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BUSINESS AND POLITICS IN THE MUSLIM WORLD

South Asia

Weekly Report 115: from 10th April to 16th April 2010

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Summary:

Dhaka High Court judges threatened to call the police after former prime minister Khaleda Zia's lawyers shouted slogans in a courtroom and threatened them, calling them "agents" of the government, media reports said Monday. PRIME Minister Sheikh Hasina has once again warned the leaders and activists of the Bangladesh Chhatra League (BCL) that extortion and tender grabbing would not be tolerated. One has lost count of the number of warnings the premier has given the BCL. BCL men started taking control of tender-related activities in government offices after the AL-led grand alliance came to power. Bangladesh offers a ray of hope. Should Sheikh Hasina the Bangladesh prime minister not slow down her pace, there is a possibility that another South Asian neighbour will not remain a haven of terrorists along Indian borders. The government of energy-starved Bangladesh has given approval for a deal with Russia to build a

1,000-megawatt nuclear power plant, officials said Tuesday." Big Banks Draw Profits From Microloans to Poor

In recent years, the idea of giving small loans to poor people became the darling of the development world, hailed as the long elusive formula to propel even the most destitute into better lives. This idea got popularity in Bangladesh. The microfinance industry is pushing for greater transparency among its members, but says that most microlenders are honest, with experts putting the number of dubious institutions anywhere from less than 1 percent to more than 10 percent. Resettlement will be also a major issue in the Bangladesh coal fields and the general procedures will be similar to those practiced at the RWE mines for more than fifty years. The Bangladesh open pits will also have large depths of more than 300 meters similar to the RWE operations. One of the main legal aspects of mining is the mine permit and associated permits such as water permit, environmental permit, waste permits and many others. The German procedures regarding all these permits are regulated under the German Mining Act. Denmark has assured Bangladesh of providing more support to the country's power, energy, ship building industry and trade and business sectors for socio-economic development of Bangladesh. Asian Development Bank (ADB) has predicted that Bangladesh economy will register 6.3 percent growth in fiscal 2010-11, buoyed by recovery in global demand. Another agency, Standard and Poor's, last week gave Bangladesh a BB-1, which is also the 13th position of their rating order and said the economy is stable. The government is planning to increase energy prices by 12 percent annually until the year 2013 to attract investment both from home and abroad in the energy-hungry Bangladesh. The International Monetary Fund (IMF) urged Bangladesh on Monday to boost electricity generation through public-private partnership to spur the overall economy." The foreign workers laboratory has proposed that 1.8 million foreign workers in the country be reduced to 1.5 million in three years. Bangladesh has approved a deal with Russia to set up a 1,000-megawatt nuclear plant in the power-starved country. More than 100 people have been killed in Bangladesh and India following a cyclone.

BHUTAN

No decision yet on operator company. Despite efforts to expedite the process, the government is already a month behind schedule in announcing which company will be Bhutan's first domestic air services operator. NHPC is seeking approval for 10,000 mw projects: Chairman. For several years NHPC has been driving government's initiative to harness the country's hydro power potential power sector.

MALDIVES:

Parliament committee formulates media subsidies distribution policy. Finance Committee of the parliament has said it will soon conclude policies for distributing subsidies allocated for private media organisations. 'Kernel'. President Mohamed Nasheed has on Monday established Maldives Polytechnic, under the authority stated in article 116 of the constitution. The institute will take over the vocational education programmes carried out by the Maldives Institute of Vocational Education and Training (MIVET). United Nations and Maldives Government have signed the agreement on the USD 40.6 million, as pledged during the donor conference. The agreement was signed at a special ceremony held at Ministry of Finance and Treasury. Id'ham Muizzu Adnan, a member of the Presidential Commission appointed by President Mohamed Nasheed to investigate corruption allegations against the former regime, has resigned on Sunday, after the President's Office allegedly informed the commission not to disclose details of an investigation.

Biwater International has been awarded a \$42 million contract to construct six, 500 m³/d (0.132 MGD) SWRO plants in the Republic of the Maldives. The government on Wednesday has presented the Political Parties Act bill to the parliament. Presenting the bill to the parliament on government's behalf, MP of the ruling Maldivian Democratic Party (MDP) Ihavandhoo MP Ahmed Abdulla said the government intended to increase the public's participation in the governance, in order to strengthen the democratic system established in the Maldives.

NEPAL

India regrets politicisation of passport issue by Nepal media. Two days after Nepal scrapped a deal with India to print new smart passports, India today regretted the politicisation of the contract, saying it was just a "goodwill gesture" toward its neighbor. UCPN (Maoist) has intensified bilateral discussions with different parties in an attempt to get their support against the current coalition government. The Nepal government has been planning to distribute national identity cards to all citizens and provide subsidy to those people who are under poverty line. People across Nepal celebrated the country's New Year on Wednesday in accordance with the official calendar Bikram Era 206, which is linked to Indian king Bikramaditya. Five decades ago, tens of thousands of Tibetan refugees fled Chinese-ruled Tibet, following their spiritual leader, the 14th Dalai Lama, into exile. Many went to India, where they were given refuge and land by New Delhi; some stayed here, in the then- under increasing pressure from china, tibetans leave Nepal. Women in Nepal face ingrained discrimination because of the country's traditionally patriarchal nature, and can be further disadvantaged depending on their caste, ethnicity and geographic location, according to the UN. Senior Nepali Congress (NC) leader Sher Bahadur Deuba on Tuesday said the new constitution would not be promulgated without completing the peace process. Though global economic crisis had almost no impact on Nepal, Asian Development Bank (ADB) has cautioned that the country could continue to feel the lagged effect of the crisis in 2010, something which could challenge country's macro-economic management. Releasing the Asian Development Outlook 2010 here on Tuesday As a small, landlocked and least developed economy, Nepal has a number of distinct problems. The country is faced with difficulties relating to lack of competitive ability, supply side limitations, high export concentration, and implementation problems that inhibit its ability to seek gains from international trade. , the Nepali Congress has offered to back a re installation of a Maoist government in the country, provided they came out with a concrete action plan on former combatants and met other key demands. Top leaders of the Nepali Congress leaders have met President Dr Ram Baran Yadav at the latter's office, Shital Niwas, Thursday evening, discussing the possible scenario provided the constitution new constitution is not drafted by May 28, and the future of peace process.

SRILANKA

Sinhalese and Tamil Communities today jointly celebrated their Traditional New Year for the first time after ending three decade old terrorism in the Country. The main political parties in Sri Lanka have recommenced their election campaigns in Nawalapitiya in the Kandy District where a re-poll is due to be held on April 20. Sri Lankan President Mahinda Rajapakse has been working on the formation of his new cabinet limited between 35-40 ministers with equal number of deputy ministers, scheduled to be sworn in on April 21, the day before the new parliament is to commence its sitting A Sri Lankan Court has ordered several members of the Democratic National Alliance (DNA) led by former Army Commander Retired General Sarath Fonseka, to

appear before the Fort Police in Colombo in order to make a statement on violating election laws. Sri Lanka needs a price formula to match import costs to retail prices as a part of a reform of the energy sector, the Central Bank said as the state petroleum utility lost 12.3 billion rupees in 2009. Both the Ceylon Petroleum Corporation and Ceylon Electricity Board, a state power utility, borrow heavily from banks to cover losses when prices are held down crowding out the rest of the private sector. Central Bank Governor Ajith Nivard Cabral said that Sri Lanka's economy was strong and vibrant despite the downturn in other countries as the government laid a strong foundation in the country during past four years. Iran plans nearly to double its purchase of Sri Lankan tea, the island's main export commodity, Sri Lanka's government said Wednesday, announcing a move that could boost tea prices. Iran wants to buy 50 million kilos (110 million pounds) of tea this year, up from 28 million kilos in 2009, the government said in a statement. Prime property in Sri Lanka's capital Colombo could be made available to private developers when the government goes ahead with a planned shift of state institutions, including defence, to the suburbs, officials said. "We're waiting for the green light," Sri Lanka's Central Bank has made a record 33 billion rupee profit in 2009 as low yielding foreign reserves were lost and replaced with higher yielding domestic government paper during a balance of payments crisis. In 2009 the central bank made profits of 33 billion rupees up from a loss of 5.0 billion rupees a year earlier. The Asian Development Bank (ADB) will provide an emergency loan of \$150 million to Sri Lanka for projects involving the internally displaced persons.

Detailed News:

Khaleida Zia's lawyers threaten judges

Dhaka High Court judges threatened to call the police after former prime minister Khaleida Zia's lawyers shouted slogans in a courtroom and threatened them, calling them "agents" of the government, media reports said Monday. Pleading for their safety, the judges were Sunday forced to adjourn proceedings of the case pertaining to Zia "illegally" occupying a house in Dhaka Cantonment where she has lived for nearly 30 years. The group of junior lawyers, believed to be Bangladesh Nationalist Party (BNP) supporters, said they did not expect the court to dispense justice to their client, The Daily Star said. The house was allotted to her by the government in 1982 as a gesture to her husband, slain former president Ziaur Rahman. But the present government says she "manipulated" the allotment. Hasina has publicly asked Zia to quit the house. The judges urged senior lawyers appearing for Zia, including former minister Moudud Ahmed, to restrain the 100-odd errant juniors or ask them to leave. However, Ahmed said the case before the high court was "political" and the lawyers, as members of public, had a right to be present. The incident was termed unprecedented, the newspaper said. Pro-BNP lawyers said slogan shouting had taken place in the Supreme Court in 2006 by lawyers representing then opposition leader and now Prime Minister Sheikh Hasina. The slogan-shouting lawyers called the two judges, Mohammed Imman Ali and Obaidul Hasan, "agents of Awami League presidium". When judges threatened to call the police, the group of lawyers said they were ready to get arrested. The junior lawyers later left the courtroom at the request of senior lawyers and then took out a procession on Supreme Court premises, chanting political slogans. Dhaka opposition in quandary over 'war crimes' trial The main opposition Bangladesh Nationalist Party (BNP) is in a quandary over whether to support or oppose the "war crimes" trial launched against those who killed unarmed civilians during the freedom struggle in 1971, says a media report. An observation by party chief and former prime minister Khaleida Zia that the trial was being

used against the political opposition has caused confusion among the leaders and the rank and file, The Daily Star said Sunday. The BNP was founded by slain former president Ziaur Rahman, a freedom fighter who rose from being the army chief to be the country's military strongman in the second half of the 1970s. However, the party has in the last three decades gathered among its members those who opposed the freedom movement. The BNP was in a formal alliance with the Jamaat-e-Islami (JeI), the country's largest Islamist party. The two shared power during 2001-06. High on the list of those who will be tried for what are called "war crimes" are top leaders of the Jamaat. This could hurt the BNP-Jamaat alliance, political analysts say. BNP leaders were confused about the party's stance, the newspaper said quoting a number of BNP leaders. Some influential leaders of BNP and Jamaat are trying to persuade BNP policymakers to take "a clear stance" against the trial. A number of BNP leaders including a standing committee member were allegedly involved in war crimes. Some senior BNP leaders have met Jamaat leaders several times to find out a way to face the issue politically. When the issue came up for discussion at the standing committee meeting, some leaders proposed taking a firm stance against the government move to try war criminals.

BCL atrocities

PRIME Minister Sheikh Hasina has once again warned the leaders and activists of the Bangladesh Chhatra League (BCL) that extortion and tender grabbing would not be tolerated. One has lost count of the number of warnings the premier has given the BCL. BCL men started taking control of tender-related activities in government offices after the AL-led grand alliance came to power. A BCL leader was killed in a clash between BCL and Juba League over submission of tender at Panchagar on April 8, just 5 days after the prime minister warned against BCL involvement in tender grabbing. Initially, BCL violently ousted their opponents from the campuses of public universities and colleges. Subsequently, they forayed into factional feuds over supremacy, extortion, tender grabbing and admission trade, disturbing the peace and vitiating the academic atmosphere across the country. The atrocities of the BCL became so unbearable that Prime Minister Sheikh Hasina chose to step down from the post of BCL's ideological chief in the hope that it would send a message to the student front to rectify itself. Unfortunately, it did not have the desired impact on the BCL. Months ago, the prime minister expressed her determination to deal strictly with the rampaging student front of her party and instructed the organising secretaries of the party to strictly monitor their activities and recommend actions to the party hierarchy. This step also failed to tackle the rowdy BCL elements. A BCL activist assaulted a female student at Rajshahi on April 1 when she spurned his proposal for love. The delinquent was subsequently expelled from the BCL and detained by the police, but was released two hours later. In another incident on April 4, a BCL activist humiliated a married female student of Jagannath University in full public view, with the police watching as mute spectators. BCL activists kept the VC of Chittagong Veterinary and Animal Sciences University confined at his residence on April 3 and 4. The activists of BCL confined the principal of Kushtia Government College in his room on April 6 as he refused to give a recommendation letter for an arrested BCL leader to get his bail. BCL President Abu Tayob Badsha was arrested with firearms during a factional clash of the BCL in the college campus on February 15. The BCL cadres of the Rajshahi University unit beat up the proctor and his two

assistants, a hall provost and two house tutors in front of police, and also vandalised the proctor's office and hall rooms on April 7 as he had allowed police to raid a hall to pick up illegal residents without the permission of BCL. BCL, through its vicious involvement in the admission process, has reportedly minted more than Tk.1 crore from three colleges of the capital. Some of the colleges had to stop admission because BCL demanded for quota for political admission. What the BCL has been doing at different educational institutions across the country is not just a breach of organisational discipline but a criminal offence as well. Admittedly, there have been some instances of expulsion of BCL leaders and activists, but hardly has there been any legal action against the offenders. Absence of appropriate legal action appears to have generated a sense of impunity among the rowdy BCL elements to such extent that they no longer seem to be perturbed by the stern warnings of the AL leadership, including those of the prime minister herself. A little ray of hope for an effective check of BCL atrocities was generated following a tough line taken by the prime minister in April last year. Some rowdy BCL elements were also arrested. But no measures have yet been able to dissuade the BCL men from creating violence and indulging in extortion and tender grabbing. The PM has also categorically said that there is no place for "uncles" and "Adu bhais" in BCL. She said this at a meeting with local MPs and leaders of the ruling alliance held recently in Sylhet. People will surely appreciate the move to free the BCL from extortionists, tender grabbers as well as "uncles" and "Adu bhais."

