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# NEPAL IN 2001

## *The Strained Monarchy*

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Lok Raj Baral

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In 2001 Nepal witnessed the first major disaster in its political history. The 250-year-old monarchy suffered a major setback following the massacre of the king, the queen, and other members of the royal family by Crown Prince Dipendra, who later killed himself; it was as if this historical institution had reached a dead end. The Communist Party of Nepal (Maoist) (CPN [Maoist]) that has been waging a “People’s War” against the monarchy and the parliamentary system since 1996, was quick to predict an end to Nepal’s monarchy. Other parties involved in the political process favored the continuity of constitutional monarchy but wanted to make it more transparent and democratic. Yet, no parties in parliament except the Communist Party of Nepal (United Marxist-Leninist) (CPN-UML) formally advocated reforms in the palace.

### The Palace Massacre and Politics

The June 1, 2001, massacre in the palace spelled a bad omen for the monarchy. Nepal’s people were aghast, as they had never thought that Crown Prince Dipendra, and the apparently trifling issue of the choice of a bride for him, could cause such a disaster. Thus, people advanced various conspiracy theories implicating the king’s brother, Prince Gyanendra, and, his son Paras. They both had good rapport with Crown Prince Dipendra and supported him on the marriage issue. Such suspicions were particularly fed by Gyanendra’s absence on the day of the massacre. Despite Paras being present at the site of the incident, the fortuitous survival of all the members of his family also

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added to the suspicions. However, the Investigation Committee headed by the chief justice, and other eyewitness accounts, singled out Crown Prince Dipendra as the culprit for the tragedy.

Gyanendra was proclaimed the 13th king of the Shah dynasty. The royal transition was smooth, contrary to widely circulated rumors that the people would oppose the new king. Trying to capitalize on the wave of sympathy for the king and his family members, the CPN (Maoist) showered praise on the slaughtered King Birendra for both his patriotism and his alleged working relationship with the Maoist party, which has pressed for gradual institutionalization of a republic in Nepal. However, the Maoists' attempt at converting the palace massacre into an anti-monarchy movement did not achieve its aim.

King Gyanendra has subsequently consolidated his position, in which most political parties supported him for the sake of continuity. Yet, aware of the anti-Paras sentiment of the general populace, the new king took about five months to declare his son the new crown prince. He selected the *Vijaya Dasami* festival—which symbolizes victory over evil—as the serendipitous moment. The new king was also quick to allay the suspicions and fears of the political parties by declaring that he would follow the path of constitutional monarchy and the multiparty system adopted by his brother.

Nevertheless, King Gyanendra has indicated that he would, unlike his predecessor, prefer to be assertive and active in alleviating the difficulties of the Nepali people. Retrogressive elements here were quick to jump to the conclusion that the new King would not hesitate to take drastic action, as his father King Mahendra did in 1960 by terminating the multiparty system. But the national and international contexts, along with the king's own judgment, undermined the scope of such a reckless action.

### *Parties and Problems*

On the parties' front, the ruling Nepali Congress (NC) continued to be plagued by internal conflicts. G. P. Koirala's leadership in the party and government was challenged soon after the party convention, held in Pokhara in December 2000. A number of charges of scandals and corruption were leveled against him and his ministers by the opposition and by his own party members. Prominently, the Commission for the Prevention of Abuse of Authority also dragged Prime Minister Koirala into allegations of corruption regarding the leasing scandal around Lauda Air, a deal which had been struck with the Royal Nepal Airlines Corporation (RNAC) with the financial support of the Koirala government. The opposition parties were quick to embarrass the prime minister for his alleged involvement in the scam.

Both the winter and regular sessions of parliament could not function due to continued obstruction created by the opposition parties, resulting in a deadlock. Thus, faced by intra- and inter-party conflicts, pressured by unabated

violence from Maoists, and stung by the charges of corruption in addition to the non-cooperative attitudes displayed by the army at the height of the Maoist insurgency in the far western hill districts, Koirala quit the government on July 19. Sher Bahadur Deuba succeeded him following a contest for leadership between him and party General Secretary Sushil Koirala, a relative of the former prime minister.

Deuba placed the Maoist problem at the top of his agenda. He invited the CPN (Maoist) to come to the negotiation table, which the Maoist leadership promptly agreed to. They also agreed upon a cease-fire until the end of negotiations. Although the three rounds of talks in two months failed to yield any positive results, both sides nonetheless became more flexible on the eve of the third round in November, with the government withdrawing the Public Security Regulations and the Maoist group dropping its demand to replace the monarchy with a republic. But many other parties in parliament unanimously rejected the other two major items on the Maoists' political agenda—election of a constituent assembly, and an interim government—thus puncturing the prospect of a fourth round. Meanwhile, the Maoist side unilaterally broke off the talks on November 23, launching attacks at selected targets across the country and killing more than 60 soldiers and policemen. The assault provoked the government to declare a state of emergency on November 26.<sup>1</sup> For the first time since 1996, the CPN (Maoist) took on the army, raising the possibility of a protracted bloody war in the country.

The Deuba government was successful in ending the deadlock in parliament, declaring a temporary truce with the Maoist group, and creating an atmosphere of peace. Meanwhile, as preemptive measures before the negotiation with the Maoists, Deuba announced the special Socio-Economic Reform Programs covering land reforms, abolition of social discrimination such as untouchability, women's property rights, discrimination against women, corruption, and electoral reforms. Although opposition parties of the Left in parliament were jubilant in welcoming the land reform policy of the government and even helped mobilize people in its favor, they soon turned into its bitter critics following the NC's decision to fix ceilings on landholdings as follows: 11 *bighas* (6.9 hectares) in the Tarai, 30 *ropanies* (1.1 hectares) in Kathmandu valley, and 75 *ropanies* (2.75 hectares) in the hills, including the grant of small parcels for housing. Linking the action to the prime minister's precarious position within his own party, the (CPN-UML) general secretary said that the weak and helpless government would not bring about any positive change in the country. The other non-Left parties opposed the land-

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1. According to the general secretary of the Maoist group, the four-month-long ceasefire had lost its relevance because of a "conspiracy of reactionary and fascist forces." See *The Kathmandu Post*, November 22, 2001.

ceiling program as being discriminatory, as the new program was purported to target landowners only, while other categories of people who had amassed vast wealth were spared.

