

Shumaila Rafiq

Business and Politics in the Muslim World

South Asia weekly report 139

From 25<sup>th</sup> September to 1<sup>st</sup> October 2010

Presentation: 6<sup>th</sup> October

## **Contents**

### **Bangladesh**

#### **Political**

- US lobbying for Bangladeshi presence in Afghanistan
- Bangladesh assures action against Indian militants
- Govt will step forward for Vision 2021: Hasina
- Dhaka seeks policymaking role in UN
- Taliban warns Bangladesh against Afghanistan deployment
- Bangladesh 'hands rebels over to India'

#### **Social**

- Weak public health system causes infectious diseases

#### **Economic**

- Bangladesh to pay more for China loan than for Indian loan
- India's Arvind to set up denim plant in Bangladesh

#### **Geo-strategic**

- SLIIT expands network to Jaffna, Bangladesh
- Bangladesh-China can be benefited by boosting ties

## **Nepal**

### **Political**

- Nepal fails in eighth attempt to elect new premier
- Nepal fails in ninth bid to elect new prime minister
- All Nepal ex-King's men with Maoists, senior Mainali joins ex-rebel party
- Nepal Constitutional organs all illegal: Upendra Yadav (MJF)
- Nepal in final stages of new extradition treaty
- 10 parties press PM for fiscal budget
- Nepal's EC express its determination

### **Social**

- Reconstituting Nepal

### **Economic**

- UN allocates US \$ 2 million for Nepal
- Political deadlock deepens Nepal economic woes

### **Geo-strategic**

- Beijing begins extending rail to Nepal boundary

## **Srilanka**

### **Political**

- Sri Lanka's imprisoned ex-Army Commander refuses to plead mercy
- Lanka to commission nuclear power plant by 2025: Champika
- Local UNP government members of Sri Lanka extend their support to Premadasa
- Sri Lanka PM and Opposition Leader name nominees to the Parliamentary Council
- Sri Lanka's Marxist party to protest against Fonseka's imprisonment
- Sri Lanka President returns to country following successful US tour
- Sri Lankan court to hear controversial "white flag" case next week
- Local government election amendment bill in Sri Lanka parliament on October 06

### **Social**

- Sri Lanka to enact new laws against exploitation of children
- Sri Lanka inflation accelerates to 5.8-pct in September

## **Economic**

- Development of SME sector key to Sri Lanka's economic growth, World Bank says
- Sri Lanka mini-hydro power firm to list
- Sri Lanka President invites US business leaders to invest in the country

## **Geo-strategic**

- Sri Lanka starts nuclear power study, talks with Russia

## **Summary:**

**Bangladesh:** Afghanistan, the US has intensified its discussion on the (Bangladeshi) military presence in the insurgency-ridden new member-state of the South Asian Association for Regional Cooperation (SAARC), a US Embassy official said on Thursday. India's Border Security Force (BSF) Director General Raman Srivastava has handed over a list of Indian militant groups along with graphic details, locations and aerial photographs to Bangladesh Rifles Director General Rafikul Islam and urged him to take proper action to dismantle those, the Indian media reported. Prime minister Sheikh Hasina, attending the 65th United Nations General Assembly in New York, has said her government will not stop once it has achieved the MDGs by 2015, rather will step forward to materialise her party's ' Vision 2021'. Prime Minister Sheikh Hasina has urged the UN Secretary General Ban Ki-moon to involve Bangladesh in the policymaking and responsible duties of the United Nations as the country is capable of carrying out such trust. She made the plea during a meeting with the UN secretary general on Monday afternoon at the UN building in New York. The Afghan Taliban called Monday on Bangladesh to reject a US request that it send troops to assist coalition forces fighting in Afghanistan, the monitoring service SITE said. Bangladesh handed over 16 Indian separatists along with their family members to Indian authorities over the weekend, officials said. The rebels, of the United Liberation Front of Assam (Ulfa), were in hiding in Bangladesh. The Ulfa rebels, the main rebel group in north-eastern Assam state, have fought for a separate Assamese homeland since 1979. Indian officials said a group of 27, including the rebels and their family members, were handed to the country's Border Security Force by their Bangladesh counterparts at the border outpost of Dawki in India's Meghalaya state. Ever since Sheikh Hasina's government assumed power in Bangladesh in 2009, the country's security forces have cracked down on Indian separatists operating out of their bases in Bangladesh. The absence of a robust public health system over the years has resulted in emergence of infectious diseases in Bangladesh and the current onslaught of endemic anthrax is a reflection of it, says the regional chief of the World Health Organization (WHO)." To set up a fertiliser factory and lay out a telecom network, will be paying more for a Chinese \$770 million than for India's \$1 billion commitment. Indian textile maker and the world's largest manufacturer of denim, will set up a denim manufacturing plant in Bangladesh with an investment of \$66 million over three years, officials in Bangladesh said.

SLIIT will also venture to Jaffna, where a state-of-the-art facility will be inaugurated to provide ample academic opportunities for students in the region. Both Bangladesh and China can be benefited by strengthening relations and boosting cooperation, speakers said at a seminar in capital on Wednesday.

**Nepal:** Nepal's Maoist party called Sunday for the formation of a new power-sharing government after parliament failed for the eighth time to elect a new prime minister. The former rebels abstained from Sunday's vote, the latest in a series of attempts to elect a new leader for the troubled country, which has been without a government for almost three months. The next vote is due to be held on September 30. Nepal's parliament failed to elect a new prime minister for the ninth time on Thursday, three months after the last government collapsed. Eight earlier votes also failed to produce a clear winner and fewer than half the lawmakers in the 601-member parliament turned out for Thursday's election, which was widely expected to be inconclusive. The sole candidate, Ram Chandra Poudel of the centrist Nepali Congress party, won just 105 votes, well short of the simple majority needed to form a new government, the speaker of the house announced. Regular intervals that Maoists and Royalists are similar political entities if not identical ones. It is not for nothing that the Nepali Congress leaders allege at regular intervals that Maoists and Royalists are similar political entities if not identical ones. A staunch royalist and a member of the erstwhile Royal Cabinet, Mr. Radha Krishna Mainali Wednesday September 29, 2010, joined the Nepal Communist Party-Unified Maoists Party at a colorful ceremony held at the party headquarters in Parisdanda, Koteshwor, Kathmandu. Birds of same feather, flock together, it has rightly been said by learned men. "The Election Commission, local administration and government are all anti-Madhesh", so said the Chairman of Madhesi Janaadhikar Forum-Nepal, Mr. Upendra Yadav while addressing an interaction program in Kathmandu, September 30, 2010. The government is in the final stages of finalising a new extradition law, a key bilateral issue between Nepal and India amid growing concern in New Delhi that the landlocked nation was used by criminals for export of terrorism and counterfeit currency to India. Caretaker Prime Minister Madhav Kumar Nepal held a discussion with ten political parties in the government at his office in Singha Durbar Tuesday afternoon. The Election Commission (EC) has expressed its determination that it will continue its program to introduce a new recording system of the voter-list with photos and fingerprints. In Thamel, the tourist centre of Kathmandu, haggling is a production on par with the imitation Bollywood climaxes of Nepal's stunted film industry. It pays to show some local knowledge while negotiating for a yak-bone statuette, or an authentic pashmina woven from the hair of the changthangi. United Nations Under-Secretary-General for Humanitarian Affairs and Emergency Relief Coordinator Valerie Amos Tuesday allocated US \$ 2 million to United Nations agencies in Nepal, according to a statement from the office of the UN Resident and Humanitarian Coordinator. Three months after Nepal's government collapsed, the country is facing a deepening economic crisis, with vital development projects on hold and even schools and hospitals facing closure. Government departments say they have been forced to cut spending

to a minimum, suspending road building and sanitation projects in desperately poor rural areas, because the long-overdue annual budget has not been passed. China's exponentially increasing influence in Nepal, much to the chagrin of India, received further fillip on Sunday with Beijing starting work on extending its railway from Lhasa to Xigaze or Shigatse, the second largest city in Tibet which borders Nepal, India and Bhutan.

