



Nepal: Challenges before New Government

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Nepal's newly elected Prime Minister Pushp Kamal Dahal alias Prachanda, who formed his new government on August 04, 2016 with the support of Nepali Congress (NC) and United Madhesi Front (UMF), is expected to face challenges on many fronts: balancing Nepal's relations with its two big neighbours India and China, accomplishing the Madhesi aspirations, driving the earthquake reconstruction works, organising local elections and preparing the ground for provincial and national elections, and above all, bringing political stability in Nepal. Prachanda has only nine months to 'meet the challenges'. The seven-point agreement, signed between the Communist Party of Nepal-Maoist Centre (CPN-MC) and the Nepali Congress, provides for only nine months tenure for Prachanda before the national elections, due in 2017. Despite Prachanda's inconsistent approach towards India and his tilt towards China, particularly during his first tenure, many believe that 'political compulsions' will compel him not to ignore India's interest at least during his brief tenure in office.

Search for Political Stability

Prachanda is the 24th Prime Minister since 1990- the year Nepal adopted multi-party democracy, and the eighth since 2008- the year Nepal abolished the monarchy. Since 1990, the average life period of any government in Nepal has been less than one year. For short-term gains, political parties in Nepal look for new permutations and combinations, and are readily open to break the old alliances and form a new one. It was expected that 'promulgation of the new constitution' will bring political stability in Nepal, but, it could not happen. The political parties are still struggling to rise above the politics of narrow interests, are in search of various options to topple the old government and form a new one at short-intervals. The seven-point agreement, Prachanda signed with NC President Sher Bahadur Deuba on July 13, 2016, asserts the need for amendment of the constitution to further address the causes of Madhesis and Janjatis. Here, Prachanda's key task is to seek a political consensus on bringing an amendment to the constitution. Moreover,

implementation of constitution without amendment, and further delay, either in implementation or amendment of the constitution, will raise the risk of political uncertainties.

Madhesi aspirations

Before supporting Prachanda's candidature, the Madhesi Front signed the three-point agreement with the Nepali Congress and the CPN (MC). The agreement includes declaring as martyrs those killed during the Madhesi agitation, compensation to the injured and amending the constitution for re-demarcation of provincial boundaries. The Madhesi Front also urged the new government to resolve the issue of demarcation of provincial boundaries before the local elections.

Accomplishing Madhesi aspirations will be a difficult task for the Prachanda government as their key demands need amendment of the constitution. The issue of demarcation of state boundaries appears to be a complex task as the government neither has a two-thirds majority, nor the support of K.P. Oli's Communist Party of Nepal (Unified Marxist–Leninist). Presently, in the 596-member parliament, the CPN-UML has 182 elected seats, while the Nepali Congress and the CPN (MC) have 207 and 70 seats, respectively.

However, despite the barrier of a 'two-thirds majority', the Prachanda government is hopeful that the problem will be resolved through consensus. But, 'how' the government will gain support from Oli's party (CPN-UML), and 'why' Oli's party will stand in favour of Madhesi cause, particularly for demarcation of boundaries, is not clear. The- CPN-UML is against the inclusion of Jhapa, Morang and Sunsari districts in the proposed eastern Terai provinceⁱ. Oli says constitution has already been amended once for Madhesi-Janjati's cause, and now it would not be possible for his party to support another amendment under external influence.ⁱⁱ Moreover, the Madhesi and Janjati parties themselves are having different opinions regarding the fresh provincial demarcation.

Local Level Restructuring Commission (LLRC) Recommendation

Government and Local Level Restructuring Committee (LLRC) are in search of compromise formula to fix the number of Local bodies (village and municipal councils). On October 3, 2016, after the LLRC objection, the three major parties decided to retract their earlier decision to form local bodies on the basis of area cluster (ilaka). Now, LLRC and government have reached a consensus. According to a new formula, the number of local bodies might be fixed at 700. 'Ilaka' will be one of the divisions of bases, not the only basis.ⁱⁱⁱ

Earlier, opposing the LLRC recommendation of 565 local bodies based on population and geography, the three major parties, CPN –MC, NC and CPN – UML were agreed 'in principle' to use existing division of area (ilaka) to decide the number of local bodies (village and municipal councils). It means they were agreeing to around 926 local bodies instead of 525 – the number recommended by LLRC.

LLRC was formed in March 2015 to determine the number and boundaries of villages and municipal councils as per constitutional norms. According to article 289 (3) of the constitution,

“Government of Nepal shall form a commission for determination of number and borders of the Village Council, Municipal Council and Special, protected, or autonomous regions to be formed pursuant to clauses (4) and (5) of Article 56”.^{iv}

Article 56 (4) “Under the local level, there shall be Village council, Municipal and District Assembly. The number of wards in a Village council and Municipal Council shall be as provided for in a federal law.”^v

Article 56 (5) “Special, protected and autonomous regions may be created for sociocultural protection and development according to federal law.”^{vi}

In July, 2016 LLRC proposed 565 units which were opposed by a majority of political parties, including Madhesis parties. As Madhesis acceptance of the LLRC recommendations means ‘legitimacy to the constitution’, Madhesis parties seek more provincial rights, rather than local-level units.^{vii} The Nepali Congress was in favour of enhancing the number of local units up to 1,300, while the CPN-UML was in favour of lowering the number of local units.^{viii}

