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SUMMARY

Prime Minister Sheikh Hasina has once again blamed massive corruption, misrule and intentions of vote rigging by the BNP-Jamaat alliance government behind the state of emergency imposed on January 11 in 2007. Bangladesh will send its first all-female contingent of police officers on a United Nations peacekeeping mission, to help with reconstruction in quake-devastated Haiti, police said Thursday." The death toll in ferry capsizal in Bangladesh's Kishoregonj district, 117 km northeast of capital Dhaka, rose to 17, with six more bodies recovered on Friday, private news agency UNB reported. The govt has allowed exports of 400,000 tonnes of wheat to neighbouring Bangladesh, a statement said on Wednesday, partly lifting a three-year old ban on overseas shipment. Saudi Arabian Airlines has suspended all its flights from the Kingdom to Bangladesh till Friday. This follows a strike by air fuel station workers in Bangladesh. The history of the 1971 India-Pakistan war will never be fully written. Most of the official records of the war that led to the liberation of Bangladesh have been destroyed.

South Korean President Lee Myung-bak and Bangladesh Prime Minister Sheikh Hasina will hold a summit on May 18 to discuss bilateral economic cooperation, The culture of confrontation and ideological contestation are very much parts of Bangladesh's political culture where the two political parties refuse to cooperate. The Asian Development Bank (ADB) has devised a costly lending programme for Bangladesh this year as it has increased its hard-term loans up from the softer ones in the revised aid scheme, officials said. Finance ministry officials have said the Manila-based lender has prepared a lending programme for the current year of 2010, in which it proposed US\$ 800 million hard-term loan and \$450 million soft loans for different development projects. The Metropolitan Chamber has forecast that the country's GDP (gross domestic product) is likely to grow nearly by the projected 6.0 per cent in the current fiscal year (FY), driven by favourable service sector growth, stable domestic financial market and signs of global recovery.

BHUTAN: Bhutan to host its first literary festival. The tiny kingdom of Bhutan will host its first literary festival, focusing on writing from and about the Himalayan region, in the capital Thimphu this month with writers like Chetan Bhagat, Apart from beef, pork, chicken and fish, Bhutan also imports octopus meat, rabbit meat, prawn and crab from Thailand and India, according to records maintained by the Bhutan agriculture and food regulatory authority (BAFRA). BAFRA records show that the first imports of sea food products like octopus, prawn and crab from Bangkok starting in 2007.

'Indo-Pak should use Bhutan goodwill to decide disputes': Former diplomats, academics and civil servants engaged in Track-II diplomacy on Saturday called on India and Pakistan to move towards substantive decisions on all outstanding issues while utilising the goodwill generated in Bhutan to achieve the common objective of peace and good relations. Economic growth in Bhutan, a country that famously measures its wellbeing by Gross National Happiness, slowed sharply last year to six percent as tourist numbers fell,

MALDIVES: Maldivian Foreign Minister, Salman Bashir discuss bilateral ties, regional issues Foreign Minister of the Maldives, Dr. Ahmed Shaheed, who is on an official visit to Pakistan (May 12-14) met Foreign Secretary Salman Bashir here on Wednesday. They discussed issues of bilateral interest including Pakistan-Maldives relations, regional and international issues of common interest. Newly released religious unity regulations have policy issues, Press Secretary for the President's Office Mohamed Zuhair said. Regulations will now be discussed in the Cabinet, Zuhair has told Minivan News. The 15 member Maldives Media Council was elected on Tuesday at a meeting held among the representatives from the registered media organizations. The Government will pay for the fuel surcharge of the families receiving electricity subsidies. Minister of Home Affairs Mohamed has promised to allow International Criminal Police Organisation (Interpol) officials to enter Maldives without visa, the organisation has said on Thursday. Defence Minister Ch. Ahmed Mukhtar said that Pakistan would continue its struggle to combat and eliminate terrorism from the region and agreed to enhance bilateral cooperation with Maldives to root out militancy. The Conservative party played a key role in training the ruling Maldivian Democratic Party (MDP) from street campaigners into a political party, and pressured the British government to condemn alleged human rights abuses occurring in the country. Thalassaemia is one of the most common genetic disorders in the world, with around 250 million people, approximately 4.5 percent of the world population, affected by the fatal disease.

NEPAL:Nepal Maoists return to hard line on troop integration.Change of stance by opposition Maoists regarding integration and rehabilitation of former People’s Liberation Army rebels continues to affect the fragile peace process in Nepal.Two days. The ruling coalition government has given up on the possibility of promulgating a new Constitution by the May 28 deadline. The United Nations Security Council voted Wednesday to extend the mandate of its peace-monitoring mission in Nepal, but urged the nation to prepare for the eventual withdrawal of the force. Usurping the Indian role of playing big brother in Nepal’s political affairs, western government, including the European Union, have begun mounting pressure on Nepal’s beleaguered Prime Minister Madhav Kumar Nepal to quit.

Under intense pressure from home and abroad, the Unified Communist Party of Nepal-Maoist (UCPN-M) tonight called off a strike that had crippled the nation for six days. Nepal will miss a deadline to prepare a new constitution, officials said on Wednesday, raising fears of fresh political tension in a country yet to fully emerge from years of a civil war that killed thousands.Nepali business communities have served a two-day ultimatum to the three main political parties to end the current impasse by forging national consensus, local media reported on Friday. Kathmandu, Nepal – Leaders of the Nepali congress and UCPN Maoist held talks in a bid to end the ongoing political deadlock on Wednesday morning. Himalayan nation Nepal said the country is experiencing food shortage of 3,16,465 metric tones, affecting over 1.6 million people this year. India today pledged financial assistance of Rs 81.9 million for construction of a college building and a cold storage in Nepal.Two separate MoUs were signed in this regard between the Indian embassy and Nepalese authorities here, said a statement from the mission. With the number of airlines connecting Nepal to different global destinations is increasing, travel agencies said the airfares have dropped by more than 30 to 35 percent this year.

SRILANKA:Sri Lanka's ex-army chief and defeated presidential candidate Sarath Fonseka was for the first time hauled before a civilian court Wednesday and accused of inciting violence. A Sri Lankan immigrant pleaded guilty Tuesday to charges that he helped raise money for the Tamil Tigers militia. Prapaharan Thambithurai, now a Canadian citizen, is the first person convicted under the Anti-Terrorism Financing law, according to British Columbia Supreme Court Justice Robert Powers. Sri Lankan shares closed flat on Monday after rising to a near record high on profit taking as foreign investors sold a large volume of shares. Sri Lanka President Mahinda Rajapaksa today urged the diplomatic community to be aware of the threats the country is facing due to the residues of LTTE terrorism attempting to de-stabilize. Sri Lankan central bank Governor Nivard Cabraal said that “encouraging” inflation figures mean he plans to keep the current stance on interest rates, after policy makers last month kept borrowing costs at a five-year low. Sri Lanka President Mahinda Rajapaksa has taken steps in his capacity as the Minister of Finance to set up a new development bank incorporating the four provincial development banks, the Presidential Secretariat said. Sri Lanka's main opposition United National Party (UNP) Member of Parliament Dayasiri Jayasekara said that the party needed an 'Obama' style change and should not totally rely on neo-liberal policies. The Sri Lankan government which operated so far this year without a budget is to present a formal budget in June. The Sri Lanka Freedom Party is to introduce a new organization plan. The General Secretary of the Party Minister Maithreepala Sirisena said that the objective of this move is to steer the party to new developments in the world while protecting the fundamental visions of the party. Sri Lanka's economy expanded by 3.3% in the second half of 2009, the fastest rate

recorded since 2002 showing stability despite a weak global economy, the World Bank report released Friday said. India is planning to provide an additional assistance of USD 382 million to Sri Lanka for rebuilding infrastructure in the northern parts of the country."

Detailed news

Bangladesh:

PM blames BNP-Jamaat misrule, graft for state of emergency

Prime Minister Sheikh Hasina has once again blamed massive corruption, misrule and intentions of vote rigging by the BNP-Jamaat alliance government behind the state of emergency imposed on January 11 in 2007. She said this while speaking to the Bangladesh Puja Udjapan Parishad leaders when they call on her at the Prime Minister's Office (PMO) yesterday. Hasina said the political history of Bangladesh is unique. She mentioned that except 2001, no government has been able to hand over power peacefully without incident. "In 1996 we had to launch a movement against the BNP government as they were plotting to capture power through vote rigging. Later they held a voterless election in February 15, 1996. But people rejected them and they were compelled to resign and hand over power to a non-party caretaker government," she said. Hasina also mentioned that in 2007, the BNP-Jamaat government again plotted to keep themselves in power through vote rigging and registration of fake voters. "But again the people of the country foiled their conspiracy," she said. She said the misdeeds of the BNP-Jamaat alliance led the country to go under emergency rule. She said later the election came and AL led grand alliance won a landslide. "When the people of the country got their chance to cast their vote freely, they voted AL to power," she said.

RELIGIOUS HARMONY

Hasina reaffirmed her government's commitment to religious harmony, and its willingness to ensure the coexistence of all religious people in country. "People of all religions and races will live in the country with equal rights and perform their religious activities freely. We believe in this philosophy and will work to ensure it permeates our society," she told the Puja Udjapan Parishad leaders. She said Bangladesh was established on the philosophy of non-communalism and people from all walks of life, irrespective of religion and race, participated in the War of Liberation. She said in Bangladesh people of all religions will perform their religious activities without any hindrance. "Our religion, Islam, also believes in this philosophy. But many people among us often use the religion as a tool to oppress other people. These kinds of people are present in all religions," she said. Terming her party, the Awami League, as believers in non-communalism, she said it has always believed in freedom of all religions. "We believe what we said and work accordingly," she said. Hasina said it was only after 2001 that the then BNP-Jamaat government started oppressing religious minorities and progressive forces, including AL activists.