**Srilanka:** Sri Lanka's former Army Commander retired General Sarath Fonseka who was convicted by a court martial to serve a 30-month sentence has told the prison officials that he was not ready to beg pardon. Lanka to commission nuclear power plant by 2025: term plan to give a solution to the The leadership hopeful of Sri Lanka's main opposition United National Party (UNP), Hambantota District MP Sajith Premadasa has received the support of local government members in several districts. UNP local government members and provincial councilors from the Kurunegala District yesterday (18) passed a resolution calling on UNP Leader Ranil Wickremasinghe to step down from the post of Leader and appoint Premadasa. impending power crisis, Power and Energy Minister Patali Champika Ranawaka said yesterday. Sri Lanka Prime Minister and Opposition Leader have handed over their nominations to the Parliamentary Council established by the 18th Amendment to the Constitution. Sri Lanka's Marxist party Janatha Vimukthi Peramuna (JVP) today said it did not accept the verdict given to the former Army Commander retired General Sarath Fonseka by the second court martial appointed and endorsed by the President. Sri Lankan President Mahinda Rajapaksa who toured the United States for over a week arrived in the country Wednesday morning. President Rajapaksa was mainly in New York to attend the 65th United Nations General Assembly sessions. A Sri Lankan court has today rescheduled the trial-at-bar against former Army Commander and Democratic National Alliance Leader retired General Sarath Fonseka for October 4th and 5th. Sri Lanka government sources say the draft bill for amendment of local government elections that would introduce the first-past-the-post electoral system to hold elections for local government institutions will be tabled in parliament on October 06. Sri Lanka is planning to formulate and enact necessary laws to protect children from exploitation and provide them with maximum protection. Consumer prices in Sri Lanka's capital Colombo rose 5.8 percent in September from a year earlier, accelerating from 5.0 percent in August, the government's statistics office said. In the 30-days of September prices rose 1.0 percent. A vibrant small and medium enterprises (SME) sector can play a key role in creating jobs and high economic growth in post-war Sri Lanka, the World Bank said in a report released Thursday. Sri Lanka President Mahinda Rajapaksa has met and invited leading businessmen in the United States to invest in Sri Lanka without trepidation as the country is now poised to enjoy a strong economic growth and becoming one of the best countries for investment in the world. Hydro Power Free Lanka, a mini-hydro power firm which has a generating capacity of 3.2 MegaWatts is selling 35 million shares to raise 350 million rupees to build more plants, the Colombo Stock Exchange and officials said. Sri Lanka has begun a study to build a nuclear power plant to meet

growing electricity demand and is in talks with Russia and other countries to get technology and training, an official said."

## **Detailed News**

### **Bangladesh**

#### **US lobbying for Bangladeshi presence in Afghanistan**

DHAKA: Despite a clear Taliban warning to Bangladesh government against dispatch of its troops to Afghanistan, the US has intensified its discussion on the (Bangladeshi) military presence in the insurgency-ridden new member-state of the South Asian Association for Regional Cooperation (SAARC), a US Embassy official said on Thursday. Nicholas Dean, the current charge d'affaires of the US Mission, told a press conference that the US has intensified its discussion on Bangladesh's engagement in Afghanistan for global peace and stability. He made the statement without any further elaboration when asked about the US position on Bangladesh's military presence Afghanistan. Sources at the Foreign Affairs Ministry said that the US government has been trying to persuade Dhaka to send troops to Afghanistan as the US reportedly plans to withdraw from the war-torn country. But Bangladesh is very cautious about the American request since the government would be in trouble if it bows to this US pressure, the officials said. Agencies

[http://www.dailytimes.com.pk/default.asp?page=2010\10\01\story\\_1-10-2010\\_pg20\\_2](http://www.dailytimes.com.pk/default.asp?page=2010\10\01\story_1-10-2010_pg20_2)

#### **Bangladesh assures action against Indian militants**

NEW DELHI: India's Border Security Force (BSF) Director General Raman Srivastava has handed over a list of Indian militant groups along with graphic details, locations and aerial photographs to Bangladesh Rifles Director General Rafikul Islam and urged him to take proper action to dismantle those, the Indian media reported on Tuesday. An Indian news agency reported that India was optimistic about Bangladesh taking apt action against the Indian militant outfits and their camps operating on its soil. "We have given names of militants and I don't want to tell how many. But we are concerned about whereabouts of certain people," said Srivastava who returned after a six-day visit to Bangladesh. Srivastava said that the BSF had seized a large amount of Indian fake currencies and Bangladesh had been used as the route for the smuggling of the fake currencies. Agencies

[http://www.dailytimes.com.pk/default.asp?page=2010\09\29\story\\_29-9-2010\\_pg20\\_7](http://www.dailytimes.com.pk/default.asp?page=2010\09\29\story_29-9-2010_pg20_7)

#### **Govt will step forward for Vision 2021: Hasina**

Prime minister Sheikh Hasina, attending the 65th United Nations General Assembly in New York, has said her government will not stop once it has achieved the MDGs by 2015, rather will step forward to materialise her party's 'Vision 2021'. Hasina met with members of the press from the US and Bangladesh at the meeting hall of the permanent representative to the United Nations in Manhattan, New York, on Monday. In her press briefing Hasina reiterated the same points that

she raised the previous night, at the ball room of the Hilton Hotel with the New Yorkers. Bangladesh has been awarded by the MDG Award Committee for its outstanding achievement in reducing child mortality, a target of the UN development goals (MDGs). She said, "We are determined to turn Bangladesh into a poverty-free, self-dependent country". Hasina mentioned the importance of non-resident Bangladeshis, their cooperation in the nation's independence war and in the development of the war-torn country. The prime minister recognised that NRBs have stood by the country during its troubles and through difficult periods, and implored the NRBs to invest in Bangladesh and raise the image of Bangladesh worldwide. She told the media that an NRB Welfare Bank would soon be set up to secure their investments in the country. Hasina said that no nation could develop under a dictatorship and pointed out that Bangladesh had been under several dictators, who had no plan to develop the nation. She stressed that her government had come to power with the mandate of the people to march towards the dream of vision 2021, an election pledge of the government to mark outstanding developments within the period. Sheikh Hasina answered a few questions from the members of the press. She also displayed the award Bangladesh received for playing a significant role towards achieving the MDG. Dr Abdul Momen, permanent representative to the UN, briefed on the activities of the Bangladesh mission and prime minister's speech addressing the UN General Assembly. Finance Minister AMA Muhith, foreign minister Dipu Moni, and foreign secretary Mijarul Quayes were also present at the briefing.

<http://bdnews24.com/details.php?id=174571&cid=2>

### **Dhaka seeks policymaking role in UN**

Prime Minister Sheikh Hasina has urged the UN Secretary General Ban Ki-moon to involve Bangladesh in the policymaking and responsible duties of the United Nations as the country is capable of carrying out such trust. She made the plea during a meeting with the UN secretary general on Monday afternoon at the UN building in New York. Hasina praised the leadership of Ban Ki-moon for making the UN a functional institution to look after the world and the mankind. She said that in many areas of the MDGs, Bangladesh has made remarkable achievements although the country got an award for reducing the child mortality rate. Briefing reporters after the meeting PM's Press Secretary Abul Kalam Azad said the prime minister informed the UN secretary general that Bangladesh government is committed to its people to reach the target for all MDGs. Hasina also said Bangladesh could have made good progress if the democratic process of the country had not been halted several times by autocratic governments. She said after assuming the office her government has fixed the target to free the country from poverty, illiteracy and corruption, and also make it a middle-income country by 2021. Hasina said the main enemy of the sub-continent is poverty and her government has been working tirelessly to get rid of this menace. "We're working hard to improve the fate of the country and its people." The premier said her government has allocated Tk 700 crore from its own fund and prepared 134 projects to face the adverse impacts of the climate change. Ban Ki-moon thanked the prime minister for attending the UN General Assembly session and highly appreciated her

strong commitment towards democracy, strong leadership and social uplift. "You are the strongest champion among the champions," he told the prime minister for her achievements in different sectors, including the MDGs.

Ban Ki-moon also appreciated Bangladesh's capability of disaster management and praised Bangladesh for its contribution in the UN Peacekeeping Missions. Currently, Bangladesh is the highest contributor of troops in the UN Peacekeeping Missions. The UN secretary general expressed his high expectation that Bangladesh would get more awards in future like this year's MDG award for reducing child mortality rate. He also praised the leadership role of Hasina during the COP-15. "I appreciate your sincerity to your people and the world mankind," Ban Ki-moon added. Foreign Minister Dipu Moni, Ambassador at-large M Ziauddin and Principal Secretary MA Karim were, among others, present during the meeting.

<http://www.thedailystar.net/newDesign/news-details.php?nid=156396>

### **Taliban warns Bangladesh against Afghanistan deployment**

The Afghan Taliban called Monday on Bangladesh to reject a US request that it send troops to assist coalition forces fighting in Afghanistan, the monitoring service SITE said. Dhaka's foreign ministry said Sunday it was weighing the request which was made by US envoy Richard Holbrooke during talks in New York with Bangladesh's Foreign Minister Dipu Moni. SITE said the Afghan Taliban responded by posting messages in Arabic and Pashto on its website and jihadist forums calling on Dhaka to spurn the US request. "(We) believe that the leader of Bangladesh has enough Islamic knowledge and political wit not to involve his people in the fight against Islam and against the Afghan people by sending a few hundred soldiers to Afghanistan," the message said. "Assuming that the leader would commit such a historic mistake, the religious Muslim people of Bangladesh will not allow their leaders to assist the eternal enemy of Islam against an Islamic neighboring country." Muslim-majority Bangladesh is a major contributor to United Nations peacekeeping missions around the world, but has no troops in Afghanistan.

### **Bangladesh 'hands rebels over to India'**

Bangladesh handed over 16 Indian separatists along with their family members to Indian authorities over the weekend, officials said. The rebels, of the United Liberation Front of Assam (Ulf), were in hiding in Bangladesh. Meanwhile, the Bangladeshi authorities have called on India to exercise more restraint along their common border. A human rights group says that almost fifty people were killed by the Indian border forces from January to August. The separatist rebels were arrested by Bangladeshi security forces from the country's north-eastern region bordering India.

