.

The joint communique issued after the agreement of both sides during the visit to China is another testimony to Nepal's view on Tibet which it has recognized as an autonomous region of China as declared by China itself.

During the visit, both sides expressed satisfaction at various aspects of the bilateral relations existing between them and agreed to further expand the areas of economic cooperation, he said and informed the House that an agreement on economic and technical cooperation has been signed to formalize the grant assistance of 500 million Chinese Yuan that China has pledged as part of its cooperation in Nepal's economic development.

Necessary work has been started after an understanding was reached with China on the establishment of a cancer hospital in Nepal, he said and told the House that a high level Chinese delegation has come to Nepal to carry out the feasibility study for the establishment of the cancer hospital.

During the discussion on the country's foreign policy some MPs [members of Parliament] had in the parliament talked about the need of a national consensus on foreign policy, he said adding that the Nepali Congress government does not want to keep a sensitive matter like the foreign policy to the confines of party politics.

"While talking about foreign policy in this August parliament which always represents the national sentiments, I want to say one thing clearly that such sensitive issues require our responsible and common concern," he said.

If we are able to keep matters concerning foreign policy away from the domestic politics and party interest, we can present a better image in the international forum, he said and urged all the parliamentarians through the Speaker to develop a positive and cooperative attitude towards this thinking.

**SAARC [South Asian Association for Regional Cooperation] Nations:** In addition to our close neighbours - India and China, we have harmonious relations with other SAARC nations and we are striving to further strengthen this relation.

As regards the relations with Bhutan, he said some humanitarian problems have surfaced and as a result of the movement launched by the Nepali speaking Bhutanese in southern Bhutan, a large number of Nepali speaking Bhutanese are being displaced from there adding to the problem of Bhutanese refugees in Nepal.

We have a sentimental attachment to the Nepali speaking Bhutanese settling in Bhutan for years and Nepal is on the side of a peaceful settlement of the internal problem of Bhutan surfacing in its national politics.

**Bhutanese Refugees:** The influx of Nepali speaking Bhutanese has emerged as a complex humanitarian problem before us, the Prime Minister said, adding we believe that the Bhutanese Government and the struggling people should sit across a negotiating table to settle the problem and those

taking shelter in Nepal as refugees should have an opportunity to go back to their homeland.

He further said that in line with the all-party agreement on this issue efforts are being made to solve the problem through bilateral talks with Bhutan and if necessary, cooperation from India and the international communities will also be sought. His Majesty's government will not spare any effort for the repatriation of the Bhutanese refugees with dignity.

He expressed the confidence that the efforts of the SAARC member countries will go a long way towards making the association more effective.

**Nonalignment Movement [NAM]:** As regards the nonaligned movement, Foreign Minister Koirala said big changes have taken place in the political map of the post-cold war world.

We are of the view that in the changed context nonalignment should be redefined and its goals set on priority basis, he said adding that Nepal shared its views with other NAM countries on the need to develop nonalignment as a forum reflecting the aspirations for economic development of the least developed and developing countries.

As a founder member of Nonaligned Movement Nepal will play important roles in the NAM Summit to be held in Jakarta, Indonesia, he said and informed the House that he himself is to lead the Nepalese delegation to the summit.

Following the political upheaval in the former Soviet Union a big change has taken place in the balance of power situation in the world politics, he observed and expressed the view that after the dismantling of the Soviet Union and the rise of some new nations in the globe, the role of UN has been felt all the more essential for world peace and international understanding.

We believe that the efforts of UN towards the establishment of peace in the strife torn parts of the world should be intensified he said and noted that the concept of superpower has also emerged with different meanings in the present world.

The present world order has prompted all the nations to strive for a superpower status not on the basis of strategic power but through industrialization and economic progress, Premier Koirala said, adding that under such circumstances one cannot even fancy Nepal taking the side of a certain nation.

In the changed context, he continued, Nepal endeavours to embark on the path of economic development by maintaining friendly relations with all the nations of the world.

**European Community:** In conformity with the commitment demonstrated in the previous session and bearing in mind the growing international role of the European Community and its cooperative attitude towards Nepal, chancery of Nepal is to be opened soon in Brussels where the EC head office is situated.

He also informed the House that the government policy is to mobilize the Nepalese embassies in different countries in achieving the tourism, industrial, technological and educational goals of the country.

**Allegiance To Constitution:** Prime Minister Koirala has said "we are today engaged in the task of developing democratic institutions through multiparty democracy and parliamentary system within the framework of the constitutional monarchy."

All segments of the society have to play their roles in keeping with the constitution in order to direct the democracy won through great sacrifice and, direct it towards the right direction.

Not only the ruling and opposition benches within the Parliament, but all other organs and units including executive, legislature and judiciary and common man should give full allegiance to the Constitution and play their roles accordingly to keep democracy strong and dynamic, Premier Koirala said.

Pointing to some curiosities expressed by some legislators on the administrative set-up, he said that His Majesty's Government has carried out its works in keeping with the Constitution.

He also said that the budgetary allocation for all units had been made in conformity with the Constitution of the Kingdom of Nepal and the existing laws thereunder.

Premier Koirala also thanked the members for the valuable suggestions and advice they put forth in the House on the ways of making the Cabinet Secretariat and the Prime Minister's Office more efficient and responsive in the changed context.

As the Prime Minister's office is an office of immense importance under the executive branch of the government in a parliamentary system, it is necessary for it to have close coordination with other ministries and departments, he said, expressing his determination to attain that goal gradually.

**Mallik Panel Report:** On the points raised on Mallik Commission report, the Prime Minister said that the Mallik Commission had prepared and submitted its report to the interim government and the elected government had presented the report along with the legal counsel of the Attorney General to the House of Representatives last year.

The House has already been informed that those whose names were included in the Commission report cannot be subjected to action in the absence of evidence as stated in the Attorney General's suggestions, he said.

If necessary evidence is found, the government will not lag behind in taking action against any one found guilty, he reiterated.

**National Interests:** Prime Minister Girija Prasad Koirala has said that the Nepali Congress government has considered the discussions in the parliament and the suggestions put forth by the opposition bench highly instrumental in executing its works.

He said that the democratic norms, values, that are being gradually established in the society has inspired us to be more pragmatic.

Noting that we should be more sensitive towards the matters of national interest, the Prime Minister said that the constitutional monarchy, multiparty democracy and parliamentary system reflect the spirit of the Nepalese people.

Premier Koirala said that the dispute over political system existing in Nepal for years has come to an end. It is not only the ruling or opposition party, but the people in general also should contribute from their respective places to the economic development of the country, he added.

**Planning Commission:** Prime Minister Girija Prasad Koirala has said that reforms have been made in economic regulations to make the implementation aspect effective in reaching the cherished goals of the Eighth Plan, while a central follow-up and evaluation division set up under the National Planning Commission has also started its operation from this fiscal year to fulfil its aim of removing, on time, any difficulties that may crop up in the implementation process.