The most frustrating part of student politics is that the student wings of the political parties are constituted mostly with non-students. BNP has formed a new committee of the Dhaka University wing of the JCD, which includes not only many non-students but also some persons of questionable reputation. The president of JCD is 47 years old and the general secretary is 42. They had completed their education many years ago and are now full-time businessmen. At least 150 out of 171 members of the JCD central committee are non-students. There are also many elderly non-students in the BCL committees, though it is laid down in Article 5(ka) of its constitution that anyone exceeding 27 years will not be able to become a BCL committee member. Student politics has thus been criminalised with inclusion of non-students, and is clearly no longer what it used to be. Given the increasing ferocity and frequency of the BCL atrocities, the prime minister has once again warned them. Considering the record of the 14 months of this government, the people are not likely to believe that warnings without purposeful actions will yield the desired result. Only severe punishment will sent out the message that extortion, tender grabbing and other misdeeds will not be tolerated. Of course, not all the BCL men are involved in criminal activities; only a handful of them resort to criminality. Wiping out these rowdy elements and taking action against them according to the law is not a difficult task. Time is really running out fast for the AL to act decisively for flushing out the bad blood from the once proud student organisation -- Chhatra League. It is a new thing in student politics that the student wing of the ruling party establishes control over all public universities and colleges with every political changeover. The JCD, the student front of BNP, and the followers of Shibir, the student wing of Jamaat-e-Islami, were not less violent in any way than the BCL, and had unleashed a reign of lawlessness in the educational institutions across the country during the tenure of BNP-led four-party alliance government. The BCL men, at least a huge number of them, have already done enough to perturb the people. Unless the AL leadership goes all out to wipe out the rowdy elements in the BCL, it may have to pay a high price for it

Why India needs to nurture Bangladesh

Amidst the instability in India's neighbourhood with a degenerating Pakistan, an Afghan war at the crossroads, Nepalese people unable to write their own constitution, Myanmar in a rigid status quo, a Sri Lankan political establishment that is apparently not farsighted; Bangladesh offers a ray of hope. Should Sheikh Hasina [Images], the Bangladesh prime minister not slow down her pace, there is a possibility that another South Asian neighbour will not remain a haven of terrorists along Indian borders. Since her ascension to power after the nation underwent two years of military domination, she has held her course in combating radical fundamentalist movements that had made Bangladesh their base. But, to emerge from the shadows that still hover over the country, huge investments in terms of sustained political will need to remain evident for a sustained period of time. The most spectacular terrorist onslaught that Bangladesh witnessed was the August 17, 2005 chain bombing by the Jamat-ul-Mujahideen Bangladesh. About 500 bombs were detonated all across the country, in 63 of the nation's 64 districts, in a span of 60 minutes. This single act of violence left no doubt in anybody's mind about the group's capability, network and intent. The then Khaleda Zia government was forced to respond, albeit driven to it by a huge international pressure, and quite in contrast to JMB chief Abdur Rehman's assessment that there would be no reaction from a regime deeply in cohorts with his establishment. Rehman, a graduate of Medina University, Saudi Arabia, had been radicalised post his coming into contact with Muslim Brotherhood during his student days. The roots of terror that led to spectacular orchestration of August 17, 2005 can be traced to the days of Bangladesh's freedom struggle in 1971 when the Jamaat-e-Islami collaborated with the Pakistanis. The echoes of Jamat's vicious role in the liberation struggle are yet noticeable in Bangla politics. Bringing to justice the war criminals was a part of Sheikh Hasina's Awami League manifesto for the national elections in December, 2008. The terror groups in Bangladesh found greater traction when the Bangladesh Nationalist Party led by Khaleda Zia came to power with Bangladesh Jamaat-e-Islami, Islami Oikya Jote and Jatiya Party as its partners. Khaleda's dependence on Islamist parties paved the way for radicals consolidating in Bangladesh. Its ultimate manifestation was the 500, near simultaneous nationwide blasts. With the country's dubious downslide into becoming another hub of radical terror, like Pakistan, the Bangladesh military intervened, ousting the government. Lieutenant General Moeen U Ahmed, chief of the Bangladesh Army declared a state of Emergency on January 12, 2007 and a new interim government was set up the next day. Though no nation stated so openly, perhaps the change of regime was as welcome in the West as in India. On April 30, 2007 the caretaker government hanged Rahman, his deputy and five top leaders of the jihadi establishment in accordance with the Supreme Court's ruling. The hydra-headed jihadi establishment was decapitated to some extent, though not entirely. For Bangladeshis, charting a route out of the morass had just begun. Other Islamist fundamentalist groups in Bangladesh that have firm linkages to the Lashkar-e-Tayiba [Images] and other Pakistan based radical organisations and the Inter Services Intelligence were yet to be dealt with. Bangladesh has also a fairly old left wing insurgency. However, the groups are highly fragmented, corrupt and haven't enough muscle as yet to prove to be a threat to the government. Bangladesh has been the preferred destination of the leadership of most Indian insurgent movements in the northeastern states. In fact, many of them have established their training camps, while some have nurtured business interests in Bangladesh and used the porous Indo-Bangla border for carrying out terror attacks in India and exfiltrating to the safety provided across. It has also been an often used routing for Lashkar militants to especially exfiltrate from India after a spell in the Kashmir [Images] valley. The United Liberation Front of Assam chairman Arabinda Rajkhowa, commander-in-chief Paresh Barua, and his deputy Raju

Barua have operated from Bangladesh with impunity during Khaleda tenure. Today, their location remains uncertain, with China also a possibility on the cards. However, once Hasina stabilised the country post the 33-hour mutiny by its para-military force, Bangladesh Rifles personnel on February 25-26, 2009 that left 56 army officers dead, an attempt to subdue Indian groups operating from Bangladesh territory, is evident. Amongst the more tangible steps taken by Bangladesh, is the fact of two ULFA leaders, foreign secretary Sashadhar Choudhury and finance secretary Chitraban Hazairka were handed over to the Border Security Force on November 6, 2009. The BSF has also given a list of 104 camps of Indian militant groups operating in Bangladesh. The camps have served as bases for a wide array of outfits operating in the northeast states. In terms of counter insurgency force, Bangladesh has the Rapid Action Battalions, which, by past records, have performed quite adequately. The BDR revolt was certainly a huge setback, but it failed to prompt what was to all apparently its objective: force an army coup and thereby both deny a democratically elected government to rule, and in the process make the army unpopular amongst Bangla citizenry. The force has since been hopefully cleansed of jihadi elements. The Directorate General of Forces' Intelligence, has also long standing linkages with the ISI. These need to be severed, if not already dealt with. Hasina has also set up a 17-member National Committee on Militancy Resistance and Prevention. The committee has announced a zero tolerance policy. Should Hasina go by her electoral promise of trying war criminals, the Jamaat-e-Islami leadership might receive a body blow.

Matiur Rahman Nizami and Ali Ahsan Mohammad Mujahid, the Jamaat's top leaders, are accused of war crimes. The people of Bangladesh have displayed their will by voting decisively for Hasina's Awami League. She has the majority in the house to act boldly. The international atmosphere today and the concerns of free societies in fighting terror, also favour Hasina. Relationship with India has improved tangibly after the Awami League has come to power. A major problem has been the lack of an extradition treaty between the two countries. During Hasina's last visit to India three major treaties on mutual legal assistance in criminal matters, mutual transfer of convicted prisoners, and cooperation in the fight against international terrorism, organised crime and illegal drug trafficking have been inked. Hasina's attempts at combating jihad will have to be accompanied by development in a primarily agrarian economy. As yet, Bangladesh remains one of the poorest countries. Poverty, deprivation and lack of modern education provide the necessary impetus to jihad. Culturally, Bangladeshis are far more liberal in thinking as compared to the North Western Frontier Province in Pakistan.

However, like it is the case in most terror affected areas, the populace is held hostage by the threat that the terrorists hold out in areas where governance is weak. Hasina will have to continue with the battle, and more vigorously so. This is one war, where gains cannot be conserved or status quos that will hold. If you do not fight the jihadi continuously, he is gaining ground already. The objective all along is to keep them beneath critical mass levels, so that they cannot explode amidst those who practice greater tolerance

Russia to Build Nuclear Plant in Bangladesh

The government of energy-starved Bangladesh has given approval for a deal with Russia to build a 1,000-megawatt nuclear power plant, officials said Tuesday. "The approval was accorded at a Cabinet meeting chaired by Prime Minister Sheikh Hasina late on Monday," Hasina's press secretary Abul Kalam Azad said. He did not say when the deal would be signed. Bangladesh plans to set up the nuclear power plants at Rooppur, 200 kilometers northwest of the capital Dhaka, to help deal with growing power shortages. Officials from both sides recently sorted out terms and conditions, and the two countries clinched an initial agreement on the project last year, energy

officials said. The plant is expected to cost up to \$2 billion and begin generating electricity by 2014, the Power, Energy and Mineral Resources Ministry said. Growing concern over power shortages led Bangladesh to consider nuclear energy as natural gas reserves are fast depleting and most coal fields remain unexploited. The country has nearly 60 power plants, mostly decades old and all fuelled by gas and coal. A power official said the country of 150 million experiences daily power shortfalls of 2,000 megawatts. Peak-hour demand stands at about 5,500 megawatts.

Big Banks Draw Profits From Microloans to Poor

In recent years, the idea of giving small loans to poor people became the darling of the development world, hailed as the long elusive formula to propel even the most destitute into better lives. Actors like Natalie Portman and Michael Douglas lent their boldface names to the cause. Muhammad Yunus, the economist who pioneered the practice by lending small amounts to basket weavers in Bangladesh, won a Nobel Peace Prize for it in 2006. The idea even got its very own United Nations year in 2005. But the phenomenon has grown so popular that some of its biggest proponents are now wringing their hands over the direction it has taken. Drawn by the prospect of hefty profits from even the smallest of loans, a raft of banks and financial institutions now dominate the field, with some charging interest rates of 100 percent or more.

“We created microcredit to fight the loan sharks; we didn’t create microcredit to encourage new loan sharks,” Mr. Yunus recently said at a gathering of financial officials at the United Nations. “Microcredit should be seen as an opportunity to help people get out of poverty in a business way, but not as an opportunity to make money out of poor people.” The fracas over preserving the field’s saintly aura centers on the question of how much interest and profit is acceptable, and what constitutes exploitation. The noisy interest rate fight has even attracted Congressional scrutiny, with the House Financial Services Committee holding hearings this year focused in part on whether some microcredit institutions are scamming the poor. Rates vary widely across the globe, but the ones that draw the most concern tend to occur in countries like Nigeria and Mexico, where the demand for small loans from a large population cannot be met by existing lenders. Unlike virtually every Web page trumpeting the accomplishments of microcredit institutions around the world, the page for Te Creemos, a Mexican lender, lacks even one testimonial from a thriving customer — no beaming woman earning her first income by growing a soap business out of her kitchen, for example. Te Creemos has some of the highest interest rates and fees in the world of microfinance, analysts say, a whopping 125 percent average annual rate. The average in Mexico itself is around 70 percent, compared with a global average of about 37 percent in interest and fees, analysts say. Mexican microfinance institutions charge such high rates simply because they can get away with it, said Emmanuelle Javoy, the managing director of Planet Rating, an independent Paris-based firm that evaluates microlenders. “They could do better; they could do a lot better,” she said. “If the ones that are very big and have the margins don’t set the pace, then the rest of the market follows.” Manuel Ramírez, director of risk and internal control at Te Creemos, reached by telephone in Mexico City, initially said there had been some unspecified “misunderstanding” about the numbers and asked for more time to clarify, but then stopped responding. Unwitting individuals, who can make loans of \$20 or more through Web sites like Kiva or Microplace, may also end up participating in practices some consider exploitative. These Web sites admit that they cannot guarantee every interest rate they quote. Indeed, the real rate can prove to be markedly higher.