---

**Some of our activists have been compromised in a neighbouring country and they are now in enemy hands"**

The Ulfa rebels, the main rebel group in north-eastern Assam state, have fought for a separate Assamese homeland since 1979. Indian officials said a group of 27, including the rebels and their family members, were handed to the country's Border Security Force by their Bangladesh counterparts at the border outpost of Dawki in India's Meghalaya state. The arrested rebels include some top leaders like Anjan Borthakur, who was in charge of an important Ulfa base in Bangladesh, and Anu Borgohain, who led the group's publicity wing. Ulfa chief Paresh Barua said in a statement e-mailed to the media that "some of our activists have been compromised in a neighbouring country and they are now in enemy hands." He said some of them had indeed given themselves up to the Bangladesh security forces with their families.

### **Plea over restraint**

Ever since Sheikh Hasina's government assumed power in Bangladesh in 2009, the country's security forces have cracked down on Indian separatists operating out of their bases in Bangladesh, says the BBC's Subir Bhaumik, in Calcutta. More than 50 top leaders and activists of different separatist groups have been handed over to India since then. Many more have fled to India to evade capture and have been picked up by Indian border guards and the police. The plea over restraint in the common border was made in an annual meeting between senior representatives from the security forces. Human rights groups say that many among those killed in recent months were farmers in the border area where Indian officials routinely enforce a night curfew. <http://www.bbc.co.uk/news/world-south-asia-11416110>

### **Weak public health system causes infectious diseases**

The absence of a robust public health system over the years has resulted in emergence of infectious diseases in Bangladesh and the current onslaught of endemic anthrax is a reflection of it, says the regional chief of the World Health Organization (WHO). "A weak public health system in Bangladesh leads to spread of many infectious diseases in short intervals in this densely populated country," WHO's regional director for South-East Asia Regional Office (SEARO), Dr Samlee Plianbangchang, told BSS in an exclusive interview here. Despite an epidemiological transition towards non-communicable diseases, Samlee said, infectious diseases appeared to remain as the main health challenge for years in Bangladesh because of poor investment in public health neglecting the approach of prevention of disease than cure. He said the long neglected health related factors such as malnutrition has led poor younger generations to become more susceptible to infections-the present leading cause of neonatal and infant mortality in Bangladesh. This country, he said, now should invest more on food security, nutrition, education, women and community empowerment to prevent infectious diseases and improve human health. Samlee arrived here to launch a three-day regional conference on primary healthcare in emergency situations that ended on Thursday. "As health is a multidisciplinary field, all concerned ministries and sectors such as water, sanitation, education and nutrition must act together to improve health of people as it is not the task of Health Ministry alone," said WHO regional chief on the eve of the conference. Bangladesh has experienced several outbreaks of Japanese encephalitis, bird flu, swine flu and anthrax after 2007 in quick succession. Although

the country contained the infectious diseases but it had to count a major health and economic loss during the last three years. He said the coordination and collaboration among inter-agencies, including health and family planning, were crucial to extract best health outcomes in Bangladesh removing the long prevailing health sector dichotomy-health in one side and family planning on the other. As this dichotomy is hurting health management and structures, WHO regional Chief advocated for coordination and collaboration among inter-agencies, including health and family planning for extracting best health outcomes in Bangladesh. Samlee appreciated the present government's programme to reactivate 13,000 community clinics across the country. He, however, said the discontinuation of policies of running community clinics by previous governments left adverse affect on health, especially for rural poor. The community clinics must continue to strengthen Bangladesh's Primary Health Care (PHC) in line with Alma-Ata declaration of 1978. He referred to Bangladesh's shortage of health workforce for qualified doctors, nurses and midwives and said sometime the 'shifting of tasks' yield good results to promote health. In rural areas, he said, well-trained nurses or midwives can provide PHC as good as the general practitioners. "If you don't have enough doctors, you may train quacks and see how they perform in communities," he said as Bangladesh is in shortage of an estimated 60,000 medical graduates, 483,000 health technologists and 120,000 nurses, and chances are very slim to fill the gap in near future. The development of health volunteers can, however, help offset existing shortage of health workforce at community levels, he said. Bangladesh should focus more on 18 targets of eight millennium development goals set by the United Nations for 2015, Samlee said adding higher investment in primary healthcare can help Bangladesh attain health related MDGs on time. He appreciated Bangladesh's achievement of UN Award for MDG-4 ahead of schedule and urged the government to continue higher investment on girls' education for further acceleration of socio-economic growth, and thus reduce child and maternal mortality. Asked about WHO's future supports, especially under emergency situations-earthquake and climate induced cyclone and flood situations-Samlee said his organization was devising a new strategy to enhance technical assistance for capacity building of volunteers and community empowerment. He urged the government to involve more volunteers, improve disaster warning system and simulate disaster preparedness in short intervals to keep people ready to face emergency situations.

<http://nation.ittefaq.com/issues/2010/10/02/news0926.htm>

### **Bangladesh to pay more for China loan than for Indian loan**

To set up a fertiliser factory and lay out a telecom network, will be paying more for a Chinese \$770 million than for India's \$1 billion commitment. It is accepting the Chinese condition for selecting two Chinese firms because it has no alternative source of funding for these projects, officials said. Such selection of contractors is required under the new lending policy of , The Daily Star newspaper said quoting sources at Economic Relations Division (ERD). This will leave no scope for Bangladesh to get the best price offer or look for technology options, the newspaper said Tuesday. Interest rate on the Chinese loan is two per cent and it is payable within

20 years with a five-year grace period. Besides, the commitment charge is 0.2 per cent and management fees are 0.2 per cent. ERD sources mentioned that the interest rate is "slightly higher" than that of the recently signed deal for \$1 billion credit from -- for a range of projects particularly in the transport and communication sectors. The rate of interest on Indian credit is 1.75 per cent and commitment charge is 0.5 per cent. Dhaka has agreed in principle to accept the Chinese loan after discussing the issue at several high-level meetings "as it has no alternative source of funding for these two projects", the officials told the newspaper. Once the prime minister gives the go-ahead, the ministries concerned will take steps to ink the deal. Of the loan amount, \$559 million will be for the setting up of Shahjalal Fertiliser Factory and \$211 million for the introduction of 3G technology and expansion of the existing 2.5G network, ERD sources added. A meeting chaired by Finance Minister A.M.A. Muhith noted that in signing the commercial contract, the highest caution has to be exercised to ensure that Bangladesh's interests are upheld. <http://economictimes.indiatimes.com/news/international-business/Bangladesh-to-pay-more-for-China-loan-than-for-Indian-loan/articleshow/6642870.cms>

### **India's Arvind to set up denim plant in Bangladesh**

Indian textile maker and the world's largest manufacturer of denim, will set up a denim manufacturing plant in Bangladesh with an investment of \$66 million over three years, officials in Bangladesh said. The Indian company signed an agreement with the local Nitol Group here last Sunday to invest in Comilla Export Processing Zone (CEPZ) in the south-eastern region for producing exportable denim fabrics and denim trousers, said Nitol chairman Abdul Matlub Ahmad. He said the investment would be made in three phases in three years. 'Nitol Group will hold 20 percent of the stakes and Arvind the rest. I am hopeful that the formal operations of the company will begin within a year,' Ahmad said. He said more than 3,000 workers would be employed in the factory. 'We demanded 40,000 square metres of land in the CEPZ from the government. We, however, need more land for setting up the factory,' Ahmad added. He said this was the first investment in textiles by the local industrial conglomerate. 'Nitol Group is in talks with more Indian companies,' he said. Ahmad, also the president of India-Bangladesh Chamber of Commerce and Industry, said the present venture is expected to produce 13 million metres of fabric a month with a growth of 12 percent. Cheap labour, lower production cost and a burgeoning fabric market are among the factors why India wants to invest in Bangladesh, he said. 'Since we are already exporting 36 million metres of denim to Bangladesh annually, we have a ready market available and hence the proposed plant shall be profitable from day one,' Arvind's chief financial officer Jayesh Shah said. Moyzuddin Ahmed, a member of Bangladesh Export Processing Zones Authority, and Aamir Akhtar, chief executive officer of Denim Fabrics of Arvind Textile Mills Ltd, signed a memorandum of understanding in Dhaka.

<http://sify.com/news/india-s-arvind-to-set-up-denim-plant-in-bangladesh-news-international-kj2nEdjdggi.html>

## **SLIIT expands network to Jaffna, Bangladesh**

SLIIT will also venture to Jaffna, where a state-of-the-art facility will be inaugurated to provide ample academic opportunities for students in the region. SLIIT Chairman, Professor S Karunaratne said they will introduce programs which will enable Bangladeshi and foreign students the opportunity of studying in Sri Lanka as well. This marks a significant step towards strengthening academic ties between the relevant countries, providing broader scope for students and creating a space for further development and innovation where highly skilled professionals will be produced to cater to challenging industry demands. "Bangladesh serves as an ideal backdrop for expansion, especially for Business and IT-related fields. Our vision is to be among the top 10 universities in the South Asian region within the next decade," SLIIT President and CEO Prof Lalith Gamage said. SLIIT will establish a branch in Jaffna, which is to be located in the heart of the city. Well-qualified lecturers, mainly from Jaffna, will facilitate student learning at the campus, and students will have the option of transferring to one of SLIIT's many branches or foreign universities to complete the final two years of their degree. "With the increasing capacity for development which Jaffna presents, it is now the ideal time to contribute towards that development by providing academic opportunities which will benefit the community and aid in regenerating the North," Prof Gamage said.