Besides, necessary arrangement has also been made to enable the ministries concerned to continuously follow up and evaluate the implementation aspects of their development projects, the Prime Minister said.

Necessary works have already been initiated to integrate the relevant data on projects, make project selection process practical and scientific, prepare process of the selective projects likely to influence or project various economic responsibilities, of the national economy and promote institutional development at the National Planning Commission and the ministries directly involved in such projects, he said.

**Industrial Policies:** Referring to the new industrial and trade policies introduced in the country to reduce public sector involvement and boost private sector participation in the industrial and commerce sectors and create congenial atmosphere for investment, the Prime Minister said steps have been set afoot to ensure more concessions and facilities for the establishment of industries in less developed areas to avoid any regional imbalance in industrialisation.

The government, he said, is also striving to create suitable atmosphere for the promotion of export-oriented industries and to reduce the balance of trade deficit.

The popularly elected government, unlike in the previous regime, does not believe that it should seek any loans or grant from donor countries without prior consideration of its priorities and propriety. Premier Koirala made it clear.

With a view of economic upliftment of the Nepalese, particularly those living below the poverty line, diverse programmes such as Small Farmer Development Programme, productivity loan programme for women, leased forest and resettlement programme, irrigation programme and other sectoral programmes have been included in the Eighth Plan, he said adding that implementation of these

programmes will benefit about one and a half million Nepalese living below the poverty line within the plan period.

**Irrigation:** On the irrigation front, he said emphasis will be laid on boosting production by implementing maximum number of micro irrigation projects through popular participation in the Eighth Plan. Programme will also be launched to provide maximum irrigation facility from big irrigation projects, he added.

Noting that road facilities have been provided to fifty-three districts as far, he said the facilities will be extended to fourteen more districts in the five years.

The government has not relinquished mixed economy and the privatization process initiated by it falls within the framework of the mixed economy, he said adding that public and private sectors will be developed as complementary to each other.

The state control and extreme protectionism in the national economy practised in the past stunted the growth of industrial entrepreneurship and motivation of both the public and private sectors, making them unable to make contributions to a desired extent, he said, noting that for this reason it has been imperative to phase out protectionism policy and adopt liberal and competitive policy.

In keeping with the present government's privatization policy, works are being carried out in connection with transfer of three public corporations to the private sector, allow private company to run air services in the tourism sector and encourage the private sector to open financial institutions, he pointed out.

#### 14 Aug Speech

92AS1564B Kathmandu *THE RISING NEPAL* in English  
15 Aug 92 pp 1, 7

[Article: "'Panchasheel' Basis Of Nepalese Policy: PM (Prime Minister)"; quotation marks as published]

[Text] Kathmandu, Aug 14 (RSS): Prime Minister [PM] Girija Prasad Koirala has said that Nepal, itself an abode of nonalignment because of its geographical situation, has made the five principles of 'Panchasheel' as permanent basis of its policy towards immediate neighbours, particularly China and India, and these principles have been dictated by physical location as well as by Nepalis own desire to be peaceful and friendly with them. If one tries to be a little more objective in studying Nepal's relations with these countries, there shall be no room for any misconception and misunderstanding.

The prime minister was addressing the 46th Indian independence day function organized here today by Nepal-India Friendship Association.

Prime Minister and Foreign Minister Girija Prasad Koirala said the Third World countries in general found the strategy and principles of nonalignment convenient for shaping their

own foreign policy directions in the international environment. And those who failed to appreciate the strategy of nonalignment subsequently realized its significance in the bipolar world.

The present Nepali Congress government has understood both compulsions and realities and has, accordingly, been pursuing its foreign policy, he said.

Nepal's bilateral, regional and international nonaligned policies have also been appreciated by all our friends, he said how the first elected government in 1959-60 had promoted the spirit of nonalignment by extending relations to Israel, Pakistan and others could prove it.

He recalled the seminal principles and thoughts of India's nationalist movement which culminated in independence on 15 August 1947 with prime minister Nehru's India's tryst with destiny speech.

India's struggle for independence brought with it a number of inalienable principles such as the principle of popular sovereignty, human freedom, conception of social justice, secularism, and nonalignment, he said, moreover, it was a nationalist movement based on principles and objective environment.

It fought against colonial and other forms of exploitation and supported nationalism all over Asia and Africa. This very factor became a source of inspiration to those who were struggling hard for their own emancipation from all sorts of exploitation, he said.

Since it was also a movement for democracy and human freedom, revolutionary young men of Nepal were also inspired by India's movement for independence.

Some events of those exciting years of the 1940s are still fresh in my memory as I was one of the persons to watch them closely, he said.

Our leaders were involved in the struggle with a hope that the impact of the nationalist movement would also be felt in Nepal where the Ranas were trying to perpetuate their century-old family rule, he recalled.

Thus, our movement for democracy had inextricable links with the nationalist movement of India. So soon after the end of colonial rule in India, Nepal and a host of other countries of South Asia and other regions were liberated from oppressive native and colonial rules.

To make these movements successful, the goodwill and support of both the people and movement of India were obtained in various ways, he said.

Mr. Koirala observed that another area contributed by the nationalist movement were the five principles of peaceful co-existence or panchasheel enunciated by the leaders of India much before the achievement of independence.

The nationalist movement gave a definite shape to the underlined principles of post-movement India and no other persons than Mahatma Gandhi and Jawaharlal Nehru were the propounders of these principles.

Today we are also committed to pursuing such broad policies both at bilateral, regional and international levels, he said.

The prime minister continued, our movement for the restoration of democracy and the support we received and are still receiving during and after the movement have also added new dimensions to relations with our friends.

The development of Nepal through the democratic method chosen by the people of Nepal is our singular objective which can be achieved by the moral and material support to be extended to us by our friends, he said.

Taking development as one of the key routes to national security, a poor country like Nepal cannot afford to waste its time on fruitless, hypothetical and imaginative outcry often generated by some political groups or individuals, he added.

He also extended warm greetings to the people and government of India on their 46th independence day.

Remarking that recently, India celebrated the fiftieth anniversary of quite India movement which had paved the way for independence in 1947 he said as independence was impregnated with democracy and freedom, the peaceful quite India movement had electrifying effects on the anti-Rana movement in Nepal. So the auspicious day can hardly be forgotten by the people of Nepal, he said.

The prime minister also recalled that in the course of the Indian independence movement B.P. Koirala and other Nepalese were jailed.

Referring to the age-old close ties that Nepal has had with India he said any attempts to disrupt these ties are mistaken and will never succeed.

National development is everyone's concern he said adding that in this he was trying to develop a consensus of all Nepalese.

He also said that development of water resources would help the process of development, promote industrialisation and generate energy.

He spoke of his determination to safeguard the national interest and develop water resources.