Debating Microloans' Effects

Underlying the issue is a fierce debate over whether microloans actually lift people out of poverty, as their promoters so often claim. The recent conclusion of some researchers is that not every poor person is an entrepreneur waiting to be discovered, but that the loans do help cushion some of the worst blows of poverty. "The lesson is simply that it didn't save the world," Dean S. Karlan, a professor of economics at Yale University, said about microlending. "It is not the single transformative tool that proponents have been selling it as, but there are positive benefits." Still, its earliest proponents do not want its reputation tarnished by new investors seeking profits on the backs of the poor, though they recognize that the days of just earning enough to cover costs are over. "They call it 'social investing,' but nobody has a definition for social investing, nobody is saying, for example, that you have to make less than 10 percent profit," said Chuck Waterfield, who runs mftransparency.org, a Web site that promotes transparency and is financed by big microfinance investors. Making pots of money from microfinance is certainly not illegal. CARE, the Atlanta-based humanitarian organization, was the force behind a microfinance institution it started in Peru in 1997. The initial investment was around \$3.5 million, including \$450,000 of taxpayer money. But last fall, Banco de Credito, one of Peru's largest banks, bought the business for \$96 million, of which CARE pocketed \$74 million. "Here was a sale that was good for Peru, that was good for our broad social mission and advertising the price of the sale wasn't the point of the announcement," Helene Gayle, CARE's president, said. Ms. Gayle described the new owners as committed to the same social mission of alleviating poverty and said CARE expected to use the money to extend its own reach in other countries. The microfinance industry, with over \$60 billion in assets, has unquestionably outgrown its charitable roots. Elisabeth Rhyne, who runs the Center for Financial Inclusion, said in Congressional testimony this year that banks and finance firms served 60 percent of all clients. Nongovernmental organizations served 35 percent of the clients, she said, while credit unions and rural banks had 5 percent of the clients. Private capital first began entering the microfinance arena about a decade ago, but it was not until Compartamos, a Mexican firm that began life as a tiny nonprofit organization, generated \$458 million through a public stock sale in 2007, that investors fully recognized the potential for a windfall, experts said. Although the Compartamos founders pledged to plow the money back into development, analysts say the high interest rates and healthy profits of Compartamos, the largest microfinance institution in the Western Hemisphere with 1.2 million active borrowers, push up interest rates all across Mexico. According to the Microfinance Information Exchange, a Web site known as the Mix, where more than 1,000 microfinance companies worldwide report their own numbers, Compartamos charges an average of nearly 82 percent in interest and fees. The site's global data comes from 2008.

But poor borrowers are often too inexperienced and too harried to understand what they are being charged, experts said. In Mexico City, Maria Vargas has borrowed larger and larger amounts from Compartamos over 20 years to expand her T-shirt factory to 25 sewing machines from 5. She is hazy about what interest rate she actually pays, though she considers it high. "The interest rate is important, but to be honest, you can get so caught up in work that there is no time to go fill out paperwork in another place," she said. After several loans, now a simple phone call to Compartamos gets her a check the next day, she said. Occasionally, interest rates spur political intervention. In Nicaragua, President Daniel Ortega, outraged that interest rates there were hovering around 35 percent in 2008, announced that he would back a microfinance institution

that would charge 8 to 10 percent, using Venezuelan money. There were scattered episodes of setting aflame microfinance branches before a national “We’re not paying” campaign erupted, which was widely believed to be mounted secretly by the Sandinista government. After the courts stopped forcing small borrowers to repay, making international financial institutions hesitant to work with Nicaragua, the campaign evaporated.

A Push for More Transparency

The microfinance industry is pushing for greater transparency among its members, but says that most microlenders are honest, with experts putting the number of dubious institutions anywhere from less than 1 percent to more than 10 percent. Given that competition has a pattern of lowering interest rates worldwide, the industry prefers that approach to government intervention. Part of the problem, however, is that all kinds of institutions making loans plaster them with the “microfinance” label because of its do-good reputation.

Damian von Stauffenberg, who founded an independent rating agency called Microrate, said that local conditions had to be taken into account, but that any firm charging 20 to 30 percent above the market was “unconscionable” and that profit rates above 30 percent should be considered high. Mr. Yunus says interest rates should be 10 to 15 percent above the cost of raising the money, with anything beyond a “red zone” of loan sharking. “We need to draw a line between genuine and abuse,” he said. “You will never see the situation of poor people if you look at it through the glasses of profit-making.” Yet by that measure, 75 percent of microfinance institutions would fall into Mr. Yunus’s “red zone,” according to a March analysis of 1,008 microlenders by Adrian Gonzalez, lead researcher at the Mix. His study found that much of the money from interest rates was used to cover operating expenses, and argued that tackling costs, as opposed to profits, could prove the most efficient way to lower interest rates. Many experts label Mr. Yunus’s formula overly simplistic and too low, a route to certain bankruptcy in countries with high operating expenses. Costs of doing business in Asia and the sheer size of the Grameen Bank he founded in Bangladesh allow for economies of scale that keep costs down, analysts say. “Globally interest rates have been going down as a general trend,” said Ms. Javoy of Planet Rating. Many companies say the highest rates reflect the costs of reaching the poorest, most inaccessible borrowers. It costs more to handle 10 loans of \$100 than one loan of \$1,000. Some analysts fear that a pronounced backlash against high interest rates will prompt lenders to retreat from the poorest customers. But experts also acknowledge that banks and others who dominate the industry are slow to address problems.

Coal mining in open pits -- experience in Germany challenge in Bangladesh

OPEN pit coal mining in Germany has a tradition of more than a hundred years. Thousands of employees have benefited from their jobs in this sector and about 25% of German electricity is presently generated by coal mined in German open pit mines. RWE is one of the largest European electricity producers with a total installed power plant capacity of 44,000 MW out of which nearly 11,000 MW are derived from coal mined in open pits, while the remaining power is derived from underground mined coal, gas, nuclear and renewables. Other activities of RWE are the technical, environmental and economical assessment of open pit coal mines around the world. Recent projects were the re-infiltration of ground water in the Indian coal open pit

One of the main legal aspects of mining is the mine permit and associated permits such as water permit, environmental permit, waste permits and many others. The German procedures regarding all these permits are regulated under the German Mining Act. The most important part of this Mining Act is its §1 which states "The intention of this act is to secure raw material supply by regulating and supporting mining activities" This means an obligation of the government to act responsibly and to promote mining activities. Therefore the German Government is obliged to grant a mining permit when the operator has satisfactorily prepared all technical, environmental, social, and safety regulations required to operate the mine. In this context it is very important that all permits are accurately proved and follow the requirements in the respective acts. We experience in Germany every year that courts are frequently appealed to withhold the approval for any mining or power plant developments or other large infrastructure projects due to assumed or actual procedural errors. Therefore the very accurate adherence to permit legislation is both in the interest of the government and the operator. Possible coal production at Barapukuria/ Phulbari The Barapukuria/Phulbari open pit will be a rather deep hole with a depth of more than 300 meters and will have a quite high costly continuous groundwater pumping rate. In addition, appreciable cost is involved due to re-settling, infrastructure and land reclamation. All these issues will require the mine to be operated with an output of at least 10 Mio tons of coal per year in order to be profitable and also to provide a reasonable amount of working places in the mine the power plant and for subcontractors. Another criterion for the coal production is the lifetime of the mine. The mineable resources of the Barapukuria/Phulbari deposit are around 800 Mio tons of coal. A lifetime of 50 years should at least be considered as otherwise the new work places would be gone too quickly and nobody would understand why to resettle only for a short boom time. A life time of 50 years would allow a coal production of 16 Mio t per year. Underground mining would reduce the mineable resources by up to 280 Mio t to about 520 Mio t. This would lead to a national loss in energy value of up to 15 billion US\$. This figure shows that beside the mining risk underground mining is out of question. Another question which was intensively discussed is the possible export of coal. It is understood that the vast majority of the Bangladesh coal must be used in the country to overcome the critical energy situation over a long period into the future. As the future open pit will, however, mine also about 25 % of PCI coal (pulverised coal injection) which is used in blast furnaces, it is worth thinking about having limited coal exports of this high-price coal to improve the negative Bangladesh trade balance and realise somewhat higher taxes or royalties and not to base the coal production only on power generation. One of the different possible scenarios on the conservative side could therefore be: 3000 MW power plant; 10 Mio t/a coal for the power plant; 1.5 Mio t/a PCI coal for export; 11.5 Mio t/a total coal exploitation; 70 years lifetime of the mine.

Roadmap to coal mining in Bangladesh

During the past years the Bangladesh government has tried to resume coal activities. Up to today these attempts have not been successful. One of the reasons is the lack of spiritedness to act. This is understandable as the country has so far not any experience in such large scale mining projects associated with considerable environmental and social impact. It is also especially the still imponderable reaction of the thousands of villagers at the future mine site who will face far-reaching changes in their daily life. The Bangladesh government will in any case need support in decision making from independent experienced organisations not only to achieve secured state of

knowledge. Moreover it will be necessary to have a neutral independent and from all parties concerned accepted agency to competent assist in tackling and monitoring the upcoming environmental impacts, resettlements and their social effects. The following immediate measures are necessary: Presently the only coal areas investigated in more detail are those of Barapukuria and Phulbari. As these deposits have to be regarded as nearly one unit, it is necessary to set up a master plan for their future development. In order not to delay start up of the first mining, the Phulbari deposit as the best investigated should, however, be brought into mining at such design that a continuation of mining into the Barapukuria field is possible without the need to establish new outside dumps and a second residual lake. This would avoid unnecessary land demand. It must be made sure that all legal aspects for the mining permits are accurately observed to avoid any success of court appeals to enjoin these permits. Be assured that those attempts will happen in the future. To guarantee long-term competent government control of the operations in view of safety, environmental aspects, and relocation the establishment of an effective and powerful mining authority is inevitable. The present poor control of the risky underground workings at Barapukuria shows that institutional strengthening of this authority is indispensable. Effective government control will also contribute to a better acceptance of the project by the villagers. The start of coal mining at Phulbari was abruptly interrupted by the events of August 2006. Any future activity must first be reconciled with the citizens of that area. In this respect it is not the technical or legal issues which one has to focus on primarily but the social aspects. These are: Participation, and information of the local people. Creating identification among the people with the project that makes them feel that the future centre of Bangladesh is not Dhaka but their area, their coal, their workforce which is the motor of the future Bangladesh development. Establishment of broad possibilities for the local population to work in the mines and in the future power plants by setting up training schools run by government and operator. Safeguarding that part of the taxes and royalties remain within the local villages to develop infrastructure, education and health system. Only through these measures will it be possible to create a new mutual trust both in the government and the future mine operator. The main success of the project is inevitably linked to the mobilisation of the villagers. This is also a German experience. They do not rely on technical issues. They must get the feeling that they have a real vision for their future, welfare and prosperity. The French writer Antoine de Saint-Exupéry has expressed this thus: "If you want to build a ship, don't drum up the men to gather wood, divide the work and give orders. Instead, teach them to yearn for the vast and endless sea."

Danish support for power, shipbuilding assured

Denmark has assured Bangladesh of providing more support to the country's power, energy, ship building industry and trade and business sectors for socio- economic development of Bangladesh. The assurance came when the visiting Danish Development and Cooperation Minister Soren Pind paid a courtesy call on Prime Minister Sheikh Hasina at her office here. During the meeting, they discussed wide range of bilateral relations, Danish investment in Bangladesh's private sector and expansion of Trade and business between the two countries, said Prime Minister's Press Secretary Abul Kalam Azad after the meeting. The Prime Minister said her present government attaches great importance to her relations with Denmark as it considers Denmark as a dependable friend and development partner. She said Bangladesh and Denmark currently enjoy excellent bilateral relations that are characterized by friendly feelings, commonality of views, economic cooperation and increasing bilateral trade, which are well

reflected in the economic cooperation between the two countries in various sectors of our development. Referring to Chittagong Hill Tracts Peace Accord signed during the past Awami League government, Sheikh Hasina said her government is committed to implementing the CHT Peace Accord with a view to upholding political, social, cultural and economic rights of all citizens living in the CHT region. In this context, she said her previous government was trying to implement the accord fully in line with the agreement. The past BNP-Jamaat government did not take any initiative to implement the accord, she added. The Prime Minister informed the Danish minister that land commission has so far been constituted in line with the accord to resolve the land related disputes in the hill region. Sheikh Hasina said her government has also launched different projects for the development of Chittagong Hill Tracts. In this context, she sought more Danish support for the CHT region. about terrorism, the Prime Minister said her government is firm to root out terrorists and militants at any cost. The terrorists have no boundary and political ideology, she added. Regarding poverty alleviation, she said the present Awami League government has taken various measures to build a happy and prosperous Bangladesh by eradicating poverty and hunger. The Danish Minister lauded the Prime Minister for her able leadership and relentless efforts to turn Bangladesh into a modern technologically advanced one.