VESTED PROPERTY ACT

Regarding the demands from the Bangladesh Puja Udjapan Parishad leaders, she said her government would hold dialogues with the parties concerned before formulating the Vested Property Act. She asked the Bangladesh Puja Udjapan Parishad leaders to provide a list of mandirs across the country and the condition of the properties with the mandirs. She said the government has already approved a project in the Ecneq regarding the development of the

Kantajir Mandir in Dinajpur. She said the religious places and structures of the country, including mandirs, are related to the history of the country and these places are also good spots for developing tourism. "These are related with our pride and history. We have to salvage these," she said. She said the government will take necessary steps to renovate and reconstruct the main temples, including the Dhakeshwari and Ramna Kali Mandir. Chief Patron of Bangladesh Puja Udjapon Parisad Major General (ret) CR Dutta and President of Puja Udjapon Parisad Shawpan Kumar Saha spoke on the occasion.

Bangladesh to send female peacekeeper unit to Haiti

Bangladesh will send its first all-female contingent of police officers on a United Nations peacekeeping mission, to help with reconstruction in quake-devastated Haiti, police said Thursday. "A 110-strong battalion of female peacekeepers, will fly to Haiti on May 15," police spokesman Shyamol Kumar Mukharjee told AFP. "We will become the second country ever, after India, to deploy an all-female peacekeeping contingent," he said, adding his country was "happy" to be able to help with the post-quake reconstruction effort. The South Asian nation agreed to send additional peacekeepers to Haiti in January when the UN requested help after the massive earthquake struck. Another 100 Bangladeshi male peacekeepers will be deployed on May 19, and will join a 20-member team that is already in place, Mukharjee added. Bangladesh, which makes the second-largest contribution to UN peacekeeping missions after Pakistan, has over 1,600 police currently deployed in seven countries including Sudan, East Timor, the Ivory Coast and Liberia. Since 1989, when the Bangladeshi police force first sent its officers on a UN peacekeeping mission, in Namibia, the total number of police who have served overseas stands at 6,369.

Death toll in Bangladesh's ferry capsizal rises to 17

The death toll in ferry capsizal in Bangladesh's Kishoregonj district, 117 km northeast of capital Dhaka, rose to 17, with six more bodies recovered on Friday, private news agency UNB reported. The ferry carrying about 100 passengers capsized in Daleshwari river on Wednesday night and 11 bodies were recovered on Wednesday and Thursday. Rescuers managed to salvage the sunken ferry, 9 to 10.6 meters under water, after hours of their relentless efforts on Thursday evening. No specific reason was given for the accident, though overloading is often blamed. Ferry and boat disasters are common in Bangladesh, which is criss-crossed by about 250 rivers. Ferry is still key means of transport in the South Asian country.

Govt allows 400,000 T wheat exports to Bangladesh

The govt has allowed exports of 400,000 tonnes of wheat to neighbouring Bangladesh, a statement said on Wednesday, partly lifting a

three-year old ban on overseas shipment. India, the world's second-biggest producer of wheat, banned exports of the grain in early 2007. It lifted the restriction for a few days in July 2009 before re-imposing it. The Directorate General of Foreign Trade, an arm of the trade ministry, said the state-run Food Corp of India would export the grain from government stocks. On April 1, India's wheat stocks soared more than seven times the target to 30.8 million tonnes. The government had allowed 50,000 tonnes of wheat exports to Nepal in February.

Saudia suspends flights to Bangladesh

Saudi Arabian Airlines has suspended all its flights from the Kingdom to Bangladesh till Friday. This follows a strike by air fuel station workers in Bangladesh. The suspension became effective on Tuesday, according to Abdullah Al-Azhar, assistant director general of Saudia. "We have to suspend the flights because of the emergency situation created by the strike in Bangladesh," he said and regretted the inconvenience caused to the traveling public. The national carrier is making all efforts to enable the passengers reschedule their bookings and travel plans.

Truth lost? Most military records of Bangladesh war missing

The history of the 1971 India-Pakistan war will never be fully written. Most of the official records of the war that led to the liberation of Bangladesh have been destroyed.

The destroyed files include those on the creation of the Mukti Bahini — the Bangladesh freedom fighters — all appreciation and assessments made by the army during the war period, the orders issued to fighting formations, and other sensitive operational details. Authoritative army sources said all records of the period, held at the Eastern Command in Kolkata, were destroyed immediately after the 1971 war. This has remained secret until now. According to at least two former chiefs of the Eastern Command and other senior army officers TOI spoke to, the destruction may have been deliberate. They say the destruction may have happened when Lt General Jagjit Singh Aurora, the Indian army's commanding officer on the eastern front, headed the Eastern Command. If true, this would be at odds with Aurora's image as the hero who led his men to victory and the Pakistan army's surrender in Dhaka. The sensational fact that the files were missing became known only recently when the Eastern Command was searching for details of the Mukti Bahini camps in order to organize a reception for Bangladeshi veterans. The Indian Army had housed the freedom fighters in different camps across India, where army instructors trained them in warfare. Later, Mukti Bahini fighters were part of the operations led by the eastern command. A senior army source told TOI, "We were looking for the details of Mukti Bahini camps. We wanted to know where all were the camps, who were in charge etc. When those files were not available, the eastern army command launched a hunt for the records of the war. That is when we realized that the entire records are missing." Lt Gen (retd) JFR Jacob, who was chief of staff of the eastern command during the war and later its head, admitted the records were missing, when asked if this were true. "When I took over as Eastern Army commander in August 1974 I asked to see the records. I was told that they have been shredded," he told TOI. He refused to discuss who ordered the destruction of the records. The army headquarters and various units of the army may have some records of the war, a senior army officer said. But the picture will never be complete, he said, adding that military records maintained at the nerve center of operations are crucial if one is ever to construct the full picture. The details are significant as this operation is one of the great success stories of Indian intelligence and the army.

S. Korea, Bangladesh to hold summit next week

South Korean President Lee Myung-bak and Bangladesh Prime Minister Sheikh Hasina will hold a summit on May 18 to discuss bilateral economic cooperation, the presidential office Cheong Wa Dae said Tuesday. The Bangladesh prime minister will arrive in Seoul on Sunday for a three-day state visit here, the first such visit by a Bangladesh leader in 15 years, Cheong Wa Dae said.

The two leaders will discuss cooperation on trade, energy and development during the summit, the office said. Hasina will also attend the opening ceremony for a general meeting of the U.N. ESCAP (Economic and Social Commission for Asia and the Pacific), which is slated to be held on Monday in Incheon. The two countries established formal diplomatic ties in 1973. Their bilateral trade volume stood at 1.1 billion U.S. dollars in 2009

Awami League in Power: Lost Priorities and Opportunities

Did the two year intervention by the military that backed Fakruddin Ahmed's caretaker government teach any political lessons to the political parties in Bangladesh? The answer is unfortunately no. The culture of confrontation and ideological contestation are very much parts of Bangladesh's political culture where the two political parties refuse to cooperate. The Awami League (AL) won a landslide victory in December 2008, which generated the hope of democratization and a change in the confrontational politics that has plagued the nation. People sincerely believed that the two years of military intervention has certainly taught the parties a lesson. Expressing such sentiment the Bangladesh Nationalist Party (BNP) General Secretary said "We should replace the existing political culture with a fair one. I won't see your face just because you hold different political ideals or there's a difference of opinion...this attitude can never be helpful for democracy." Though Awami League assumed office on 6 January 2009, it is yet to make its presence felt and is gradually losing popular appeal. The level of its unpopularity is yet to reach a critical point where the opposition can enforce a successful *hartal*, but there is a general disillusionment about the lack of change. AL has been going slow on many important issues that were vital to its success in the last election. Apart from the issue of price rise and power shortage, the government faces crucial challenges on two fronts that would impinge on its performance. First, the Party's inability to control the violence unleashed by its Student organization, the Bangladesh *Chattro* League (BCL), in various University campuses has been one factor that has reflected badly on the Party leadership. Violence by the student organization of the incumbent party is not a new phenomenon in campus politics. Capturing residential halls and providing political patronage to students in lieu of support is a method of recruiting cadres, exerting influence and distributing patronage. Many of the student leaders are involved in criminal activities and are patronized by law-makers for political reasons and the police have chosen to remain a mute spectator. Prime Minister Sheikh Hasina's repeated calls to rein in the *Chattro* League has fallen on deaf ears. Unruly incidents have been reported from all over the country adding to the unpopularity of the AL. At universities like Dhaka University and Jahangirnagar University, the BCL is engaged in a confrontation with the Jatiyobadi Chatra Dal (JCD). At Rajshahi University and Chittagong University the BCL has fought pitched battles against *Chattro* Shibir, the student organization of Jamaat Islami. At various Engineering colleges and technical organizations such violence has resulted in disruption of classes. In some cases it has resulted in the death of students as seen in Dhaka University and Rajshahi University. In the May 11 clash in the Jaganath University, choppers, machetes and axes were used between two factions of the BCL. These incidents and their frequent recurrence are reflecting poorly on the AL leadership.