<http://www.dailynews.lk/2010/10/01/bus03.asp>

## **Bangladesh-China can be benefited by boosting ties**

Both Bangladesh and China can be benefited by strengthening relations and boosting cooperation, speakers said at a seminar in capital on Wednesday. They urged China to enhance cooperation with Bangladesh with the view to strengthening bilateral relations as well as regional cooperation. China is an emerging power in globe and it is most likely to be number one economically within a couple of decades, they said adding that Bangladesh has great importance for its strategic location in South Asia and if the two countries maintain good relations both countries will be benefited. Bangladesh-China Friendship Association (BCFA) organized the seminar at the National Press Club in the afternoon on the occasion of the 61st anniversary of founding of the Republic of China and the 35th anniversary of establishing diplomatic ties between Dhaka and Beijing. Chaired by BCFA president Dr Khandakar Mosharraf Hossain, the seminar was addressed, among others, by Chinese ambassador in Dhaka Zhang Xianyi, former Dhaka University Vice Chancellor Prof Moniruzzaman Miah, Editor of the daily News Today Reazuddin Ahmad, Editor of the daily New Nation Mostafa Kamal Majumdar and chairman of Doctors' Association of Bangladesh Prof Dr Jahid Hossain.

<http://nation.ittefaq.com/issues/2010/09/30/news0725.htm>

## **Nepal**

### **Nepal fails in eighth attempt to elect new premier**

KATHMANDU — Nepal's Maoist party called Sunday for the formation of a new power-sharing government after parliament failed for the eighth time to elect a new prime minister. The former rebels abstained from Sunday's vote, the latest in a series of attempts to elect a new leader for the troubled country, which has been without a government for almost three months. Their candidate, party chairman Pushpa Kama Dahal, earlier withdrew from the running to be prime minister to pave the way for fresh talks on forming a national consensus government. Nepal has been without a government since June 30, when former prime minister Madhav Kumar Nepal stood down under intense pressure from the Maoists. Since then, the parties have been unable to agree on the shape of the new administration and a series of votes in the 601-member parliament have proved inconclusive, with none of the candidates securing an overall majority. "It is clear that we cannot elect a new prime minister in this way. We should now look to form a national unity government," said Maoist vice chairman Baburam Bhattarai after the vote. The Maoists, who fought a decade-long civil war against the state before transforming themselves into a political party and winning elections in 2008, hold the largest number of seats in parliament, but not enough to govern alone. Dahal, a former warlord who still goes by his nom de guerre, Prachanda ("the fierce one"), was the front-runner in earlier votes, but failed to win the simple majority he needed to form a new government. His only rival, Ram Chandra Poudel, chairman of the second-largest party in parliament, the centrist Nepali Congress, stood uncontested on Sunday but took only 116 votes. The next vote is due to be held on September 30.

### **Nepal fails in ninth bid to elect new prime minister**

Nepal's parliament failed to elect a new prime minister for the ninth time on Thursday, three months after the last government collapsed. Eight earlier votes also failed to produce a clear winner and fewer than half the lawmakers in the 601-member parliament turned out for Thursday's election, which was widely expected to be inconclusive. The sole candidate, Ram Chandra Poudel of the centrist Nepali Congress party, won just 105 votes, well short of the simple majority needed to form a new government, the speaker of the house announced. Nepal has been without a government since June 30, when former prime minister Madhav Kumar Nepal stood down under intense pressure from the Maoist party, which holds the highest number of seats in parliament. The long leadership vacuum has severely delayed the annual budget, holding up government spending in one of the world's poorest countries. The Maoist candidate, party chairman Pushpa Kama Dahal, withdrew from the running earlier this month to pave the way for fresh talks on forming a national unity government. The Maoists have urged Poudel, whose party is Nepal's second largest, to follow suit, but he has refused, saying an agreement on power sharing must come first. Until he does so, parliament must continue to hold elections.

<http://www.google.com/hostednews/afp/article/ALeqM5hborFbKBP-HMyHFjmtBeiVmxozBQ?docId=CNG.aa279310a25b273539f08ddd451da663.681>

### **All Nepal ex-King's men with Maoists, senior Mainali joins ex-rebel party**

It is not for nothing that the Nepali Congress leaders allege at regular intervals that Maoists and Royalists are similar political entities if not identical ones. A staunch royalist and a member of the erstwhile Royal Cabinet, Mr. Radha Krishna Mainali Wednesday September 29, 2010, joined the Nepal Communist Party-Unified Maoists Party at a colorful ceremony held at the party headquarters in Parisdanda, Koteshwor, Kathmandu. Birds of same feather, flock together, it has rightly been said by learned men. Mr. Mainali however, revealed at the program that to join the cabinet led by former King Gyanendra Shah as the education minister was one of his greatest blunders. This should mean that he will pay back the monthly salaries he pocketed as a minister in the King's cabinet. Let's hope that he will correct his past blunders by paying back the tax payer's money. He gave the impression while saying so that without making the statement he would not have been allowed to join the so-called revolutionary party. A façade only, claim intelligent observers. It was all a planned move, say observers. "I would like to publicly apologize for the blunder I had committed", said Mainali at the program. Pay the money back and then apologize Mr. Mainali if you have any moral left. That would be your real honor for the people you cheated. Chairman Pushpa Kamal Dahal welcoming the former Royalist said, "It is indeed a great moment that a great person has joined our party." Mr. Mainali is of the Jhapa massacre fame, if one were to recall who is also the elder brother of C. P. Mainali-yet another flimsy communist. "Great people rarely make mistake, even if they do they correct it at the right time", said a beaming Dahal without clarifying as to how Mr. Mainali could be described as a great person? Mainali's entrance is loaded with meaning. Practically all the former "King's men" were now with the Maoists-who basically chased the King when in power with the "tacit" support of the Indian regime. Or is it the penetration of the Royal politics in the Maoist party? Could be but not so sure.

[http://telegraphnepal.com/news\\_det.php?news\\_id=8323](http://telegraphnepal.com/news_det.php?news_id=8323)

### **Nepal Constitutional organs all illegal: Upendra Yadav (MJF)**

"The Election Commission, local administration and government are all anti-Madhesh", so said the Chairman of Madhesi Janaadhikar Forum-Nepal, Mr. Upendra Yadav while addressing an interaction program in Kathmandu, September 30, 2010. Mr. Yadav while making the fiery remarks was referring to the fresh drive of the Election Commission to issue digitized Voting card in the country. The acting chief election commissioner Mr. Nilkantha Uprety had recently revealed that the previous voting list had more than 5 Million fake voters. Surprisingly, Nepal's Madhesi parties have been claiming that the fresh steps of the election commission are totally against the sentiments of the Madhesi population. They have also been demanding issuance of digitized Voting cards on the basis of CA election voting list, which as per the Election Commission has 25 percent to 30 percent of illegal voters. "There are still more than 3 million

Nepali citizens who have not been accepted yet as Nepali citizens", said Yadav and added, "Without providing citizenship certificates to those Madhesis, we ask the Election Commission to stop providing the digitized voting card." Commenting on the fresh remark of acting Chief election commissioner that more than 5 Million voters in the CA elections were not genuine said Yadav, "If 5 Million voters were not genuine, then the Constituent Assembly, the successive government and the President himself would be adjudged illegal".

Million dollar statement.

[http://telegraphnepal.com/news\\_det.php?news\\_id=8330](http://telegraphnepal.com/news_det.php?news_id=8330)

### **Nepal in final stages of new extradition treaty**

The government is in the final stages of finalising a new extradition law, a key bilateral issue between Nepal and India amid growing concern in New Delhi that the landlocked nation was used by criminals for export of terrorism and counterfeit currency to India. Law and justice ministry is finalising the new extradition act, which if endorsed by Parliament, will facilitate criminals to be handed over to a third country. "We are working towards finalising the new Extradition Act which is an updated version of the Extradition Act of 1989," said Raju Man Singh Malla, the joint secretary at the ministry. "We are currently exercising to bring the new act, which will have to be sent to the cabinet before tabling it in Parliament for endorsement," he told PTI today. He, however, did not give details of the act, saying it will be submitted to the cabinet soon, amid speculation that it could be as early as next week. When asked whether the cabinet will take up the matter before Vijaya Dashami (Dussehra) festival, he said it will be sent to the cabinet as soon as possible. The first extradition treaty was signed between Nepal and India in 1950, which was updated in 1989. Now the government wants to change the provisions of the act to add more teeth to it as per the changed situation. India has accused Pakistan's spy agency ISI of pushing counterfeit currency notes into India and promoting terrorism from Nepal. The draft of the new law facilitates deportation of third-country nationals, a provision which is absent in the earlier India-Nepal Extradition Treaty and which New Delhi has been pitching for in a bid to add more teeth to the law. India, a victim of cross border terrorism and injection of counterfeit currency, has been pressing Nepal to sign an updated extradition treaty at the earliest. An updated extradition treaty between Nepal and India was inked at Home Secretary level in 2005. However, it needs to be signed by Home Ministers of the two countries to come into force. The Nepali Congress-led government under Girija Prasad Koirala had taken initiative to sign a new extradition treaty some 3-4 years back, which was put off following protests by the Maoists. A visit by home minister Krishna Prasad Sitaula to India to sign the treaty was cancelled at the last minute due to protests by the CPN-Maoist. During the November 2008 visit of then Indian external affairs minister Pranab Mukherjee here, he gave assurance that a new bilateral pact would be formally inked, but it has failed to make forward movement due to the political instability in the country. Nepal has been without a government since June 30, when Prime Minister Madhav Kumar Nepal quit under intense pressure from the Maoists. Parliament has

failed to elect a new leader in eight rounds of election as parties have been unable to agree on the shape of the new government.

