THE EVOLUTION
OF
ADMINISTRATION IN NEPAL

From 1951 to 1960

BY

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(COLOMBO PLAN)

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ABSTRACT

A study of the complete picture of the administration in Nepal as it evolved from 1951, or (during the period of one decade) has been done in the present work. During the Rana Regime there was no administration in the true sense. It was the personal rule of the perpetually hereditary Rana Prime Ministers, his members of the family and his followers. This phase of Nepalese Rana Administration continued for a full century. This crumbled down at the dissatisfaction of the agitating masses and the disgust of the late King Tribhuwana. It was only in 1951, that Nepal emerged from the land of rudiment of administration into a country with full fledged modern democratic state based upon enlightened and benevolent administration and its several institutions. For the first time, the detailed analysis of the modern new administration and its experiments have been described.

Thus, in this thesis, an attempt has been made to examine the various germs (genesis) of well-organized system of public administration in Nepal. The various administrative units and the growth of modern administration in Nepal has been explained and elaborated in altogether seven chapters.

First of all, it was felt necessary to trace the influence of geographical position and the political history of Nepal on the changes and tendencies of public administration in Nepal. After doing this (introduction) the first chapter entitled 'Nepalese Rana Administration' serves as the background for the further study of subsequent chapters. The second chapter 'New Administration lays down basic and sound principles, salient features of the materials and methods of modern administration founded in Nepal in the year 1951. Also in this chapter,
explanations have been made on the significance of the establishment of new administrative machinery in Nepal (1951). The third chapter is devoted to the discussion of administrative organization as it evolved during the period of 1951 to 1960. This important discussion of administrative organization has been made in two separate chapters (3rd and 4th). The third chapter is concerned with the enumeration of departmental type of administration with some selected ministries and each ministry's organization has been explained in detail. The fourth chapter has elucidated as Corporation, Commission, Board type of administrative organization and some other independent agencies. In the fifth chapter, a fine well regulated system of personnel administration with special reference to administrative reorganization and screening of civil services has been described fully. In the sixth chapter, the novel and unique type of financial administration has been mentioned. For the first time in the history of the administration in Nepal, a Finance Ministry was set up and the financial administration emerged as an important aspect of the study of public administration in Nepal. Explanations have been offered, detailed discussions and analysis have been covered on the methods of the preparation of budget, its voting procedure, execution of budgetary expenditures and finally the accountability and auditing of public expenditures. In the last seventh chapter, the implications and innovations of important devices of public administration in Nepal, namely District Administration, Secretariat and the Institute of
Public Administration has been demonstrated fully.

In the end, I should like to mention one thing that in all the seven chapters barring introduction, every item has been examined critically and many suggestions have been offered as new lines and possible ways of reforms for a vigorous and efficient administration in Nepal.
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INTRODUCTION
INTRODUCTION.

It will not be possible to understand the recent changes and tendencies in the administration of Nepal without taking into consideration its geographical position and its political history in a nutshell.

Nepal lies along the southern slopes of central Himalayas. Along its northern boundary it adjoins Tibet on the east it has the state of Sikkim and the Darjeeling district of West Bengal, on the west it has Kumaon and the river Mahakali, and on the south it is bounded by Bengal, Bihar and Uttar Pradesh. The country is a narrow tract extending for about 550 miles in length and its breadth nowhere exceeds 140 miles. The country has four district zones.

1. The Terai area.
2. The Duns.
3. The Hill country, and
4. The Mountain Region.

In the north it is surrounded by the highest peak of the world but it is traversed by several passes leading into Tibet.

The hill territory from Himalaya to Sikkim is divided into four natural divisions: These enormous ridges run parallel to each other and each of the natural division into which Nepal is divided, is walled in on all four sides by mountain barriers. Each of the three mountain basins derives its name from the river by which it is drained, namely (a) the western division or the basin of Karnali, (b) the central division or the basin of Gundak and (c)
the Eastern division or the basin of Kosi.

The area of the country is nearly 54,000 sq. miles and according to the population of 1953 census was 84 lakhs, 31 thousand five hundred and fifty seven. Most of the people are illiterate and backward. Its economic position is not very sound. The chief occupations of the people is agriculture but in recent years attempts have been made through the cooperation of experts from the United Nations to set up small scale cottage industries. The main items of export consist of agricultural products, forest products and dairy products.

For the purpose of administration the country have been divided into 32 districts.

**EASTERN HILL DISTRICTS:**

1. East No.1
2. East No.2
3. East No.3
4. East No.4
5. Dhankuta.
6. Illam

**EASTERN TERAI DISTRICTS:**

1. Birganj.
2. Mohotary Saralabi.
4. Birat Nagar.
5. Jhapa.
7. Udaipur Gadi.

**WESTERN HILL DISTRICTS:**

1. West No.1
In ancient period, before the rise of ruling Shah dynasty the country was divided into several small independent states. The Nepal valley originally consists of three independent city - states namely Kantipur, (Kathmandu, Lalitpur (Patan), Bhagatpur (Bhatgaon). Prithvi Naraina Shah formerly a ruler of small state of Gorkhap, conquered almost all the adjoining states in Nepal and set up a unified centralised sovereign kingdom in the later half of the 18th century. Expansion of the territory continued from time to time towards the south under the rulership of P.N.
Shah and his descendants. Battles were fought for supremacy with the then British Government in India during the reign of King Girwana, Yudha Bikram Shah and ultimately a peace treaty was signed at Sugauli in 1860. Nepal was recognised under this treaty as an independent unit but its foreign policy was under the control of British Government. During the reign of Rajendra Bikram Shah palace conflicts and intrigues enabled Jung Bahadur Rana to succeed in taking over the Prime Ministership in 1846. This office was later perpetuated as hereditary title. The then King ceased to be the defacto ruler of the country and this state of affairs continued for well over a century.

During this period namely the Rana Regime the Prime Minister (Shri Teen) acted as the real head of the state while King was only a symbol. The King was venerated as religious representative rather than as political head of the state. There is a famous saying in Nepal which runs in Nepali "Stone never speaks and the King does not move".

On account of contact without side world specially after the second world war it was not long possible to keep the Nepalese in bondage and consequently there was popular uprising against the Rana Regime. In February 1951, Nepal was declared a democratic sovereign state by the late King Tribhuwana who had been installed in the office by the popular will of the people. Under the interim government of Nepal Act 1951, a cabinet was formed in cooperation with the various political parties. A constitution was also formed and in 1959 the first general elections were held under it. The first elected cabinet with a bicameral legislature was set up under the Prime Ministership of Shri B.P.Koirala. In December, 1960, however, the Koirala cabinet was dissolved and
the legislature put into a cold storage by a Royal Proclamation under the provisions of the emergency powers mentioned in the Special Arrangement Act, 1960. A new Council of Ministers was set up with the king as the head. At the same time, the King issued a proclamation that he did not intend to revert to an autocratic rule. He promised that in due course a democratic constitution will be inaugurated and in December, 1962, the four-tier panchayat constitution of Nepal was announced. Recently elections were conducted all over the kingdom for the various panchayat assemblies. This panchayat system combines the voices and ventures of the basic democracies of Pakistan and the guided democracy of Indonesia.

During the Rana Regime there was no administration worth of name. It was the personal rule of the Prime Ministers, his members of the family and his followers. It was only in 1951, that Nepal emerged from the land of mystery into a country with modern democratic institutions. From 1951, till now is a very short period for the growth of modern administration. Nevertheless, in this short period many startling changes have been affected. In this thesis an attempt has been made to examine the various administrative units which have been set up. It is possible that they may not have achieved the purpose in such a short time but there is genuine attempt from the part of the ruler and the people to come together to make this experiment a success.
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ACKNOWLEDGEMENT

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CHAPTER 1

NEPALESE RANA ADMINISTRATION

1846-1951

NEPALESE RANA ADMINISTRATION (Sept 1846 to Feb 1951)
1. THE FUNDAMENTAL BASIS AND PRINCIPLE OF ADMINISTRATIVE EVOLUTION IN NEPAL.

For administrative purpose, the period of one hundred and four years of history of Nepal i.e., (Sept. 1846 - Feb. 1951) is termed as the Rana Regime. The subsequent administrative set-up i.e. Feb. 1951 onwards is to a great extent an outcome and product of the Rana Administrative System. The traditions, the fallacies and the set up of the re-organised administrative system in Nepal dates back to Sept. 1946. This is the year when in strange circumstances Jung Bahadur Rana emerged as a big and powerful personality. He was made the first Rana Prime Minister of Nepal. He was a very shrewd and clever person and managed to extract Sanads of 1846 (Royal Red Seal) from the then reigning emperor Shree Panch Maharaja Dhiraj King Surendra to establish and consolidate the hereditary rule of administration for himself and his successors. Since then the administration of Rana Regime became an established fact.