## External Front

Given its domestic issues, foreign policy was less important in 2001 than previously. Nepal's relations with India, China, and the West, however, figured prominently following the declaration of a state of emergency. The government received much international support for its action, seen as a fait accompli that would help stem the Maoist threat. India's categorical statement branding the Maoist violence as terrorism, along with its unequivocal support for King Gyanendra and Prime Minister Deuba, was significant, coming as it did in the wake of statements made by two prominent leaders of the ruling and opposition parties respectively—G. P. Koirala and Madhav Kumar Nepal—linking India with the Maoist upsurge in Nepal. Nepal's support for the anti-terrorist drive of the United States, allowing U.S. planes to use Nepal's airports for refueling if needed, was reportedly reciprocated with 10 bulletproof helicopters from the U.S.<sup>2</sup>

The renewal of the Trade and Transit Treaty with India dragged on over the purported surge of goods, the major components of which were allegedly imported from third countries, into the Indian market. Export of some Nepali items—acrylic yarn, vegetable ghee, zinc oxide, copper wire, iron and zinc pipe—was opposed by India, which demanded a 50% value addition to them. With both treaties set to expire on December 3, no settlement came into sight until the end of December. Perhaps sympathizing with Nepal's preoccupation with the Maoist problem, Indian Prime Minister Atal Behari Vajpayee proposed extending the expiration date of these treaties by three months.

Some progress was made on the Bhutan refugee problem, as Bhutan and Nepal started a verification scheme in March. However, the foreign-secretary level meeting held in Kathmandu in mid-November stumbled on the issue of categorization of refugees. Bhutan proposed sticking to four categories, people forcibly evicted, those who left voluntarily, non-Bhutanese, and people with criminal records, but Nepal insisted on only two categories, Bhutanese and non-Bhutanese.

## Economy

Nepal's economy did not show any trend of improvement in 2001. The poverty alleviation target set by the ninth plan was below the mark, and the

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2. Addressing a gathering in Pokhara, the Minister of State for Home Affairs Devendra Raj Kandel disclosed that the U.S. government had already committed to supplying Nepal with 10 modern helicopters to help control terrorism.

agricultural sector showed no more than 3% growth. The average domestic growth rate continued to veer at around 3%, along with the staggering problem of population growth. Sales of Nepal's major export items—carpets, *pashmina* (lamb wool products), and ready-made garments—dipped in the international market. The decline of carpet exports by 50% and the stagnant economic situations in other key sectors were really worrisome.

On the developmental sector, the 2001 budget increased expenditures by 19.9%, though there was a gap between developmental and regular expenditures during the 2001–02 fiscal year, at 26.9% and 13.5%, respectively.<sup>3</sup> However, the government announced a 27.2% increase in social services such as health, education, drinking water, and sanitation, with a view to providing broader access for the people. The defense budget also increased significantly due to the Maoist violence, with the government allocating 9.2% of the total national budget for the army and 11.7% for the police. The deployment of army troops for counterinsurgency operations was likely to boost defense spending tremendously; the creation of an Armed Police Force and upgrading of the regular police force might be among the causes for such an increase.

The overall flow of tourists declined by about 30%, and of Indian tourists by 50%, due to adverse domestic and international situations. In October 2000, over 49,000 tourists visited Nepal. However, the figure dropped to 33,037 for the same month in 2001.<sup>4</sup> The Maoist violence, occasional demonstrations of anti-Indian sentiment, plus the appearance of new destinations that lured Indian tourists to Southeast Asia and other less costly places, hampered the prospects of Nepal.

On November 26, China concluded an agreement with Nepal, designating Nepal as one of its most-favored tourist destinations. Many Nepalis hope that an influx of prospective Chinese tourists will compensate for the loss expected to be incurred by the decline in Indian tourists. Such a hope is likely to be fulfilled only when the prospective Chinese tourists choose Nepal as their preferred destination, and match the Indians for spending more.

## Conclusion

Both turbulence and stability trends marked the year 2001. The Nepalis demonstrated an extraordinary resilience in coping with the palace massacre and the problem of succession to the throne. Public discourse was also vociferous for making the monarchy more transparent and democratic. The CPN (Maoist) seemed to be under factional and other pressures from within and

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3. Finance Minister's *Budget Speech of the Fiscal Year 2001–2002* (Kathmandu: His Majesty's Government, Ministry of Finance, 2001), p. 21.

4. See comparative figures from the Nepal Tourism Board, October 2001.

outside, eventually driving it to unleash a new wave of terror across the country. The Deuba government, already under pressure to respond to the Maoist challenge, swung into action by mobilizing the entire state's resources under the emergency regulations.

The democratic agenda crystallized as all the political parties but the CPN (Maoist) came together to accept the continuity of the present Constitution with suitable reforms. But what specific aspects of the Constitution needed to be amended were not spelled out. The unfolding developments through December were therefore too hazy for analysts to hazard any guess on both constitutional reforms and the ultimate result of the Maoist government war. Yet, the initial results indicated that the Maoists were likely to suffer heavily in the long run.