Second is the issue of trial of the war criminals for their role during the liberation war. The government could have done well to avoid controversy regarding the constitution of the tribunal and appointment of Abdul Matin as Chief investigator of a seven member probing agency. Matin was alleged to have been a member of *Chatra Sangha*, the student body of Jamaat Islami in the

pre-independence days, which is accused of collaborating with the Pakistan Army and killing freedom fighters. Though most of the political parties are supporting the government effort to establish a war crime tribunal, BNP has kept its position ambivalent. Initially, given the popular mood, BNP Secretary General Khondokar Delwar Hossain had said, “We support the demand for the trial of war criminals in principle and none should have any objection against it.” However, the BNP has raised several questions about the Government’s motive in constituting the tribunal. To generate a controversy and create doubts the BNP says that it doubts the transparency and fairness of the tribunal. It has accused the government of holding the trials to eliminate the political opposition. The government has formed a 3 member tribunal and 12 member panel of lawyers under the International Crimes (tribunal) Act of 1973. Since one of the prominent BNP member S.Q Chowdhury’s name figures among the list of war criminals, the BNP has demanded that the government probe and initiate actions against some of the war criminals within the AL itself. Controversy and political bickering has not helped the process of the trial. It has created unnecessary doubts regarding the independent functioning of the tribunal. It is important that the tribunal has independent members without political bias. If unnecessary doubts are created, the credibility of the tribunal will suffer and thus render the entire exercise futile.

The two political parties neither share cordial relations nor have made any attempt to develop a consensus in spite of their promises to the people soon after the election. On the 16th of January 2009 in the first Parliamentary Party meeting of the BNP, the leader proclaimed, “we want to assist the government and we want the government to create that atmosphere and maintain it.” Soon after, a major problem arose out of seat sharing arrangement in the Parliament leading to the opposition boycotting the parliament – a tradition that continues. The opposition returned to the Parliament on the 11 February 2010 after having boycotted the Parliament for ten months.

AL needs to work with the BNP on many of the issues that remain fundamental to the AL. It has the majority and needs to show magnanimity. Instead, the AL has kept itself involved in trivial issues like the renaming of the airport, renaming University, questioning Zia’s leadership and whether Zia was buried in the *Jatiyo Sangsad* premise or not. What has perhaps helped the AL is BNP’s poor political health. Rivalry within the party and differences between leaders has afflicted the party organization. BNP is yet to shed its image of corruption, militancy and misrule. Their poor performances in the election and its inability to come out of the election debacle and reorganize the party have resulted in the demoralization of its cadre. Even if Begum Khaleda Zia gave a call to launch a movement against ‘government’s misrule’ the party is not in a position to demonstrate its strength. Given the state of the BNP, the AL has time to resuscitate itself, to prioritise issues and prepare itself for the next election from now. For AL time is running out and it has miles to go in translating promises into action.

ADB opts for \$800m hard-term, \$450m soft loans this year

The Asian Development Bank (ADB) has devised a costly lending programme for Bangladesh this year as it has increased its hard-term loans up from the softer ones in the revised aid scheme, officials said. Finance ministry officials have said the Manila-based lender has prepared a lending programme for the current year of 2010, in which it proposed US\$ 800 million hard-term loan and \$450 million soft loans for different development projects. The ADB has recently finalised the lending programme upon discussion with the government, where it offered more loans from its ordinary capital resources (OCR), an expensive lending window, a senior economic relations

division (ERD) official told the FE. It has revised its earlier three-year lending programme and proposed to bankroll \$1.25 billion loans including \$800 million hard-loan from OCR for the Bangladesh government. In last year 2009, the ADB has confirmed \$1.03 billion total loan, where it offered \$600 million from the hard window OCR, and the rest from the soft window Asian Development Fund (ADF). The Manila-based lender has two loan disbursement windows -- OCR, that offers hard loan, the ADF, that offers soft-term loan to the borrowing countries. The service charges for the OCR loan are higher and repayment period is also shorter. "In recent years, loan from ADB has started becoming more expensive day by day compared to the past. It will hurt the government during loan repayment period," the senior ERD official said. When the government goes for more borrowing from the hard loan package, it will affect the country's financial sector and raise the debt burden, he added. He said: "Borrowing of hard loans by the poor countries like Bangladesh is not viable for the economy. The countries like India and China, which have huge foreign exchange reserves, can borrow more from the OCR." An ADB official said as Bangladesh needs more investments in infrastructure development, the bank cannot provide full funds from its soft window, ADF.

"Bangladesh's economic indicators, especially the foreign exchange reserve, are showing positive trends which make it resilient for borrowing from the OCR along with borrowing from the ADF," he said requesting anonymity. Former finance and planning adviser Mirza Azizul Islam said when the country's hard loan increases, the fiscal pressure will also increase. "The government can borrow some money from the OCR, but it should not cross the limit of the economy's financial backbone," he added. Mr Islam said: "Bangladesh's reserve has increased due to a fall in import. Besides, the export and remittance growths are negative. So, it does not mean that the higher reserve shows a positive indicator for the economy." The government should negotiate cautiously with the ADB so that it can ensure soft-loan, which would not push the economy into pressure, he added. In 2009, the government borrowed \$500 million credit from the ADB. Bangladesh has to repay it in only five years with a three-year grace period. The interest rate for the loan would be nearly four per cent, which is much higher than the lender's any previous loan to Bangladesh government, an ERD official said. The Manila-based multilateral lender usually gives long-term aid with some 2.5 per cent interest rate, for which the repayment period is offered for 32 years with more than eight years' grace period.

Economy likely to grow by nearly 6.0pc: MCCI

The Metropolitan Chamber has forecast that the country's GDP (gross domestic product) is likely to grow nearly by the projected 6.0 per cent in the current fiscal year (FY), driven by favourable service sector growth, stable domestic financial market and signs of global recovery. "Despite the slight under-performance of the leading sectors, it can be said that the growth momentum in Bangladesh economy continued in the January-March quarter of FY10, benefiting from the global recovery and the stability in domestic financial markets that stimulated demand for increased private sector credit," the Metropolitan Chamber of Commerce and Industry, Dhaka (MCCI) said in its January-March quarterly review. The review also said the growth was broad-based, across the export-driven manufacturing sector such as jute and woven garments, leather and -agro process, and food processing, as well as the domestic-oriented industries such as food processing, cement and pharmaceuticals. It, however, said price pressures in the quarter

under review increased, in tandem with global inflation, but average inflation remained within the target range."The fragility of Bangladesh economy increased in the quarter due to the huge gap between demand and supply of the basic infrastructure, the MCCI review said adding the uncertainty surrounding the energy sector problems could adversely affect business sentiments and interrupt the rebound of private investment.The Chamber urged the government to redouble its efforts in improving the quality and management of basic infrastructure expenditures and provide energy at low cost to everyone. "Investment in productive energy is of paramount importance in helping achieve the government's goal of establishing market-based export economy," it said.The MCCI review revealed that the average rate of inflation (12-month annual average CPI) rose to 5.95 per cent in Q3 (February 2010) from 5.42 per cent of the previous quarter. The rate of inflation on point-to-point basis increased to 9.06 per cent in February from 8.51 per cent in December, it said adding, "This was the highest point-to-point inflation in sixteen months."The chamber said the decline in non-food inflation since the second quarter of the current fiscal as is indicated by BBS data defies all logic. "It is not clear why or how, despite the perceived operation of the income effect of increased public sector salaries and the price effect of global price increase in fuels, and domestic price increases in electricity and gas, and the sharp rise in asset prices (real estate and stock exchange securities), non-food inflation did fall in the period under review," it added Regarding foreign exchange, the review said the exchange rate of Taka per US dollar underwent an overall depreciation of 0.18 per cent in the quarter in comparison with Q2 FY10. "The Taka depreciated by 0.12 per cent in January and 0.13 per cent in February but in March the Taka marginally appreciated by 0.07 per cent," it said. At the end of the third quarter of the fiscal, foreign exchange reserve stood at \$10.160 billion, an increase of \$4.470 billion or 77.1 per cent increase over the reserve of \$5.953 billion recorded at the end of the corresponding third quarter of FY09, it added.The review said that the inward remittances in Q3FY10 stood at \$2738 million, compared to \$2529 million in the corresponding quarter of FY09 - an 8.2 per cent y-o-y increase and the commodity trade balance recorded a lower deficit of \$226 million in January 2010 compared to the deficit of \$465 million in January 2009."The over-all balance of payments showed a surplus of \$57 million in January 2010, compared to a deficit of US\$129 million in January 2009."On the external front, merchandise exports in January of Q3FY10 increased year-on-year by 3.49 per cent compared to 1.0 per cent in Q2FY10, the review said. This indicates that the global demand is gradually improving, which resulted in improving export performance especially in raw jute, jute products, leather, petroleum byproducts, bicycle, footwear, agro processed food, terry towel and ceramic products, it added.The review, however, said while export receipts recorded a positive growth in January 2010, total export receipts during July-January 2009-10 fiscal was 4.96 per cent lower than in the corresponding seven months of the previous fiscal."Total import payments (CIF) in January Q3FY10 stood at \$1841 million, lower by \$227 million or 10.96 per cent than \$2067 million in January 2009."The 10.96 per cent contraction in import payments is in sharp contrast with the observed 9.5 per cent increase in the previous quarter, the MCCI review said. In the third quarter, total NBR tax collection grew by 14.7 per cent compared to 10.7 per cent in the same quarter of the pervious year, the review said adding, "The development was unfavourable compared to 26.6 per cent growth in the previous quarter." Total budget financing of the government during July-January 2010 through borrowing stood lower at Tk 34.65 billion, as against Tk 133.71 billion during the same period of the last fiscal, the review said."The amount of budget financing was just 11.9 per cent of the total target of Tk. 292.28 billion for the entire fiscal year (FY10)." The

disbursement rate of government spending during the quarter under review declined compared to the previous quarter, the chamber said in its review. "Despite the government's effort to accelerate spending, implementation of various projects was hindered by administrative inefficiency," it added. The outstanding domestic debt of the government stood at Tk. 957.60 billion in January 2010, which is Tk.67.82 billion or 6.6 per cent lower than Tk 1025.42 billion in January 2009, the review said. Bangladesh Bank followed tight monetary policy stance in the quarter under review compared to the previous quarter, keeping in view the rising trend in inflation as well as the presence of excess liquidity in the banking system, it said. About agriculture, the review said during January-March period, the growth of agricultural production was lower than in the previous quarter.