Jung Bahadur Rana laid the foundation of an administrative set up which has continued till even modern times with slight changes to meet the conditions. It contained the germ of modern administrative traditions. First of all he introduced a small code called the Barah Sawals (Twelve Rules) regulating the conduct of citizens. Law and order was maintained with the help of the army and the fear of the Ranas who had become the hereditary and real rulers of the country, confirmed by the Red Royal Seal. Later on Mulki-Sawal (code of regulation) for the Government Civil Servants outlining their functions and duties were formulated, codified and implemented. Simultaneously a series of 'Mulki Ains(Acts) were passed and promulgated laying
down the basic structure of Nepal's administrative system. In course of time, many alterations and improvements were made to this basic framework of Nepal's administrative set-up. Altogether there were 5 Volumes of Mulki-Ains and a single big volume of Mulki-Sawal. These are functioning even now with certain modifications. The framing and introduction of Mulki Ains and Mulki Sawals has demonstrated and differentiated clearly the role of Acts and Regulations in public administration. First, the several acts passed by the Government from time to time duly called "Legislative enactments" and second, the many administrative regulations framed to implement the spirit and policy of administration. This idea was continued and confirmed by the establishment of an office "Kaushala Adda". This designated office's primary purpose was to review, examine, suggest and forward the new line of reforms, repeals, codification of the Mulki-Ains and Mulki-Sawals in the light of new situations, changing circumstances and new needs of the administration of the country. Thus the duty of this office is to tender legal opinion, legal litigation and methods of drafting the new Mulki-Ains for the additions and alterations, improvement and introduction of the existing Ains and Sawals of the country. This can be called the modern prototype of "Law Commission". Actually this is the embryo of the law commission in Nepal today.

2. ADMINISTRATIVE ORGANIZATION AS IT EVOLVED DURING THE PERIOD (RANA REGIME)

The nature of administration of Nepal during Rana Regime can be classified as "Privileged and autocratic administration". This can be best amplified in the following manner. At the apex i.e. the highest supreme authority in the land is the emperor in the capacity as the head of the state popularly designated "Shri
Panch Maharaja Dhiraj." He had been made nominal or ornamental or even phantom head of the State. He was the wearer of the crown, receiver of foreign dignitaries, keeper of big lock of State Treasury room (Bhandar Khal and Mulki-Khana), bestower of the royal will and finally deliverer of Royal Red Seal Sanad being called in Nepal "Lal Mohar". The King's role was very much similar to the role of the Japanese Emperor during the Tokugawa period in Japanese history. The king was made virtually a puppet or prisoner in the hands of Ranas, the hereditary Prime Minister. In fact the real ruler of the country was the Rana Prime Minister. Thus, during the regime of Rana administration, all executive, legislative and even ultimate judicial authority was concentrated in the hands of Rana P.M. whose designation in popular Nepali was "Shree Tin 3 Maharaja Prime Minister" (The official title of the P.M.).

In sum and substance, he is the giver of law, dispenser of law and the fountain of justice or in other words, he combined all the powers exercised as the head of the government and the legislature and the highest court of appeal in the country. According to Prof. Pevcival London in his famous work 'Nepal' "The Rana P.M. was thereby given the powers of life and death and of appointing and dismissing all Government servants, of declaring war, concluding peace and signing treaties with all foreign powers including the British, the Tibetans, and the Chinese and finally, he was given the authority to make new laws and repeal old ones, civil, criminal, or military." In this way, although P.M. ruled in the name of the king, he was the real ruler. There was a peculiar tradition of the succession of perpetual hereditary line of Prime Ministership.
among the Ranas. This is what is called "Roll Promotion", which is literally equivalent to the sense of "Roll of Succession" on the basis of seniority. The chain of succession is already being discussed, understood among the Ranas on the principle of seniority and the first installment of the line of succession is declared publicly as "Ranaji Satra Bhai" (meaning thereby list of 17 senior Rana Brothers). The next person in the line of succession was the commander-in-chief, who later decorated with additional title, commander-in-chief and minister. This means he was deputy to assist the P.M. so he was called in Nepali 'Mukhtiar' and was the administrative head not only of the military but also of civil administration. The P.M. is supremely aided and advised by this principal second man in line of succession. Primarily he controls the whole civil administration of the country and answerable only to the P.M. In him lies the greatest confidence and burden of administration of the P.M. Below Commander-in-Chief and minister or the next authority of administrative hierarchical level were four Senior Commanding Generals. There were named four S.C.G. after the four directions of Kathmandu (Western C.G., Eastern C.G., Southern C.G., Northern C.G.). The senior most among the four in the line of succession was the Senior Commanding General of western side. He is separately and supremely called in Nepal "Jungi Latha," and draws some extra amount of salary in comparison to other his 3 colleagues senior Commanding Generals. He is the 3rd stepping stone in the post of Prime-Ministership. His primary business is to look after the administration of military purely and exclusively and it is entirely through him, the Commander-in-Chief and minister on the one hand, and P.M. on the other hand is made responsible to the affairs of military
administration. Therefore he has to visit daily the parade ground of the military and attend the work of military management. Below these Senior Commanding Generals, Lt. Generals were created, purely military posts, to be entrusted with the task of managing civil administrative departments. Still, one more level, below these Lt.Generals, are known as Major Generals, popularly called Director Generals who were entrusted with work of running the civil executive departments. They used to head different executive departments of the government of Nepal. In this way, through various channels of seniority basis and promotion roll, the Ranas as heads of departments were made responsible in the administration of the country to higher, next higher and ultimately to Commander-in-Chief and supremely to the P.M. Thus another peculiarity of Nepalese administration during Rana Regime, as we notice, is the merge of civil and military administration into one and same at the successive stages of hierarchical levels of administrative authority in both civil and military field of administration. Thus it comes to an end of the elaboration and elucidation of the type of "Privileged and autocratic administration."

3. DISTRICT ADMINISTRATION WITH SPECIAL REFERENCE TO REVENUE SIDE OF ADMINISTRATION AND JUDICIAL SIDE OF ADMINISTRATION

The country was divided into districts, numbering 31 during the old days of Rana Regime. In each district, there used to be appointed a district administrator, often times called 'Governor'. In Nepali language, officially he is designed as 'Bada Hakim' with its headquarter located in the Terai and the Hills. Geographically, in the matter of physical conformation Nepal was necessitated to be divided into 3 district zones.
1. Southern plain grass land areas called the Terai areas.
2. Northern mountaneous and hilly areas called the Hill areas.
3. Finally the central flat land called valley area constituting into 3 districts - Kathmandu (Kantipur) Patan (Lalitpur) and Bhatgaun (Bhaktapur).

Thus in the Terai, the offices under the headquarter of the districts are known as "Goswaras" and in the case of the Hills, "Gaundas". Still smaller Hill districts used to have as for example, Chisapani Garhi, Udaipur Garhi, etc. The capital seat of headquarter - offices of District Administration in hill districts used to be called as mentioned above "Gaundas". For administrative purpose due to inaccessible contact through improved means of transport and communication in order to facilitate the people, a small station (branch of main headquarter of the district) in the Hill was created as "Chhoti Gaundas". Taking the case of the valley, Kathmandu does not experience the rule of Bada Hakim, as it is directly and centrally administered areas. Patan (Lalitpur) also is exempted from the administration of Bada Hakim. The only district in the 3 constituents of Valley proper that is being entrusted with the administration of Governor is Bhaktapur (Bhatgaun). The Bada Hakim represents the central government on the spot administration. The Bada Hakim is in over all charge of the district administration and in those days of Rana times of actual backwardness in the means of transport and communication on account of his distance from and lack of intimate contact with the headquarter of the central government, he used to be an instrument of good as well as of terror and oppression to the people. The traditional functions of a Bada Hakim in Rana
days covered a limited range of duties - maintenance of law and order, collection of land revenues and the coordination and implementation of such welfare programmes and activities as undertaken by the respective and various central departments from the headquarter (Kathmandu) or, in short, to act as instrumental for conducting branch or field offices in the districts and the Hills. For the maintenance of law and order, a Bada Hakim is assisted by a regular team of armed police and stationed military soldiers. In the Hills, where there is no regular police organisation at all, the Bada Hakim has under his control the 'Militia' which is a body of local men who come up when called upon. Each Militia man was paid about 7/- per month. The Bada Hakim utilised the police and the regular army whenever available, or the Militia to govern his charge. In each district, the central government had also provided a jail. For the collection of revenues, he is assisted by a group of offices, called 'Mal Addas' under the headship of a principal officer called (Subba) who work under the control of a Bada Hakim. The revenue estimate is prepared, public and private land registration is recorded and the amount of revenue is collected by the 'Mal Addas'. Thus the collection of land revenue and safe custody is to be made by the Mal Addas and they are to report annually on all these matters through the Bada Hakim's office to the Central Land Revenue office and Revenue division of the central Government Department at Kathmandu. In this manner he is supposed to be the safe custodian of the treasury of Revenue Administration. The Revenue Treasury is to be locked doubly, one by the Subbas and other by Bada Hakim. In the third place, a Bada Hakim also acts as the Chief Agent of the judicial administration. Thus, besides Revenue Office (Mal Addas), Central Government had to maintain
district courts which were called in the Terai Districts, "Amini" and in the Hill Districts "Adalat". As a prototype or counterpart of the Rana Prime Minister in the district administration, a Bada Hakim equals no less than its master in the national administration. He hears the cases, invites appeals or other complaints through the 'Amini' (District Court). Finally, in old days of Rana Remime the Bada Hakim generally supervised the working of welfare departments like Education, Health, Construction of Road, public bridges, etc. He also had to give his full co-operation to all the welfare projects and bigger district-wide projects launched by the headquarter of the central Government. Last, but not the least, he used to exercise a bold supervisory role over the constructive and voluntary work of the district people and also over the smooth working of village panchayats in the whole of the district areas.