On the occasion Indian ambassador Prof. Bimal Prasad said there have been cordial ties of friendship between Nepal and India.

He recalled that B.P. Koirala, Man Mohan Adhikari and many others contributed to India's freedom struggle.

Dr. Sundar Mani Dixit called on the Nepal-India Friendship Association to promote friendship with India.

Prof. Yubraj Singh Pradhan spoke of the cultural aspect of Nepal-Indian ties.

Chairman Dr. Yogendra Jha spoke about various aspects of those ties.

Secretary Tika Bhusan Dahal underlined the significance of Nepal-India friendship.

**Cultural Cooperation Pact With Germany Signed**  
*92AS1563A Kathmandu THE MOTHERLAND in English*  
13 Aug 92 p 1

[Article: "Agreement on Cultural Cooperation"]

[Text] Nepal and Germany have concluded an agreement on cultural cooperation between the two countries.

Secretary in the Ministry of Education and Culture Ishwar Upadhyaya and Ambassador of Germany Martin Schneler signed the agreement on behalf of their respective governments.

The agreement is valid for next 5 years, according to the Ministry of Education and Culture.—RSS

**Prime Minister Addresses Peace Seminar**  
*92AS1562A Kathmandu THE RISING NEPAL in English*  
9 Aug 92 pp 1, 7

[Article: "Nepal Always on the Side of Justice: PM"]

[Text] Kathmandu, Aug 8 (RSS): Prime Minister [PM] Girija Prasad Koirala has said that world peace is a matter of everlasting concern for us and as a peace loving nation Nepal always stands on the side of justice.

Prime Minister Koirala was addressing an international seminar on peace, development and environment organized by the Nepal World Peace Committee here today.

He expressed the hope that the seminar organized with the objective of nurturing world peace, stability, fraternity and environmental balance in the world could become a success.

As a developing country also Nepal has been put in a natural position to take the side of justice for the fulfilment of its aspirations, he said and termed as an unavoidable condition Nepal's stand on world peace for the attainment of just values.

While striving for world peace, Mr. Koirala continued, we do not only envisage a free of war world; we want our desire for peace in the present world, that has already seen the scourge of two world wars fought in the past and the cold war that has just come to an end, to take the shape of a concerted global effort toward the progress of the citizens of the poor and needy countries.

The Prime Minister also drew the attention of the participants from different parts of the world, especially those from the Asia-Pacific region, to the majority of the world population which is reeling under the heavy impact of economic backwardness and hunger.

The communication media are bringing before our eyes everyday the pathetic picture of many nations, he added.

The existence of sad realities of the world like hunger and agony even after the end of the cold war has posed a serious threat to global peace, Premier Koirala observed, adding this is the major obstacle to world peace and its remedy requires a positive initiative from the economically capable and industrialized countries of the world.

The concern expressed at many recent international fora over this problem has certainly kindled our hope but we are

not in a position to rest on our laurels; much remains to be done in this direction, Mr. Koirala said.

All-pervasive poverty and economic backwardness are the factors behind the major problems facing the developing countries whether they are seen in terms of their national interest and independence or the dire consequences of environmental imbalance, he said noting that these are also the stumbling blocks in the path of world peace.

Speaking of the need to foster amity between nation and nation and nurture goodwill between the citizens of the world for global peace, the Prime Minister expressed the confidence that the Nepal world peace committee will further gear up its activities to reach this goal.

While talking about poverty elimination, it will be in the interest of all to first assess how much they have done on their own for this instead of getting bogged down in all talks and pointing an accusing finger at others, said the Prime Minister.

In this connection, he said, it is important on our part to look back and see what efforts we have made so far towards the utilization of our natural resources for development and self-reliance.

It would also be better if we gave some thought to the efforts so far made by us towards the preservation and promotion of national interest and the welfare of the people through proper development of our water resources which are in abundance but still going to waste.

Throwing light on the wide realm of peace Prime Minister Koirala called for an all-out effort to bring peace in every individual, society, community and every sector.

President of Nepal Communist Party United Marxist Leninist and opposition leader Man Mohan Adhikari called upon the independent sovereign developing countries to work out a common programme for avoiding hegemonistic economic, political and militaise influence from the super power.

Referring to the change in the world arena in recent times. Mr. Adhikari observed the demise of the Soviet Union and the political change in eastern Europe have made the say of the developing countries comparatively weaker and vulnerable.

This is a matter of great concern for us, he opined and said the Nonaligned Movement and the role of developing countries is more important in the modern world.

The leftist leader termed the peace movement as, "humanistic" and said the spread of unipolar world would not be in the interest of the developing world.

Honorary president of World Peace Committee [WPC] Romesh Chandra who also spoke on the occasion noted the world today needs peace movement more than ever.

The United Nations, he observed, should not be used for wars and bombing nations out of existence.

President of WPC E. Meheras, a Greek national, explained the objectives of the committee and said "they are more

relevant in today's world which badly needs peace, development security and environmental preservation."

Secretary general of Nepal Communist Party (United Bishnu Bahadur Manandhar) expressed the view that peace is always endangered in the presence of arms and imperialist forces.

Chairman of Nepal World Peace Committee Dr. Nageswar Prasad Singh counselled all to think globally and act locally in matters of peace, development and environment preservation.

Secretary general of the committee Hemant B. Beisee shed light on the programmes of the seminar and hoped it would be helpful in devising ways and means to eradicate poverty, economic backwardness and insecurity in the developing countries.

The committee is also holding the Asia-Pacific regional meeting of the WPC in Kathmandu today and tomorrow.

### Internal Affairs

#### Continuing Threat to Democracy Seen

92AS1551B Kathmandu *THE RISING NEPAL* in English  
28 Aug 92 p 4

[Article by Sushil Sharma: "Our Common Future"]

[Text] Two and a half years after the restoration of the multi-party democracy and more than one year after the installation of the democratically elected government the spectre of a set-back to democracy is still said to exist.

Political leaders, the press and the intelligentsia alike belonging to both ruling and the opposition parties continue to warn against the danger to democracy.

#### Spectre of Setback

The spectre of setback to the multi-party democracy haunted the country throughout the tenure of the interim government. But the reference to such danger then and now has a qualitative difference.

The interim coalition government consisting of the Nepali Congress, United Left Front and the independents was never a target of attack as "regressive" and "reactionary" elements drew the flak for attempting to endangering democracy.

In sharp contrast, the elected government has been a butt of criticism right from the beginning. Not only the opposition leaders of all hues but leaders of the ruling party itself have also censured the government.

After the political change in April, 1990, all attention was focussed on the new Constitution, the promulgation of which was dubbed as the foundation of the new polity. Then after, the holding of the general elections got the next priority.

Successful holding of the elections and the installation of a duly elected government was claimed to defuse any threat to democracy.