BHUTAN

Bhutan to host its first literary festival

The tiny kingdom of Bhutan will host its first literary festival, focusing on writing from and about the Himalayan region, in the capital Thimphu this month with writers like Chetan Bhagat, Gulzar and Patrick French attending. The festival, from May 17-20, will be hosted by the India-Bhutan Foundation in association with Siyahi, a non-profit organisation. The event will provide a platform for authors to engage in a cultural dialogue and celebrate tales of a shared landscape in the Himalayan region. The festival will be supported by the queen mother of Bhutan, Ashi Dorji Wangmo Wangchuk, and her foundation, Tarayana. She is the author of "Treasures of the Thunder Dragon: A Portrait of Bhutan", which provides unique and intimate insights into Bhutanese culture and society. Wangchuk will deliver the keynote address at the festival. The speakers at the festival will include Bulbul Sharma, Chetan Bhagat, Boman Irani, Gulzar, Pavan Varma, Patrick French and at least 20 other leading writers from India and Bhutan.

The India-Bhutan Foundation was established in August 2003 by the Bhutanese and Indian government with the objective of enhancing exchange and interaction among the people of both countries through activities in educational, cultural, scientific and technical spheres

Bhutan imports octopus meat

Apart from beef, pork, chicken and fish, Bhutan also imports octopus meat, rabbit meat, prawn and crab from Thailand and India, according to records maintained by the Bhutan agriculture and food regulatory authority (BAFRA). BAFRA records show that the first imports of sea food products like octopus, prawn and crab from Bangkok starting in 2007. Within a year the import of octopus meat increased from 71 kg to 109 kg. Prawn imports increased from 30 kg to a whopping 2,173 kg. "Foreigners, especially Japanese and Italian, consume seafood and very few Bhutanese go for crab and prawn dishes, because of the belief that it contains medicine," said chef Choda Jamtsho with the Amankora resort. Most Bhutanese don't go for octopus because it looks awful and it's expensive. "It costs 85 USD for a plate of octopus meat," he said. Choda Jamtsho said that the octopus ink is used for making sauce and its tentacle makes a fine combination with salad. BAFRA regulatory officer, Damchen Norbu, said that beef, pork and fish are usually ordered from West Bengal, chicken from southern parts of India and most of the seafood from Bangkok. "Every product is carefully inspected before delivery and those spoiled during transportation are directly deposited in the biological pit," said a BAFRA official, adding that bleaching powder and fennel is also used to protect from any health hazard. According to their records, frozen imports like octopus meat, sausages, rabbit meat, prawn and crab have no

rejections during inspection. BAFRA records also show that 46 kg of rabbit meat was imported in 2007, which increased to 245 kg in 2008. Ten rabbit skins were also imported in 2008. Bird feathers are also among the list of products imported in 2008. That year, 4,076 numbers of bird feathers were imported. "These feathers are used to make fly fishing bait, which is exported," said BAFRA official.

'Indo-Pak should use Bhutan goodwill to decide disputes'

Former diplomats, academics and civil servants engaged in Track-II diplomacy on Saturday called on India and Pakistan to move towards substantive decisions on all outstanding issues while utilising the goodwill generated in Bhutan to achieve the common objective of peace and good relations. A three-day closed door conference of Track-II actors, organised by the Centre for Dialogue and Reconciliation (CDR), ended late on Friday night and discussed the Kashmir dispute, water crises, terrorism and measures to sustain dialogue. The delegates from Pakistan included former army chief Gen (r) Jehangir Karamat, former Pakistan People's Party leader Shireen Rehman, Pakistan Muslim League-Quaid Information Secretary Ahsan Iqbal, MNA Bushra Gowhar, Senator Shafqat Mehmood, former foreign secretary Najamuddin Sheikh, former ambassadors Aziz Ahmed Khan and Dr Hamayun and noted human rights activist IA Rehman. A consensus paper issued at the end of the conference hailed the outcome of talks between the prime ministers of both countries at Thimphu and hoped that both governments would utilise this new window of opportunity. Right time: Significantly, the participants agreed "the time has come to move towards substantive decisions on all outstanding issues". The paper said the less complicated issues could be settled quickly to create an atmosphere of trust. Discussing the current regional security situation, the group emphasised moving away from the military threat perception and concentrating on social and economic development.

Reclusive Bhutan sees economic growth halve: World Bank

Economic growth in Bhutan, a country that famously measures its wellbeing by Gross National Happiness, slowed sharply last year to six percent as tourist numbers fell, the World Bank says. It said the insular Himalayan kingdom, sandwiched between India, Nepal and China, saw a seven-million-dollar decline in tourism income in the 2008/2009 financial year from 39 million dollars the previous year. No reason was given for the 18-percent change, but the travel industry was affected worldwide last year by the global financial crisis. Western visitors to Bhutan must pay a minimum of 200 dollars a day for visa and government-approved travel agency fees, a deliberate policy to promote "high value" tourism. When Jigme Singye Wangchuck became king in 1972 at the age of 16 he announced the priority of his monarchy was gross national happiness (GNH), rather than increasing the limited economic measure of GDP. However growth measured by gross domestic product (GDP) in 2008/2009 slowed to 6.0 percent from 11-14 percent the previous two years, the World Bank said in an economic outlook report for Bhutan published on Tuesday. The Washington-based lender also estimated Bhutan, which held its first parliamentary elections two years ago, suffered losses of 67 million dollars due to an earthquake and cyclone last year. The World Bank estimated Bhutan's GDP in 2008 at 1.3 billion dollars

MALDIVES

Maldivian Foreign Minister, Salman Bashir discuss bilateral ties, regional issues

Foreign Minister of the Maldives, Dr. Ahmed Shaheed, who is on an official visit to Pakistan (May 12-14) met Foreign Secretary Salman Bashir here on Wednesday. They discussed issues of bilateral interest including Pakistan-Maldives relations, regional and international issues of common interest. Both sides reviewed the whole ambit of close and fraternal relations between Pakistan and the Maldives. The foreign secretary underlined that Pakistan attached great importance to further strengthening its relations with the Maldives which were based on common religious and cultural ethos. The foreign secretary expressed the confidence that the two countries would continue working closely to further cement the multifaceted relationship to their mutual benefit. He underscored the strong desire of the Maldives to further deepen cooperation with Pakistan in trade, economic, agriculture, energy, environment, culture and tourism. The two sides also underlined their commitment to work closely within the framework of SAARC to promote common interests. The visit of the Maldivian Foreign Minister to Pakistan is in the context of the inaugural session of the Annual Bilateral Political Consultations between the two countries. The Maldivian Foreign Minister also held a meeting with Minister of State for Foreign Affairs Nawabzada Malik Amad Khan, who also hosted a luncheon in his honour. The visiting dignitary also met the Federal Minister for Commerce and exchanged views on augmenting and diversifying the bilateral trade. MDP tells Thasmeen: "Pay your loans back to government if you mean any good for people

The ruling Maldivian Democratic Party has urged Opposition DRP Leader Thasmeen Ali to pay off his debt to the Bank of Maldives and Maldives Customs Service, if he means any good for the people. Deputy Home Minister Mohamed Mahir told a party general meeting that Thasmeen who owns tourist resorts is not settling his loans due to financial inability. He said "someone who does not pay his own debts would not care for his people." "Ordinary people cannot get any loans because of Thasmeen-style loans issued by the Bank of Maldives," he said. Early this year, People's Alliance Leader Abdullah Yamin sued Thasmeen over unpaid loans amounting to US\$ 100,000. Thasmeen later paid the money to Yamin in an out of court settlement.

President's Office concerned over Islamic Ministry's religious unity regulations

Newly released religious unity regulations have policy issues, Press Secretary for the President's Office Mohamed Zuhair said. Regulations will now be discussed in the Cabinet, Zuhair has told Minivan News. The "points of contention" included provisions that deal with Islamic codes of conduct and ambiguities in the terminology of some provisions, Zuhair has said. "Codes of behaviour are not codified in Islam," he said. "[People] have suggested that the phrase should be changed to tenets of Islam." He said there are fears of the advisory board to be constituted under the regulations becoming "the moral police" exercising excessive powers. According to Zuhair President Nasheed has three main concerns over it. "First, social implications of the regulations, second policy implications and whether there could be legal obstacles [to enforcement]." Zuhair said some of the provisions could be "extraneous" as laws already existed to tackle the problems the regulations target, Minivan news added.

First Maldives Media Council Elected

The 15 member Maldives Media Council was elected on Tuesday at a meeting held among the representatives from the registered media organizations. The meeting was held to elect 7 members from the public and 8 members from the media, comprising the 15 member council, Miadhu reported. Of the 35 candidates who applied for media council election from the public, the Department of Information shortlisted 14 members as stipulated in the Maldives Media

Council Law. Representing the media, 11 candidates contested from the 19 media organizations, it said. Each candidate was given 3 minutes to introduce himself/herself before the vote. The Seven members elected to the Maldives Media Council from public are Fathimath Ishan Ali– G. Aina Adams, Ahmed Abdulla – H. Romania, Mohamed Asim Abdul – Hadhi Ma. Kekuri, Ali Waheed Hassan Manik – Ma. Silver Scene, Anas Abdul Sathar – M. Badikulhumaage, Ahmed Faisal – H. Crest, Mohamed Fareedh – M. Mohamedy Abaadh.

Eight members elected to Council representing the media are Saif Azhar from Haama News, Mohamed Nazeef from Radio Atoll, Mohamed Muhsin from Television Maldives, Shiham Mohamed Waheed from VTV, Mohamed Haleem from Sungadi, Ahmed Abdulla Saeed from Haveeru News, Ismail Rasheed from Aaila Majala and Masoodh Hilmy from Dhi FM.