4. LOCAL SELF - GOVERNMENT:

In the Rana Regime, the last level of administration was organized at the local level as 'Gaon and Nagar Panchayats'. In the beginning they were not considered suitable for the Ranas and their formation was totally neglected. People began to be conscious of the participation in the democratic administration from beginning to end (local administration to national and state administration). So the people clamoured and rebelled against the Rana Regime to have administrative share at least in the local councils (in village as well as towns). This agitation led to the passing of special Acts which conceded the formation of Gram and Nagar Panchayats in Nepal. As a result, in between 1949 and 1950 the first Gram Panchayat Act, Nagar Panchayat Act and the District Court Act were promulgated. The 'Panchayat Goswara' (Name of the office in Nepali), or the Department of Panchayats to constitute new panchayats in
village and towns and to supervise and guide all panchayats after their formation was formed by the initiative of the then liberal minded Rana P.M. Padam Shamsher Jung Bahadur Rana. In course of time, the enthusiasm of the people to work the Panchayats successfully and smoothly and to pave the way for democratic consciousness failed due to the stumble blocking attitude of the autocratic administration of Rana Regime. Anyhow shape and existence of local self-governments continued in Nepal though on paper alone. People assumed that this was only meant to befool the mass (democracy demanding people of Nepal) and a sure way to deceive the sympathisers and well-wishers of the suppressed people of Nepal in the outside world. In such a manner, the local self-government during Rana Regime collapsed miserably to the utmost detriment of the interests of the people. This fact was realized later on and experiences were bitterly felt to pave the way for the successful implementation of local self-government scheme by the present Ministry of Local Self Government. The pure and simple reason of the failure of local self-government in Nepal during Rana Regime was the inability and unwillingness of Rana Government to enlist the mass co-operation and participation in the local administration.

5. PERSONNEL ADMINISTRATION.

The civil service under Rana Regime can be ranked among the aristocratic systems of personnel administration. In old days of Rana administration important offices went to the members of an oligarchy who had acquired some prestige amongst the people and a degree of experience and self-confidence on account of long family associations with the administrations.

Broadly the civil services were classified into two categories of personnel. In Nepali terminology known as
"Adalati Seva" and "Shresta Seva". Thus it is evident that two types of officers are tipped for the recruitment - one the specialists in legal and civil administration and the other those in financial accounting, auditing, collecting revenue and keeping and preparing the estimates and records.

There was no competent or constitutional body like an effective and independent public service commission in Rana administration to examine the merits of the candidates and recruit them.

There was an office called "Kamyandari Kitab Khana", its business being to report to the "Mukhtiyar" the timely needs of the various posts and get them sanctioned and also entertain application for filling them. One had to pass an essential and minimum degree in Nepali which is called "Nepali Pancha Pass" i.e., pass certificate in 5 subjects - law, accountancy or Mathematics, record keeping, writing, Geography and preliminary literature. In this way one who had to apply for the Government post must be equipped with the degree of Nepali Pass". Thus, poor, needy and helpless candidates had to apply for the lowest paid post. On the other hand, for certain section of people, there was no necessity of prescribing even the minimum and essential Diplomas in Nepali or degrees of the English education, say, S.L.C. Intermediate Degree (B.A., M.A. and other advanced qualifications) to get appointed in the higher responsible posts. The sons of courtiers and aristocratic friends of Ranas (favourites) were to be made Bada Hakim, heads of important and highly responsible offices.

I remember and exactly knew one person who could not even correctly read and write was recruited as Bada Hakim of one of the major districts of Nepal. Thus the higher and important posts always reserved for the favourites, flatters
and favourers of the Ranas and so the civil service was professionalised for civil oligarchies. This practice was famous by the name of "Chakadi System." There was no question of merit and other extra qualification for recruitment, promotion, transfer etc, of civil servants. One had to perfect in the art of Chakadi System though it was supposed to be one of the most heinous and poisonous aspect of Rana administration.

The scheme of the classification of civil posts and the compensations is indicated in the following table.

N.B. During the last year of Rana administrative regime in Nepal the value of Rs 100/- (Indian currency) varied from Rs 125/- to 132.50 Nepalese currency.

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<tr>
<th>No.</th>
<th>Post</th>
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<tr>
<td>1</td>
<td>Nausindha</td>
<td>Rs 204/-</td>
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<tr>
<td>2</td>
<td>Bahindar</td>
<td>Rs 278/-</td>
</tr>
<tr>
<td>3</td>
<td>Naib Writer</td>
<td>Rs 300/-</td>
</tr>
<tr>
<td>4</td>
<td>Writer</td>
<td>Rs 400/-</td>
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<td>5</td>
<td>Naib Mukhia</td>
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<td>6</td>
<td>Mukhia</td>
<td>Rs 500/- to 650/-</td>
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<td>7</td>
<td>Naib Ditha</td>
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<td>8</td>
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<td>9</td>
<td>Kharidar</td>
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<td>13</td>
<td>Sirdar</td>
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<tr>
<td>14</td>
<td>Qazi</td>
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<td>15</td>
<td>Bada Qazi</td>
<td>Rs 9000/- up to 6th June, 1952 in Nepal.</td>
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The civilised countries of the world attach the greatest importance to the training of government servants of all ranks. But miserably any type of training was non-existent in Rana Regime. The sound principles of public administration demand that all government servants should, after recruitment, be placed on probation and during this period, they should be asked to study the departmental 'Ains', 'Sawals', 'Manuals' and codes and be required to pass a departmental test. These tests could be held by the Public Service Commission for higher officers and by the Government or the Heads of the Departments for others. Still this also, was not realised and recognised by the Rana administration. Miserably Ranas failed to recognise the value of such widely acclaimed principle, of course, towards the end of the collapse of Rana Regime the system of apprenticeship and probation period of training of new raw, fresh University graduates who happened to be the favourites of Ranas and entrusted with the task of handling the big executive Departments was introduced but to little success. The integrity of civil service was nil in Nepal during Rana Regime. People heard from various sources that there was widespread corruption among Government servants of all ranks. The Ranas themselves were aware of this but they never cared for it because even then their favourites (civil officers) and their relatives earned money and other immovable properties well and nice. The Rana Supremes considered - "let them earn, they are our Chakaridars, we have to give reward (Bakshis) now they have earned by themselves and thus it saved our treasury and other reward giving devices". Thus the morale, prestige and
integrity of civil service were at ebb point during the Rana time of administration.

There was a novel feature causing an extreme peculiarity in the civil service system of Nepal during Rana Regime. I understand that under the old regime all government servants were appointed for a period of one year and their appointments were renewed every year. This system of "Annual Confirmation Method" is popularly called in Nepali language 'Pajani' System. There were two types of Pajani - distinct and varying (not in principle but in time and occasion) held in a year. One type is the confirmation ceremony or "Pajani" of only Ranas (from C-in-C and minister to the lowest paid civil and military officers and it is called "Chief Saheb Ko Thamauti"). The other one is the confirmation ceremony or "Pajani" of the rest of the civil servants and is called "Duniya Dari Ko Pajani". It is on this occasion the Rana Prime Minister used to announce award, the confirmation, promotion, removal unaccompanied by any punishment, dismissal with penalty and other injuries and retirement of civil servants. As a token of service devotion and loyalty to the Prime Minister every civil servant had to pay Rs 1/- per year out of his monthly salary to the Prime Minister and this amount was called "Salami Katta" in Nepali administrative usage. Formally the civil servants had to pay personal visit to the P.M.'s residence to present Rs 1/- silver coin in the floor in front of his P.M. and get it touched by the gracious hand of the Rana Prime Minister. I understand that similar was the case with regard to the administration of Nizam in Hyderabad.

Anyway on the 'Pajni' day, some few shall be promoted, some few removed and dismissed, very few retired and decorated
with honour and titles etc. This was done on the basis of the reports and records of the behaviour of civil servants prepared and presented to the P.M. which are called "Pajani Kagaj", by three officers, namely Haziri Goswara; "Adda Janch" and "Shresta Adalat". For all practical purposes, however, old government servants were permanent servants as the yearly renewal was by and large a formality. One can be confirmed annually, promoted, removed, dismissed and retired on the sweet will of the Rana Prime Minister. Sometimes at the anger of the P.M. a person could be debarred from his service and all the property confiscated; this process was called in Nepali "Jayadad and Had Garnu". But there was one romantic exception to this confiscation of the property of civil servants. It was like this and simple. One who had seven daughters was exempted from this penalty. Per chance I personally happen to be the son-in-law of a Subba of custom office, having seven daughters.