### **10 parties press PM for fiscal budget**

Caretaker Prime Minister Madhav Kumar Nepal held a discussion with ten political parties in the government at his office in Singha Durbar Tuesday afternoon. During the meeting, leaders from the coalition parties drew the PM's attention to problems created due to the delay in bringing the full-fledged budget for the running fiscal year. The leaders also asked the government to initiate homework to bring the budget within the third week of the Nepali month of Kartik, said Raghuj Pant, chief advisor to the PM. The incumbent government should bring the budget by the first week of Kartik, if a new government could not be formed within this Nepali month, the leader demanded. The leaders also asked PM Nepal to consult with other parties in the Constituent Assembly in this regard. On the occasion, some leaders expressed their views that the Nepali Congress candidate Ram Chandra Paudel should withdraw from the ongoing prime ministerial elections, should any possibility of broader consensus among parties arise. Also some leaders asked PM Nepal to clear them about the recent agreement struck between his party CPN-UML and UCPN-Maoist. In response, PM Nepal made it clear that there are no points agreed in the pact other than the withdrawal of UCPN-Maoist chairman Pushpa Kamal Dahal's candidacy from the ongoing PM fray and formation of a consensus government. Nepali Congress parliamentary party leader Ram Chandra Paudel, chairman of Madhesi Janadhikar Forum – Democratic Bijaya Kumar Gachhadar, Nepal Sadbhawan Party chairman Rajendra Mahato, Rastriya Prajatantra Party chairman Pashupati Shamsheer Rana and CPN-ML chairman CP Mainali, among others, were present in the meeting.

<http://www.thehimalayantimes.com/fullNews.php?headline=10+parties+press+PM+for+fiscal+budget&NewsID=259538>

### **Nepal's EC express its determination**

The Election Commission (EC) has expressed its determination that it will continue its program to introduce a new recording system of the voter-list with photos and fingerprints. The EC's acting chief Nilkantha Upreti has on Tuesday made it clear in the mean time when Madhes-based parties are protesting the EC's campaign. As part of the campaign the commission has initiated its program to prepare new voter-list with finger prints and photos. It is now lunched in the 58 municipalities across the country.

[http://www.reviewnepal.com/detail\\_news.php?id=1040](http://www.reviewnepal.com/detail_news.php?id=1040)

### **Reconstituting Nepal**

In Thamel, the tourist centre of Kathmandu, haggling is a production on par with the imitation Bollywood climaxes of Nepal's stunted film industry. It pays to show some local knowledge while negotiating for a yak-bone statuette, or an authentic pashmina woven from the hair of

the *changthangi*. Right now the street hawkers are mostly interested in pouring scorn on politicians as they fail again and again to elect a new prime minister. Nepal's three major parties can agree on very little, but the Nepali Congress Party and the Communist Party of Nepal (Unified Marxist Leninist) accord on at least one issue: keeping the Maoists away from power. As parties with core constituencies among the social and economic elite, Congress and the UML fret over the Maoist plan to redistribute land. Somewhat paradoxically, the Maoists intend the redistribution to transform Nepal's feudal economy into a capitalist one—it is only after a prolonged period of capitalism that they will progress down Marx's historical continuum to their "communist utopia." Furthermore, Congress and the UML are worried about the continued existence of the Maoist People's Liberation Army—a legacy from the recent civil war. According to the stipulations of Nepal's interim constitution, Congress and the UML have the ability to block the Maoists from forming a government; alone, however, they remain unable to form a workable administration capable of achieving the task for which the public elected them: drafting a new constitution. This can only happen with Maoist support as it is the largest party in the Constituent Assembly, Nepal's interim parliament. Similarly the Maoists need the support of the other parties to make progress writing the constitution; yet they continue to alienate Congress and the UML by denouncing their opponents' "feudal tendencies," and by proposing unworkable rights, such as a right to basic health care when Nepal has only 1,300 doctors in the public system. Seven attempts have been made to elect a new prime minister in the last three months. The people grow ever more frustrated. Nepal has had six constitutions over the last six decades. Its latest attempt to reconstitute itself follows a civil war that lasted from 1996 to 2006 between the Maoists and the state. During this time, the Maoists took over effective control of vast swaths of the country, expelling the state and administering government themselves. Despite the end of hostilities and entry of the Maoists into mainstream politics in the 2008 election (in which they gained an overwhelming majority), the ineffectiveness of the state is still manifested in many areas. The UN's chosen proxy for state reach—the presence of Village Development Committee (VDC) secretaries—shows that as of December 2009 only 42 percent of VDCs have a full-time VDC secretary present in the duty station, and 39 percent of VDC secretaries are either partially present or providing services from district headquarters. As such, the state is inadequately represented, or completely unrepresented, in over half of the country. Furthermore, even where there are normal functioning VDCs—the lowest level of the state edifice—they remain irrelevant to the daily life of most Nepalese people. Village government generally consists of informal groups organised by villagers themselves, often along caste or gender lines. In Mattikhan Village, just outside Nepal's economic second city of Pokhara, Brahmin and Dalit women's groups take turns tidying the village; men's groups have implemented savings cooperatives to provide some social security; a school is being built, and teachers recruited, with no state involvement; families all organize employment for their sons abroad. In short, people routinely have very little interaction with the state. This situation is familiar for Nepal. The Nepalese state has probably never wielded the exclusive sovereignty and authority that Max Weber required of modern states: it has never successfully "nationalized" the use of violence or political

administration. For most of its history, what we now call Nepal was a network of kingdoms, fiefdoms, and city-states inhabited by peoples of a variety of cultures, and often with quite different histories and religions. Due to the mountainous terrain, even groups that lived in close proximity often had comparatively little contact with one another and evolved remarkably independently over expansive periods of time. From 1744–1769, these distinct entities were conquered one by one by Prithvi Narayan Shah, the Hindu King of Gorkha, and united into a single state. For approximately 100 bloody years the kingship was earned through intrigue and ruthless murder within the royal family, rather than inherited through direct lineage. Ultimately, the office of king was usurped by that of prime minister when Jung Bahadur Rana seized the latter position, declared it hereditary, and took de facto power. In this way, the monarchy was made purely ceremonial, ending the Shah reign and ushering in the Rana dynasty. But crucially, perhaps in acknowledgment of the huge cultural diversity that was carried over into the young state (or because its central concern was simple allegiance rather than governance), the Rana regime happily continued the subcontracting of critical state functions such as levying taxes or administering justice to local agents. A popular movement ended the Rana dynasty in 1951 and installed a short-lived democratic system. The democracy's failure to function adequately moved the people to accept the old monarchy's return to power in 1960. This heralded the beginning of a one-party system known as the Panchayat regime, which thoroughly subscribed to modernization theory and sought to shape Nepal accordingly. In its quest for development, the Panchayat regime proceeded to deny Nepal's cultural diversity by suppressing what came to be constructed as the "indigenous peoples." They did this by imposing a unitary "Nepali" identity modeled on the identity of the high-caste Hindu elite, labeling other value systems and other ways of life as backward. Thus the high-caste Hindus were advantaged considerably, and this legacy persists today. While it is certainly true that many economic indicators improved somewhat during this period, the extension and centralization of the state remained incomplete. For example, while a nationwide courts system was introduced, justice often remained within the purview of local communities and was realized in line with customary norms and practices. Once again the state did not wield extensive sovereignty. Indeed, with the official suppression of cultural difference, the propensity to enforce local values was arguably enhanced and even performed as a demonstration of resistance. The popularity of the Maoist insurgency, which grew despite the return of democracy to Nepal in 1991, and which was compounded by King Gyanendra's seizure of absolute power in 2002, was due in large part to this suppression and elite dominance. Given these historical and contemporary vacuums of state power, the Nepalese people have become accustomed to functioning with insufficient or absent state government, and imperfect but effective non-state methods of government have become entrenched. Some villages largely govern themselves, and the state's inability to provide regular policing and security in parts of the country has prompted other organizations, predominantly political parties, to fill the gap. The Young Communist League (YCL), the youth wing of the Maoist party, more or less is the police force in Maoist strongholds. In such jurisdictions the public largely ignores the regular police and instead approaches the YCL directly to report crimes. For example, the YCL violently

punished a number of Kirat Janabadi Workers Party agents for extorting local businessmen in Bhojpur. The UML has now created its own "Youth Front" for a similar "policing" purpose, and Congress is seemingly on the verge of doing the same.