As the promulgation of the Constitution and the holding of the general elections were considered crucial for consolidation of democracy, the interim government, which had these two major mandates, drew little criticism.

But the elected government that took over in May last year has not been fortunate enough to enjoy even a honeymoon period.

Instead, it is under attack from all quarters, including the leaders from the ruling party. The government is also being blamed for acting in such a way as to endangering the nascent democracy.

Whether the multi-party democracy is faced with a serious threat may be debatable, but there can be no two opinions on how best to safeguard it from any threat.

Having won political freedom, what the people look forward to in a developing country like Nepal is freedom from economic hardships. Economic development is therefore the best guarantee to the future of democracy.

Immediate economic relief in the short run and speedy all-round development in the long run are as crucial today as the promulgation of the new Constitution and the holding of the election were during the interim government.

In the same manner, if undermining the interim government was considered tantamount to putting an impediment to the process of the consolidation of democracy, any attempt at weakening the present government may also be construed ominous to the future of democracy.

Unless there is political stability and the government feels secure enough to work without fear, it cannot be expected to deliver the goods.

Only a strong, stable and confident government can be expected to accomplish its goals in, among others, economic front. And once the people begin to reap the fruits of developments, democracy takes its firm roots and vice versa.

Apparently aware of this, Prime Minister Girija Prasad Koirala, on assuming office last year pledged to work for economic development.

But few disagree with the critics that the government has not been able to fully live up to the expectations.

#### No Clean Chit

Economic hardships show no sign of lessening. The administration leaves a lot to be desired in responding to the rising aspirations of the people. Inflation and unemployment are on the rise. Petty partisan politics appears to be impeding local development activities.

The people's frustration arising therefrom and the presence of the vested interests—elements which are always out to cash in on such feelings do pose threat to democracy. Most emerging democracies in Asia, Africa and Eastern Europe are undergoing such experience.

While the government cannot escape blame on this count, the opposition can least expect to get a clean chit.

The repeated attempts at keeping the government off balance should be viewed in this light, because the opposition has overlooked the distinct difference between constructive criticism and activities that tend to make the government insecure and unstable.

By throwing their lot behind the civil servants' agitation—a move they regretted later—soon after the government took office and by instigating public unrest on the eve of the local elections, the opposition did not do any good to the cause of safeguarding democracy.

It has the right and the responsibility to take the government to the task whenever the latter makes mistakes or takes actions that are detrimental to the interest of the polity and the people.

Without suggesting alternative and corrective measures, the voice of protest only becomes sloganeering, which again tend to erode public confidence in the parties.

The future of democracy depends as much on the performance of the government as on the credibility of the opposition. If the opposition does not provide sound, viable and credible alternatives to the plans, policies and programmes of the government, the forces with ulterior motives can take advantage of the situation.

While putting all the blame on the government for political, social and economic ills the opposition has very conveniently ignored this reality.

On the other hand, a section within the ruling Nepali Congress has also been bent on projecting the present government in a bad light.

Intra-party differences which should have been discussed and sorted out within the party have been dragged out in the open to the discomfiture of the government.

If senior leaders who have spent their entire life in the struggle for democracy appear less alert from being misled, others are caring less about party discipline.

The recent Shailaja Acharya and Kuber Sharma episodes are a case in point.

The Shailaja case put the government in a very embarrassing situation. She had to bow out. She did. But the Kuber episode is still fresh. Further development on the matter is being eagerly watched because it can either boost or shatter the confidence of the government.

Needless to say, any verdict that does not boost the confidence of the government may entail far reaching implications.

#### **Stability Factor**

Economic development is the key to the future of democracy. This is not possible without political stability. The stability factor has a lot to do with the strength and the success of the first elected government. And the success of the government depends not on it alone.

All have a common stake in the future of democracy. It cannot be the concern and responsibility of the government alone.

#### **Leftist MPs Score Human Rights Violations**

92AS1561A Kathmandu THE MOTHERLAND in English  
5 Aug 92 pp 1, 4

[Article: "Govt. Not Serious About Human Rights"]

[Text] The House of Representatives yesterday discussed a matter of public importance tabled by Jhalanath Khanal of CPN (UML) [Communist Party of Nepal-United Marxists and Leninists] on the violation of Human Rights in Nepal.

Presenting the proposal, Khanal said that the incidents of human rights violation are still recurring even after the advent of democracy in the country.

Revealing some incidents of human rights violation in Panchathar, Sankhuwasabha and Chitwan districts, he said that many persons have been detained in the custody and have undergone inhuman and cruel treatment without any substantial reasons.

No laws are yet formulated to reflect the spirit of the constitution concerning human rights, Khanal said, adding that the government was also not serious in this connection.

Taking part in the debate, Taranath Ranabhat of NC [Nepali Congress] said that it was necessary to define rights in a least developed country like Nepal.

Kamal Prasad Chaulogain of SJM [expansion not given] accused the government of repressing the report of Mallik Commission, adopting repressive measures in Ramechhap and unfair means to win the local elections.

Denouncing the April 6 incident in Kathmandu, Siddhi Lal Singh of CPN (UML) charged the government that it was not taking action against the culprits.

Tul Bahadru Gurung of CPN (UML) said that the laws used during the panchayat regime against the anti-panchayat forces were now being used against the opposition. This is supported by the firing incident of May 18 in Pokhara, he added.

Noting that the Nepali Congress is committed to preserving human rights and consolidating democracy, [word illegible] Prasad Bhusal of NC said that human rights could not be observed unless the opposition political forces, in addition to His Majesty's Government were committed to it.—RSS.

#### **Ruling Party Leader in National Council Appointed**

92AS1560A Kathmandu THE RISING NEPAL 19 Aug 92  
p 1

[Article: "Risal Designated NC (Nepali Congress) Leader at National Council"]

[Text] Kathmandu, Aug 18 (RSS): MP [member of Parliament] Basudev Risal has been designated the leader of the ruling party in the National Council.

The Prime Minister's letter on the Mr. Risal's appointment as the leader of the ruling party was read out at the National Council today by the National Council Chairman Beni Bahadur Karki. Chairman Karki also congratulated MP Risal on the occasion.

After that Mr. Risal thanked the prime minister for his appointment to "such a dignified post of the leader of the ruling party in the National Council." Stating that liberal attitude of the ruling party and the understanding on the part of the opposition party would enhance the dignity of the House, he assured the House of his all-out cooperation in that direction.

Congratulating Mr. Risal on the occasion, the chief opposition party deputy leader in the National Council Balaram Upadhyaya (CPN-UML) expressed satisfaction at what said the "appointment of the ruling party leader in compliance with the voice of the opposition" and extended congratulations on behalf of his party and on his own behalf to Mr. Risal.