There was no age limit of civil service tenure in Rana Regime. It depended on the mercy and good will of the Rana authority. I know many cases (instances) of serving the civil post unto the death. According to the opinion and judgement of the Rana, someone may be relieved and retired from the civil post compulsorily or voluntarily out of the personal willingness with or without retirement benefits and other gratuities. Up to the administrative regime of P.M. Bhim Shumshere, there was no system of such arrangements. Judha Shumshere introduced with legal procedure the system of pension at the rate of 1/6th of the basic pay to the long service of 36 years of continuous service and also such civil servant was to be decorated with medal inscribed as "Dirgha Seva Patta". I came know, that in my schooling, my father was invested with this Mulki Sawals (Regulations) p. 25.
honour. I have preserved the medal up till now after the death of my father during my school days. Lastly one more may be mentioned, there was no accommodation of all civil offices or all the civil offices were not housed in the commodious secretariat building as it is in Singha Durbar today (Nepal). Necessarily therefore the public offices in Rana Regime were scattered at different places. The various departments were not seated compactly and rooms not properly partitioned and apportioned to facilitate business like transaction of work. Many of the offices spread out in the city which could not be brought to a single headquarter and this could not make for better co-ordination and supervision of government work. This also resulted much discomfort to the people at large.

6. FISCAL ADMINISTRATION OF NEPAL DURING RANA REGIME.

It was wonderful thing in Nepal during Rana Regime that there was not a regular Finance Department as in India and elsewhere. His Majesty, the King Emperor, in theory was the guardian and keeper of the lock of State Treasuries (Bhandar Khal and Mulki Khana). In practice, the Rana P.M. was the real owner of the vault where gold, silver, Indian and Nepalese coins, Indian currency and Nepali currency are deposited. There was no clear line of demarcation between the state funds and the privy purse of the Shree Tin Maharaja or Rana P.M. There was, therefore, no need of framing a consolidated budget. There was always a surplus of receipts over expenditures and the budget was never made known to the people. The Rana Prime Ministers were probably not interested in presenting a picture of the over all financial position of the country to the public. All the expenditure to be met with for the civil and military posts were used to be sanctioned by the order of the heads of the Departments i.e. the Rana hierarchical authorities from C-in-C.
and minister to the Lt. Generals and Major Generals as Director Generals from the Rana families. The record of civil officers and military personnels and the needs and amount of money were found to be in the office called "Kamyandari Kitab Khana" which scrutinizes the monthly payment paper and duly it awaits to be financed by the Mulki Khana. Expenditure on items other than pay and allowances of the civil service, was to be sanctioned on the basis of oral and secret discussion between the Rana Prime Minister and his next nearest successor, the Commander-in-Chief and the various heads of Departments, named as Director - Generals. In this way the surplus income of the country could be taken out from the state vault at any time and for a century of family rule in Nepal the Rana administration usurped the tears, sweat, toil and blood of the people who was reduced to the utterly poverty stricken position of not getting even two square meals a day. Every Rana P.M. and his successor used to accumulate huge amount of money, usually deposited in Foreign Banks. Thus it is clear that putting aside a certain fixed amount as demanded from time to time by His Majesty the King Emperor, and spending certain amount as pay and allowances of the civil and military officers, the rest of the surplus income of the country used to be pocketed by the Ranas. Such financial autocracy and heavy exploitation of the public purse went up to that extent, so much so that even the dire personal and private needs and innumerable requirements of the Rana Prime Minister, many offices were created and the pay and allowances were to be paid from the State Treasury not from the private purse of the Prime Minister. As for example, for the purchase and preparation of medical pills, fan, heater, luxurious articles and cosmetic
Commodities, the State Treasury had to provide money and the accounts were recorded secretly in the "Kaushi Tosha Khana", and "Mulki Khana." No other worst example of such a colossal and naked exploitation of public purse into the hands of the Head of administration can be known and heard from any quarter of the world. In absence of a regular finance Department, it should not be assumed that there was no financial control under the Rana Regime. There was, in fact, stringent control over incurring of expenditure, collection and write off of revenue but it was different in form from that obtaining in Nepal today and in India. Accounts were kept separately by various offices and were not consolidated for the country as a whole in respect of the activities of the State. Under the Rana Regime Audit was entirely separate from Accounts and were carried out by the separate sets of offices called, in Nepali, "Kumari Chowk" and "Mashkewari Janch Adda" respectively. The latter office is the central Accounts Office. This office receives monthly statements of receipts and expenditures from the various Mal Addas, Treasuries and all other government offices and Departments. The former office acts as the Central Audits Office. The Kumari Chowk consists of six offices, two for Terai, two for Hills and two for the valley. All these offices statements of accounts from all Treasuries (districts, Hills, as well as central) and such other offices as are responsible for keeping accounts and incurring expenditures. It approves the report and recommendation sent by the Mashewari Janch Adda and writes off the account to the various departments and offices of expending side of administration. This approval and process of confirming the accounts report and recommendation of the Meskewari Janch Adda by this Kumari Chowk office is called in Nepali "Farakha Garnu" (to write off and to issue
the clearance auditing certificate). In order to meet the financial control of these offices more effective and stringent, it had been arranged that in every Mal Addas and other treasuries of different departments of the Nepal Government, there are "Do Sancha" and 'Tin Sancha system. 'Do Sancha system' in Nepali means the safe vault of each Department of the Government must have two keys of locks preserved one by Hakim and second by his assistant called 'Taharir'. In the case of Tin Sancha system the safe-vault must have three keys of locks, one lying with Hakim, second with Taharir, and third with Bada Hakims in Terai and Hill and Shree Panch, His Majesty the king in the central Treasury. This is an odd arrangement.

Finally it may be useful to describe briefly the monthly procedure. The pay bill or report as it is called, has to pass through six stages in different offices before it can be encashed. The journey of a pay bill or report is somewhat as follows:

(i) Kitab Khana for certification that the persons are in government service and are entitled to the rates of pay and allowances mentioned therein.

(ii) Drabya Kosha for indicating whether any deductions in respect of Provident Fund are due.

(iii) Tijaratha Adda for the purpose of verification whether any deductions have to be made in respect of loans and other advance payments to the government employees.

(iv) Shresta Adalat for verifying whether any deductions by way of fines or adjustments of fines and other penalties are to be made.

(v) Haziri Goswara for verifying whether any deductions have to be made for unauthorised absence and leave of the employees.
(vi) And, finally, 'Bali Talab' for working out the net amount and certification of making payment. After this process is over, the pay bill or report is to be presented in the "Kaushi Tosha Khana" and encashed very soon. It is hardly necessary to point out the inconvenience and delay caused on account of this involved procedure.
CHAPTER II

NEW ADMINISTRATION

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(A) Search for new principles to establish and consolidate new system of administration in Nepal, 1951.

(B) Significance of the establishment of new administrative machinery in Nepal (February 1951).
(A) SEARCH FOR NEW PRINCIPLES TO ESTABLISH AND CONSOLIDATE
NEW SYSTEM OF ADMINISTRATION AND SIGNIFICANCE OF THE
ESTABLISHMENT OF NEW ADMINISTRATIVE MACHINERY IN
NEPAL. (1951)

The year 1951 is considered as a red letter day in the history of public administration in Nepal. This year saw the end of a century old absolute rule of the Rana Prime Minister. In February, 1951, the country started with the search of new principles on which new administration could be set up and which could meet changing and modern conditions and could operate in democratic reign in Nepal. With the setting up of a democratic government it also became necessary that corresponding changes be introduced in the administrative system of the country.

As a major and significant change, first of all, the Government of Nepal was shaped thoroughly within the democratic principles. For the moulding of a democratic form and administration of the country, it envisaged a proclamation by the king of Nepal. This was possible under the blessings and wise guidance of the liberal and progressive minded king Tribhuwana Vir Vikram Shah Deba. His Majesty the king of Nepal expressed his desire and resolve that his people should from now be governed according to the provisions of a "Democratic Constitution" framed by them, and until such constitution was framed, he set up a council of Ministers to aid and advise him in the exercise of his functions. Thus it is clear that for the first time in the country of Nepal, the separation of Power, the cabinet or parliamentary form of democratic government, a constitutional Head of the State, a Political Executive and a
Permanent Executive, were in the real sense introduced. For its materialisation, the "Interim Government of Nepal Act" was promulgated on the 18th February, 1951, and this brought about a democratic form of Government of Nepal with a council of Ministers as the Head of His Majesty's Government and King Tribhuwan playing the role of a head of the state for the country. To sum up, the act and as well as the drastic action of the King (popularly known as the Interim Constitution visualised a parliamentary form of democratic government providing for the effective delegation of powers from the king to the Ministers and who are to aid and advise His Majesty the King). A composite Ministry of Ten Ministers with the Rana Prime Minister Maharaja Mohan Shumshere Jung Bahadur Rana at the head and Shri B.P. Koirala as Home Minister was constituted on 18th February, 1951. This Ministry resigned on 12th November, 1951, and the new ministry with M.P. Koirala as the Prime Minister was formed on 16th November, 1951. This ministry also resigned followed by the direct rule of His Majesty the King. In Nepal when there is no cabinet, the country and its people experienced a new administration being called "The Direct rule of the King". After the failure of the direct rule under King Tribhuwan, M.P. Koirala was re-installed as P.M. for the second time and also for the 3rd time when he reshuffled the cabinet according to the mandate and desire of the King Tribhuwan at later dates. In the reign of the present King Mahendra, there were 'direct rule' thrice sometimes preceded and sometimes followed by 4 ministries led by Tanka Prasad Acharya, Dr. K.I. Singh, General Subarna Shumshere and finally Prime Minister B.P. Koirala (Head of the popularly elected Government among the above series of formation of Ministries). At present a council of Ministers
and all other ministers working in their individual capacity. This is a new adventure in Nepalese politics, an admixture of the direct rule and the council of Minister's regime.