These observations are crucial, as they provide a context to which the future state institutions must be sensitive. If and when Nepal does finally promulgate its constitution, the newly constructed institutions could potentially be in competition with these non-state service providers. The state is at a sizable disadvantage in this contest. First, it has been irrelevant to the lives of many people and these alternative governance mechanisms appear well entrenched. Second, where the state's presence has been felt, it remains tainted by the legacy of the homogeneous identity it imposed, and by atrocities it committed during the decade-long civil war. Consequently, communities continue to be alienated from it. Third, if the Nepalese state seeks to monopolize the provision of security, in the short term it will risk undermining the effectiveness currently provided by non-state groups. If this happens, the state will be held responsible by the public for undermining service provision. As such, it will likely lose legitimacy while seeking to overcome these parallel state structures. As such, any attempt to extend the state runs the risk of provoking fierce resistance. This needs to be kept in mind as the drafters of Nepal's constitution, and any development experts guiding them, shape the new state. While the existence of parallel state structures might be considered destabilizing (and provoke alarm given the potential of Maoist ideology to produce totalitarian regimes), there may be little alternative, at least in the short term. Thus Nepal's experience leads us to challenge the straightforward transplant approach to state reconstruction: The dynamics of legitimacy prevent a simple recreation of a Western state structure in a recipient country from scratch. This is a common lesson from the globalization of ideas: Context is important. But in Nepal, contextual sensitivity is forcing us to countenance a further concern. Successful state-building in Nepal—an ethical demand in itself—may require the state to coexist in the short term (and possibly beyond) with morally arbitrary (or even clearly immoral) non-state service-providers. This poses an ethical dilemma that demands a political solution. Yet Nepal's politicians continue to take their cue from the country's street traders and haggle unreasonably over the position of prime minister. If progress is not made soon, these concerns over state structuring, and others like them, may be decided through more violent means.

### **UN allocates US \$ 2 million for Nepal**

United Nations Under-Secretary-General for Humanitarian Affairs and Emergency Relief Coordinator Valerie Amos Tuesday allocated US \$ 2 million to United Nations agencies in Nepal, according to a statement from the office of the UN Resident and Humanitarian Coordinator. The funding from the Central Emergency Response Fund (CERF) will be used for seven life-saving humanitarian projects in the country. "Three-quarters of the way through this year, humanitarian funding for Nepal is just not adequate," said Robert Piper, United Nations Resident and Humanitarian Coordinator in Nepal. "While the UN and its partners have been able

to help hundreds of thousands of Nepalis in need of humanitarian aid, we have not been able to do enough because less than 50 percent of the Nepal Appeal has been funded," Piper added. CERF was established in 2006 to make funding for humanitarian emergencies faster and more equitable, said the statement. "Since then, more than 100 member states and private sector donors have contributed some \$1.5 billion to the fund, which is managed by the United Nations Office for the Coordination of Humanitarian Affairs (OCHA)," it further said. Nepal has received \$21.6 million in allocations over the last four years. [http://www.myrepublica.com/portal/index.php?action=news\\_details&news\\_id=23784](http://www.myrepublica.com/portal/index.php?action=news_details&news_id=23784)

### **Political deadlock deepens Nepal economic woes**

Three months after Nepal's government collapsed, the country is facing a deepening economic crisis, with vital development projects on hold and even schools and hospitals facing closure. Government departments say they have been forced to cut spending to a minimum, suspending road building and sanitation projects in desperately poor rural areas, because the long-overdue annual budget has not been passed. Nepal's lawmakers are due to vote for the ninth time on Thursday to try to elect a new leader for the troubled young republic, which has been without a functioning government since the prime minister resigned on June 30. But eight earlier votes have failed to produce a clear winner, and in the absence of agreement between the political parties, there is little immediate prospect of an end to the damaging leadership vacuum. Meanwhile, important government decisions are being put off by caretaker ministers reluctant to overstep their constitutional powers, while work on the peace process that began when the civil war ended in 2006 is being neglected. The constitution bars the current caretaker government from presenting a new budget to parliament, and officials warn that funds released under an emergency bill passed after the last government's collapse will soon run out. "After that, we won't even be able to pay civil servants," finance secretary Rameshore Prasad Khanal told AFP. "We may have to shut down more development works, and even government services." Robert Piper, the UN resident coordinator in Nepal, said the crisis would have far-reaching consequences for development in one of the world's poorest countries. "Pending policies and plans, uncertain civil servants, budgetary confusion and a mounting legislative backlog are handicaps a country with Nepal's development challenges can ill-afford," he said. "Equally troubling is the massive drain the ongoing political stalemate is placing on policy-making and leadership." Nepal's leaders need urgently to turn their attention to rule of law, social inclusion, inequality, state restructuring and a number of other key transition issues foreshadowed in the peace agreement. "Four years after the 2006 peace agreement, law enforcement in many parts of rural Nepal remains weak and a government plan to improve security in the south, where crime rates are highest, has been postponed due to a lack of funds. Economic growth -- hampered by years of war and political instability -- remains slow, with the World Bank forecasting it at just 3.5 percent in 2010. Many households now rely on remittances from relatives working abroad. "Many people now just want to get the hell out," said journalist and political commentator Kunda Dixit, pointing to the large queues that now form every day outside the

passport office in Kathmandu."But that is just the visible side of the crisis. In the countryside, development is paralysed. With no annual budget, there is no money to spend."At the root of the problem lie the divisions between the major political parties, which analysts say appear to have become more entrenched in recent months.

The Maoists, who fought a 10-year civil war against the state before winning 2008 elections, have the highest number of seats in parliament, but not enough to govern alone, and have been unable to win the support of other parties.They have formally withdrawn their candidate, party chairman Pushpa Kamal Dahal, from the running to be prime minister to pave the way for talks on a government of national unity.But his only rival, the chairman of the second-largest party, the centrist Nepali Congress, has refused to follow suit, even though he has little chance of winning enough support to form a government.The stalemate has further delayed the drafting of a new national constitution intended to draw a line under the 10-year conflict and reshape the nation after the abolition of the unpopular monarchy in 2008.Political commentator Yubaraj Ghimire said the optimism that followed the end of the war was giving way to growing public cynicism about Nepal's political system."Parliament's failure to elect a new leader after three months totally discredits our political system in the eyes of the public," he told AFP."The caretaker government has done nothing except implement a massive cut in public expenditure. They are simply paying bureaucrats' salaries."

### **Beijing begins extending rail to Nepal boundary**

China's exponentially increasing influence in Nepal, much to the chagrin of India, received further fillip on Sunday with Beijing starting work on extending its railway from Lhasa to Xigaze or Shigatse, the second largest city in Tibet which borders Nepal, India and Bhutan. This is the first step taken by Beijing in extending its rail link to the Tibet- Nepal border and which many believe will culminate in its extension right up to Kathmandu. Xigaze is located 280 km southwest of Lhasa. In fact, China is said to be already carrying out feasibility studies for a 400 km line from Xigaze to Nyalam. A rail link from Nyalam to Kathmandu would be no more than 120 km. According to Indian officials and strategic affairs analysts, apart from strategic implications, China's move to extend rail link to its border with Nepal can reduce Kathmandu's dependence on India as it will enable it to import petroleum products from Beijing. India's rapidly declining influence in Nepal, not least because of the Maoists, is making things worse for New Delhi. In fact, as per pictures posted on the internet by western tourists, work on the Lhasa-Xigaze railroad may already have been underway for some time. "The Chinese plan now is to build the railway from Xigaze to the Chumbi Valley (Tibet-Sikkim border) and to the Brahmaputra's Great Bend (near the border with Arunachal)," said strategic affairs expert Brahma Chellaney. According to Chellaney, the extension of the railway and the opening of new high-altitude airports in Tibet have to be seen in context of the PLA Daily's recent report that the railroad to Tibet is now being used to supply "combat readiness material" to the air force

stationed along the Himalayan belt. <http://timesofindia.indiatimes.com/india/Beijing-begins-extending-rail-to-Nepal-boundary/articleshow/6633156.cms>

## **Srilanka**

### **Sri Lanka's imprisoned ex-Army Commander refuses to plead mercy**

Sri Lanka's former Army Commander retired General Sarath Fonseka who was convicted by a court martial to serve a 30-month sentence has told the prison officials that he was not ready to beg pardon. The Sinhala daily The Divaina reported today that Fonseka had worn white sarong instead of the prison jumper and ate rice with coconut sambol, a humble prison breakfast. Fonseka's fellow Democratic National Alliance parliamentarian Tiran Alles told the media that Fonseka slept on the floor on a mat and ate supporting the plate on hand sitting on a low bench. Fonseka, a cashiered four star general, who miraculously survived a suicide attack by the Tamil Tiger rebels, led the Army to annihilate the Tigers. He later defected from the ruling elite and bid unsuccessfully for the Presidency against his former boss, President Mahinda Rajapaksa. Immediately after the presidential election in January this year he was arrested on conspiracy charges against the government but won a parliamentary seat at the general election in April 2010. President Mahinda Rajapaksa said to a group of Buddhist monks yesterday that he was ready to pardon Fonseka if he would plead mercy. The President said he had to approve the verdict of the court martial he appointed. Fonseka's family also has ruled out an appeal for pardon. "We have no plans to appeal to the president for a pardon. He has not committed an offence," his wife Anoma Fonseka has told the reporters.