Principal Secretary to the Prime Minister M A Karim, Secretary to the Prime Minister's Office Molla Waheeduzzaman and Press Secretary Abul Kalam Azad were present.

ADB sees economy rebound in 2010-11

Asian Development Bank (ADB) has predicted that Bangladesh economy will register 6.3 percent growth in fiscal 2010-11, buoyed by recovery in global demand. The multilateral lender pinned hopes partly on improvements in business and investment confidence as the power situation is expected to improve. In its Asian Development Outlook (ADO) 2010 released yesterday, the Manila-headquartered organisation said several downside risks could undermine the projections. "These include weaker-than-expected global economic recovery, failure of planned measures to address the growing power and gas shortages and weakened business confidence because of a lack of progress in economic and governance reforms." ADB said Bangladesh economy would slow to 5.5 percent in fiscal 2009-10 from 5.9 percent a year ago, due to the late effects of depressed external demand for low-priced garments. ADB said underinvestment over the years has resulted in the acute deficiencies, especially in power and gas, ports and roads, which are restricting business opportunities and access to public services. "The infrastructure gap has to be eliminated. The government needs to decisively address the power and energy issue for faster growth," Paul J Heytens, country director of ADB in Bangladesh, said while launching the ADO 2010. It also said average inflation will rise to 7.5 percent in fiscal 2010 from 6.7 percent a year ago, expecting excess liquidity in banks and international commodity price pressures to stoke inflation.

The ADB forecasts came a day after the International Monetary Fund (IMF) said growth of Bangladesh economy will slow to 5 percent in the current fiscal year while average inflation will hit nearly 8 percent by the end of fiscal 2010. The growth and inflation forecasts made by the two multilateral lenders disagree with the government projection of 6 percent growth and 6.5 percent inflation for fiscal 2010. "The Bangladesh economy performed better in fiscal 2009 due to its limited exposure to the global financial market. But the late unfolding effects will slightly slow

its growth,” said Heytens. The ADO 2010 also observed that growth in other South Asian countries will slow in the current year but rebound the following year, as the global economy recovers from recession. The ADB linked the growth slowdown in the local economy to a reduction in growth in agriculture, which was aggravated by drought in the immediate past 'aus' season and inadequate rainfall in the 'aman' season early this fiscal year. While a slump in exports due to a contraction of demand as well as a slowdown in consumer demand amid slow growth of remittance will reduce industrial growth, it observed. The bump in growth of agriculture and industry is also likely to affect the services sector, especially trade and transport activities. Others see growth in Bangladesh, local experts don't. Global financial and credit rating agencies have drawn a positive picture of Bangladesh's economy, but domestic experts see signs of stagnation and slowdown in investment. The International Monetary Fund (IMF) Monday said Bangladesh's economy would grow by 5 percent in the current fiscal because of sluggish export growth. Credit rating agency Moody's Investors Service also assigned sovereign rating to Bangladesh with 'stable' economic outlook. The Moody's, one of the two agencies engaged by the government, gave Bangladesh a Ba3 rating and placed the country in the 13th position of its rating order, it announced here Monday.

The company has 21 rating categories ranging between Aaa and C.

Another agency, Standard and Poor's, last week gave Bangladesh a BB-1, which is also the 13th position of their rating order and said the economy is stable. However, two Bangladeshi economists saw signs of stagnation in the economy with significant slowdown in external trade and industrial investments, New Age newspaper said Tuesday. A belated impact of global recession caused the slowdown and the economy continued to face stagnation because of a power and energy crisis, they said at a programme organised by Shamunnay, a NGO. "Some recent indicators show signs of stagnation in Bangladesh economy. Declines in exports and investments have mainly caused the slowdown," said Selim Raihan, editor of Bangladesh Economic Outlook, a quarterly journal. Khandaker Ibrahim Khaled, former deputy governor of the Bangladesh Bank, added: "Even if the economy has not come to a clear stagnation yet, there has been worrisome slowdown."

Bangladesh Plan to Increase Power Prices by 12pc Every Year

The government is planning to increase energy prices by 12 per cent annually until the year 2013 to attract investment both from home and abroad in the energy-hungry Bangladesh, an international conference was told yesterday. "To rationalize tariff, government is planning a 12 per cent annual growth in tariff until 2013," said a concluding statement of the conference at a hotel in the capital. "The government must take into account the interest of all stakeholders in taking any such measures." International Chamber of Commerce, Bangladesh (ICC,B) organised the conference titled "Energy for Growth", providing an interaction platform for the energy sector stakeholders to come up with ideas on how the country could overcome the nagging energy crisis. Replying to a question at a post-conference press briefing, ICC,B president Mahbubur Rahman said the government plan of increasing the tariff was revealed at the breakout sessions attended by the policymakers and senior officials of the relevant government agencies. "People will argue why the tariff had been enhanced when there is almost no supply of electricity... whatever supply is there, appropriate price should be paid," he said.

Around 550 experts and financiers from 10 countries, apart from Bangladesh, took part in the conference, shared their respective experiences in different countries and showed how Bangladesh could replicate the success stories to overcome the crisis. The conference noted that the Bangladesh economy had been growing at about six percent annually over the last few years. Overcoming all hurdles, the growth of the manufacturing sector even reached the double digit. But, it expressed concern over an unexpected hurdle that appeared on the scene - that is shortage of energy - when the country was poised for a take-off stage, with manufacturing sector leading the way. "Future investment in manufacturing will be discouraged, while existing industries may face difficulty in smooth operation, unless energy is available," it said, adding that the energy crunch was hitting the country at a particularly critical period of development. "Currently around 1-2 percent of our GDP is lost due to power crisis." Amid deep concern over the energy crisis, Finance Minister AMA Muhith told the inaugural session of the conference that the government had already approved energy sector projects worth one billion US dollar so far and sought patience from the people until the projects coming into production in next two and a half years to three years. He also called upon the investors both from home and abroad to participate in the government's plan to generate 9,276 MW of electricity by 2015, of which 4,526 MW would be contributed from the private sector plants. Muhith recognized two failures of the government - the power generation target for the year 2010 and the initiative of public-private partnership. He said the 2010 target for power generation would take 2011 to achieve while one contract under PPP would be signed by the end of this fiscal year. Reiterating the call for investment by the private sector, Prime Minister's Adviser on Energy and Mineral Resources Dr Tawfiq-e-Elahi Chowdhury said that the energy sector plan of the government needs US\$ 10 billion of investment in next 5 years. State minister for Power, Energy and Mineral Resources Enamul Haque called upon the private sector to join hands with the government to invest in the renewable energy to diversify supply sources. The conference called for immediately going for open pit mining of the coal resources in Barapukuria and Phulbari. "Liquid oil based power plants can reduce the power crisis in the short-term while coal can be used to meet the medium to long term demand," it said. It added that Bangladesh needed a modern, safe and environment-friendly extraction of coal from Barapukuri and Phulbari mines, within a robust Coal Policy. Possible resistance against open-pit mining should be handled pro-actively. The issue of relocation and rehabilitation of the affected population due to mining and exploration is vital and all actions in this context must be in compliance with legal system to bring confidence among the local people. With a view to ensuring accountability and transparency, setting up a mining authority could be considered.

Bangladesh approves nuke power deal with Russia Bangladesh has approved a draft for a deal with Russia to set up a nuclear power plant in the power-starved South Asian nation, a government spokesman said Tuesday. Abul Kalam Azad, press secretary to Prime Minister Sheikh Hasina, said the approval came at a meeting of the Cabinet on Monday. Azad told The Associated Press that Bangladesh signed an agreement with Russia last year for cooperation in peaceful use of nuclear power. Hasina is expected to discuss the deal for the new plant in a visit to Russia, which has yet to be scheduled. Bangladesh intends to set up the plant at Rooppur, which is 75 miles (120 kilometers) north of the capital, Dhaka. Entrepreneurs in Bangladesh say power shortages are hampering production in their factories, as its mostly gas-fired, decades-old power plants are failing to generate adequate electricity. Bangladesh, a nation of 150 million people, has a daily shortfall of about 2,000 megawatts of electricity. The government says gas production has decreased in recent years. The country is also looking for options to switch to

coal-fired power plants as it has six coal fields with about 3.3 billion tons of estimated reserves. The Asian Development Bank in a report on Tuesday said Bangladesh's economy might suffer if the government failed to generate more electricity to feed its industries

IMF urges Bangladesh to raise power generation

The International Monetary Fund (IMF) urged Bangladesh on Monday to boost electricity generation through public-private partnership to spur the overall economy. "Water and power disruptions may have a potential impact on manufacturing and agriculture sectors," said David Cowen, the IMF mission chief. An IMF team visited Bangladesh from April 6 to 12 to discuss budget developments and the near-term macroeconomic outlook. "The IMF's outlook is broadly unchanged, with real economic growth expected to moderate slightly to 5 percent, mainly due to sluggish exports," Cowen told a news conference. However, Bangladesh central bank governor Atiur Rahman told reporters on Monday the economy would grow at 6 percent or more. Ready-made garments are the principal export earner and leading exporters have said production has been hampered due to a severe shortage of electricity and natural gas. Bangladesh has a daily shortfall of up to 300 million cubic feet of gas and 2,000 megawatts of electricity.

Bangladesh has six coal fields with 3.3 billion tonnes of estimated reserves.

"Stronger efforts are also needed to develop an effective framework for public-private partnerships in infrastructure development, especially power and energy," Cowen said.

Bangladesh needs up to \$12 billion worth of investment over the next five years to meet fast rising demand for energy and power that is growing at a rate of 8 to 10 percent each year.

Proposal to reduce foreign workers to 1.5 million

The foreign workers laboratory has proposed that 1.8 million foreign workers in the country be reduced to 1.5 million in three years. Home Minister Datuk Seri Hishammuddin Tun Hussein said this was one of 55 proposals to be presented to the Cabinet committee on foreign workers meeting at month end. "I am satisfied with the discussions. They were realistic and came up with cost analysis and benefit to the economy." Security, terrorism and employers treatment of workers were also discussed," he told reporters after visiting the laboratory which began on March 23 here today. Hishammuddin said the laboratory also discussed the impact of foreign workers on government policies including the New Economic Model. It comprised representatives of 14 ministries, 11 departments and agencies, 30 organisations, employers and interested organisations. Malaysia has about 1.8 million foreign workers in manufacturing (39%), construction (19%), plantation (14%), housemaid (12%), services (10%) with the rest in agriculture. The contributing countries are Indonesia (50.9%), Bangladesh (17.4%), Nepal (9.7%), Myanmar (7.8%), India (6.3%), and the rest from Vietnam. Human Resource Minister Datuk Dr S Subramaniam said foreign workers were still needed but they had to be reduced to a manageable level. He added the 1.5 million cap could be placed to meet the need of certain sectors. The number of foreign workers here dropped to 1.5 million during the economic crisis last year.

Bangladesh to get new nuclear plant

Bangladesh has approved a deal with Russia to set up a 1,000-megawatt nuclear plant in the power-starved country. Prime Minister Sheikh Hasina's spokesman Abul Kalam Azad said on Tuesday that the plant, which Bangladesh intends to set up at Rooppur, is expected to cost up to £1.3 billion and to begin generating electricity by 2014. Moscow and Dhaka inked an initial

agreement on the project last year. Bangladesh, a nation of 150 million people, has a daily shortfall of about 2,000 megawatts of electricity. Factory owners have said that power shortages were hampering production, as the country's mostly gas-fired, decades-old power plants are failing to generate adequate electricity

Storm kills over 100 people in bangladesh

More than 100 people have been killed in Bangladesh and India following a cyclone. The storm hit West Bengal and Bihar in India and parts of neighbouring Bangladesh late on 13 April 2010, the Associated Press reports. Rescue workers have found ten bodies in the Purnea district, while police have recovered 39 more in the villages of West Bengal state, which include Hematabad, Kiran Dighi and Raiganj. M B Sharjuruddin, 30-year-old teacher from Chhota Suhar, said: "Most people were sleeping when the cyclone struck ... They ran out of their homes into the open." Namita Biswas, a 51-year-old housewife who was caught up in the storm told the news provider that a broken tree fell on to her home during the night, killing her sleeping husband. It was recently reported that fears were mounting in Nepal over the country's ability to cope and recover if an earthquake was to hit the nation.