Government to foot fuel surcharge bills of subsidized families

The Government will pay for the fuel surcharge of the families receiving electricity subsidies.

The National Social Protection Agency (NSPA) said the subsidies would be paid for the families living in Male, Villingili and Hulhumale,” Miadhu reported. It has not yet decided paying for the fuel surcharge for the families living in the islands. The move is as part of improving the condition of low income families. The entire fuel surcharge would be paid for each family, if the amount is below Rf 100 and a proportionate figure will be paid by if the figure goes above Rf 100. The NSPA said no additional forms have to be filled to get the payment which will be available until the end of the year

Interpol to get access to Maldives without visa

Minister of Home Affairs Mohamed has promised to allow International Criminal Police Organisation (Interpol) officials to enter Maldives without visa, the organisation has said on Thursday. Member of the organisation’s Executive Committee, Thoriq Hosa made the announcement at the closing ceremony of the Interpol Asia-Pacific meeting attended by 35 officials from 80 countries. Speaking in Bandos Island Resort, he said Interpol had issued special passports to its officers and all the country officials of its bureaus and that the Maldives government was having discussions on allowing them to enter without visa. Elaborating on Hosa’s comments, Country Representative of Interpol to Maldives, Second Contact Officer and Chief Inspector Mohamed Hameed said the government was considering giving a visa-less pass to Interpol officials assisting in investigations, a privilege only four countries of the 188-member organisation offer. Hosa expressed satisfaction over the outcomes of the two-day meeting declaring all the objectives were achieved. Although Interpol diplomats play an important role in maintaining international relations, Police officers of member countries play a much bigger role, he added. Highlighting on the vital role of Police in maintaining peace worldwide, Hosa said the objective is achieved by understanding the challenges and crime environment of other countries. Strengthening cooperation among member countries and seeking advice on challenges are principles of Interpol, he added. Commissioner of Police Ahmed Faseeh said the participants shared experiences. Highlighting Interpol’s assistance to Maldives, Faseeh noted the country has experienced many changes over the past three years and added that terrorism, extremism and international crimes is on the rising trend. Maldives needs more help from international organisations such as Interpol, he added. Chief Inspector Mohamed Waheed told journalists participants were mostly concerned about the legal issues involved in crimes investigation and prisoner exchanges across borders. Police earlier revealed that Interpol databases and services would expand to other law enforcement authorities of Maldives

Pak-Maldives united against menace of terrorism: Mukhtar

Defence Minister Ch. Ahmed Mukhtar said that Pakistan would continue its struggle to combat and eliminate terrorism from the region and agreed to enhance bilateral cooperation with Maldives to root out militancy. During his meeting with Maldives visiting Foreign Minister to Pakistan Ahmed Shaheed here on Thursday in Ministry of defence, both the luminaries exchanged views on various matters including Pakistan's anti-terror efforts, bilateral trade and economic relations between both the countries. Defence Minister briefed the visiting dignitary about the counter terrorism efforts and the security challenges being confronted by Pakistan and vowed that Pakistan would continue to wage war against terrorism and extremism till utter elimination that was imperative for security and stability of Pakistan as well as for the region.

Visiting Maldives Foreign Minister said that Pakistan being frontline state against terrorism had been playing a key role against the war on terror adding that his country stood by Pakistan at this difficult time and continued to support Pakistan against the menace of terrorism.

He was also informed that Pakistan was considering allocation of seats to the students of Maldives in its educational institutions

ConDem' coalition announced in UK

UK Conservative Party leader David Cameron has announced a historic coalition government with the Liberal Democrats, following the resignation of Labour Prime Minister Gordon Brown.

The deal between the two parties, which are ideologically opposed on issues such as engagement with Europe, marks the country's first coalition government since Winston Churchill's wartime coalition 70 years ago. Cameron has already moved into the Prime Minister's residence at Number 10 Downing Street, 90 minutes after Brown's departure. He becomes Britain's 53rd Prime Minister, and its youngest in 200 years, while leader of the Liberal Democrats Nick Clegg will serve as the Deputy Prime Minister. Cameron promised he and Clegg would put their political differences aside – of which there are a great many – and seek to rebuild public trust in politics. The catchphrase of the new government would be: “Those who can, should, those who cannot, we will always help”, Cameron said. Clegg received backing for the deal from his party last night, and committed to a five year coalition government with five of the 23 members of cabinet coming from his party. The agreement also forced the Conservatives to make concessions on many of their policies. Key among these was a move towards raising tax thresholds for the wealthy, and a referendum on political reform – namely an alternative voting system that would force elections on the House of Lords. Conservative plans for welfare reform, immigration caps and independent state schools will remain, while disagreements still exist over nuclear power plants and the Trident nuclear deterrent. The deal marks a bitter day for Labour. Despite losing seats five seats in the election, the Liberal Democrats have a five year opportunity to take control of left-wing politics in the UK, leaving Labour completely offside in the next election. Brown's resignation was Labour's last card to play, hoping that their own negotiations for a Lib-Lab coalition would taste sweeter with Brown out of the way. But the jubilation among both the parties now in government masks widespread dissatisfaction in the ranks of both. United only in their dislike of Labour, the Conservatives and the Liberal Democrats are fundamentally different creatures and it will be a test of British politics whether one's small-government approach will tolerate the welfare innovation of the other. The change in government is a net gain for the Maldives. The Conservative party played a key role in training the ruling Maldivian Democratic Party (MDP) from street campaigners into a political party, and pressured the British government to condemn alleged human rights abuses occurring in the country.

“Their human rights group took up our case and put pressure on the British government. At their conference they put me in touch with centre-right parties from Serbia to Sri Lanka and gave me a platform from which to tell the world about what was happening in the Maldives,” President Mohamed Nasheed said, in an interview with the Telegraph newspaper in January 2009.

It led a visit by a Conservative delegation including vice-president Richard Spring and recently-crowned Redditch MP Karen Lumley to give the MDP advice on campaigning and “strategic alliance building”. “They deserve our support and they will certainly get it. We want to keep a spotlight on events unfolding in the Maldives,” Spring said, at the time.

After the election, Lumley wrote in the Birmingham Advertiser that she “was humbled by people who just wanted a better future for themselves and their families. I am so proud that I was able to a very small part of that change.”

Thalassaemia: Situation in Maldives

Thalassaemia is one of the most common genetic disorders in the world, with around 250 million people, approximately 4.5 percent of the world population, affected by the fatal disease. According to experts of the field, it is prevalent in populations that evolved in humid climates where malaria was endemic. The disease is very common in people originating from the Mediterranean, Middle East, South Asia and South East Asia, the largest groups being Cypriots (16 percent), Pakistanis, Indians, Bangladeshis (3-8 percent) and Maldivians. A very low prevalence has also been reported from people living in Northern Europe (0.1 percent) and Africa (0.9 percent). Maldives, being a low-level island nation with a humid climate observed throughout the year, thalassaemia has become a common disease, with the world's highest concentration of carriers (18 percent of the population).

Causes

The genetic defect involved in thalassaemia results in a reduced rate of synthesis of one of the globin chains that make up hemoglobin (the molecules that carry oxygen throughout the body) or more simply a defect in the hemoglobin molecules. The reduced production can cause the formation of abnormal hemoglobin molecules, thus causing anemia, the characteristic presenting symptom of the thalassemys. As thalassaemia is a genetic disorder, variations can be observed resulting in different forms of the disease. The thalassemys are classified according to which chain of the hemoglobin molecule is affected. The types of thalassaemia include Alpha Thalassaemia, Beta Thalassaemia and Delta Thalassaemia. However, in Maldives, mainly Alpha Thalassaemia and Beta Thalassaemia are observed. Thalassemys are inherited disorders; they are passed on from parents to their children through genes. People who get abnormal hemoglobin genes from one parent but normal genes from the other are called carriers. Carriers are often on the ‘safe-side’ as they have no signs of any illness other than mild anemia. However, there are high chances of passing the abnormal genes on to their children.

Treatment

The most easily accessible form of treatment for thalassaemia is blood transfusion. Although this is not a permanent cure for the disease, normal growth and development can only be achieved by regular blood transfusions from infancy. The number of times the patient has to undergo blood

transfusions depends on the kind of defect or the type of defect the patient has. National Thalassaemia Centre has been struggling to get blood for the 20-22 patients receiving transfusions from the centre daily. Blood transfusions, however, increase the iron in the body. Without this increased amount of iron removed from the body, the thalassaemics develop complications, which can eventually lead to death. Although 'Desferal' was used earlier in the Maldives for iron chelation, National Thalassaemia Centre has now introduced another drug called "Asunra". According to the centre, patients on the drug have to undergo medical examinations to determine its results. Since blood transfusion is only a temporary solution, thalassaemics have to undergo bone marrow transplant, the only permanent cure for thalassaemia known to date. The process requires a healthy bone marrow from a compatible donor to be grafted in the body of a patient, after destroying the infected bone marrow through drugs. However, the procedure is not very common and only 28 Maldivian patients have undergone the treatment. It is costly and compatible donors are not easily available.