MP Rameswar Raya Yadav of Nepal Sadbhavana Party expressed his congratulations to Mr. Risal on his appointment to the ruling party leader in the National Council after a long time. Mr. Yadav also expressed the confidence that Mr. Risal would play a significant role in forging a close coordination and understanding between the ruling and opposition party for the consolidation of democracy.

On behalf of the nominated members in the National Council, Krishna Prasad Ghimire, while stating that an able person has been appointed as the leader of the ruling party in the National Council wished him success in getting constructive cooperation of all in his task.

The whip of the ruling party in the National Council Bhikhari Mansoor also extended hearty congratulations to Mr. Risal on behalf of the ruling party.

### **Congress, Communists, Said Divided Over Decentralization**

*92AS1551C Kathmandu THE RISING NEPAL in English  
27 Aug 92 pp 1, 7*

[Article: "NC (Nepali Congress), Opposition Lock Horns On 'Decentralization'"]

[Text] Kathmandu, August 26: The ruling Nepali Congress [NC] seemed today turning the tables over the Opposition on fundamental issues concerning decentralization with the party President Krishna Prasad Bhattarai throwing the ball in the court of his political rivals on the question of appointing the local development officers [LDO] in districts.

Mr. Bhattarai didn't mince his words in driving home the message to the Opposition that it had enough of its offensive. As if now playing the offensive himself Mr. Bhattarai, in his characteristically dainty manner, offered to scrap the existing practice of appointing the LDOs seeking the "assistance and cooperation" of the main Opposition in Parliament, the Communist Party of Nepal [CPN] (Unified Marxist-Leninist), if I wished to, to get a "political appointee" in the key developmental position in districts.

The poser by Mr. Bhattarai to Mr. Man Mohan Adhikary, the Opposition leader in Parliament and the President of the UML [United Marxist and Leninist] came in reply to an attack on the ruling party and its government by the later on the legislations concerning decentralization and civic polls. The forum was a talks programme organized by SCOPE

(Society for Constitutional and Parliamentary Exercise) and the theme: Concept of decentralization, implementation and institutional interdependence.

Mr. Adhikary's contention was that the ruling party hurriedly rushed to get the decentralization bills passed in Parliament without taking into consideration the views and suggestions of the Opposition. He claimed, under the existing system, the district development boards or other elected representatives of the people were forced, in what he said was the absence of autonomy of them, to kowtow to the local development officer, who is usually a junior civil servant to get any development scheme implemented in districts.

A debonair Bhattarai genteelly retorted, "If the Opposition cooperates, and if my friend Man Mohanji is prepared to help, we are ready to replace the LDO (a bureaucrat) by political appointees." LDOs, appointed in every district to coordinate and oversee local development activities, are civil servants usually of the rank of a section officer or an assistant secretary.

Mr. Bhattarai's offer to start the practice of political appointment of the LDOs is likely to send strong political signals to the Opposition and can be seen as a ploy to score over the political rivals. The Opposition is, however, unlikely to cooperate in this as such an overture from the Opposition is bound only to benefit the government.

Whether it was a calculated statement to manoeuvre the Opposition on the subject or simply a retort, Mr. Bhattarai has scored a major point for the government and the party. Analysts said the party may have inner party differences on day to day matters but wherever its programmes and party agenda were at stake, its leadership stands up to put the opposition on the tenterhooks.

Mr. Adhikary also charged the interim government of Mr. Bhattarai with ignoring suggestions from his (Mr. Adhikary's) party to define the role, responsibility and position of local units in a separate chapter in the constitution.

"There was no bad intention of the interim government in not heeding to the advice. But we had no time to go into the details of counsels we received," Mr. Bhattarai said. "Had we done so, we would perhaps not been in a position to bring the constitution even until now."

"Sahanaji is here. She knows this very well," he said pointing to Ms. Sahana Pradhan, of the UML who was number two person in the interim cabinet headed by Mr. Bhattarai.

Mr. Pashupati Shumshere J.B. Rana of the National Democratic Party of the former panchas, and Mr. Hridayesh Tripathi of Nepal Sadbhavana Party, claimed the decentralization act was designed not to transfer authority to local units but to take care of the interests of the ruling party.

Mr. Tripathi questioned the very basis on which local elections were held and denied that there was any autonomy to local bodies. He found faults with the present development regions demanding that they be created "scientifically."

"The type of federal state suggested by Mr. Tripathi is not possible in Nepal because its emotional integration is not completed yet," Mr. Bhattarai said biting back of Mr. Tripathi.

Local Development and Agriculture Minister Ram Chandra Poudel, as the principal official of the government in charge of decentralization and local development, came out equally strong to strike at the critics as forcefully.

Mr. Poudel's reply to attacks on government by the opponents showed the clarity of purpose and a sense of the goal to which the government is heading. In a pungent statement, Mr. Poudel gave matter of fact replies to posers to the government from the Opposition taking them on point by point basis. "Through the mass movement (two years ago) we have got back our rights from the palace to the people," he said.

"But our authority which is centred in Kathmandu has to be taken to our villages in all nooks and corners of the country. And this is the main focus of attention today."

Mr. Poudel was clear and strong in asserting that the government was all for giving complete autonomy to democratically elected local bodies. "But the geographical situation, historical conditions and the socio-economic exigencies demanded that the arrangements be made in a realistic and practical plane."

He asked how a remote village would perform if it were told to raise money, plan expenses and implement development schemes on its own. Without any assistance from the centre it would not be able to do anything which underlines the fact that what our villages need is a step by step approach to giving them complete autonomy. "We should first gradually develop the capacity of local bodies and then give them complete autonomy."

And this is the onus of all political parties to rise above their ideological bias and lend support to the government to give relief to the people from wants and scarcity. "Let us face the reality," he said. "We had to begin from the scratch the development of our country. In this, let us set aside our political considerations and help each other sincerely. Let us all, political parties, give directives to our workers at the grass root level to work as partners in the development of our local areas."

Kicking off the debate was Mr. Surya Dhungel, SCOPE's secretary general. In his paper, Mr. Dhungel brought to the fore major issues involved in decentralization. Presidents and the vice-Presidents of district development boards here for their recent conference were among the audience of intellectuals and members of SCOPE.

**Minister Discusses Trade With Neighbors**

92AS1565A Kathmandu *THE RISING NEPAL* in English  
17 Aug 92 p 3

[Article: "New Arrangements To Help Reduce Trade Deficit With India"]

[Text] Kathmandu, Aug 16 (RSS): Minister of State for Commerce and Supplies Prof. Aishwaryalal Pradhananga informed the House of Representatives that arrangements have been made for free entry of 91 Nepalese products into the Indian market.

Nepalese goods containing 55 percent Nepalese or Nepalese/Indian raw materials can also be exported to India without any quota restrictions, customs and additional tariff, he added.

Prof. Pradhananga made these remarks at the House of Representatives while replying questions raised by the members on the appropriations of the Ministry of Commerce and Supplies.