BHUTAN

No decision yet on operator company
Despite efforts to expedite the process, the government is already a month behind schedule in announcing which company will be Bhutan's first domestic air services operator. And a government decision is expected to be delayed yet again because of the upcoming SAARC summit. This is because a cabinet decision, along with an inter ministerial committee evaluation, will be required before such an announcement can be made, said communications secretary, Dasho Kinley Dorji. Currently, most of the government is involved in preparations for the SAARC summit. So far, "several companies" have made interactive presentations to the communications ministry, said Dasho Kinley Dorji. No information was made available on how many of the four companies that submitted proposals gave presentations. The companies were instructed to give interactive presentations in March, after the domestic air services committee decided more information was required. The companies had already passed a prior technical evaluation by a civil aviation committee. The government invited proposals from Bhutanese and foreign companies or individuals in January this year. National airline, Drukair, and tour company, Rainbow tours and treks, along with two foreign companies, Route Network LLP, based in London, UK, and Niche (BBI), Singapore, submitted proposals by a February deadline. An inter ministerial committee will complete evaluating results of the latest presentations by early May, after which they will recommend their selection to the cabinet, according to the communications ministry. On whether the government is on schedule to launch domestic air services by October 1 deadline, Dasho Kinley Dorji said, "We're trying to make it." The company that wins the award will have to begin domestic air operations by October. By then, Yonphula airport in Trashigang, and Bathpalathang in Bumthang should be completed, going by information provided earlier by the civil aviation department. A third domestic airport in Gelephu is scheduled for completion only in June next year. The selected domestic air service provider can begin by offering helicopter services, using about 60 operational helipads spread across the country, but the completion and operationaliaation of any of the three domestic

airports will require them to also provide hybrid operations, which means introducing fixed wing aircraft services. But this requirement will also depend on the amount of passenger traffic generated. The government expects the tourism sector to be the major contributor to domestic air traffic growth. Two kinds of commercial operations have to be provided by the domestic operator: commercial air transport, involving scheduled and on demand service for the public, and commercial aerial work such as search and rescue when required

NHPC is seeking approval for 10,000 mw projects: Chairman

For several years NHPC has been driving government's initiative to harness the country's hydro power potential. In the last one year, the company

Added over 1000 mw of generation capacity or 20% of its current total installed capacity. It completed an IPO recently and is now eyeing to expand its overseas presence. Chairman and managing director S K Garg spoke to the Subhash Narayan. Excerpts:

Hydro power is increasingly becoming an important source of power generation. What kind of potential do we have?

S K Garg : India is endowed with abundant hydropower potential of about 149 gw (giga watts), of which only 25% has been developed so far. The remaining untapped potential provides ample opportunities to hydropower developers. NHPC is executing 11 projects with an aggregate capacity of 4622 mw that will enable it to become 9500 mw-plus company by 2013. After that we have set a target to commission 12 projects with aggregate installed capacity of 5322 mw during XI plan (2007-12). NHPC is presently operating 13 hydro power stations with a total installed capacity of 5175 mw. We are pursuing clearances from the government for projects of about 10,000 mw capacities. Out of this, seven projects with aggregate capacity of 6315 mw are planned to be implemented by NHPC on its own.

NHPC is going beyond hydro electric power, into thermal and renewable energy. What is the progress on that front?

S K Garg: NHPC will not enter into thermal power generation. This initiative will be carried out by our subsidiary NHDC — joint venture between NHPC and the Madhya Pradesh government. This company will set up a 1320 mw Revapur thermal power project in Khandwa district. Another thermal power project of 1320 mw at Shahpura in Jabalpur district has also been offered to NHDC. Besides, NHDC has also been allocated site in the state for 100 mw wind power project in the Kukru Region of district Betul. NHPC has been entrusted with the development of 3.75 mw Durgaduani Mini Tidal Power Project in West Bengal which is the first tidal power project to be executed in India.

Is NHPC contemplating overseas expansion of its operations?

S K Garg: Our expertise is being utilised in the area of hydropower development in countries like Bhutan, Myanmar and Tajikistan. The ministry of power has worked out an action plan for hydropower development of 10000 mw in Bhutan by 2020. In line with the announcement, NHPC has signed agreements with the government of Bhutan for preparation of detailed project reports of Chamkharchhu-I (670 mw) and Kuri Gongri (1800 mw) HE projects in Bhutan.

The DPRs for both the projects will be submitted by December 2011. We have submitted the DPR for 720 mw Mangdechhu hydro power project to the Bhutanese government two months ahead of schedule. We have recently signed agreement with the department of energy there for providing engineering and consultancy services relating to pre-construction activities of the 720 mw Mangdechhu hydroelectric project. NHPC has been entrusted with additional investigations and preparation of updated DPRs for 1200 mw Tamanthi and 642 mw Shwezaye hydroelectric projects in Myanmar, as consultancy assignments. Earlier, NHPC was assigned the task of reviewing the feasibility reports of these projects prepared by other consultants.

How is your engagement with the Rajiv Gandhi Gramin Vidyutikaran Yojana (RGGVY) progressing?

S K Garg: The company has been entrusted with rural electrification works under Rajiv Gandhi Gramin Vidyutikaran Yojana (RGGVY) – the flagship programme of the central government. The works are spread over 27 districts of Bihar, Chhattisgarh, Jammu & Kashmir, Orissa and West Bengal which covers electrification of 31,909 villages and providing service connections to 20.8 lakh BPL households at a cost of about Rs 2,450 crore.

What has been your contribution to the area of clean development mechanism (CDM)?

S K Garg: NHPC is in the process of securing benefits from its hydropower projects under the clean development mechanism scheme pursuant to the United Nations Framework Convention on Climate Change (UNFCCC). For the first time in the history of power sector, PSUs, NHPC's two medium-sized hydroelectric Projects — 45 mw Nimoo Bazgo and 44 mw Chutak projects located in Leh and Kargil sectors of Jammu & Kashmir — have been registered for certified emission reduction (CERs) by CDM executive board of UNFCCC. This provides avenues for additional CDM revenues worth about Rs 17 crore per annum to NHPC.

Land acquisition and rehabilitation and environmental clearance have become a big issue in projects. How is NHPC managing these?

S K Garg: NHPC has given paramount importance to execute and operate its projects in an environment-friendly and socially responsive manner. The company conducts comprehensive environmental impact assessment (EIA) studies on the basis of which environment management plans (EMP) are prepared to address the concerns of environment conservation. The company also takes initiatives for betterment of the project affected families and local community in and around its projects and power stations through its CSR plans. The company's resettlement and rehabilitation policy provides for additional benefits over and above those provided in the national rehabilitation and resettlement policy-2007.

How will competition affect NHPC?

S K Garg: As per the potential assessed by CEA, the hydropower potential of the country is 1, 48,701 mw, out of which only about 37,000 mw has been developed so far. The balance, approximately 75% of the total potential, still remains to be tapped. NHPC will continue to

remain the number one in hydro power development irrespective of competitions in the hydro power sector.

MALDIVES:

Parliament committee formulates media subsidies distribution policy

Finance Committee of the parliament has said it will soon conclude policies for distributing subsidies allocated for private media organisations. 'Kernel' Mohamed Nasheed, member of the seven-member Sub-Committee appointed to formulate the principles, said the Committee would hold a meeting on Monday to study the information collected from media organisations and try to finish the work within the week. He noted that the Committee took the initiative to distribute the funds before the end of this year, as they were included in the annual state budget. Nasheed stressed that some members also were proposing to distribute subsidies to state media (Television Maldives and Voice of Maldives). "The sub-committee will submit its proposal to the main [finance] committee, after studying the information received from media organisations. The main committee should endorse sub-committee's decision, before it is submitted for debate to the parliament floor," he said. Member of the Finance Committee Riyaz Rasheed of Vilufushi constituency said information gathering process would be complete this week. "They [media organisations] are now sending us the information. We are expecting to complete studying them before the end of this week. The media organisations in the Maldives include newspapers and radio stations functioning at different levels and conditions. So we believe that distributing the subsidies equally to the media organisations, without considering their condition is not fair," he said. He also noted that members of the sub-committee have been discussing on to provide 60 percent of the amount allocated in the budget to radio stations, and the other 40 percent to newspapers, but added that the Finance Committee will take a decision based on sub-committee's proposal

President establishes Maldives Polytechnic

President Mohamed Nasheed has on Monday established Maldives Polytechnic, under the authority stated in article 116 of the constitution. The institute will take over the vocational education programmes carried out by the Maldives Institute of Vocational Education and Training (MIVET), and certificate and diploma level courses run by the Faculty of Engineering Technology of the Maldives College of Higher Education. Objective of establishing the Maldives Polytechnic is to facilitate the administration of the vocational and technical education programmes carried out by both MIVET and Faculty of Engineering Technology by a single institute. This will also reduce the expenditure on these programmes and enable efficient utilization of resources. Following the establishment of the Maldives Polytechnic, the President has abolished the Maldives Institute of Vocational Education and Training. In addition, vocational training centers in Kaafu Thulusdhoo and Raa Alifushi run by the Faculty of Engineering Technology of the Maldives College of Higher Education have been transferred to Maldives Polytechnic. The Maldives Polytechnic will operate under the Ministry of Education

UN to give \$40.6m to Maldives

UNITED NATIONS: United Nations and Maldives Government have signed the agreement on the USD 40.6 million, as pledged during the donor conference. The agreement was signed at a

special ceremony held at Ministry of Finance and Treasury. The assistance would be utilized in Maldives efforts to achieve the UN's Millennium Development Goals and to achieve the goals in the Maldives Strategic Action Plan. Of the USD 40.6 million, health sector will receive USD 3.1 million and fight against narcotic drugs and AIDS will receive USD 4.6 million. Environment, Climate Change and natural disasters will receive USD 15.6 million. Speaking at the Event, Mansoor M. Ali, UN's Acting Resident Coordinator in the Maldives said that Maldives has achieved remarkable progress in achieving MDGs. Mansoor also said Maldives had already achieved 5 of the 8 MDGs and that he is hopeful of achieving the remaining three by 2015, deadline for achieving MDGs. Speaking in local language Mansoor also said that Maldives and UN shares a special bond. Minister Ali Hashim thanked the UN on behalf of the government at the ceremony. He also said that some institutions are not performing as expected, and said that for the progress to be achieved all government and state institutions shall perform to its maximum. Although as part of donor forum pledges UN alone has materialized USD 40.6 million, opposition DRP previously said that the donor forum only materialized "less than USD 20 million".

Presidential Commission member resigns over "influence"

Id'ham Muizzu Adnan, a member of the Presidential Commission appointed by President Mohamed Nasheed to investigate corruption allegations against the former regime, has resigned on Sunday, after the President's Office allegedly informed the commission not to disclose details of an investigation. His resignation followed three incidents which, among the non-disclosure orders, also involved "works contradictory to my own principles," Id'ham told Haveeru. "Such three incidents occurred. I do not believe I should remain a member of the commission, dancing to every song by a particular individual, if the commission faces obstacles or is under political influence. So I sent a resignation letter," he said. Id'ham did not give details of the "three incidents" or reveal the case involving the alleged orders. "I cannot say the exact case. They are confidential information. I cannot say anything further than that." But Haveeru has learnt from authentic sources that Id'ham's resignation was linked to orders by the President's Office not to reveal details of an investigation involving Abdulla Jabir, former MP and former Chairman of Maldives Industrial Fisheries Company (MIFCO), and opposition MP Abdulla Yamin. "I believe the commission is under huge political pressure. The commission should function fairly and in a transparent manner, sharing details of its investigations with the public. It is against my principles to be a member of a commission that doesn't uphold such policies," he added. Haveeru was unable to get a comment from President's Office, as Press Secretary Mohamed Zuhair was not available on his mobile phone. Meanwhile sources told Haveeru the commission has cancelled a news conference scheduled for Sunday afternoon, to disclose details of the Jabir/Yamin investigation. Government pressure mounted against disclosing the findings just after Jabir joined the ruling Maldivian Democratic Party (MDP) last week, the source claimed. But MDP Secretary General Hassan Shah said on Sunday he could not confirm Jabir joined the party. "We have not received any relevant official documents. But it's as if he is one of us. I think an announcement will be made in a meeting or a rally," he said. When asked about the claims, Jabir told Haveeru "not to believe in every rumour," but refused to elaborate as he was in

a meeting. Haveeru has also learnt that President's Office sent a letter to the commission on Friday followed by telephone orders Sunday morning. Commissioner Sheikh Hussein Rasheed Ahmed, however, said the commission did not know why Id'ham resigned.

Biwater to construct Maldives desalination plant

Biwater International has been awarded a \$42 million contract to construct six, 500 m³/d (0.132 MGD) SWRO plants in the Republic of the Maldives

Government submits Political Parties Act bill

The government on Wednesday has presented the Political Parties Act bill to the parliament. Presenting the bill to the parliament on government's behalf, MP of the ruling Maldivian Democratic Party (MDP) Ihavandhoo MP Ahmed Abdulla said the government intended to increase the public's participation in the governance, in order to strengthen the democratic system established in the Maldives. He said the government wanted to facilitate the public in voicing their concerns and participate peacefully in political activities. He also noted that the bill consisted of policies describing the formulation and functioning of political parties, securing funds within legal boundaries for running the parties, membership characteristics, and dismissal of members. Code of conduct and ethics for parties' supporters and candidates, and the guidelines on management of party's budget and how the funds would be distributed after the disbandment of a registered political party have also been included in the bill, Ahmed Abdulla said. During the debate on accepting the bill, MPs stressed that Maldivians need to have second thoughts on maintaining the party system currently established in the country and need to discuss whether the party system is suitable for the country. Some members said the parties should be given the freedom to devise the policies for their internal running and added that the Bill should not state such policies. Members criticised the article preventing 18-year-old school students from participating in political parties, despite being eligible for voting and participation in political parties. Kela MP Abdulla Mausoom expressed criticism over the article 18 of the bill, which states that the party's candidate for elections should be elected through a confidential vote among its members under the governing charter of the party, and added that a confidential vote is not the most democratic method. He further spoke against the proposal, which states that services and resources to political parties provided by government authorities can be altered based on the party's success in the elections, saying that assessing the success is a "painstaking" task, and the condition of the elected members should also be considered. The characteristics and policies for the parties' membership should also be described in the bill, Mausoom added. MP of Kudahuvadhoo constituency Ahmed Amir reiterated earlier remarks by the members that the party system is not the suitable system for the Maldives, and added that more than 50 percent of the above-18 population are not in any party. Thulusdhoo MP Rozaina Adam emphasised that the Bill should be made into a law as soon as possible, because threatening people to join parties and taking undue advantage of ID card copies submitted to government authorities are on the rising trend, and noted that legal penalties are stated in the law for such activities.