The Interim Government of Nepal Act 1951 also provided for the setting up of a "Pradhan Nyayalaya" with a Chief Justice and other judges to make the judiciary independent and impartial from the encroachment of the arbitrary control of the executive. By an amendment to the Interim Government of Nepal Act it was also provided that for the greater association of the representatives of the people in the administration of the country, an Advisory Assembly should be constituted to aid and advise His Majesty the king and the council of Ministers. The Assembly should cease to exist on the formation of a Constituent Assembly and was to meet at least twice every year. The Advisory Assembly could not discuss a motion expressing censure of or want of confidence in any minister or the cabinet as a whole but it had powers of interpellation. Legislation would be placed before it for approval. The Annual financial Statement was also to be laid before the Assembly. Nepal has the experience of the formation of 3 Advisory Assemblies of such status up till now covering the reign of both King Tribhuwan and King Mahendra of Nepal. Thus the meetings of the Assemblies were called thrice by the end of 1959.

This was the picture of forms of Government, but in Nepal as elsewhere "that which is administered best is best". In Nepal there had been a revolutionary change and administrative reforms were necessitated by the new set up of administration. Well begun is half-done. With the above political arrangements, the other half could also be carried out a fact which remains to be translated by the administrative arrange-
ments. Time had however come and is ripe for the new administration of Nepal to settle down. New measures and principles were searched for the establishment and consolidation of the new administration in Nepal (1951).

Broadly speaking, two types of new principles were searched for the establishment and consolidation of the new set up of the administration of Nepal in 1951. The first one may be designated "Primary new Principles". And the second may be called as "Advanced new Principles." The former served the minimum and the essential while the latter was progressively advanced. The former's influence was immediate but the latter possessed of far-reaching consequences.

The primary new principles were searched as follows:

(a) The first measure of administrative arrangement on the line of new principles, introduced under the new set-up, was the establishment of a 'Central Secretariat was responsible to the Ministers-in-Charge and advised them on matters of policy and also in the administration of plans and programmes in the council of Minister's as a whole as well as in particular sphere of responsibility. For the first time in the history of Nepal, the Central Secretariat was housed in the commodious 'Singha Durbar', the former official and personal residence of Maharaja Rana Prime Minister. Various ministries were located in Singha Durbar. The number of Ministries has varied with different governments during the last eleven years which ranged from nine to fourteen. In the beginning (February 1951), the number of ministries, as reorganized by His Majesty the late King Tribhuvana more than 10 years ago on a rational basis, was nine as given below:

1. Ministry of Home Affairs (2) Ministry of Foreign Affairs (3) Ministry of Defence (4) Ministry of Finance and Land

2. New and higher cadres of the civil service were created and appointments made to them. The old scales of pay were revised and upgraded. In the Rana Regime 15 old designations were made in the civil service. In the reorganized set up, old designations were abandoned and new ones such as Typist, Junior clerk, senior clerk, Assistant, Superintendent, Gazetted Officers etc. were brought in. The permanent head of each Ministry was a secretary and under him was Deputy Secretaries, Assistant Secretaries, Gazetted Officers, non-Gazetted Officers, Senior and Junior typist and other clerical staff. Again to coordinate the functions of all the Ministries in the Central Secretariat, there was a Chief Secretary or Cabinet Secretary to His Majesty's government, who also functioned as Secretary to the council of Ministers. In this way, apart from the Secretary and the Deputy or Assistant Secretary there were only four other categories of central secretariat civil servants with appropriate Nepali designations (Thus the old 14 designations were reduced to 5 new ones). His Majesty's Government of Nepal also announced new scales of pay from time to time to attract the services of young, promising, civil
servants and to inject new blood in the administration of Nepal. This may also be considered a new principle in the new set up of administration.

3. In Rana Regime, there was no differentiation of the formulation of policy of administration and its execution and implementation by various executive Departments. The new set up of administration gave a death blow to this system of Rana administration. A new principle emerged. The various ministries were made responsible on matters of policy and also in the administration of plans and programmes of each and every ministry in the central Secretariat. The actual execution of programmes and activities, however, was left to the creation of various executive departments which were also organized on a functional basis and were made responsible to their respective ministries. The number of such various executive and technical departments varied from time to time, it ranged between 11 to 30 namely the departments (1) Publicity (2) Radio Nepal (3) Hospitality (4) Customs Commissioner (5) H.M.'s Mint and Assey (6) Accountant General's Office (7) Terai Land Revenue (8) Hills Land Revenue (9) Survey (10) Agriculture (11) Irrigation (12) Forests (13) Food (14) Village Development (15) Rapti Dun Development Administration (16) Co-operative (17) Industries (18) Cottage Industries (19) Civil Supply and Central Purchase (20) Mines (21) Education (22) Health Services (23) Nepal Museum (24) Archaeology (25) Panchayats (26) Communications (27) Public Works (28) Electricity and Ropeway (29) Civil Aviation, Railway and Road Transport (30) Post and Telegraph.

At the head of the various executive departments are Directors, one or more Assistant Directors and Technical and
other officers of Gazetted and non-Gazetted ranks. Though all Departments had their headquarters in Kathmandu most of them had their branches or field offices in almost every district, and it is through these branches or district offices that they administer and executed their activities throughout the country.

4. The Interim Government of Nepal Act 1951 provided for the creation of the office of a Comptroller and Auditor-General, a Public Service Commission and an Election Commission for holding elections for the constituent Assembly. This was also a revolutionary change and one of the additions among the new principles of administrative set up in 1951.

5. Finally, in this list one more new principle was enunciated as regards to the materials, and the procedures of administration in Nepal. In Rana times, there was an unique procedure of administration which has been outlined in brief in the first Chapter. But now in the new administrative set up, a good procedure commonly understood and beneficial to the masses was needed urgently. Therefore, a series of Rules and Regulations on the procedure of new administration were promulgated by His Majesty's Government notably among them being "Sachibalaya Karya Bidhi Niyamabali" and "Karya Sampadan Niyamabali". The detailed discussion of the procedure of new administration will be taken up in the subsequent chapters.

Thus, below the level of the council of Ministers, three levels of central administration may be identified in Nepal during the new administrative set up.

1. The Central Secretariat or the level of the "Ministries" (Secretariat Depts) which formulate policies and plans and
advises their respective Ministers or His Majesty the King during "Direct Rule" by the King.

(2) Executive Departments which co-ordinate the preparation and execution of programmes and projects in their respective areas of responsibility throughout the country.

(3) Departmental field or branch offices, which execute activities and programmes in their local areas under the direction of their respective Departments.

(1) The first new principle under the advanced stage of administrative set up and design of Nepal Government in 1951 was the introduction of the O and M Division, as an administrative wing under the Ministry of Finance and Land Revenue and after 1954, it was placed under the Home Ministry. As an advanced new principle, this establishment was born only in 1952, a year after the consolidation of the essential and minimum materialisation of new principles under the primary ones. The next step in this line of new principles was the setting up of an Institute of Public Administration to serve as the clearing house in solving the major and significant problems of administration of the country and also to provide a school for the various types of executive and of imparting training to the civil servants of the country. These two vital institutions of administration were immensely improvements on the primer necessities of new administration of Nepal in course of time.

2. The second approach of seeking the new principles under the advanced line of administration was the adoption by His Majesty's government of Nepal to form Commission of Inquiry to reform administrative matters, demand of Reports on the same, securing of administrative assistance from outside
world and international agencies like U.N.T.A.A. for modernising the skill and strength of administration in the country. Many such commissions were formed like N.M. Buch Commission on the Nepal Administrative Reorganization Committee, 1952, Administrative Reorganization Planning Commission, 1956, Screening Commission, etc.

Next to these bodies, an Institute of U.N.T.A.A. was set up by the Government of Nepal with the assistance of the United Nations to make available the best resources from the outside world in the form of aid programmes of various types for the speedy orientation of the modern, efficient, economic and vigorous administration in the country. Both these institutes under 1 and 2 sub-heads, are well-intentioned search for advanced new principles of administration in Nepal after the set up of modern administration 1951. They ought to have laid the firm foundation of enlightened and efficient administration of Nepal in future course of time.

B. SIGNIFICANCE OF THE ESTABLISHMENT OF NEW ADMINISTRATIVE MACHINARY IN NEPAL 1951.

With the overthrow of the century old privileged and autocratic administration, Nepal became the torch-bearer of the new administration on the sound principles of public administration. Nepal started the experiment of the civilized administrative machinery. A lots of significance are attached with this new administrative machinery founded in 1951. The significances can be grouped under two heads - Internal significances and External significance. By internal significance the virtues and benefits felt and realised by the people of Nepal themselves. By the latter type of significance, we mean
the influence and admiration, poured and expressed by the outside world. Specially India and the immediate neighbouring countries in Asia. Let me explain the implications of each rank of the significance.