Minister of State Pradhananga expressed the confidence that these new arrangements would help to reduce the trade deficit with India.

Expressing the view that the trade treaty signed between Nepal and India in December 6, 1991 is more liberal and flexible than the trade treaties signed earlier, he said that Nepal and India had agreed in principle to reduce the trade deficit between the two countries and enhance export of Nepalese goods to India.

The validity period for pro forma clearance has been increased from two years to five years, he said, adding that it has been agreed in principle to include Nepalese labour content in the 55 percent requirement for duty and quota free entry of Nepalese goods, subject to a negative list of products being worked out by the two governments.

Noting that trade is being carried out with China (Tibet) in the north and India in the south in accordance with the treaties being signed with the two countries, the Minister of State said that trade with China and India has been gradually increasing in accordance with HMG's [His Majesty's Government] policy of increasing trade with the neighboring countries.

He informed the House of Representatives that a trade fair with the participation of the businessmen is scheduled to be organised in Lhasa in September, 1992 with the objective of further enhancing the trade with China (Tibet).

The Minister of State said that the government of the People's Republic China had requested His Majesty's Government to open the Mustang and Kimathanka entry points besides the four existing entry points to further promote trade between Nepal and the Tibet Autonomous Region of the People's Republic of China.

Stating that the members of the parliament were familiar with the important role transit plays in our trade infrastructure, he said that His Majesty's Government is committed to overcoming the transit problems by seeking cooperation

from the governments of India and Bangladesh in order to facilitate transit, reduce the transit cost and ensure free flow of trade.

The Minister of State said that HMG is making efforts to promote unrestricted trade between the SAARC [South Asian Association for Regional Cooperation] countries.

Later MPs [members of Parliament], Rakam Chemjong, Kul Prasad Uprety, Basanta Kumar Nemwang, Bijaya Subba, Tanka Rai, Damber Singh Sambahamphe, Krishna Prasad Dahal, Tilak Prasad Neupane, Bhakta Bahadur Belayar, Dilli Bahadur Mahat and Hridayesh Tripathy had sought clarifications on the reply of the Minister of State for Commerce and Supplies.

In reply to the clarifications, Prof. Pradhananga said that the customs duty on television and video decks had been reduced to check the tendencies of evading customs.

The Minister of State said that talks with India and Bangladesh were continuing in connection with the Radhikapur transit route.

Prof. Pradhananga said HMG is in a position to import 40,000 metric tons of foodgrain from India to check the possibility of shortage of foodgrain this year.

Stating that restrictions had been imposed on the export of foodgrains, he said that it was not possible to reduce the price of petroleum products by bearing a loss of Rs. 2.2 million a day.

**Details of Eighth Five-Year Plan Announced****Report on Summary**

92AS1566A Kathmandu *THE RISING NEPAL* in English  
20 Aug 92 p 1

[Article: "Rs170 B Eighth Plan Announced; GDP Growth Rate Target 5.1%"]

[Text] Kathmandu, Aug 19: The Eighth Plan, with the total capital investment outlay of 170,332 million rupees in the five year period (1992-97) was announced today and officials said that the Plan aimed at achieving a higher rate of sustainable economic growth, alleviating poverty and reducing of regional imbalance in development. The Plan has a goal of achieving 5.1 percent of the annual average growth rate of GDP [gross domestic product] with an annual growth of agricultural and non agricultural value added of 3.7 and 6.1 percent respectively.

Officials have projected that the present inflation of 21 percent will be brought down to between 11 and 13 percent this year. By the end of the Eighth Plan inflation is expected to come down to an average of nine percent.

Dr. Ram Sharn Mahat, the Vice Chairman of the National Planning Commission, releasing the summary of the Plan to the press stressed this afternoon that the Plan was formulated taking into account the country's experience in the past.

The indications available on the basis of past experiences have been taken into consideration and the plan documents have been designed to correct the past mistakes, he said.

It is precisely with this objective in mind that a sustainable development has been stressed and rural growth given priority to correct imbalances between different areas.

The Plan also aims at reducing the cost of development and raise returns from investment.

On policy priority, Dr. Mahat said, agricultural intensification and diversification, energy development and the development of rural infrastructure get the highest priority in that order.

Following these areas in priority list of the plan document are: employment generation and human resource development, reduction in population growth, industry and tourism development, export promotion and diversification, macro-economic stabilization, public administration reform and monitoring and evaluation.

Dr. Mahat said the goals are to be achieved through economic liberalization, rural development, people's participation, decentralization and increased return on capital.

Of the total fixed capital investment outlay the agriculture, irrigation and forestry sectors claim 25.8 percent. The aggregate incremental capital output ratio (ICOR) for the plan improves from the historical value of 1:4.5 to 1:4.3.

The private sector will invest 109,993 million rupees in the total capital investment with the government putting the remaining 61,139 million rupees. The private investment thus comes to 64.1 percent.

The total public sector development outlay will be 113,497 million rupees in which agriculture, irrigation and forestry will get 29,193 million rupees which is 25.7 percent. The highest share is of the social services with a total of 35,808 million rupees or 31.5 percent.

National saving will finance 56.3 percent of the total gross investment. Out of the remaining 43.7 percent, 26.6 percent will be financed by means of grants and 73.4 percent by external borrowing.

The development expenditure will be financed through revenue surplus (27.5 percent), foreign aid (65.5 percent of which 17.4 percent through grants and 48.1 percent through loan) and domestic borrowing (seven percent).

On major macro economic indicators, national savings is expected to grow by 11 percent, government revenue by 10.3 percent and budget deficit expected to grow by minus 7.5 percent.

In the export front, role of the private sector will be promoted with the government only taking up such aspects like quality control and finding out export markets for exports.

The agricultural goals were directed at raising output, meeting demands for food grains, providing local raw materials for industries, provide employment to small and marginal farmers and maintain a balance between agricultural development and environmental protection.

In education, the goal is to raise the literacy rate to 60 percent, up from the current 40 percent and the average life expectancy is targeted to reach 61 years by the end of the Eighth Plan.

The last plan, the Seventh Plan, was of 103 billion rupees with the foreign aid occupying 71 percent of the development budget. In the current plan the foreign aid component has been lowered to 65.5 percent. The Eighth Plan period begins with the current fiscal year.

### Further Details

92AS1566B Kathmandu *THE RISING NEPAL in English*  
20 Aug 92 pp 1, 7

[Article: "Strategy: Mixed Agricultural System"]

[Text] Kathmandu, August 19: The Eighth Plan, brought to light here today by the National Planning Commission, aims to carry out all agricultural development programmes concentrating on product intensification, diversification, and commercialisation.

The annual average growth targets for the production of foodgrains, cash crops, horticulture, and livestock development are 4.4, 9.1, 5.4, and 3.8 percent respectively.

The main consideration in devising the strategy will be mixed agricultural system based upon farmers' resource endowments, agro-ecological diversity, and market access.