MDP MP, Mariya Ahmed Didi of Machangoalhi-North constituency said a public referendum to understand the citizens' views on forming political parties can only be held after amending the constitution, as it was a constitutional right. Parliament's works can be carried out most

effectively by opting for dialogue between all the political parties, she added. Mariya also spoke in favour of abolishing article 18 of the bill, saying that even in developed countries, different parties employ different methods in selecting candidates to compete in the elections. The British Conservative Party and India's Congress Party used to select candidates for the elections without a party primary, until recently, she explained

NEPAL

India regrets politicisation of passport issue by Nepal media

Two days after Nepal scrapped a deal with India to print new smart passports, India today regretted the politicisation of the contract, saying it was just a "goodwill gesture" toward its neighbour. The Security Printing and Minting Corporation of India had agreed to print and supply the Machine Readable Passport to Nepal government at concessional rates as a goodwill gesture, a statement issued by Indian Embassy said in Kath. "It is a matter of regret that the issue has been politicised in Nepal and confidential communication from the Embassy has been publicised," it said. The statement comes in the wake of reports appeared in a section of Nepalese media regarding the communication between Nepalese foreign ministry officials and the Indian embassy officials over the issue of supplying the passports. A section of Nepalese media have also alleged that Nepal government was under the pressure from New Delhi to get the passports printed in the Indian security press. In its statement the Embassy, however, clarified that government of India remains committed to strengthening India-Nepal relations which have withstood the test of time. On Sunday, Nepal government cancelled the contract to award the job of printing the passports to the Indian security press after succumbing to the pressure from the Maoists, which had announced general strike to oppose it. After the government annulled the contract through a cabinet decision, the Maoists also withdrew their strike which they had planned from yesterday. Under the agreement signed between Nepalese foreign ministry and the state owned security press of India on March 26, India had also agreed to provide technical assistance, equipment, hardware and software and also training to the Nepalese staff at the Central passport Office in Nepal. Indian security press was supposed to deliver the passports to Nepalese foreign ministry by early June. However, now the contract has been cancelled as per the Nepal government's request. Nepal has already missed the April 1 deadline to issue Machine Readable Passports as per the instructions of the International Civil Aviation Organisation. However, now the passports supply will be further delayed. The delay caused in the issue of passports will affect those Nepalese youths who are going abroad mainly to Gulf country for jobs

Nepal PM says MRP printing being done in India for political reasons

Prime Minister Madhav Kumar Nepal on Monday said [the government](#) has awarded [the contract](#) to print Machine Readable Passports (MRPs) to India for political and diplomatic reasons. The Kantipur quoted Nepal as saying that vital information would not be leaked as argued by lawmakers while printing the MRPs in the Indian security press. He also mentioned that the government had failed to move ahead with a decision of the Parliamentary Public Account Committee (PAC) tender process due to time constraints.

The PAC had quizzed Nepal and Deputy Prime Minister and Foreign Minister Sujata Koirala over the government's decision to award the contract to India in violation of the directives of the

PAC. Earlier, the PAC had directed the Foreign Ministry to call for a fresh tender bid to print MRPs and hand over the contract on the competition basis. Disregarding the PAC directive, on March 19, the cabinet gave its approval to the [Ministry of Foreign Affairs](#) to grant the contract to print MRPs to an Indian company. The government had authorised the Foreign Ministry to hand over the MRPs contract to Indian state-owned Security Printing and Minting Corporations, citing the fast approaching International Civil Aviation Organisation (ICAO) deadline and the cancellation of tender process

Nepal Maoists seek support from other parties to topple govt

UCPN (Maoist) has intensified bilateral discussions with different parties in an attempt to get their support against the current coalition [government](#). Maoist [leaders](#) met Madhesi Janadhikar Forum (MJF) leaders this morning. After the meeting Maoist leaders claimed that they received support from the MJF to find an alternative to the current coalition. According to MJF joint coordinator Jayaprakash Prasad Gupta, his party would intensify the agitation against the government, as the current UML-led government is not competent to take the peace process to a logical end. He informed that his party would also stage demonstrations across during which the party cadres will hoist back flags against the government. The Maoist leaders also met UML leaders. During the meeting, the UML leaders have put conditions to support a Maoist-led government. The conditions include transforming UCPN (Maoist) into a civilian party, end of para-military structure of the Young Communist League (YCL) and return of all the properties seized during the insurgency period among others. UML Chairman Jhala Nath Khanal said the two parties primarily dwelt on formation of a consensus government, leadership of the High Level Political Mechanism, peace process and constitution writing. Meanwhile, Prime Minister Madhav Kumar Nepal has continued his close-door meetings with smaller parties in the parliament, Nepalnews reported.

Nepal government prepares for distribute ID

The Nepal government has been planning to distribute national identity cards to all citizens and provide subsidy to those people who are under poverty line. Prime Minister Madhav Kumar Nepal has revealed the government plan on Tuesday. According to him the government is planning the ID card with intent to distribute essential goods on the basis of the cards. Addressing a program on Monday organized by Poverty Alleviation Fund PM Nepal has also directed the concerned authorities to provide the details of people living under the poverty line.

Nepal celebrates New Year

People across Nepal celebrated the country's New Year on Wednesday in accordance with the official calendar Bikram Era 206, which is linked to Indian king Bikramaditya. People thronged to temples, greeted each other, and gathered at restaurants, homes and picnic spots to celebrate the occasion. A musical programme was organised in Durbar Marg and a fair was organised in Tundikhel open ground in Kathmandu to celebrate the first day of the new year.

Nepalese people observe New Year for at least six occasions according to their respective ethnic calendars. Nepal Era is celebrated in October, Christian New Year on January 1, Sonam Lhosar in February, Gyalpo Lhosar in March and Tamu Lhosar in December. In his new year message, President Ram Baran Yadav said that reconciliation and national unity were the need of the hour rather than disputes and unhealthy competition. Prime Minister Madhav Kumar Nepal, in a separate message, underlined the need for forging consensus and cooperation amongst everyone. He also appealed to all stakeholders to cooperate for such major tasks as drafting the new constitution and concluding the peace process.

Under Increasing Pressure From China, Tibetans Leave Nepal

Five decades ago, tens of thousands of Tibetan refugees fled Chinese-ruled Tibet, following their spiritual leader, the 14th Dalai Lama, into exile. Many went to India, where they were given refuge and land by New Delhi; some stayed here, in the then-Himalayan kingdom of Nepal, under a similar arrangement. But as years turn into decades, exiles, advocates, and international observers say government instability in Nepal, along with increased economic uncertainty and heavy political pressure from China, is bearing down on one of the world's most vulnerable populations. Official numbers are hard to come by, but in more than two dozen interviews across Nepal in recent weeks, the story was the same: Tibetans are leaving the refuge they've called home since 1959. The steep drop in student enrollment at camps like Tashi Palkhel — home to roughly 800 Tibetan refugees — tells the story. Since 1997, the number of children under 5 at the camp's nursery has dropped 65 percent, according to camp records. Today there are just 30. At the nearby Tashi Ling Tibetan Settlement, which houses about 500 refugees, the number of school aged children has declined by nearly a tenth in the last two years. But the biggest population slide, according to Yeshe Choedon, Tashi Ling's secretary, is among men and women of marrying age. In the last three years, 14 percent of Tibetans at the smaller camp between 18 and 32 left the settlement, she said. Some headed south to India, though most went west, to the United States and Canada. That Tibetans are leaving Nepal is not a uniquely Tibetan phenomenon. But the attention paid to the Tibetan exile community by China, a chief Nepalese benefactor and constant presence in Kathmandu's political calculations, means Tibetans are increasingly vulnerable, experts say. As Nepal's Tibetan population prepared to celebrate the 51st anniversary of their failed uprising against the People's Republic of China last month, dozens of undocumented Tibetans were swept up in random raids, including one sweep that netted 13 as they ate noodles in a touristy section of town. Western observers, none of whom would speak on the record about Tibetans in Nepal out of deference to China, say as long as Tibetan exiles here keep their heads down, they are genuinely left alone. But sensitive anniversaries like March 10 bring an increased police presence, advocates say. Sudip Pathak, president of the Human Rights Organization of Nepal, and a former human rights commissioner in the Nepali government, says on the Tibetan refugee issue Kathmandu is caught between two giants. "The government always thinks that if I go anti-China, then I cannot rule in Nepal. If I go anti-India, I cannot rule in Nepal. This is a problem in the Nepali psychology." As recently as Feb. 28, a Chinese delegation toured Nepal's eastern Dolakha district to wage a protest against an increase in Tibetan refugees crossing the border (17 had just slipped through). In February alone, more than 90 Tibetans were arrested and detained by police, according to tallies kept by Pathak's group. Some had made the crossing from Tibet, some had entered from India (apparently after traveling there on pilgrimage), and others were long-time residents without proper papers.

The vast majority of Tibetans in Nepal — as many as three-quarters of the 30,000 Tibetans living here, according to some estimates — are undocumented and essentially illegal. Many are highly educated, but most born in the last two decades have no right to work or travel. Advocates do acknowledge Nepal is only partially ceding to Chinese demands. While Tibetans may be vulnerable to arrest, they are often quickly released. Bans on political rallies notwithstanding, Tibetans are generally well respected among the Nepalese, who share similar cultural and religious backgrounds. Even still, many Tibetans residing in Nepal see two choices for their future: grin and bear it, or try and leave. At Tashi Palkhel, two kindergarten teachers left last year. An elderly shopkeeper said her entire family — son, daughter-in-law and grandchildren — packed and left recently, leaving her alone. At nearby school Tashi Ling, the camp's only health worker is slated to leave in the coming months, joining her husband in Toronto. Among those who remain, greener pastures are the principal topic of discussion. During a recent visit to the two main settlements near Pokhara — the trekkers' paradise in the heart of the Himalayas — interviews with a half-dozen Tibetans in the 20s revealed a variety of strategies for securing their exit. Some, like Palmo, 28, plan to marry their way west. She met an American last year during his visit to Nepal, she says; they now talk and text daily. "I want to go to America, where my husband lives," she said through an interpreter before quickly correcting herself. "Soon to be husband." Dawa, 26, said six of his 10 closest friends have already left Nepal. His aim is to join them as soon as possible. "We can't live a life like this," Dawa said sitting on his stoop beneath a hot afternoon sun. "We need to do something, because we have our families. We need to bring bread home to help our parents when they get old."

NEPAL: Reintegration challenges for Maoist female ex-combatants

Former female Maoist combatants in Nepal are facing a new fight - reintegrating into their communities and returning to civilian life, specialists say. Female combatants made up a sizable portion of the Maoist's military wing, the People's Liberation Army (PLA), with the party saying a third of the soldiers were women. Nearly 1,000 women were among 3,000 former [child soldiers discharged](#) from the PLA in February. But the women, who were treated as equals in the PLA and bore arms, are now encountering rejection from their communities and struggling with traditional female roles. "My family doesn't accept me and society looks at me with hatred," Rachna Shahi, 21, said near her home in Kailali District, about 600km northwest of Kathmandu. Barely 15 when she joined the PLA to take part in the so-called "People's War" - a conflict which left 13,000 dead and thousands more injured - life for her since being discharged has been difficult. Not only did her family in Dailekh District, 500km northwest of Kathmandu, prevent her from entering the house, neighbours demanded she leave the village for good. "I don't know how I will survive now and where to live," said Shahi.

Struggle for equality

Women in Nepal face ingrained discrimination because of the country's traditionally patriarchal nature, and can be further disadvantaged depending on their caste, ethnicity and geographic location, according to the UN. Despite recent efforts to address gender inequality through legislation, women are deeply limited in areas such as asset and property ownership, inheritance, income and employment conditions and political representation, as documented by the UN Population Fund ([UNFPA](#)). Maoist policy includes plans for social and cultural reform, including the end of discrimination in caste, ethnicity and gender, and former female fighters say they were attracted to the party by the prospect of ending social inequities. "We hoped to dismantle the old society and replace [it] with a new progressive society that respects equal rights of women," said Shanta Karki, a female ex-combatant. Yet, instead of achieving equal status, ex-fighters are now confronted by expectations they will once again assume subservient roles, where they are largely

confined to household work, activists say. “Society has barely changed when it comes to women’s roles. They are still expected to play their traditional role as merely a wife, sister or daughter-in-law,” said gender activist Babita Basnet.