Internally, people of Nepal pined high hopes on the set up of new administration. They congratulated the leadership of the king and the banner of Nepali Congress which two, they felt are responsible for this change. The people dumb one crore were exploited heavily by the absolute machinery of administration under Rana Rule. They aspired, blessed the new administration and sincerely believed that the new government and its administrative arrangements would deliver maximum goods to the country. The change, they called as magic and drastic, so also they dreamt that in Nepal hell would be turned into heaven. Nobody can fathom the jubilation and high hopes of the people of Nepal at the new administrative machinery in 1951. Every thing goes well and administration will be extremely effective to make each and every Nepalese more prosperous, happier and healthier. The caravan of the welfare of the people has been launched by the set up of the new administration. This is the general picture of the mass welfare viewed by the countrymen in the first hand. On this broad basis, they also canalised their high hope into many small channels. In the first place, they hoped the speedy recovery of the economic re-construction caused and damaged by the corruptible administration and of Rana still/also to some extent the consequences of the rising spiral of inflation effected by Second World War as well/the feudal system of land holdings in Nepal. Nepal possessed only lands which have multi-purpose wealth producing activities in Nepal. Necessarily therefore, people clamoured
the land reforms and, as a corollary, cheap bread and butter. In short, they wanted to lead the lives of high economic standard of living. This was so because the leaders at that time campaigned to seek the support of the mass from door to door with the speeches of highest promises and allurings. In the second place, people also hoped that all the arrangements of interim form of political system would be converted into full-fledged democratic, political system. They would have a new constitution adopted by the constituent Assembly. They would enjoy the franchise to elect the members of new parliament, form new popular cabinet. To sum up, they wanted to clear the royal road to perfect democracy in the country. They were determined to stabilise all the needs and requirements of the firm foundation of democracy, lest they cannot hope much from the new administrative machinery of 1951. Finally, the people definitely came to the conclusion that after such wide arrangements and finalisation only the executive would be responsive to the interests of the people. The people had bitter experiences of irresponsible and tyrannical executive under Rana Regime. So it is but natural for them to make the administrative machinery efficient, economic, vigorous and sound ones and fit to play the role of the giver, dispenser and fountain of maximum health and happiness to the people of Nepal.

Externally too, the significance of the new administration proved very bright. The isolationist policy and rule of Rana came to an abrupt end. Nepal could ensure closer co-operation and contact with the big and small foreign powers. It is through administration, a century old unknown and neglected country could gain the prestige of an international personality. Many diplomatic relations were explored and
opened and it could apply for the membership of a seat in the
comity of nations gradually and U.N.O. ultimately. Nepal, in
the eye of outside world, was ranked among the democracy-
loving countries of the world. The fight for democracy and
the end of Rana rule was much liked and admired by the many
countries of the world. Thus Nepal could win the sympathy
and support of the outside world in the time of crisis of
democratic movement. The administrative machinery was valued
more by the "Resurgent Asia". The Asian neighbouring countries
of Nepal were immensely happy at the functioning of democratic
administration of Nepal. Specially India was extremely pleased
to see the collapse of Rana Rule and the gradual experiment
of democratic rule in Nepal. She was extremely horrified at
the growing rise of communism in Tibet at that time. India's
hope always tied with Nepal in the sense that Nepal could
emerge as a buffer state to meet the aggression from the
North i.e. the infiltration of Red China who claimed
suzerainty over Tibet at that time. To sum up, in the eye of
the whole world, Nepal became a shining star with great hope
of democracy, peace, friendship and civilized administration.

In the early beginning of 1951, many defects came out
one after another. Let me explain in turn:

1. In the early beginning the working in the Secretariat
suffered from one serious bottleneck. The budget not having
been passed and proper financial delegation rules not having
been framed, every thing went to Finance Ministry for sanction.
This increased work and caused unnecessary delay. The Finance
Ministry had to take steps to issue sanctions and delegations.

2. The other second bottleneck is in the General
Administration Ministry. The appointment of every single
government servant, whether at the Headquarters or in the
district had to be referred, even after financial sanction had
been obtained and the Ministry concerned had selected the
person, to the 'Kitab Khana' through the General Administra-
tion Ministry. Only when the Kitab Khana gives a clean certi-
icate about the person proposed to be employed it was possible
to issue formal orders of appointment. The delay in filling
up vacancies and the selected persons being able to draw his
salary when the appointment had to be referred to a single
central office in the country, could easily be imagined.
Moreover, the monthly payment procedure, as mentioned in the
Chapter I was very complicated, time consuming and condemnable.

3. The Secretariat Department would generally appear to
be top heavy so far officers were concerned and the district
offices, Secretariat Department, and departments would appear
to have excessive clerical establishment.

4. In the early beginning there was no proper division
of work between officers and clerks. This defects and how to
remove it would be discussed and how the secretariat should
be organized, will be explained in the coming third Chapter
(the Departmental Type of Administration in Nepal).

5. There was also no proper division between the work
to be done by the Heads of the Departments and by the
Secretariat ministries. There was need for more personal
consultation and discussion between various Secretariat and
other departments, unofficial instead of official references,
etc., etc.,

6. In the early beginning there was a tendency to refer
far too many cases including those of a petty nature to the
cabinet as a whole. Thus there was no expeditious disposal
of business and the cabinet was burdened with unimportant work.

7. The new administrative system could not do away and smash completely the old system under Rana Regime. So some portions were allowed to continue to function, as for example the payment procedure, confirmation of the service appointment etc. At the same time a flood of new administrative regulation and a pure modern system was welcomed. Thus it is a mixture of both old and new systems. The posts had been filled by persons both old and new officers on account of their age, qualification or experience, some of them were or not suitable for such posts. In such atmosphere, administration could not be cleaned. It failed to be understood wholly neither by the old ones nor by the new entries. The experts coming from outside world could meet both old and new officers, and could not well understand the problems and approaches of both sides. As a result they were much handicapped to present the good and effective reports and remedies to the defects of administration in Nepal.

8. No consideration was given to the difference between agency and auxiliary agency. As a result, there was no clear demarcation between administrative service and technical service. The executive class of service or shortly the administrative officers always claimed superior in every respect of technical class of service. Thus there was predominance of administrative officers over the technicians of the executive departments. This was most undesirable and expected to bring disastrous effect in the vitality of administration.

9. One of the serious defects was the lack of permanency and security of tenure of the civil servants. There was a list or pool of civil servants, recorded in the 'Kitab Khan.' Any
number of civil servants would be asked to work one day in one Department and tomorrow (next day) the same person may be asked to work in another office in another capacity. It was said to be good and acceptable on the ground of 'Deputation by the Government.' In Nepali plain language, it is called "Kaz System". There was no hard and fast rule to employ a certain officers; to send on deputation and to re-occupy the former position. Worst of all, one many be relieved of any work in any government department and asked to remain in the "Reserved Cadre", in Nepali language designated "Zegeda". The officers in the reserved cadre need no performance of work, they had to be present at any time daily and put the signature in the register and draw salary (full payment of month) regularly. This system is called "Zegeda System". This affected the prestige and morale of other civil officers and it waited for a long time and recently the present king Mahendra did it good to abolish the system for ever.

10. Right persons were not placed on right posts. Appointments were made on any other basis than of merit and that civil services in Nepal were contaminated by party politics. I remember sharply a case when a candidate who got plucked in the first year examination of I.A. was tipped as an under Secretary in the Ministry of Forests. In Nepal, the privileged ruling caste might make room for persons selected on their merit by an impartial authority. But unfortunately, neither the art of 'Chakari System' nor the purge and screening of old elements and appointments were eliminated and abolished in Nepal. Necessarily therefore, corruption and favouritism raged in the civil service. The civil service
failed to be professionalized on the merit principle being
effected by an impartial authority Public Service Commission. In Nepal, the civil service could not fill the dual role of
giving advice frankly and fearlessly and carrying out the
policies and orders of government loyally and devotionally.
This is the most lamentable thing in the administration of Nepal. More in detail would be discussed in the subsequent chapters.
CHAPTER III.

ADMINISTRATIVE ORGANIZATION (VARIOUS MINISTRIES).

DEPARTMENTAL TYPE OF ADMINISTRATION:

CONTENTS

1. Administrative Organization of Ministries, Departments, Other Agencies.
2. The Organization of the "His Majesty's Government of Nepal."
1. ADMINISTRATIVE ORGANIZATION OF MINISTRIES, DEPARTMENTS, OTHER AGENCIES.

As already indicated, during the whole period of Rana Administration, public offices were not categorised into different designations i.e., the Secretariat Office, (Ministries) attached office, subordinate office. Rana Regime also never introduced the advisory offices, Committees and Commissions to make administration more in keeping with the system of modern administration. Roughly, there were various Departments in the nature of executive offices each under the control of Major-General or Lt. General acting as the head of these executive offices.

After the Rana Regime was over in Nepal, the first big change was made in the establishment of the different grades of government offices. Several ladders of public offices were created and systemized. Administrative offices were organized, first on a sound functional basis and this gave birth to various 'Ministries' or Ministerial Departments. These offices can be called public offices with sole authority and having particular sphere of responsibility in their allotted business. In February, 1951, the various Ministerial Departments were grouped under 17 heads as follows:

1. Ministry of General Administration.
5. Ministry of Food and Land Administration.
7. Ministry of Transport and Communications.
10. Ministry of Industries, Commerce and Civil Supplies.
11. Ministry of Planning & Development.
17. Ministry of Health.