[http://www.colombopage.com/archive\\_10B/Oct02\\_1285989080CH.php](http://www.colombopage.com/archive_10B/Oct02_1285989080CH.php)

### **Lanka to commission nuclear power plant by 2025: Champika**

term plan to give a solution to the impending power crisis, Power and Energy Minister Patali Champika Ranawaka said yesterday. Addressing the media Minister Ranawaka said Sri Lanka would use nuclear energy only for peaceful purposes and the potential was extremely high to use it in many other fields other than power generation. A four member team headed by Prof. K.K.Y.W. Perera has been appointed to prepare a 'Pre Feasibility Report' (PFR) on the use of nuclear energy for power generation in the country. "Sri Lanka has an advantage in its endeavour to produce nuclear energy. We have a vast Thorium deposit that amounts to 30% of the entire global deposits of the mineral which is the second most powerful energy source with high nuclear fusion potential after Uranium. Before we start the process we need to have an idea of from where and whom we purchase atomic energy sources such as Uranium or to use our own Thorium deposits as a raw material. Then we need to have a strategy to dispose nuclear waste safely which is also a tricky issue. Then we must decide the location of the nuclear power plant and also educate the public on the merits and demerits of having a nuclear power plant in Sri Lanka. The PFR will find solutions to these issues," Minister Ranawaka emphasized.

<http://www.dailymirror.lk/print/index.php/news/news/22819.html>

## **Local UNP government members of Sri Lanka extend their support to Premadasa**

The leadership hopeful of Sri Lanka's main opposition United National Party (UNP), Hambantota District MP Sajith Premadasa has received the support of local government members in several districts. UNP local government members and provincial councilors from the Kurunegala District yesterday (18) passed a resolution calling on UNP Leader Ranil Wickremasinghe to step down from the post of Leader and appoint Premadasa. The UNP local government members and councilors also passed a resolution calling for voting rights to be given to them when electing members to senior posts in the party. Opposition Leader of the Pannala Pradeshiya Sabha, Nilantha Herath told ColomboPage that the UNP members have also decided to give the party leadership a 15-day period to address the party crisis. "If the crisis is not resolved in 15 days, when the UNP parliamentarians decide to sit independently in the House, we would also sit independently in our respective local government bodies in the North Western Provincial Council. After the 15 days we will make our next move," Herath said. "The local government elections are to be held in three months and we are faced with many issues due to the current party crisis. UNP voters in the villages have told us that if the current trend continues, they would not vote at the LG elections," he said. He noted that the UNP members who attended yesterday's meeting had blamed Wickremasinghe for the continuous electoral defeats experienced by the party and blamed him for delaying the party reforms since 2004. Meanwhile, UNP local government members in the districts of Anuradhapura, Polonnaruwa, and Galle today have passed resolutions that Premadasa be made the leader of the party.

[http://www.colombopage.com/archive\\_10B/Sep19\\_1284903099JR.php](http://www.colombopage.com/archive_10B/Sep19_1284903099JR.php)

## **Sri Lanka PM and Opposition Leader name nominees to the Parliamentary Council**

Sri Lanka Prime Minister and Opposition Leader have handed over their nominations to the Parliamentary Council established by the 18th Amendment to the Constitution. The Opposition Leader Ranil Wickremasinghe has named United National Party (UNP) national list MP D.M. Swaminathan as his nominee to the Parliamentary Council while the Prime Minister D.M. Jayaratna has named United People's Freedom Alliance MP A.H.M. Aswar as his nominee. This Parliamentary Council was introduced by the 18th amendment to the constitution that was passed amidst protest of the opposition. It replaces the powerful Constitutional Council but has powers only to recommend persons to the independent committees. The Prime Minister, Opposition Leader, and the Speaker are the compulsory members of the committee. The Prime Minister and the Opposition Leader can nominate one person each to the committee from the communities that the compulsory members do not belong. The Opposition Leader previously nominated the Tamil National Alliance (TNA) parliamentarian M.A. Sumanthiran but the TNA categorically denied the position. The Speaker's office verified the reception of the letter of appointment of the

Opposition Leader's nominee and said the names would be sent to President Mahinda Rajapaksa for approval.

### **Sri Lanka's Marxist party to protest against Fonseka's imprisonment**

Sri Lanka's Marxist party Janatha Vimukthi Peramuna (JVP) today said it did not accept the verdict given to the former Army Commander retired General Sarath Fonseka by the second court martial appointed and endorsed by the President. JVP Leader Somawansa Amarasinghe told a press conference that the prison sentence on the Democratic National Alliance (DNA) Leader was a politically motivated decision. Amarasinghe said the JVP would fight to safeguard the rights of the people and is even ready to go to jail for the purpose. The JVP said it has planned a series of protests island wide against Fonseka's imprisonment. Meanwhile, JVP Propaganda Secretary and DNA General Secretary Vijitha Herath told the media that Fonseka would not ask for a pardon from the President. Herath said that Fonseka had not done anything wrong to be pardoned.

### **Sri Lanka President returns to country following successful US tour**

Sri Lankan President Mahinda Rajapaksa who toured the United States for over a week arrived in the country Wednesday morning. President Rajapaksa was mainly in New York to attend the 65th United Nations General Assembly sessions. On the sidelines of the UN sessions, the President met several world leaders and held bilateral discussions to promote business investments and tourism industry in Sri Lanka. During his visit to New York, President also held discussions with the UN Secretary-General Ban Ki-moon on the progress of the Lessons Learnt and Reconciliation Commission appointed by the President to investigate the events during the war and the progress of the resettlement of the internally displaced in the North and their rehabilitation among other matters. He held discussions with US business leaders and invited them to take advantage of the growing economy of Sri Lanka. On Saturday (25) President Rajapaksa met the Sri Lankan community in Houston and visited the Buddhist Viharaya. Several world leaders have promised economic assistance to Sri Lanka during the discussions with the President.

### **Sri Lankan court to hear controversial "white flag" case next week**

A Sri Lankan court has today rescheduled the trial-at-bar against former Army Commander and Democratic National Alliance Leader retired General Sarath Fonseka for October 4th and 5th. Fonseka was also present in the Colombo High Court when the controversial "white flag" case was heard today. He did not attend courts yesterday as he was indisposed. The Court had ordered the publisher of The Sunday Leader newspaper Lal Wickramathunga and its editor Ms. Frederica Jansz to be present in courts on the next day of hearing. Fonseka was accused of disclosing state secrets for allegedly telling The Sunday Leader newspaper in an interview that Defence

Secretary Gotabhaya Rajapaksa had ordered the shooting of senior LTTE cadres who tried to surrender to the security forces carrying white flags during the final stages of the war last year.

Sri Lankan government blames that the former Army chief's comment during the campaign for presidential election in January this year was the reason for the UN Secretary-General's decision to appoint a panel of experts on Sri Lanka to probe war crime charges. The local media reported soon after the hearing today that Fonseka's Counsel Nalin Ladduwahetti had informed court that though court had directed to hand over a photocopy of the note book used by Jansz for the interview with Fonseka only 30 pages had been handed over. He said there were more than 80 pages in the note book. Following a request made by Ladduwahetti, the judges had granted permission for him to personally check the notebook.

Courts fixed the next dates for the hearing for October 4 and 5.

### **Local government election amendment bill in Sri Lanka parliament on October 06**

Sri Lanka government sources say the draft bill for amendment of local government elections that would introduce the first-past-the-post electoral system to hold elections for local government institutions will be tabled in parliament on October 06. In line with the bill, amendments to the Municipal Council Ordinance, Urban Council Ordinance and the Pradeshiya Sabha Act, will also be presented to the Parliament. The government expects to get the bill passed in parliament as an urgent bill. Sri Lanka's major opposition United National Party has expressed consent to some of the amendments but they have proposed other amendments as well, government sources say. The government expects to introduce a mixture of first-past-the-post system and the proportional representation to local governments. Under the proposed amendments two-thirds of the members are to be elected on the first-past-the-post system and one-third under the PR system. On the recommendation of Minister of Local Government and Provincial Councils A. L. M. Athaullah, the Cabinet on September 8 granted approval to amend the Local Government Elections Ordinance and the Municipal Council Ordinance, Urban Council Ordinance and the Pradeshiya Sabha Act. According to government sources the local government election would be held early next year.

### **Sri Lanka to enact new laws against exploitation of children**

Sri Lanka is planning to formulate and enact necessary laws to protect children from exploitation and provide them with maximum protection. Addressing a media briefing today the Minister of Child Development and Women's Affairs Tissa Karaliyadda has said that the President has given instructions to formulate necessary legislation to prevent exploitation of children for begging and underage labour and provide maximum protection to women and children from social discriminations and ill treatment. Accordingly prevailing Acts are being revised, the Minister has said. The Minister has explained that during the war abuses of women and children did not come to the open as the masses were more concerned over their security and safety but now, with the end of the terrorism, the problems relating to child abuse and mistreatment of women have come

to the attention of the society. Pointing out that unscrupulous groups use children for financial gain by using them in begging during festivals and other occasions, Karaliyadda has said that the government is considering implementing new laws to take stringent action against such groups. The Minister urged the people to start treating the children right from birth to build a strong base for a disciplined and honourable society.