Rejection

The Maoists had a surprise victory in the country’s 2008 election and emerged as the largest party in parliament, a win analysts said was due to support from marginalized communities, including the lowest Dalit caste, and the electorate’s desire for change. Nevertheless, many people still hold bitter memories of the conflict in which Maoists killed people and left others disabled - and communities have yet to be advised on how to deal with returnees. “The mainstream Nepali community is still in a retaliatory state of mind because many of them suffered at the hands of these Maoist soldiers during the armed conflict,” psychosocial expert Navaraj Upadhyaya of the Transcultural Psychosocial Organization (TPO) Nepal, one of the country’s leading psychosocial organizations, told IRIN. Rejection of the ex-combatants by some Nepalese is also due to their perceived association with the continuing Maoist goal of eliminating the traditional Nepali caste system. During their time as soldiers, many women married outside their caste, and without their families’ consent, making their acceptance into the community at a later date all the more difficult. Perceptions of family honour and sexual purity are an additional hurdle. Many families believe that while their daughters were on the battlefield, they were with other men outside marriage - something that could bring shame on their family.

No constitution without completing peace process:

Senior Nepali Congress (NC) leader Sher Bahadur Deuba on Tuesday said the new constitution would not be promulgated without completing the peace process. Talking to reporters at a tea party organized by former presidents of Nepal Students Union (NSU), Deuba said, “The crisis would not be solved without completing the peace process even if the constitution is promulgated.” He, however, said the peace process and constitution drafting would be completed on time if the Maoists abided by the past agreements. Acting NC President Sushil Koirala rubbished rumors about the extension of the deadline for constitution drafting. “The constitution can be promulgated on time if the Maoists behave responsibly,” he said. Koirala also dismissed the rumors about change of government in the near future. “The current government will not be changed at this juncture,” he said.

Economic gloom to continue in 2010: ADB

Though global economic crisis had almost no impact on Nepal, Asian Development Bank (ADB) has cautioned that the country could continue to feel the lagged effect of the crisis in 2010, something which could challenge country’s macro-economic management. Releasing the Asian Development Outlook 2010 here on Tuesday, ADB expressed such wariness, referring to the lower growth rate of remittances, fading exports and decline in foreign currency reserve recorded in the last six months. As political instability, frequent strikes, transport blockades and power shortages along with unfavorable weather continue to hit productions, ADB has projected Nepal’s economy to grow at mere 3.5 percent in 2010. It has estimated agriculture to grow by only 1 percent this year as delayed and reduced monsoon have hit productions of paddy and maize - two major summer crops. “Industry’s performance too will be checked by fuel and power

shortage and sporadic labor tensions, all of which will restrict recovery in manufacturing,” ADB said in the report. It forecasts construction activities to slow down this year due to reduced credit from commercial banks. Consequently, the industry is projected to grow by mere 1.5 percent in 2010. However, ADB expects Nepal’s economic growth to climb to 4.5 percent in 2011 on the back of global recovery and domestic landscape becoming more clear and conducive to economic activity. Its projection for 2011 is based on the assumption that weather during the year will remain normal and no disruptions will be recorded on the transportation of fertilizers and seeds, which will enable agriculture growth to bounce back at 3 percent during the year. It projects industry to grow by 2.5 percent in 2011, assuming that power shortages will ease somewhat and strike will lessen, with political parties agreeing not to organize any banda -- politically inspired shutdowns -- during Nepal Tourism year 2011. Despite gloom running deep in manufacturing, construction and agriculture -- three major sectors that generate major employment opportunities, ADB expects service sector to continue to drive growth. The report states that real estate renting and businesses will be hit by credit limitations that NRB has placed on commercial banks to counter price pressure. Still, it expects services to expand by 5.5 percent in 2010 and 6 percent in 2011 due to better tourism receipts among others. As non-economic factors will continue to drive up inflation, ADB has projected country’s inflation to remain fairly high at 10 percent in 2010 but moderate to 8 percent in 2011 with lessening of supply disruptions. ADB has tagged infrastructure deficit, particularly in transport infrastructure, power and irrigation, as a major bottleneck to economic growth and development. “In particular, power shortages could have adverse social and political implications, if not addressed expeditiously,” ADO said in the report. The report also noted lack of political consensus as a major challenge to implement the new energy strategy that aims to promote power sector. It has sought the government to give private power developers economically viable market access by clarifying and liberalizing connection and tariff policy. “A fast-track approval process for hydropower projects needs to be established,” ADB emphasized in the report.

Missing R&D Input in Economic Growth

The growth in an economy is the outcome of the combined use of factors of production. Various factors of production are used to produce particular output. They obviously are divided into two categories-direct and indirect. Land, labor, capital, energy and other intermediate inputs are direct factor of production whose contribution in growth can be measured directly and separately. Their share in the growth is directly estimated. But these factors of production by themselves are not efficient meaning they need outer assistance to become efficient. For instance the fertility of land would gradually decline if farmers do not put enough inputs such as seed, irrigation, labor, fertilizer and technological knowhow. Similarly, industrial products also need both direct and indirect inputs because direct input such as labor and capital is being made more efficient with the help of indirect input such as technology. The technological knowhow is generally termed as the indirect input that makes direct inputs effective and efficient. Generally, people consider labor and capital as the only factors needed to produce goods and services. There is no doubt these inputs play most important role in production but they need others help to become efficient. One way of making these factors of production efficient is the investment in human resource development. Man can develop and adopt new and innovative techniques for making labor and capital efficient. Consequence is that per unit cost of production declines with the increased use of new technology. It also enhances quality of goods and services within a fixed quantity of land, labor, capital and other intermediate input used to produce given amount

of goods and services. Unfortunately, the role of technology in any type of economic activities has not yet been measured in Nepalese economy. With regards to this there is a need to assess the role of indirect factor of production (technology) in growth. The hypothesis is that the output growth depends on the growth of labor, capital and productivity. The productivity growth depends on the technological knowhow while the quantity of labor and capital can be determined by the capacity of a given economy. The role of technology in growth is overshadowed as it is not considered one of the inputs whose role is crucial and critical to increase productivity. Only after the 1950s, Solow proposed to measure the role of technology in growth. According to Solow output growth of an economy is defined as the sum of labor growth, capital growth and productivity growth. The labor and capital growth are measured directly taking into account the direct input but the productivity growth has been measured indirectly as proposed by the Solow model. The rate of growth of productivity depends on the efficiency of labor and capital. The efficiency in producing goods and services depends on the level of the technology.

However, the labor productivity measured on the simple calculation – total output divided by the number of workers – has traditionally been considered as the efficiency of an economy. This gives the rough idea of the per capita output in terms of labor. It cannot represent the total efficiency of an economy accounted over the use of technology. However, the labor and capital efficiency has been used to determine economic efficiency. Per unit output for a given amount of labor and capital has been considered as the labor and capital efficiency which is used to measure total economic efficiency. Per unit output in terms of labor and capital is the ratio of total output to labor and capital respectively. The measurement of the role of technology in production process is known as the total factor productivity (TFP). TFP is the portion of output not explained by the amount of inputs used in the production process. It is the better measurement of overall economic efficiency as labor and capital alone are unable to capture.

The government through its fiscal policy should focus on increasing the role of research and development (R&D) in promoting aggregate efficiency of Nepalese economy. An adequate resource is needed to conduct research to increase the role of technology in growth process. The role of R&D is immense in increasing the efficiency of labor and capital. But its role remains silent as it is unaccounted in the growth statistics. Nepal should realize the fact that it has to take the initiative to formulate a clearly defined technology policy to boost up the long term growth prospects. There are no studies to determine the share of technology in growth in Nepalese economy. The degree to which Nepal has adopted new and advanced technology in all its economic sectors is very low due to the low investment capacity in R&D. Irrespective of its investment in this sector, there is an urgent need to conduct a study to examine the role of technology in Nepalese economic growth. It will be the food for thought to planners and policy makers as well as to implementers to formulate policy to enhance its role in long run growth.

Export promotion accord top priority

As a small, landlocked and least developed economy, Nepal has a number of distinct problems. The country is faced with difficulties relating to lack of competitive ability, supply side limitations, high export concentration, and implementation problems that inhibit its ability to seek gains from international trade. In most sectors, Nepal's exports are curbed by high production costs. In addition, given the small domestic market, enterprises in Nepal tend to

produce small volumes and are thus disadvantaged when competing in sectors based on economies of scale.

Although trade is considered as an engine of growth in the economic development of a country, in Nepal there prevails a big gap between the objectives and vision and the current state of affairs in the trade sector. Market and product concentrations of exports have led to volatile export proceedings. Structural difficulties of trade related services and infrastructures have obstructed to materialize potential comparative advantages. Hence, though Nepal is one of South Asia's most open and trade dependent economies, the country cannot fully exploit the export growth potential. A large proportion of its exports encounter dwindling global demand, calling for an urgent restructuring of its export basket. Because of the lack of investment-friendly climate and the ongoing political uncertainty, industrialists even now are unwilling to expand their businesses.

Hence, Nepal has not made serious attempts to develop products, identify product markets and establish a link between the two, although the objective of product and market diversification has been adumbrated in all the Plan documents as well as the Trade Policy of 2009. Despite the problems, our policy makers do not seem to accept the reality on the export front and also fail to understand that it is fruitless to seek the help of our neighbors to solve the problem. Much more creative and imaginative policy responses are required with respect to diversifying exports and generally taking initiatives in order to transform adversity to an advantage.

Datawise, in the first seven months of 2009/10, total exports declined by 9.8 per cent to Rs. 35.80 billion in contrast to a growth of 18.3 per cent in the corresponding period of 2008/09. While exports to India dropped by 4.6 per cent to Rs. 22.74 billion in the first seven months of 2009/10 as against a growth of 2.4 per cent in the corresponding period of the previous year, exports to other countries plummeted by 17.7 per cent to Rs. 13.06 billion in contrast to a sharp growth of 54.4 per cent in the same period of the previous year. On the other hand, total imports surged by 42.2 per cent to Rs. 222.07 billion in the first seven months of 2009/10 compared to its growth of 25.8 per cent a year earlier. Owing to significant upsurge in the rate of growth of imports compared to exports, trade deficit expanded by 59.9 per cent to Rs. 186.27 billion from Rs. 116.49 billion in the corresponding period of the previous year.

One way of reducing the trade deficit is to focus seriously on export promotion. Nepal's major exports comprise of garments, pashmina, carpets, and pulses, with the major destinations being India, Bangladesh, the US and Germany. Until recently, strong inflows of remittances had offset the trade deficit and there was a surplus in the current account and the balance of payments (BoP). But, in recent months, due to the lower growth in remittances, both the current account and the BoP have registered significant deficits.

A policy measure to boost exports is to identify the exportable products that have the potential. In this respect, a recent study by the International Trade Centre (ITC) on export potential of Nepali products has pinpointed some items as having high potential including large cardamom, lentils, tea, instant noodles, medicinal herbs and oil. The export potential was computed based on the existing level of export, size of the world market and conditions of market access and domestic supply conditions. Whether or not any concrete policy initiatives will be undertaken to

implement the measures suggested by this study is uncertain as a similar study was also conducted by the ITC in 2007 with no subsequent follow-up.

In several sectors, domestic supply of raw materials and intermediate inputs are scarce, driving up production costs and sometimes hampering production because of irregular foreign supply. In order to secure their supply to the processing sector, a specific plan is required to create and develop a sustainable source of raw materials.

Clear and transparent policies and programs in trade must be systemically implemented in order to revive and build business confidence and remove inbuilt skepticism. In order to remove uncertainty and assist exporters in planning, the government's policies must be perceived to be real, predictable and likely to be sustained within a given timeframe. Again, the drive to export must not encounter frequent policy reversals and must not be compromised by other policies that have an adverse impact on the capacity of exporters to deliver

Nepali Congress may support a Maoist led government in Nepal

Kathmandu: In a major turnaround, the Nepali Congress has offered to back a re installation of a Maoist government in the country, provided they came out with a concrete action plan on former combatants and met other key demands. The offer was made by senior Congress leader and former prime minister Sher Bahadur Deuba who also wanted the former ultras to return the land and property seized by their cadres and cease attacks against rival political parties. Deuba also demanded that the Maoist disband the Young Communist League, their paramilitary organisation. He said if Maoists agree to these terms then they would seek resignation of the present coalition government headed by Madhav Kumar Nepal. The Nepali Congress' proposal comes at a time when the Maoists have intensified efforts to form a national consensus government under their leadership by mobilising support from smaller political parties. Deuba also said that it was not possible to draft the constitution without addressing the issue of integration and rehabilitation of the Maoist combatants. If the Maoists agree on the four pre-conditions then we will demand the resignation from the Prime Minister, Deuba said.