The number of ministries fluctuated and varied with different governments coming into power and thus it could not be fixed at a definite number. This necessitated the promulgation of the His Majesty's Government Allocation of Business Rules 2015 Nepal Gazette September 22, 1968. In Nepali language it is pronounced as 'Shree Panch Ko Sarkar Karya Niyamharoo'. Thus it fixed the number of ministries at 10 on a rational basis. They were as given below:

1. Ministry of Home Affairs.
10. Department of Chief Secretary's Office.

On first Pous, (15th December, 1960) this Rule was
amended by another Allocation of Business Rules Nepal Gazette

Thus the ministries have ranged from 10 to 12 as follows: (1) Home and Local Self Government (2) Defence (3) Finance (4) Foreign Affairs (5) Works, Irrigation, Transport and Communication (6) Palace Affairs (7) Development (8) Planning (9) Forest, Food and Agriculture (10) Industry and Commerce (11) Law, Justice and Parliamentary Affairs (12) Education and Health.

Again by the end of December, 1960, King Mahendra announced two new ministries raising it to 14. These two new ministries were Ministry of Supervision and Inspection and Ministry of National Guidance. Thus at present the ministry's number is 14. The second type of public offices are Directorate Departments or subordinate offices. There are no attached offices in the administrative Organization of Nepal. These subordinate offices are responsible not only for providing executive direction required in the implementation of the policies laid down by the Ministry but are also responsible for the detailed and actual execution of the decisions of the government. They function directly under a ministry. The number of such executive and technical departments was 29 by the end of 1951 (1) Department of Publicity (2) Radio Nepal (3) Hospitality (4) Custom and Excise (5) Mint and Assay (6) Accountant-General. (7) Tarai Land Revenue (8) Hills Land Revenue (9) Survey (10) Agriculture (11) Irrigation (12) Forest (13) Food (14) Village Development (15) Rapti Dun Development Administration (16) Co-operative (17) Industries (18) Cottage Industries (19) Civil Supply and Central Purchase (20) Mines (21) Education (22) Health (23) Nepal Museum (24) Archaeology (25) Electricity and Ropeway (29) Civil Aviation, Railway and Road Transport. At present, by the end of December, 1960, the Department have increased
up to the strength of the following numbers:— Departments of
(1) Department of Publicity and Broadcasting (2) Department of
Jail (3) Department of Police (4) Intelligence Bureau (5)
Secretariat Engineering Maintenance Department (6) Forest
Department (7) Hospitality (8) Education (9) Archaeology and
Culture (10) Museum and Zoo (11) Custom and Excise (12) Survey
(13) Central Statistics (14) Land Revenue (15) Accountant
General Office (16) Central Provident Fund (17) Central Mint
and Assay (18) Agriculture (19) Food (20) Co-operative (21)
Village and District Developments (22) Industry (23) Commerce
(24) Mining (25) Irrigation (26) Public Works (27) Postal
Development (28) Electricity (29) Tele-communication (30)
Transport (31) Tourism (32) Village Panchayats (33) Service
(34) Ayurveda Services (35) Department of Defence (36) Rapti
Dun Development Administration (37) Department of Kosi Land
Acquisition office (38) R.T.O. administration office (Regional
Transport Organization).

The third and final unit of administrative organization
of Nepal were the special agencies (statutory Departments)
mentioned in the constitution viz Nepal Public Service
Commission, Nepal Comptroller and Auditor-General, Nepal
Election Commission.

(A) Ministry of Foreign Affairs: The Government of Nepal
had dealings with foreign countries since the time of Jung
Bahadur Rana and the business was conducted by the Department
known as "Secret and Political Department." The need of a
separate and publicly known as Foreign Department of the
Government of Nepal was felt by the Maharaja Chandra Shumshere
Jung Bahadur Rana. There were two offices under the foreign
Department — Munshi Khana and Jaishikotha. The former office conducted the relations of Nepal with all foreign powers barring Tibet. The latter was exclusively concerned with the Tibetan affairs. The reason was simple. The relation of Nepal with Tibet was on extraordinary footing. Nepal under treaty arrangement, had extra territorial rights and extra diplomatic immunities of the diplomatic mission of Nepal to Tibet.

The State of affairs continued up to 1950. In 1951 the whole set up of foreign department was re-organized and the present set up is the product of that line. From 1951 to the present time at head of the department of foreign affairs, was Foreign Minister (in most cases also the Prime Minister) who had the portfolio of External Affairs and sometimes was assisted by an Assistant Minister. The ministry had never created the system of parliamentary secretaries to the foreign minister. In the beginning (immediately after the reorganization in February, 1951), this ministry was entrusted with the following business: (1) Foreign Policy (2) Relations with Foreign States (3) Foreign Missions in Nepal (4) Foreign Publicity (5) Embassies and consulates abroad including appointments (6) Protocol (7) Ceremonial matters relating to foreign visitors and consuls (8) Passports and visas to foreign countries (9) Pensions to Gurkha soldiers and their families belonging to Indian and British Armies (10) Extradition of criminals and accused persons from foreign countries. General Administration of Extradition Acts and Rules. Extra territoriality (11) Extradition from Nepal.

In the course of time, Nepal entered into diplomatic relations with many other nations. She was earning more and more prestige in the family of nations. She was admitted as a
member of UNO. Her Embassies and Legations were expanded. To meet all these increasing international responsibilities, the scope about allocation of Business Regulation of 1951 was necessitated to be enlarged under the allocation of Business Regulation of 1960 and as a result of which at present the ministry of foreign affairs is responsible for work connected with the following subjects (1) Foreign Policy (2) Relations with Foreign States (3) Foreign Mission in Nepal (4) Foreign Publicity (5) Embassies and Consulates abroad (6) Protocol (7) Passports and Visas to foreign countries (8) UNO (9) Representation and membership to International institutions and associations (10) Boundary Matters (11) Hospitality Department (12) Pensions to Gurkhas Soldiers and their families belonging to Indian and British Armies (13) Nepal Foreign Service (14) Correspondence with the foreign and International Bank (15) Extradition of criminals and accused persons from foreign countries and General Administration of Extradition Acts and Rules. Extra Territoriality (16) Extradition from Nepal (17) Correspondence for depositing the amount of Rupees out of custom and excise duty on the Indian goods and collected by the Government of India (18) Correspondence dealing with the issue of armed licences importing from and carrying to India (19) Quotas Articles (20) Permission to mountaineering and research expeditions (21) Correspondence for securing foreign scholarships (22) Representation to International Conferences (23) Mutual claim of citizenship between India and Nepal (24) Correspondence dealing with export and imports with foreign countries on government level (25) Issue of Succession certificate, power of Attorney attestation, no exemption certificate (26) Correspondence dealing with securing the
rupees out of stock certificate, interest, warrant (27)
Import of police and military equipments from British and
Indian Governments.

In 1951, this Ministry had a Secretary, two Deputy
Secretaries, three Assistant Secretaries, One Chief of
Protocol, a Director of Internal Affairs, a Director of Asian
Relations, a Director of Tibetan Affairs, and Assistant
Director of Tibetan Affairs, a Gazetted Officer, a Superintendent
and 39 clerical staff. There are 5 permanent Embassies -
British, Indian American, USSR, Chinese in Nepal and corres-
pondingly Nepal has accredited representatives to USA, UK,
India as permanent Embassies and to the rest of the countries,
she has her ambassador concurrently accredited to other countries
also. Recently the King Mahendra's Government has proposed
to set up three new Embassies i.e., in China, Italy and
Russia. There is a consulate General at Calcutta besides
the Embassy in India and a Vakil in Tibet. There are consulate
general and liaison officer in Burma and Malaya respectively.
Recently His Majesty's Government of Nepal has decided to raise
the status of legation in some foreign countries.

SECRETARIAT IN 1960

The Secretariat staff consists of the following:

Secretary General ... Nil
Foreign Secretary ... One
Special Secretary or Additional Secretary... Nil
Joint Secretary ... One
Deputy Secretaries ... Nil
Officers in special duty ... Nil
Under Secretaries ... three
Section Officers ... Seventeen.
Thus, the ministry has at present 17 sections of which some are Administrative, Territorial and Technical. These sections are grouped into:

1. Section Officer - Visa and Passport
2. Section Officer Protocol
3. Section Officer - Research
4. Section Officer Tibetan Affairs
5. Chinese Affairs
6. Expedition and Tracking
7. Gun Licence, Gun Army, Pension Department
8. Hospitality
9. Accounts Department of internal ministry
10. Accounts Department of embassies and missions abroad
11. Superintendent office
12. Boundaries question
13. General Administration
14. Trade and Commerce Treaties
15. Foreign Scholarship and Public Works Department
16. Foreign Aid
17. UNO and its specialized agencies and representation in International Conferences and Committees participation.

A short description of the subordinate offices, attached offices, advisory bodies of this Ministry need not be mentioned here. Because Nepal has no attached offices and advisory bodies in this ministry. The only (single body) under subordinate office is 'Hospitality' Department which obviously, acts as reception department to accord welcome and arrange other facilities during the stay of foreign dignitaries and foreign missions. Finally, the regular important publication of the Ministry are nil. Sometimes, a number of casual publications on a variety of matters like foreign policy of Nepal, speeches of His Majesty the King and the Prime Minister on various national and international issues, notes, agreements etc., exchanged between Nepal and other countries, accounts of the visits of the foreign dignitaries to Nepal, are published.