The management of forest resources will be directed to augment supply and reduce the demand for such resources by rehabilitation of degraded forest, conservation programmes and by encouraging agro-forestry practices to generate employment.

During the plan 252,000 hectares of forest land is targeted for distribution to 5000 user groups of local communities.

Forest land will be given on lease to economically deprived groups in order to involve them in agro-forestry and animal farming activities.

This is expected to provide benefit to approximately 25,000 families. Afforestation programme will cover about 80,000 hectares of land.

Dual ownership of land will be gradually abolished and the land ceiling will be regulated by progressive land taxation.

A land use planning and monitoring system will be initiated to guide the proper use of land, water and forest resources in a manner to ensure environmental protection.

Major agro-ecological zones based on bio-physical and climatic conditions will be determined to develop appropriate land-use planning for each zone.

The core sectors like energy, irrigation road and other transport along with communications have also been included in the plan.

Energy development programme will be enhanced in terms of output and distribution by maintaining the regional balance and environment.

During the plan period, 29,700 KW electricity will be produced in the public sector.

Seventy two megawatts [MW] of power energy will be supplied by constructing and operating 30,000 bio-gas plants. Arrangement will be made to initiate projects in order to produce 58 MW electricity.

Irrigation facilities will be made available to cover the land area of 892,699 hectares at the end of the plan.

The total of 2978 km roads, 1178 km at the central level and 1200 km at the district level, establishing links between various parts of the country, will be constructed.

During the plan period, 14 more district headquarters will have the road links.

In communication sector, postal services will be provided to additional 2,200 rural areas and a total of 61,000 additional telephone lines will be installed throughout the country.

Besides, telephone services will be provided to additional 27 district headquarters and 400 rural areas, during the plan period.

Production oriented industrial sector will be developed by establishing interlinkages between various economic activities under a more liberal economic framework.

Industrial production is forecasted to grow by 12.4 percent annually with increased private and foreign investments.

Exports and imports are expected to grow annually by 19.1 and 11.7 percent respectively, thus reducing the trade deficit by 4.1 percent, annually.

The number of tourist arrival is expected to grow by 8 percent annually and foreign exchange earnings will grow by 18 percent annually.

Supplies of essential commodities and development goods will be ensured smoothly and regularly by stabilising their prices.

In the social sectors, literacy rates and primary education targets have been put at 60 and 90 percent respectively. The general health of the people will be improved through basic primary health care programmes with a target to bring down infant mortality rates at the plan end to 80 per thousand live births from the present 102, among others.

Seventy two percent of the population will be provided with safe drinking water in the end of the plan period, increasing the present coverage of 43 percent.

Planned urban development with a better management of housing facilities will be initiated.

Unemployment and under employment will be reduced gradually and the conditions of economically, physically, socially deprived people will be improved. Local development will focus on improving the income and quality of the life of disadvantaged groups, development of backward areas, creation of community infrastructure and decentralisation of authority to local self government.

The people living below the poverty line (subsistence level) will be reduced by 7 percentage points from the presently estimated (roughly) 49 percent.

Regional imbalances between the development regions, zones, districts, between the geographical locations and between the rural and urban centres will be reduced through proper allocation of development funds and by integrating and coordinating the various development programmes.

Environmental conservation programme will be integrated to human development. The intended action will be to adopt an integrated approach to environmental policy with sustainability as the overall goal.

An effective monitoring and evaluation system will be implemented for all levels of institutions which are involved in project planning and implementation.

Various national policies such as prices, resource mobilization, monetary credit, and banking, capital market development, public enterprises and privatisation, manpower and employment, development administration, science and technology women in development, child development, non-governmental organisations, and food and nutrition will be followed to fulfil and basic objectives of the plan.

### Power Production Details

92AS1566C Kathmandu *THE RISING NEPAL* in English  
21 Aug 92 p 11

[Article: "Power Production in Eighth Plan Period"]

[Text] During the Eighth Plan period, 29,700 kilowatts [KW] of electricity is likely to be produced in the public sector.

An arrangement will be made to produce 58 MW [megawatts] of electricity in the private sector.

A target of supplying an equivalent of 72 MW power energy, by constructing and operating 30,000 bio-gas plants, has also been set.

The transmission lines of different capacities covering 405 km will be constructed during the plan period.

In order to integrate the national production with the internal energy sources, energy development programme will be enhanced in terms of output and distribution by maintaining the regional balance and environment.

In line with the target of integrating national production with the internal energy sources, hydroelectricity will be developed as a foremost infrastructure and electricity consumption will be expanded, providing support to power based industries, in its development with a view to maintain regional balance in their production, distribution and investment.

Alternative and decentralised power sources will be developed by gradually replacing imported fuel with local power sources by emphasising on the overall development of various internal power sources.

Provision will be made to develop and utilize power without adversely affecting the environment.

To meet the objectives of the plan, various policies have been adopted. Provision will be made to involve government and non government sectors in the investments for the development of different types of electricity projects with a view to achieving sustainable power supply from the country's power sources.

To give continuation to the traditional power sources like the fuel woods, improved forest management consumers' groups will be used.

An amount of Rs.23,719 million has been set aside for the implementation of various power related development programmes.

In the power production sector, the 12 MW Jhimruk, the 100 MW Kali Gandaki "A" and the 201 MW Arun III first phase hydroelectric projects will be run by the government.

Provision will be made to run the 48 MW Khimti and the 10 MW Modi hydel projects in the private sector.

Study will be conducted to bring about implementation of some new power projects.

Trishuli and Devighat hydel plants will be upgraded and consolidated to enhance their production capacity.

Forty two kilometer Duhabi (Nepal) - Kataiya (India) transmission lines will be constructed and provision will be made to avail additional electricity.

In addition to this, annual 10,000,000 units of electricity will be availed of from the Tanakpur Hydroelectricity project, of India, in accordance with an understanding reached between the two countries.

Fifty megawatts of additional electricity will be made imported from India. It is estimated at present that 90 MW power will be generated in the private sector.

In the rural electrification front, about 1200 villages of Ilam, Jhapa, Sunsari, Morang, Saptari, Dhanusha, Mohottari, Sarlahi, Rautahat, Chitwan, Nawalparasi, Rupandehi, Kaski, Gulmi, Arghakhanchi, Dang, Banke, Bardiya, Doti, Dadeldhura, and Surkhet will be supplied with electricity under the "grid system."

Similarly, various villages will be provided with electricity by conducting separate mini hydel production projects. Construction of 600 KW Namche, 400 KW Achham, and 1000 KW Tatopani (second phase) projects, that remained incomplete in the previous plan period, will be completed.

Construction of 500 KW Khotang, 600 KW Kalikot and 160 KW Dolpa projects will be initiated.