The situation of thalassaemia in the Maldives is alarming. National Thalassaemia Centre reports that 28 new patients per year have been registered on average for the last five years. But, on a positive note, the centre stresses that registrations dropped last year (25 patients) compared to that of 2008 (37 patients). The centre also reports that death rate of thalassaemia patients has stayed at six per year on average, and that five deaths were recorded in 2009

NEPAL

Nepal Maoists return to hard line on troop integration

Change of stance by opposition Maoists regarding integration and rehabilitation of former People's Liberation Army rebels continues to affect the fragile peace process in Nepal. Two days after UCPN (Maoist) chief Pushpa Kamal Dahal 'Prachanda' announced possibility of solving the vexed issue within four months, the party did a flip-flop on Friday. Maoist members of the special committee on integration and rehabilitation of the nearly 19,000 former PLA rebels abstained from a meeting to resolve the key issue that has brought the peace process to a standstill. The Maoists who orchestrated a six-day strike earlier this month are demanding removal of the government and formation of a national unity government led by them before holding any talks on peace. Worried at developments, the United Nations Mission in Nepal (UNMIN) has termed the need to arrive at a consensus among the parties as "extremely urgent". Entrusted with the task of monitoring arms and personnel of PLA as well as Nepal Army, UNMIN's tenure has been extended six times till date. The last extension for a period of four months till September 15, 2010 came on Wednesday

New Constitution needs time: Nepal PM

The ruling coalition government has given up on the possibility of promulgating a new Constitution by the May 28 deadline. Prime Minister Madhav Nepal informed leaders of seven smaller political parties on Thursday that there was no hope that a new Constitution would be delivered by the deadline. "The government is not averse to extending the life of the Constituent Assembly for a year or so if political parties arrive at a consensus," Nepal told heads of several parties, some of whom doubted the government's ability to deliver the Constitution even with an

extended tenure. "The interim Constitution has no provision of extending the tenure of the Constituent Assembly which has been given a rigid deadline to deliver the Constitution. Why should the incompetent Constituent Assembly and political parties be rewarded for their failure?" asks Dr Bhimarjun Acharya, a noted Constitution lawyer. He said the House stands automatically dissolved and the country must remain prepared for the next option.

UN extends Nepal mission by four months

The United Nations Security Council voted Wednesday to extend the mandate of its peace-monitoring mission in Nepal, but urged the nation to prepare for the eventual withdrawal of the force. The council's 15 members unanimously adopted resolution 1921, agreeing to a request from Nepal's government that the force remain on the ground until at least September 15. UN Secretary-General Ban Ki-moon had endorsed extending the mandate of the force, known as UNMIN. But the resolution, drafted by Britain, calls on Nepal to "immediately begin to make the necessary arrangements for its (UNMIN's) withdrawal." The council also called on Nepal's government to work with Maoist ex-rebels "to agree and implement a timetabled action plan with clear benchmarks for the integration and rehabilitation of Maoist army personnel." The UN members, who in January authorized a similar extension of the mandate through May 15, said both sides in Nepal need to work to "expedite the peace process," in order to "continue the transition to a durable long-term solution to enable the country to move to a peaceful, democratic and more prosperous future." The United Nations agreed to send a force to oversee the peace process between Nepal's government and former rebels after a decade-long civil war ended with a historic deal in November 2006. The UNMIN force is charged with helping to build upon the peace agreement, and supervised the country's first free elections in April 2008. The vote led to the abolition of the country's monarchy, which had been in place for 240 years, and saw the ex-rebels emerge as the country's leading political force.

West pressures Nepal PM to quit

Usurping the Indian role of playing big brother in Nepal's political affairs, western government, including the European Union, have begun mounting pressure on Nepal's beleaguered Prime Minister Madhav Kumar Nepal to quit. In a surprising role reversal, New Delhi has kept quiet about the future of the current coalition government, merely asking the opposition Maoist party to call off their general strike in view of the hardship it was causing to people. However, envoys from European Union states in Nepal, the US and other western countries are openly asking Nepal's PM to quit to make way for a new all-party government in which the Maoists will also take part. On Sunday, the cohort met Foreign Minister Sujata Koirala, who is also the deputy prime minister and leader of the Nepali Congress, the PM's biggest ally. The envoys, who last week gave the government a weekend deadline to sort out the mess, are now also pressuring the government to amend the constitution and extend the deadline for writing a new constitution since it is now clear that the May 28 date will not see a new statute. The diplomatic lobbying comes close on the heels of their meeting the PM and asking him when he would quit. Though Nepal has a tradition of making enraged accusations of interference if the Indian government expresses any interest in its socio-political affairs, given the fact that it is Nepal's next-door neighbour, the political parties however are yet to protest against the European pressure.

However, the prime minister, who has withstood Maoist pressure to quit for almost a year, is also standing firm to Europe's push. He says he will make way for a new government only if the Maoists first agree to fulfil all the pledges they made four years ago while signing a peace agreement that helped them return to mainstream politics. These include disbanding their People's Liberation Army fighters, who number nearly 19,600, as well as the Young Communist League wing, which is regarded as a paramilitary outfit. But the Maoists have refused to resume negotiations till Nepal quits. It now remains to be seen if the EU will also pressure the former guerrillas to make concessions. Though the Maoists say they already have, by calling off their strike after six days, the peace process could progress if EU persuaded Maoist chief Pushpa Kamal Dahal Prachanda to give up his claim to the prime minister's chair. It would be a face-saving device for the prime minister who had earlier said he would quit if Prachanda relinquished his claim as well.

World warning, home pressure: Nepal Maoists call off strike

Under intense pressure from home and abroad, the Unified Communist Party of Nepal-Maoist (UCPN-M) tonight called off a strike that had crippled the nation for six days.

Maoist leader Prachanda announced withdrawal of the strike less than two hours after he told supporters at Kalanki that the strike would continue until people emerged victorious.

The announcement was made after the entire diplomatic corps in Nepal, including India, told the UCPN-M leadership that their violent and undemocratic way of seeking a change of government "does not command international support and recognition". The warning by the international community came as people across the country began opposing the strike call. Earlier in the day, the government handed over security of vital installations, including the Tribhuvan airport, to the Nepal Army after violent clashes between Maoists and those opposed to the strike

Nepal to miss constitution deadline; crisis feared

Nepal will miss a deadline to prepare a new constitution, officials said on Wednesday, raising fears of fresh political tension in a country yet to fully emerge from years of a civil war that killed thousands. Instability in Nepal could have regional implications. It is strategically located between China and India and has abundant potential to generate hydroelectric power and supply water for millions of people, including in India. A specially elected constituent assembly has until May 28 to complete the draft of the nascent Himalayan republic's first constitution, two years after it got rid of the monarchy. But assembly chairman Subas Nemwang said the panel, dominated by the Maoist former rebels, still had a long list of chores and could take at least four months to complete the task. "There are difficulties to meet the May 28 deadline. We don't have enough time to follow the procedures and rules," Nemwang said. Prime Minister Madhav Kumar Nepal seeks to extend the deadline, saying "a situation has arisen under which the constitution cannot be made in time", his office said. And the leader's immediate concern is to ease a political standoff with the Maoists, who demand his resignation to make way for them to head a unity government, a year after they quit. But the support of the Maoists, who control 40 percent of the seats in parliament, is a must for any change in the schedule. The Maoists have said an extension of the deadline will be "meaningless" until the prime minister resigns. "This government is not keen in pursuing peace and on preparing a new constitution," Maoist chief Prachanda said at a meeting. In a sign of a hardening position, a Maoist strike last week closed transports and

businesses for six days to press for their demands. Analysts said missing the constitution deadline would erode the credibility of political parties. The parties are yet to agree whether to adopt a presidential or British-type parliamentary system, and how to create federal provinces and split resources between them. Maoists and mainstream political parties have so far also failed to agree on the fate of more than 19,000 former guerrillas confined to camps watched by international monitors. Their future is important to Nepal's stability. Weekly *Nepali Times* analyst Prashant Jha said if political parties failed to reach a consensus and extend the deadline Nepal would be in for a "serious political and constitutional crisis". "There will be political confrontation which will probably turn violent," Jha said. In the last four years, political parties and the Maoists have together abolished the monarchy and turned the majority Hindu nation into a secular republic. The government urged the United Nations last week to extend its peace mission, called UNMIN, an indication the peace process would take time to conclude amid rising political tension

Nepali Business Communities Gives Two-day Ultimatum to Parties to End Impasse

Nepali business communities have served a two-day ultimatum to the three main political parties to end the current impasse by forging national consensus, local media reported on Friday. According to *The Rising Nepal* daily, an emergency meeting of the Federation of Nepalese Chamber of Commerce and Industry (FNCCI) held Thursday decided to give the ultimatum. If the parties do not come into negotiations within two days, a sea of people led by FNCCI and in cooperation with other business organization, professionals, civil society and others would take to the street, Kush Kumar Joshi, President of FNCCI said after the meeting. Speaking at a press briefing, Joshi said that if the political parties -- the Communist Party Nepal-Unified Marxist Leninist, Nepali Congress and the main opposition Unified Communist Party of Nepal (Maoist), and the government would not resolve the current political deadlock responsively, the FNCCI would be compelled not to pay tax to the government and donation to political parties. Joshi said that an alternative political power could be created if the existing political parties failed to address the people's verdict for peace and constitution. "Being a neutral force, we only want to provide direction to the political parties which are heading towards confrontation," he said. The business community is the group of the people which provides money to the government in the form of taxes and the political parties in the form of donation but this very sector is now being affected from the unwanted political activities in the country, he said. "We cannot remain silent anymore." Business communities from more than 50 districts were present in the emergency meeting.

Nepali congress's bid to convince UCPN Maoist

Kathmandu, Nepal – Leaders of the Nepali congress and UCPN Maoist held talks in a bid to end the ongoing political deadlock on Wednesday morning. The meeting was invited at the residence of Maoist chairman Pushpa Kamal Dahal's residence, Nayabajar. During the meeting Nepali congress leader during the meeting leaders Krishna Prasad Sitoula, Bimalendra Nidhi and others were present. Likewise, from the Maoist side senior leader Dr. Baburam Bhattra and other were also present. The meeting has taken as the milestone to sit the political parties in a single table to have talks to resolve the ongoing political turmoil of the country and possible constitutional crisis o the country. It is said that the Maoist has agreed to have talks with political parties to forge consensus. The Maoist has adamantly been insisting that it would sit on the dialogue table only after the Prime Minister Madhav Kumar Nepal step down from the post.