President Yadav confers with NC leaders

Top leaders of the Nepali Congress leaders have met President Dr Ram Baran Yadav at the latter's office, Shital Niwas, Thursday evening, discussing the possible scenario provided the constitution new constitution is not drafted by May 28, and the future of peace process. NC acting president Sushil Koirala, senior leader Sher Bahadur Deuba and NC parliamentary party leader Ram Chandra Poudel went to Shital Niwas for consultation with the President. The meeting comes at a time when senior leaders of the ruling parties have started ruling out the possibility of promulgation of the constitution within the prescribed time, hinting that the term of the Constituent Assembly could be extended by at least six months. Few weeks earlier, President Yadav, who has repeatedly dismissed the possibility of presidential rule if the May 28 deadline is missed, had consulted with the top leaders of the major parties, encouraging them to find consensus to expedite the constitution-drafting process

SRILANKA

Sinhalese And Tamil Communities In Sri Lanka Celebrated Traditional New Year With Harmony

Sinhalese and Tamil Communities today jointly celebrated their Traditional New Year for the first time after ending three decade old terrorism in the Country. Both Communities celebrated the New year which was dawn at 6.58 a.m today according to the astrologers. Sinhalese and Tamils all over the world joined this Celebrations by preparing traditional Milk Rice along with sweet meats and taking the meal at a given auspicious time on 9.07 a.m Sri Lankan time. After taking meals at the auspicious time younger ones worship the elders and Exchange Money which was a part of the New Year traditions. Exchanging meals with Neighbours was also taken place afterwards. Large number of Traditional New Year Game festivals were organized throughout the country to mark the new year celebrations. The Oil annoying Ceremony which is also a major part of the New Year Festival is due to be held tomorrow morning

Sri Lanka political parties gearing up for April 20 re-poll

The main political parties in Sri Lanka have recommenced their election campaigns in Nawalapitiya in the Kandy District where a re-poll is due to be held on April 20. The Elections Commissioner called for a re-poll in 34 polling divisions in Nawalapitiya on April 20 following the cancellation of the results from the April 8 poll due to election related malpractices. The governing party campaign is reportedly being carried out mainly by former ministers Keheliya Rambukwella and Mahindananda Aluthgamage who are vying for the top slot in the preferential votes list in the Kandy District.

The leader of Democratic People's Front (DPF) Mano Ganesan and the leader of the Sri Lanka Muslim Congress (SLMC) Rauf Hakeem are contesting for the Kandy District under the main opposition United National Party. Meanwhile, the security has been strengthened in the polling divisions to prevent any election violence. The police said 400 Special Task Force (STF) police have been deployed to the Nawalapitiya electorate. The re-poll on April 20 is expected to see over 55,000 voters re-exercising their franchise. An Election Department official said the poll cards for the re-poll to be held in the Kandy and Trincomalee districts will be handed over to the Postal Department today for delivery

[New Sri Lankan cabinet to be sworn in on April 21](#)

Sri Lankan President Mahinda Rajapakse has been working on the formation of his new cabinet limited between 35-40 ministers with equal number of deputy ministers, scheduled to be sworn in on April 21, the day before the new parliament is to commence its sitting. A decision has already been taken to re-appoint Ratnasiri Wickremanayake as the Prime Minister to pacify other contenders for the post, political sources said Senior Minister D.M. Jayaratne, Maithripala Sirisena are among those who have been vying the post of Prime Minister. Mr. Mahinda Rajapaksa has finally decided to appoint Ratnasiri Wickremanayake to quell the resentment in the ruling party United Peoples Freedom Alliance (UPFA). The post of Foreign Minister is likely

to go to a national list parliamentarian of the UPFA national list as the incumbent Rohitha Bogollagama lost the election in securing preferential votes

Sri Lankan Court orders DNA members to make a statement to police on violating election laws

A Sri Lankan Court has ordered several members of the Democratic National Alliance (DNA) led by former Army Commander Retired General Sarath Fonseka, to appear before the Fort Police in Colombo in order to make a statement on violating election laws. The Colombo Fort Magistrate has ordered DNA members Vijitha Herath, Sunil Hadunnetti, Arjuna Ranatunga, Lakshman Nipunarachchi and General Fonseka's wife, Anoma Fonseka, to appear before the Fort Police. The Fort Police had filed a report before Colombo Fort Magistrate Lanka Jayaratna stating that the DNA had held a public meeting at the Fort railway station 48 hours before the date of the general election in violation of election laws and regulations. The public meeting had been held to call for the immediate release of General Fonseka from military custody. According to the police, former parliamentarians Vijitha Herath, Sunil Hadunnetti, Arjuna Ranatunga, Lakshman Nipunaarachchi and Ven. Thalawelle Chandraloka Thero and Anoma Fonseka had held the meeting at the Fort Railway Station on April 6. The police had alleged that the DNA activists had committed an offence under Section 70 of the Parliament Election Act No 1 of 1981. The Magistrate has now ordered the police to issue notice on DNA activists to make a statement before the Fort Police and the matter is to be taken up on April 23

Sri Lanka needs 'realistic' petroleum price formula: Central Bank

April 14, 2010 (LBO) - Sri Lanka needs a price formula to match import costs to retail prices as a part of a reform of the energy sector, the Central Bank said as the state petroleum utility lost 12.3 billion rupees in 2009 "A realistic pricing formula needs to be developed to price petroleum products in the local market and the prices should be adjusted at reasonable intervals based on movements in the international oil prices," the Central Bank said in its annual report. In Sri Lanka some types of petroleum products, especially petrol, are heavily taxed through a plethora of different levies including import duties, excise taxes and value added tax making the sector a top generator of state revenues. But the lack of a price formula makes pricing arbitrary and exposes the economy and the people to the capricious whims of politicians.

Credit Mountains

Both the Ceylon Petroleum Corporation and Ceylon Electricity Board, a state power utility, borrow heavily from banks to cover losses when prices are held down crowding out the rest of the private sector. "The persistently high outstanding liability of the CEB to the CPC has made the CPC to borrow substantially from the banking system thereby crowding out lending to the private sector while impacting on market interest rates," the Central Bank said."This situation highlights the importance of addressing financial issues of the CEB urgently." Inter-agency debt, so-called 'circular debt', can also complicate macro-economic management. The Ceylon Electricity Board had ratcheted up 71 billion rupees of debt to banks, the CPC and power producers in 2009

Sri Lanka's Economy strong - Central Bank

Central Bank Governor Ajith Nivard Cabral said that Sri Lanka's economy was strong and vibrant despite the downturn in other countries as the government laid a strong foundation in the country during past four years. "While ending the war against LTTE terrorist organization, the other economic sectors were also uplifted to good standard. There is financial stability in the country and the country's Banks were not paralysed, although many Banks in other countries faced losses" he further said. At the same time the island's inflation decelerated, unemployment declined, foreign reserves soared and an increasing trend was witnessed in countries transacting with Sri Lanka, Cabral added. The Central Bank Governor referred to the record heights the Stock Markets reached. He referred to the great services discharged by the President to the economy, injecting the strength required for the economy. This strength should be exploited to the maximum. Productivity should be increased and discharge an optimum services during the eight hour duty period. Only then, he added that investments can be increased in addition to the per capita income while effecting regional development

Iran to buy more Sri Lankan tea: government

April 14, 2010 (AFP) - Iran plans nearly to double its purchase of Sri Lankan tea, the island's main export commodity, Sri Lanka's government said Wednesday, announcing a move that could boost tea prices. Iran wants to buy 50 million kilos (110 million pounds) of tea this year, up from 28 million kilos in 2009, the government said in a statement. Colombo said Tehran was ready to boost its purchases from Sri Lanka after the island became "politically stable" following the end of 37 years of fighting with Tamil Tiger rebels last year. Sri Lanka earned an estimated 1.3 billion US dollars from exporting 289 million kilos of tea in 2009. Iran accounted for nearly 10 percent of Sri Lanka's tea sales in 2009. Sri Lanka's tea promotion board said they expected the Iranian move to further strengthen prices, which have risen by 29.47 percent in the first three months of this year compared with the same period last year

Sri Lanka moves to free prime property in capital

Apr 16, 2010 (LBO) - Prime property in Sri Lanka's capital Colombo could be made available to private developers when the government goes ahead with a planned shift of state institutions, including defence, to the suburbs, officials said. "We're waiting for the green light," said an official of the Urban Development Authority, which is in charge of urban planning. The government has decided all administrative functions must go to Sri Jayawardenepura, a new city west of Colombo, he said. "We will not keep a single government entity in Colombo." The new city was planned as the administrative capital, leaving Colombo, where most companies have their offices, as the commercial capital. Some government offices were shifted in the early years of the plan but many more remain. 'Sethsiripaya', a government office complex in Sri Jayawardenepura, is being expanded with more office blocks being built to accommodate the latest planned shift. Government institutions, including the armed forces, have their offices in Colombo on locations which have now become prime property with very high commercial values as the economy grew and land values shot up.

Sri Lanka central bank makes record profits

Apr 16, 2010 (LBO) - Sri Lanka's Central Bank has made a record 33 billion rupee profit in 2009 as low yielding foreign reserves were lost and replaced with higher yielding domestic government paper during a balance of payments crisis. In 2009 the central bank made profits of 33

billion rupees up from a loss of 5.0 billion rupees a year earlier. The balance of payments crisis hit the bank in the last quarter of 2008. It was also hit by a steep fall in Euro assets, in which it had large holdings despite maintaining a de facto peg with the US dollar.

Domestic Finance

The profits in 2009 came from high yielding domestic government treasury bills that were taken to its balance sheet to print money. The money was mostly printed to make up for liquidity losses that stemmed from liquidating foreign reserve to sell dollars to defend a peg with the US dollar, a process known as sterilized intervention which triggers balance of payments crises. After floating the rupee in April 2009 and ending the balance of payments crisis credibility in the peg was restored. With support from the International Monetary Fund foreign reserves rose rapidly. The central bank's foreign reserves did not increase till the second half of the year, after which reserves rose to 5.0 billion US dollars from a low of around 1.1 billion in March

Sri Lanka shares fall from record high; rupee down

Sri Lanka's shares fell on Thursday in thin trade from a record high close in the previous session, snapping six straight rises led by hotel shares, while the rupee closed weaker on importer demand. The All-Share Price Index .CSE of the Colombo Stock Exchange closed 0.07 percent or 2.95 points weaker at 3,955.83, from its highest close. It hit an all-time high of 3,981.67 points on Monday. Both share and currency markets were closed on Tuesday and Wednesday for the Sinhala and Hindu New Years. Analysts said the holiday mood had kept most investors away from the market and the day's turnover hit 651 million rupees (\$5.7 million), well below this year's average daily volume of over 1.5 billion rupees. John Keells Hotels KHL.CM fell 7.3 percent to 19 rupees. The bourse is still up 16.8 percent so far this year, making it Asia's best-performing market. The rupee currency [LKR=](#) closed weaker at 113.88/93 a dollar from Monday's close of 113.80/83 due to importer demand, currency dealers said. It hit a 15-month high 113.60 a dollar during the trading on Monday. The interbank lending rate or call money rate CLIBOR, closed flat at 9.012 percent.

\$150-mn ADB emergency loan to Sri Lanka

The Asian Development Bank (ADB) will provide an emergency loan of \$150 million to Sri Lanka for projects involving the internally displaced persons. The loan will support reconstruction of urgently-needed infrastructure, restore essential services and revive livelihood opportunities for people in war-affected regions, the ADB said in a statement. The loan is part of the wider assistance being extended by ADB and other development partners to support resettlement and rehabilitation of thousands of internally displaced persons (IDPs). This is particularly in the war-ravaged Northern Province and also in areas in the Eastern Province and North Central Province which have been affected by the (LTTE) conflict, it said. For nearly three decades, Sri Lanka was torn by internal armed conflict, with infrastructure destroyed, access to basic social services disrupted and livelihood of people severely affected. Following the end of the conflict in May 2009, the government began undertaking the difficult process of resettling nearly 3 lakh IDPs. According to the government estimates, about 80,000 IDPs are still to be

resettled in their original places of residence, the ADB said. ADB has participated in three fact-finding missions to the conflict-affected areas and also held extensive discussions with government officials at various levels to determine the nature and extent of assistance that could be provided to IDPs."ADB's assistance will expand and strengthen the reconstruction of urgently needed essential economic and social infrastructure and administrative services," it said. It will also create livelihood and sustainable employment opportunities in the war-affected area, said Richard Vokes, the Country Director of ADB's Sri Lanka Resident Mission.ADB is currently contributing to efforts to rehabilitate IDP communities in the northern and eastern parts of the country through a range of projects such as repairing damaged schools, hospitals and roads, and providing tractors to farmers' cooperatives and livelihood grants to IDP families.The emergency loan will be sourced from ADB's ordinary capital resources. It will have a 32-year term, including a grace period of 8 years and an annual interest rate based on ADB's London interbank offer rate-based lending facility.The government of Sri Lanka will provide \$18. 24 million for the project.

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