Necessary institutional management for preventing the leakage of electricity more effectively along with load management and financial management consolidation will also be carried out in addition to improving the general administrative management.

Provision will be made to carry out further study on the issues like source of water, sediment, environment and resettlement for the Karnali (Chisapani) multi-purpose project.

Pancheswor multi-purpose project will be moved ahead for implementation by preparing an extensive study report on it.

Extensive reports will be prepared after an additional survey of Budhi Gandaki High Dam project under the financial assistance of India.

Provision will be made for the feasibility study of Saptakoshi multi-purpose project as an inception report preparation is being done with the involvement of a team of Nepalese and Indian experts.

These projects will be basically carried along with a view to export power.

By the implementation of small hydel projects, 500 KW power production capacity will be enhanced under the alternative power development programme.

Of this capacity, the Eastern, Middle, Western, Mid-western and Far-western regions will be respectively provided with 1250, 1250, 1250, 750 and 500 kilowatts of electricity.

Besides these, programmes will be conducted to develop solar energy, wind power, and biogas.

#### **Effects of Privatization on Economy Analyzed**

*92AS1551A Kathmandu THE RISING NEPAL in English  
22 Aug 92 p 4*

[Article by Khagendra Acharya: "Privatization, Will It Solve All Problems?"]

[Text] It may be essential and reasonable to establish public enterprises (PEs) in the interest of the nation and according to the will of the people where private entrepreneurs are reluctant to participate.

#### **Major Purposes**

PEs may have some major purposes like investment for the wellbeing of the people where private sector is reluctant to invest, preventing the consumers from being exploited by the monopoly of private entrepreneurs, having optimum use of resources available in the country.

Besides, PEs may help preserve national interest, generate additional revenue by operating industries, give employment to citizens, provide essential services to the people and develop the backward areas in the country.

More than sixty PEs are working at present in Nepal. Among these, the majority are sick, incompetent and economically poor as indicated by managers, researchers and experts since very long. Though these PEs may have their separate problems, some of their problems are common. They are:

- frequent intervention by the government in the daily affairs of the PEs,
- appointment of government bureaucrats to manage them who very rarely shoulder the given responsibility,
- the PEs taken for granted by the political people as employment centres,

- acceptance of government subsidies by PEs as easy money,
- non-existence of the procedure to relate the survival of the PEs with their performance,
- frequent manipulation of PEs by the past panchayat government to safeguard the system.

On the ground of these common problems, it can be said that many of them are mismanaged, unproductive and loss accumulating.

These PEs are the subject of research and analysis. The government has decided to privatize these PEs in order to solve their accumulated problems. The PEs proposed for privatization in the first phase are Bhrikuti Paper Factory, Bansbari Leather and Shoes Industries and Harisidhi Brick and Tile Factory. By coincidence all these PEs are established by the aid donated by China.

Now the question arises whether the solution of all the problems in PEs is their privatization. Can privatization protect the noble interest of the country and mass consumers? Will privatization increase the efficiency of the firm and protect the interest of its general employees? These questions can be answered only by getting to the main root of the problems.

Most of the private entrepreneurs in Nepal are inclined towards trade and the real estate business rather than in establishment of industries. The majority of the industrialists are somehow or the other affiliated with the trading business also. It is clear that the industrial policy of the country has not been competent enough to motivate the available capital towards industry in Nepal. Thus those who intended to earn rapidly and desire more security of their investment, select trade rather than industry.

On the other hand, the slogan of privatization has come from developed countries. The situation in developing and developed countries is quite different in respect of economic maturity. Thus it is desirable to evaluate the privatization slogan before endorsing it for the national interest of developing countries.

The objective of individual entrepreneurs is to maximise profit, whereas the objective of PEs is to protect national interest. From the short-term viewpoint, the objectives of profit maximisation and national interest maximisation are contradictory with each other.

The next challenge of the privatization procedure is the future of the working staff. Though the government has assured their security, it is not necessary that new investors must accept the same employees in their firm. What will be the future of the employees in that situation? Whether the PEs are to be sold to private parties or are to be corrected by modification in production process, diversification in products and employment should still be the options left open.

There is a saying in which it is said that if the price of a living elephant is one hundred thousand rupees and the price of a dead elephant is one hundred fifty thousand rupees, then should all the living elephants be killed to earn more? This reference is equally valid in case of our PEs.

Should they be sold to solve the problems or retained to protect national and consumer interest?

It is relevant to make the business enterprises more and more competent and it will not solve the problems if monopolistic atmosphere survives in place of competition. Selling the shares of a PEs under auction means the transfer of the ownership to the hands of a few national or foreign capitalists. Thus the question arises whether this decision is diverted towards the benefit of a few contrary to the interest of the common people?

Nobody will deny that the plans and policies of a country must encourage the private sector for investment. But privatization of existing PEs and encouragement of the private sector are not of the same concern. We have been encouraging the private sector since a very long time but the proposal of privatization has come for the first time just recently.

Now, it is necessary to analyse certain factors even if we assume that all our small and big investors come to the fore in this privatization process. They are:

- How is the economy and financial position of our common investors?
- Are our manpower trained and competitive?
- How will we monitor and evaluate the firms after privatization?
- Will the PEs proposed for privatization be labour intensive or capital intensive?
- What procedures are being followed to stabilize the price of the product after privatization?

These questions are directly related with our national interest and manpower utilization. Therefore, privatization without reasonable consideration of the aforesaid questions may be harmful.

The majority of the PEs in Nepal are not running according to financial principles. During the past, there were no efforts to avoid their irregularities and make them more competitive. More complications may come if these are sold to private parties under auction system instead of correcting their defects. Some suggestions are placed here which may help to take the appropriate decision:

- The proposed decision must not only secure the job of current employees but also create additional opportunities as the main objective of a democratic government is to generate more employment to its people.
- The decision to be taken must correct the managerial functions of PEs, whereby they can run in a more competitive manner.
- The proposed decision must guarantee full capacity utilization, which has not yet been achieved in most of them.
- In future, the decision must guarantee the use of local raw material, employment of local people and utilisation of local means and resources. It is because there are some such private industries where imported raw material is used, non-citizens are employed, foreign capital is

invested, foreigners are their managers and foreigners are their real consumers. Such enterprises have only used the land of Nepal enjoying our legal defects and capitalising on the irregularities of our government machinery.

—More or less, the PEs in Nepal are regularly publishing their annual financial reports, whereas, the private sector is not only reluctant but also discouraging the researchers. The decision to be taken must be in favour of an open system of reports because close system encourages illegal and unsocial activities.

#### **Privatization's Impact**

Lastly there is the immense need of mass approval on privatization as the only solution of multifarious problems in our public enterprises. It is because privatization would make a far-reaching impact not only on the country's economy but also on a large number of people directly or indirectly involved with PEs. Thus the government should make a minute and in-depth study of the pros and cons of the proposed privatization policy.

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