Food shortage cripples Nepal

Himalayan nation Nepal said the country is experiencing food shortage of 3,16,465 metric tones, affecting over 1.6 million people this year. In a statement issued here Nepal's Ministry of Agriculture and Cooperative said due to drop in food grain production, over a million people are under the shadow of famine this year. According to the ministry, food grains such as rice, wheat, maize, millet and barley production has decreased by 4.3 per cent to 7.76 million metric tones this year. Food deficit was around 1,32,914 metric tones and total food grains production was 8.11 million metric tones last year. Area of cultivation is also contracted by one per cent this year. Irregular monsoon and insufficient irrigation are blamed for the low production. Production of country's major crop, rice, has decreased by 11 per cent to 4.02 million metric tones this year, the ministry said. Nepali farmers had produced around 4.52 million metric tones of rice last year. Second major crop, maize, production has also declined by four per cent contracting the total production from last year's 1.93 million metric tones to 1.85 million metric tones this year.

However, production of three crops such as wheat, millet and barley cultivated in summer has gone up. Barley production has jumped by 19 per cent followed by wheat, up by 16 per cent and millet, up by two per cent. The ministry has assumed around 1.55 million metric tones wheat, 3,00,000 metric tones millet and 27,500 metric tones barley production this year. Last year, the quantity was 1.34 million metric tones, 2,93,000 metric tones and 23,000 metric tones respectively. The ministry has also identified six factors, irregular monsoon, poor irrigation facility, unavailability of fertilizer in cultivation season, shortage of hybrid seeds, settlement in cultivation areas and low investment in research and development, for low food production. The ministry has expressed grave concern in irrespective growth of population to food production. "Gap between food production and population growth is widening and has created an alarming situation for food security," it said. Meanwhile, Nepal Food Corporation (NFC) has decided to buy 25,000 metric tonnes of rice from India to mitigate the impact of food shortage. Prime Minister Madhav Kumar Nepal had requested Indian government to provide 2,00,000 metric tones of food grains to Nepal from Indian state entities during his New Delhi visit. Following the request, Indian government had approved supply of 50,000 metric tones of wheat and 25,000 metric tones of rice in the market price for Nepal for 2010.

India pledges Rs 81.9 mn for 2 projects in Nepal

India today pledged financial assistance of Rs 81.9 million for construction of a college building and a cold storage in Nepal. Two separate MoUs were signed in this regard between the Indian embassy and Nepalese authorities here, said a statement from the mission. Under the Indian assistance, Nepali Rs 3.74 crore will be spent on the construction of 'Himalaya Campus' for a college at Khandwari in Sankhuwasabha district in eastern Nepal, which would include a triple-storey building, boundary wall and provision for furniture. The college is currently providing bachelor level education to over 1,200 students, about half of whom are girls. Separately, Nepali Rs 4.45 crore will be spent on the construction of a cold storage building with a boundary wall and provision of machinery and equipment in Bhadrapur Municipality in Jhapa district, also in eastern Nepal.

International Airfares Drop By 35 Per Cent In Nepal

With the number of airlines connecting Nepal to different global destinations is increasing, travel agencies said the airfares have dropped by more than 30 to 35 percent this year, Xinhua news agency cited local media reported on Wednesday. These agencies said that the growing number of airlines and travellers and increased flight frequency had triggered a massive price war. Managing Director of DK Travel Dipendra Kumar Sharma was quoted by The Kathmandu Post daily as saying, that competition between airlines and their increased flight frequency had ultimately benefitted Nepali passengers. He said that class airlines operating in the Middle East had slashed the price of their tickets from 25,000-30,000 Nepali rupees (some US\$352 to US\$422) just one year ago to 16,000-18,000 rupees (US\$225 to US\$253). Sharma said that Qatar Airways had upped its weekly frequency from 11 flights to 21 flights. While, Bahrain Air has increased its three weekly flights to seven. Air Arabia now flies 11 times a week compared to thrice previously, and Gulf Air operates 13 weekly flights against nine weekly flights before. Etihad Airways has increased its flight frequency to seven per week from four. Likewise, other airlines have started adding flights with the ongoing competition. Shyam Raj Thapaliya, managing director of Osho World Travel Nepal, said that airfares to the United States, Europe and China have also dropped significantly.

SRILANKA

Sri Lanka's ex-army chief in court on new charge

Sri Lanka's ex-army chief and defeated presidential candidate Sarath Fonseka was for the first time hauled before a civilian court Wednesday and accused of inciting violence. Fonseka, who is in military custody and faces separate court martial charges of dabbling in politics while in uniform and corrupt procurements, was brought before a magistrate over his reported comments against the president's brother. Police investigators told the court that Fonseka had alleged in a newspaper interview that the president's younger brother and defence secretary, Gotabhaya Rajapakse, had ordered the killing of surrendering Tamil rebels last year. Fonseka was taken before Colombo chief magistrate Champa Rajaratne as a suspect who had "incited unrest" in the country through the interview last year. He says the newspaper misquoted him. It was Fonseka's first appearance before a civilian court. However, he has filed several petitions in higher courts challenging his arrest in February, 12 days after he failed to unseat President Mahinda Rajapakse in elections. Fonseka led the military onslaught which resulted in the annihilation of the separatist Tamil Tiger leadership in May last year and effectively ended 37 years of ethnic conflict which had claimed up to 100,000 lives. Fonseka fell out with the president and his brother over who should take the most credit for the victory. He quit the army and unsuccessfully ran for president in January, but did succeed with a bid for a parliamentary seat in April elections.

Fonseka's lawyers said the latest allegation against the former army commander was politically motivated. "It is ironic that the man who was hailed a national hero for crushing Tamil Tigers is being brought before court exactly a year later," Fonseka's lawyer Nalin Laduwahetty said. "This is a frivolous case." The judge adjourned the hearing until May 26. Prosecutors told the court that Fonseka will be formally indicted in the High Court under tough emergency regulations which were first introduced in 1983 to deal with Tamil rebels.

Tamil Tiger fundraiser in Canada pleads guilty

A Sri Lankan immigrant pleaded guilty Tuesday to charges that he helped raise money for the Tamil Tigers militia. Prapaharan Thambithurai, now a Canadian citizen, is the first person convicted under the Anti-Terrorism Financing law, according to British Columbia Supreme Court Justice Robert Powers. The law was enacted after the Sept. 11, 2001, terror attacks on the U.S. Thambithurai acknowledged raising money from Tamil immigrants for the World Tamil Movement, but admitted knowing that some of the money would end up funding the Tamil Tigers. The Tamil Tigers fought a civil war for a quarter of a century seeking a state independent of the ruling Sinhalese majority in Sri Lanka. Sri Lanka's conflict ended in May 2009 after a massive government operation against the Tigers. Thambithurai was arrested in March 2008 and charged with providing money, property or services to a terrorist group.

"He was motivated by what he believed to be a quest for justice," said Powers. "Sometimes it's history that dictates who are the heroes and who are the villains." Canada put the World Tamil Movement on its list of terrorist organizations in June 2008 after Thambithurai was arrested. The Tamil Tigers militia had been put on the list in 2006. Outside court, Thambithurai, 46, said Canadian Tamils "failed to teach the Canadian government the Tigers are not terrorists." He added: "The Sri Lankan government are terrorists." Prosecutor Martha Devlin said Thambithurai admitted raising money from Tamil immigrants in the Vancouver area while knowing it was illegal. She has recommended a sentence of two years. Thambithurai's lawyer has suggested a three-year suspended sentence. Powers said he needed time for his decision as it is the first conviction under the law and there are no precedents for him to follow. Thambithurai is to be sentenced on Friday.

Sri Lankan bourse ends flat

Sri Lankan shares closed flat on Monday after rising to a near record high on profit taking as foreign investors sold a large volume of shares. The All-Share Price Index of the Colombo Stock Exchange ended just 0.03 percent down at 4,222.04 on late profit taking. It touched 4,255.06 during the trade, a little less than its record high of 4,260.11 points hit last Wednesday. Heavy retail buying has driven the bourse's price-to-earning ratio to 20.85, bourse data showed, compared to around 11 percent a year ago when Sri Lanka ended a 25-year war last May. However, foreign investors sold a net 85 million rupees' (\$74,710) in shares on Monday, data showed. The bourse is up 24.7 percent so far this year, making it Asia's best-performing market. The market has shot up over 184 percent since it hit a four-year low on Dec 30, 2008, rising in anticipation of the end of the country's 25 year war. The rupee closed up at 113.62/65 a dollar, compared to Friday's close of 113.70/75.