### **Sri Lanka inflation accelerates to 5.8-pct in September**

Consumer prices in Sri Lanka's capital Colombo rose 5.8 percent in September from a year earlier, accelerating from 5.0 percent in August, the government's statistics office said. In the 30-days of September prices rose 1.0 percent. The so-called annual average inflation, a lagging indicator averaged across two years, rose to 5.0 percent from 4.5 percent. The fastest rise was seen in food and non-alcoholic beverages (in Sri Lanka alcohol has been dropped from the index) which rose 1.7 percent in the 30 days of September and was up 7.5 percent from a year earlier. Sri Lanka's inflation is anchored to that of the US through a tight dollar peg, but the central bank also monetizes government debt from time to time, creating inflation above that of the US currency and also putting pressure on the peg. The central bank has succeeded in keeping consumer price increase in mid single digits for almost two years, and Governor Nivard Cabraal is expecting inflation to remain below 10 percent in the near future. "The immediate inflation outlook is benign," Cabraal said. "We do not see any major pressure building up." "We will of course see slight increases and decreases, which normally happens in any economic system. It will not be something that will go into double digits." "The Central Bank kept monetary policy tight from 2007 through a tight reserve money (the narrowest form of money through which all final transactions are cleared) targeting program, but the strategy was moving more towards rate targeting now. Cabraal said through tight monetary policy the Central Bank has also been able to contain expectations about inflation which drives behavior of people." "What is important here is that we have not only been able to deal with inflation, but we have also been able to deal with the inflation expectations, which is actually a lot more difficult to deal with than inflation itself," he said. "Now that it has been dealt with and people have begun to see a credible situation here we would be in a position to relax it. That is why we have made certain relaxations in our monetary policy which has definitely stimulated growth." "The government delayed a state sector wage hike till next year, helped by low inflation generated by the central bank in the recent past. However trade union action is increasing, with the opposition Marxist Janatha Vimukthi Peramuna calling for an 8,000 rupee salary hike. Protein prices, including chicken and fish have been rising steeply, though it may be related to backfiring government intervention in agricultural markets and autarkic policies aimed at increasing 'self sufficiency,' which has created high and volatile grain prices. The central bank is keeping its main policy rate to 9.0 percent, which is much higher than the rest of the world. But analysts say Sri Lanka has in the past suffered very high inflation despite high interest rates through direct debt monetization (printing money to buy treasury bills in primary auctions) which undermines the rate targeting process.

### **Development of SME sector key to Sri Lanka's economic growth, World Bank says**

A vibrant small and medium enterprises (SME) sector can play a key role in creating jobs and high economic growth in post-war Sri Lanka, the World Bank said in a report released Thursday. The report titled "Small and Medium Enterprises: Engines of Growth in Post Conflict Sri Lanka" said the global economic crisis affected the SMEs sector the most and achieving and sustaining high economic growth and higher employment will require a boost in industrial and services growth, spurred by SMEs. Quoting Cecile Niang, an economist with South Asia Finance and Private Sector Development, the World Bank said the creation of employment opportunities is critical for faster recovery in post conflict countries such as Sri Lanka. "Yet, several factors constrain the growth and competitiveness of Sri Lanka's SMEs," Niang has said. Niang says that lack of access to adequate and timely financing is especially critical. "Without it, borrowing becomes more expensive and profit margins are reduced, holding back the establishment of new units and the consequent increase in job creation," she says. The World Bank has recently approved a \$57.4 million credit for strengthening access to finance for Sri Lankan SMEs. According to the monetary authority, the project supports the Sri Lanka Government efforts to improve access to finance for SMEs affected by the global economic Crisis. Funded under the Pilot Crisis Response Facility, the project consists of two components. The Financing and Risk Sharing Facility component includes a Line of credit to participating state and private commercial banks to refinance SME loans and a risk sharing facility providing partial credit guarantees to reduce the banks' risk of lending to SME borrowers. The second component focuses on policy and capacity enhancement for SME banking providing technical assistance to support banks in developing their SME banking capabilities. The project includes support to identify measures to create a more enabling environment for SME banking, the report said.

### **Sri Lanka President invites US business leaders to invest in the country**

Sri Lanka President Mahinda Rajapaksa has met and invited leading businessmen in the United States to invest in Sri Lanka without trepidation as the country is now poised to enjoy a strong economic growth and becoming one of the best countries for investment in the world. Business executives from a variety of business enterprises, including the hospitality and tourism industry, the beverage industry, and the aerospace and defense community met the Sri Lankan President at a luncheon held at New York City's Helmsley Hotel last week. Sri Lanka President was in New York to attend the 65th session of the General Assembly of the United Nations. President Rajapaksa personally greeted each of the 150 business executives at the luncheon. The executives from the Coca Cola Co., the Boeing Co., Google, Hilton Hotels and Resorts and Starwood Hotels and Resorts were among the attendees. The President invited the entrepreneurs to join the newly formed U.S.- Sri Lanka Business Council, which seeks to expand the commercial relationship between the two countries by promoting trade and investment opportunities that benefit both nations. US Pharmaceutical giant Pfizer has expressed hopes to invest in the Sri Lankan market and to extend support to enhance investment opportunities between Sri Lanka and the US. During the meeting the President noted that Sri Lanka's per-

capita income has been increased two fold in the past five years and the government targets is to double this figure by the year 2016. Sri Lankan Minister of External Affairs Prof. G.L. Peiris addressing the attendees said Sri Lanka today has a promising economic future and the country is on the threshold of an economic renaissance. "Sri Lanka is today, without any exaggeration, one of the world's best destinations for investment," Prof. Peiris has stated. Approving the fifth tranche of a US\$ 2.5 billion loan last Friday, the International Monetary Fund, which recently upgraded Sri Lanka to "middle income emerging market" status, said the overall economic conditions are improving and the economy is likely to show strong growth this year on the back of improved fundamentals and political stability.

### **Sri Lanka mini-hydro power firm to list**

Sept 29, 2010 (LBO) - Hydro Power Free Lanka, a mini-hydro power firm which has a generating capacity of 3.2 MegaWatts is selling 35 million shares to raise 350 million rupees to build more plants, the Colombo Stock Exchange and officials said. The firm operates two 1.6 MegaWatt plant in the Gampola area in Sri Lanka's hill country and is planning to add 5.37 MW of new capacity with the proceeds, through several plants owned through three 100 percent owned subsidiaries. In the year to March 2010 the firm has earned 115 million rupees in revenue selling power to the national grid and net profits of 57 million rupees, head of finance Sanjaya Prasad said. The company now has 109 million shares issued. The firm is now a 50:50 joint venture between Free Lanka Power Holdings and Pussellawa Plantations. The issue, managed by Taprobane Holdings Limited will open for subscription in mid October. Last year one plant which was rated at 1.2MW and had generated 4.2 GigaWatt hours of energy indicating a plant factor of 40.5 hours, but this year it will be able to sell up to 1.6MW of power to the grid. It had nine years left in the power purchase agreement with the state-run Ceylon Electricity Board. The second 1.6MW plant had generated 5.3GWh of energy at a plant factor of 38.1. It had seven years left in the power purchase agreement with the grid operator. The Colombo Stock Exchange said the firm has been approved for a main board listing. Hydro Power Free Lanka is selling 32 percent of the stock to the public.

### **Sri Lanka starts nuclear power study, talks with Russia**

Sept 28, 2010 (LBO) - Sri Lanka has begun a study to build a nuclear power plant to meet growing electricity demand and is in talks with Russia and other countries to get technology and training, an official said. "We're considering nuclear power as an option in our long-term generation plan for 2025," power and energy minister Patali Champika Ranawaka told a news conference. "Our aim is to diversify our sources of energy for generation requirements. We will use nuclear power only if other sources are not viable." Electricity demand in the island has grown by eight percent in the past six months and will double at the current rate by 2018, he said. The island's economic growth has begun to accelerate following the end of its 30-year ethnic war in May 2009. "There's no danger of power cuts at the moment and in the immediate future but we need to prepare now itself to ensure there are no power cuts after 2020," Ranawaka said.

"Building a nuclear power plant will take about 15 years." A pre-feasibility study that has begun will take about six months after which a feasibility study will be done to decide from which country Sri Lanka get assistance and where to build the power plant. Ranawaka said the government is in talks with Russia which is ready to supply fuel for nuclear power plants and take back radioactive waste ash for disposal. Russia, which has floating nuclear reactors, is building a nuclear power plant in Bangladesh. Sri Lanka is also holding talks with the International Atomic Energy Authority and countries with advanced nuclear industries to provide training and technical expertise. Ranawaka said nuclear power is more cost-effective in the long term against conventional sources like coal as well as non-conventional renewable sources like hydro, solar and wind. Supplies of petroleum and coal fuels are running out while renewable energy sources like solar and wind cannot be despatched and centrally controlled while storages costs are high, he said. "The problem with solar and wind is that they are not available when we need it most as our peak electricity demand is at night," Ranawaka said.

<http://www.lankabusinessonline.com/fullstory.php?nid=680960605>