Balancing India and China

PM Prachanda’s recent statements reassure that he will work to restore a balance in Nepal’s relations with its two big neighbours India and China. Talking to journalists at Tribhuvan Airport, Kathmandu, upon his return from India, PM Prachanda said that Nepal has adopted a balanced policy with both neighbours. “Our ties with India will not impinge on our ties with China”, he added. However, Prachanda’s recent attempt to restore goodwill ties with India appears to have not ‘gone down well’ with China. Chinese media is not ready to buy Prachanda’s argument over balancing India and China in Nepal, raising doubts over his intentions. Xu Liang, the Executive Director of the Indian Studies Centre at the Beijing International Studies University, wrote in Global Times, “It looks like the bilateral relationship between China and Nepal has suddenly turned fragile and sensitive. Obviously, China feels tricked. When Kathmandu needed Beijing to relieve pressure from New Delhi, it got close to China and signed a series of crucial agreements with Beijing which would help Nepal get rid of its reliance on India.”^{ix}

However, Chinese Foreign Ministry Spokesperson Lu Kang conveyed different opinion. He said, “Both Nepal and India are China’s friendly neighbours. We are glad to see our neighbours developing friendly relations as such development is conducive to regional peace, stability and development. As for Nepalese Prime Minister’s remarks in India on high-level exchanges between China and Nepal, as two friendly countries, we have been in close touch with each other on bilateral high-level visits.”^x

Earthquake reconstruction work

Speeding up the earthquake reconstruction work must be one of the key priorities for PM Prachanda. Oli’s government had been criticized for the slow pace of quake rebuilding work with

reconstruction fund of US\$4.1 billion, provided by the international donors in the form of grants and soft loans, lying largely unused even after about one and a half years of the April 2015 disaster. The money allocated for rebuilding houses has yet to reach most of the earthquake victims. Preoccupied with national politics, neither the Koirala government, nor the Oli government could spare the time to utilise the earthquake reconstruction funds for the benefit of homeless. Now, Prachanda needs to act differently. Realizing the need to speed up the pace of earthquake reconstruction work, the new government has promised to enhance compensation for homeless victims from 20,000 Nepali rupees to 30,000 Nepali rupees. According to National Reconstruction Authority (NRA), Rs. 410 billion is not sufficient for rebuilding houses, schools, and other infrastructures.^{xi} According to a NRA report, there is a need of Rs. 938 billion for completion of earthquake construction projects.^{xii} Managing rest of the funds either from internal or external sources will not be an easy task for government of Nepal. During the visit of Nepali PM Prachanda, India extended a new Line of Credit agreement for \$ 750 million for post-earthquake reconstruction work in Nepal.

CPN-UML anti India approach

CPN-UML Chairman K.P. Oli opposed the India-Nepal 25-point joint statement issued on September 16, 2016 during the state visit of Prime Minister of Nepal to India. Oli said, “The statement undermined the independence of Nepal as it just reflected India’s views and the Nepal government’s submission to the southern neighbour.”^{xiii} Earlier, Oli suspected India’s role behind the pulling out of support by CPN (Maoist Centre). The CPN-UML’s current approach to politics is primary based on anti-India rhetoric and pro-China agenda. And, they might stick to the same agenda till the next national elections as it would help the party to consolidate support in hilly areas and major urban centres. As Oli’s party is working to grab the vote bank of the CPN (Maoist Centre), Prachanda has to move with ‘credible agenda’ to challenge Oli in the forthcoming elections.

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Disclaimer: The views expressed are that of the Researcher and not of the Council.

Endnotes

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ⁱⁱⁱ Govt accedes to LLRC call, set to revise ToR, <http://kathmandupost.ekantipur.com/news/2016-10-04/govt-accedes-to-llrc-call-set-to-revise-tor.html>, 04 October, 2016

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^v Ibid.

^{vi} Ibid

^{vii} Politics of restructuring, Kathmandu Post, <http://kathmandupost.ekantipur.com/news/2016-09-02/politics-of-restructuring.html>, 02 September, 2016.

^{viii} Constitution in Crisis, Nepali Times, 18 September 2016., See also, Politics of restructuring,

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^{ix} Xu Liang, Nepal risks missing chance with China, <http://www.globaltimes.cn/content/1007091.shtml>, 19 September 2016.

^x Foreign Ministry Spokesperson Lu Kang's Regular Press Conference on 19 September 2016, http://www.fmprc.gov.cn/mfa_eng/xwfw_665399/s2510_665401/t1398638.shtml, 19 September 2016.

^{xi} More money for reconstruction, <http://www.nepalitimes.com/blogs/thebrief/2016/09/25/more-money-for-reconstruction/>, 25 September 2016

^{xii} Ibid.

^{xiii} Nepal Opposition party opposes Joint Communique during PM Prachanda's India visit, <http://indianexpress.com/article/world/world-news/nepal-opposition-party-opposes-joint-communique-during-pm-modis-india-visit-3037841/>,