Sri Lanka President addresses diplomatic community

Sri Lanka President Mahinda Rajapaksa today urged the diplomatic community to be aware of the threats the country is facing due to the residues of LTTE terrorism attempting to de-stabilize Sri Lanka despite that it is eliminated in the country. Addressing the diplomats to Colombo at the President's Office today for the first time since the ruling party government elected, the President said the elections held by the LTTE supporters in many countries for a so-called Transnational Eelam Government is a very visible manifestation of these efforts by the terrorist remnants. You must be aware of the destructive aims faced by us. We, for our part, have been pointing out to the concerned authorities the sinister nature of these attempts," the President said. Perhaps the

manner in which we view a particular situation may be different to the view of Western or European, Eastern or African states. It is necessary for us to work in accordance of our cultural values," the President pointed out. President Rajapaksa informed the envoys of the commission he will be appointing shortly on Post-Conflict Study and Reconciliation as a measure to ensure that no future generation of Sri Lankans will have to experience the anguish Sri Lanka experienced during the last three decades. Speaking of the democracy, the President said his government will hold provincial council elections in the North to give the Tamil people a chance to bring out a leadership sensitive to the specific needs of those areas and to the national aspirations for peace and progress. President Rajapaksa also informed the diplomatic community of the country's goals to achieve prosperity and economic development to make Sri Lanka a dynamic hub of global activity. The government plans to increase the per capita income to exceed USD 4,000 through the future strategies for development, he said adding that plans are underway to increase Sri Lanka's investment to exceed 35% of national income and economic growth to exceed 8%. "It is our determination to provide all citizens a high level of education and health services and to build an environment friendly lifestyle in the country," he said. President Rajapaksa appreciated the support and economic assistance Sri Lanka received from other countries as well as other global bodies and international financial institutions to rebuild the country. External Affairs Minister Prof. G. L. Piris, Economic Minister Basil Rajapaksa, External Affairs Deputy Minister Gitanjana Gunawardane, Defense Secretary Gotabhaya Rajapaksa were also present. He told the diplomatic core to be mindful of the cultural and lifestyle differences of Sri Lanka when compared to their countries

Sri Lanka's Cabraal Says 5-Year Low Rates to 'Stay'

Sri Lankan central bank Governor Nivard Cabraal said that "encouraging" inflation figures mean he plans to keep the current stance on interest rates, after policy makers last month kept borrowing costs at a five-year low. "It's too early to tell" whether higher rates will be needed this year, Cabraal said in an interview with Bloomberg Television, speaking from Bloomberg's Washington office yesterday local time. The central bank's current policy will "stay" for now, he said. Sri Lanka's policy makers are seeking to stoke growth after the end of a civil war in 2009, a development that's helped the nation's stock market become one of the world's best performers in the past year. The country is also seeking a loan disbursement from the International Monetary Fund to help bolster the South Asian economy's development. Cabraal said he's "very positive" that the IMF team will see the country is on the right track, and that the fund understands why 2009 fiscal targets were missed. Highlighting that foreign-exchange reserves have exceeded targets, he said "I don't see a risk" for the nation's sovereign-debt ratings. Consumer prices in the capital, Colombo, rose 5.8 percent in April from a year earlier, according to the statistics department. Inflation has averaged 12.6 percent in the five years through 2009. The central bank expects the economy to grow 6.5 percent in 2010, the fastest pace in three years.

Interest Rates

The Central Bank of Sri Lanka left the reverse repurchase rate unchanged at 9.75 percent, its lowest level since August 2005, and maintained the repurchase rate at 7.5 percent, according to a central bank statement on April 22. Sri Lanka plans to nearly halve its budget deficit in the next

three years as the end of the island's 26-year civil war spurs economic growth and boosts revenue, Treasury Secretary P.B. Jayasundera said April 7. The government aims to narrow the budget shortfall to 5 percent of gross domestic product by 2012 from 9.7 percent in 2009 and an estimated 7.5 percent in 2010, Jayasundera said. Sri Lanka was supposed to reduce its budget deficit to 6 percent of GDP in 2010 from 7 percent in 2009 as part of a \$2.6 billion bailout package the IMF gave the South Asian nation in July last year to help avert a foreign-exchange crisis. The IMF said in February it will decide whether to grant Sri Lanka a third loan tranche of about \$330 million after the government presents its 2010 budget. Fitch Ratings said in March that the island's credit rating may be lowered if the government fails to narrow its budget shortfall. An IMF mission was scheduled to visit Sri Lanka this week to discuss the 2010 budget of President Mahinda Rajapaksa's newly elected government, according to remarks by Koshy Mathai, the fund's resident representative, in Colombo on May 4. Sri Lanka's foreign-exchange reserves are at \$5 billion, after dipping to \$1.27 billion before the IMF rescue package was approved, according to Bloomberg data. Rajapaksa's United People's Freedom Alliance won 144 seats in the 225-member assembly in the April 8 vote.

Sri Lanka to set up new Provincial Development Bank

Sri Lanka President Mahinda Rajapaksa has taken steps in his capacity as the Minister of Finance to set up a new development bank incorporating the four provincial development banks, the Presidential Secretariat said. The new bank is to be named as the Provincial Development Bank and a new director board and a chairman will be appointed for it. Sri Lanka currently has four provincial development Banks. They are Ruhunu Development Bank, Udarata Development Bank, Sabaragamu Development Bank and Wayamba Development Bank. These banks have a wide network of branches and clients. The current chairmen of these provincial development banks are to be appointed as directors of the new Provincial Development Bank, Presidential Secretariat sources say

Sri Lanka's main opposition MP says Sajith Premadasa proposed as next UNP Leader

Sri Lanka's main opposition United National Party (UNP) Member of Parliament Dayasiri Jayasekara said that the party needed an 'Obama' style change and should not totally rely on neo-liberal policies. Jayasekara told the media today (13) there is a general consensus in Sri Lanka that son of late President Ranasinghe Premadasa and Hambantota parliamentarian Sajith Premadasa should be the next leader of the UNP. He also noted that there is a huge backing from the grassroots for a change in the top leadership of the UNP. Present leadership under Ranil Wickremasinghe has come under severe criticism after his party's continual loss of successive elections. Wickremasinghe is under pressure from senior members of the party to step down as the leader

Sri Lanka to present gov't budget

The Sri Lankan government which operated so far this year without a budget is to present a formal budget in June, a government spokesman said on Thursday. "The budget will cover the expenditure of the rest of the year," Keheliya Rambukwella told reporters. The announcement of the budget came after the International Monetary Fund (IMF) team arrived in the island state on Wednesday. The IMF in February said they were holding back the release of the third tranche of the 2.6 bln dollar standby loan. The IMF delay was based on the government's overshooting of

expenditure. The expenditure was over 9 percent of the GDP in 2009, well above the targeted 7 percent.

The Sri Lanka Freedom Party is to introduce a new organizational plan.

The Sri Lanka Freedom Party is to introduce a new organization plan. The General Secretary of the Party Minister Maithreepala Sirisena said that the objective of this move is to steer the party to new developments in the world while protecting the fundamental visions of the party. The all island committee of the Sri Lanka Freedom Party will meet on the 7th of next month under the chairmanship of President Mahinda Rajapakse. The envisage new moves are expected to be discuss and this committee meeting. The attention of the party has also been drawn to the need of entrusting responsibilities to the young and educated members of the party. Party activities will be reorganized on an electoral basis and 100,000 new members will be recruited. Minister Sirisena also said the party will be protected by strengthening the party leadership under a democratic frame. Commenting on the internal crisis being faced by the United National Party Minister Sirisena said that the crisis in that party has aggravated to a level which can not be rectified.

Sri Lanka's Gen Sarath Fonseka denies incitement charge

Defeated Sri Lankan presidential candidate Gen Sarath Fonseka has for the first time appeared before a civilian court to deny inciting unrest. He is alleged to have said in a newspaper interview last year that the defence secretary ordered the killing of surrendering Tamil rebels. The general appeared before Colombo magistrates to protest his innocence. He said he had been misquoted by the newspaper and that the case was part of an attempt to silence him. He is accused of saying that Defence Secretary Gotabhaya Rajapaksa - who is the brother of President Mahinda Rajapaksa - ordered the killings of Tamil rebels who surrendered during last year's military offensive against the group.

'Frivolous case'

Gen Fonseka is in military custody and faces separate court martial charges of engaging in politics while in uniform and overseeing corrupt arms procurements. Gen Fonseka has filed several petitions in higher courts challenging his arrest in February, 12 days after he failed to unseat President Rajapaksa in elections. The general led the military offensive which resulted in the elimination of the separatist Tamil Tiger leadership in May last year. It effectively ended 37 years of ethnic conflict which had claimed up to 100,000 lives. But Gen Fonseka fell out with the president and his brother over who should take the most credit for the victory. "It is ironic that the man who was hailed a national hero for crushing Tamil Tigers is being brought before court exactly a year later," said Gen Fonseka's lawyer, Nalin Laduwahetty. "This is a frivolous case."

The judge adjourned the hearing until 26 May.

Sri Lanka's economy grew fastest in second half of 2009, the World Bank report says

Sri Lanka's economy expanded by 3.3% in the second half of 2009, the fastest rate recorded since 2002 showing stability despite a weak global economy, the World Bank report released Friday said.

"Despite entering the Global Financial Crisis in a weak macroeconomic situation, the Sri Lankan economy has recovered rapidly," the report noted. The World Bank's economic update for 2010 on Sri Lanka said the economic growth indicators confirmed a strong increase in economic activity for the region with agriculture, transportation, and communication sectors showing

strong performance in the last quarter of 2009 and the hotel industry growing approximately 32% due to an influx of tourists after the end of the conflict. Despite the strong recovery in the second-half of the year, overall growth in 2009 was subdued, as both domestic and global demand fell, it said. Although inflation moved upward gradually since falling to 0.7% in September 2009 and reaching 6.9% in February 2010 before easing to 6.3% in March, it is expected to stay relatively low in 2010, due partly to increased agricultural production in the North, which will help contain food prices, the monetary body predicted. In looking ahead the World Bank report says that increases in foreign direct investment and tourism, along with improved employment and large-scale reconstruction projects in the North, are expected to sustain and accelerate Sri Lanka's growth throughout 2010. The short-term prospects for the Sri Lankan economy are positive, the agency concluded.

India planning additional USD 382 mn aid to Lanka

India is planning to provide an additional assistance of USD 382 million to Sri Lanka for rebuilding infrastructure in the northern parts of the country."We have in addition extended the lines of credit worth 416 million dollars for the restoration of railway infrastructure and other infrastructure projects in northern Sri Lanka. Another 382 million dollars are in the pipeline," Foreign Secretary Nirupama Rao said. She made the remarks while inaugurating a two-day seminar on 'Taking the Sri Lankan Peace Process forward' organised by Observer Research Foundation. Rao said that Sri Lanka is engaged in a major exercise to resolve the problem of internally displaced persons (IDPs) and needed massive help to rehabilitate and resettle them. India is keen to assist the island nation in whatever possible form to resolve this problem, she said.