NEPALESE MISSIONS ABROAD.

Up to December, 1960, Diplomatic Relations have been established between Nepal and the following countries:
EMBASSIES: 1. India, 2. U.K., 3. USA., 4. USSR (Proposed)  
5. Italy (Proposed) 6. China (Proposed) 7. Israel (Proposed).

LEGATION: 1. Malaya (Proposed) 2. Singapore (Proposed)

CONSULATE-GENERAL AND CONSULATES: 1. India at Calcutta. 2. 
Burma at Rangoon.

LIASON OFFICE: 1. Laison officer. India at Patna

PERMANENT REPRESENTATIVE AT THE HEADQUARTERS OF THE UN: Nepal 
has in addition to the Missions enumerated above, a permanent 
representative at the Headquarters of the UN in New York. 

Minister for Foreign Affairs, - Dr. Tulsi Giri, M.B.B.S. since 
27th December, 1960. Foreign Secretary - Yadu Nath Khanal, 

On the whole the ministry of Foreign Affairs is well 
organized into sections and the records are well kept. But one 
thing - the role of one ambassador in India and second in 
UK, concurrently accredited to more than half a dozen and even 
one dozen countries is not clear.

N.B. A chart indicating the organization of the Ministry of 
Foreign Affairs of His Majesty's Government of Nepal is 
attached herewith.

B. THE ORGANIZATION OF THE MINISTRY OF HOME AFFAIRS:

During the Rana Regime, the Commander-in-Chief and 
Minister had in his exclusive jurisdiction an office known as 
"Mulki Adda". This office was the prototype of the present 
Home Ministry because it was primarily the responsible office 
for the maintenance of peace and order and the administration 
of Justice throughout the country. Thus in the Rana Adminis-
tration, a compact small subordinate office "Mulki Adda" 
acted the role of the present ministry of Home Affairs. With
the dawn of democratic system of administration, a full fledged ministry of Home Affairs was created in 1951. This ministry has always consisted of a Secretariat, and a few subordinate offices. It used to be headed by a cabinet Minister who was invariably assisted by an Assistant Minister. At present, Minister-in-Charge of Home Affairs is Mr. Biswa Bandhu Thapa, since 27th December, 1960. The Assistant Home Minister is Kaziman Limbu since 27th December, 1960.

In 1951, the ministry of Home Affairs was made responsible and started to perform its functions with reference to the following subjects of general public interest (1) Law and order (2) Police (3) Jail (4) Intelligence Bureau and Censorship (5) Arms fire-arms, ammunition (6) Immigration (7) Deportation of Nationals of Foreign States from Nepal (8) Extradition from Nepal (9) Naturalization and citizenship (10) Press Act (11) Undesirable literature (12) Information and Broadcasting Publicity (13) Entertainment (including Cinemas), (14) Lotteries (15) Passports. In 1951, there was another separate Ministry of General Administration. Therefore, the Home Ministry devoted its time to certain subjects which were initiated by or the responsibility of it and some subjects were initiated by other ministries, like Law, General Administration Ministry etc. By the allocation of Business Regulation of 1958, the ministry of General Administration was abolished and it was amalgamated with Home Ministry and this ministry was concerned with certain broad divisions. According to the Allocation of Business Regulation of 1960, the Department of Local Self Government was transferred from the Ministry of Education Health, Local Self Government to Home Affairs, resulting in the further increase of its subjects. The Ministry of Home Affairs at present is mainly concerned with the following two broad groups

In 1951, this ministry had one Secretary, three Deputy Secretaries, and three Assistant Secretaries in addition to 20 clerical staff. At present, the Secretariat consists of one Secretary, one joint secretary, 7 under secretaries and 11
section officers. This Ministry is divided into the following 11 sections, the various sections being under the charge of an Under-Secretary. This can be illustrated by means of a chart in the attached pages.

A short list and description of the subordinate offices of the Ministry of Home Affairs is given below:

1. Department of Publicity and Broadcasting
2. Department of Jail
3. Department of Police
4. Intelligence Bureau
5. Secretariat Engineering Maintenance Department
6. Department of Village Panchayats

This first one is concerned with two subjects - Press, Publicity under one Director and Broadcasting (Nepal Radio) under another Director. Department of Jail is managed by a Jailor, the head of the Department of Police has its own headquarter, run by the Inspector-General of Police. Intelligence Bureau is run and managed by a board, one of the members serving as Chairman. This Officer is the executive supreme head of the Intelligence Bureau. The fifth one is headed by an under-Secretary. The final one is led by a Director.

To my mind, the ministry of Home Affairs is top heavy. It is possible to cut the staff and make it more economic and efficient. In the reorganized set up, the office staff might be as follows:

Secretary
Under Secretary

Section Officer  Section Officer  Section Officer
Police, Law and Order  Political Intelligence, Judicial Administration, Jails, Criminal Law

(C) MINISTRY OF PLANNING (NEPAL)
In Nepalese administration, the idea of the Department of Planning was first realised during Rana Regime by Maharaja Judha Shumshere Jung Bahadur Rana (1940-45). Many important offices were created under the Department of Planning headed by Major-General Bijaya Shumshere Jung Bahadur Rana.

During the premiership of both Padma Shumshere and Mohan Shumshere, this Department although seemingly enterprising, could remain only the Department of hazy ideas and became fruitless in the administration of the country. For certain domestic reasons this could not be useful or a vehicle of the welfare of the country. Of course, some constructive and rough estimate of natural resources of the country, survey census etc were made by the Government in an haphazard form to show to the world at large that Nepal believed in planned economy at that time. Any way, this was used as a clever device by the Rana Administrators at that time.

After the subsequent political change, in 1951, the Government of Nepal, at the time created a full-fledged ministry of Planning and Development headed by a cabinet Minister who was assisted by a Deputy Minister. But the fact remains that the Planning Commission and its necessity was not felt by the Government of that period. The functions of the Ministry of Planning and Development were as follows:

(1) General policy regarding Planning and Development.
(2) Control of Natural resources.
(3) Mines.
(4) Electricity including water power and ropeways, but excluding wireless and telephones.
(5) Research and Statistics on economic problems.
(6) Multi-purpose development Scheme.
In January 3, 1958, under the "Yojana Mandal Ain" King Mahendra formed the Planning Council with the objectives of:
(a) formulating development plans for raising the standard of living of the people and for making the country self-sufficient
(b) implementing the development plans
(c) tendering appropriate advice to the government on all matters relating to development. It had a Chairman, a Vice-Chairman and four members. According to the Yojana Manda Ain of 1958, for the administration of the Five Year Plan, there was an elaborate and detailed rearrangement of administrative machinery for the speedy economic reconstruction of the country. Inspite of all these attempts, the desired results failed to satisfy the material advancement and economic progress of the country.

By the "Allocation of Business Regulation of 1960, the Joint Ministry of Planning and Development were separated and the composite ministry was bifurcated into two wings under two separate cabinet Ministers - Ministry of Planning and Ministry of Development. According to the Regulation, at present the ministry of Planning is held responsible for the following subjects:
(1) Five Year Plans
(2) Planning Board
(3) Co-ordination of Planning Estimates of different ministries.
(4) Apportionment of foreign aid to different ministries.

During the Nepali Congress administration, a full-fledged Ministry of Planning and Development was headed by a Cabinet Minister and assisted by an Assistant Minister. Another notable creation during the administration of Mr. B.P. Koirala's administration was the establishment of an important office
attached to the Ministry i.e., of an "Economic and Planning Advisor's office" headed by an economic adviser and assisted by a Deputy Economic Adviser. The Government of B.P. Koirala also formed another Planning Board consisting of a Chairman, a Vice-Chairman and five members.

With the dismissal of the Koirala's Ministry, all these arrangements were negatived and on 15th December, 1960, His Majesty the King Mahendra formed a separate and distinct Ministry of Planning, announced the formation of another Planning Board, and these two administrative ministries in the matter of Planning in Nepal are functioning till now. The Planning Ministry is headed by a Cabinet Minister Mr. Rishi Kesh Shah, and assisted by an Assistant Minister Dr. Nageswar Prasad Singh, both of them assumed office since 27th December, 1960. On the other hand, the Planning Board is headed by King Mahendra himself. In 1951, the Ministry of Planning and Development consisted of one Secretary, one Deputy Secretary, two Assistant Secretaries, one Office Superintendent, two senior clerks, four junior clerks and one typist. It was divided into four sections: Administrative Section which included Registry - General Section which dealt with calling of meetings, preparation of agenda etc - Research and statistical section dealt with department of economic resources and collection of statistics - Check up and study Section which dealt with study of schemes, control of natural resources, and dealt with F.A.O etc.

At present, the Secretariat of the Ministry of Planning consists of one Secretary, four under-Secretaries and ten Section Officers. Thus the Ministry is divided into ten sections
which is illustrated by means of a chart at a later place.

It is evident from the above description that the Ministry is in charge of the following groups of subjects. (a) General policy and co-ordination regarding planning and development. (b) Control of natural resources. (c) Research and scrutiny of economic problems. (d) Multi-purpose development schemes.

I feel that sections (b) and (d) should be taken up by the Ministry of Works and Communications. Because this Ministry looks after all irrigation natural resources and multi-purpose projects. If the Planning Ministry also controls them, there will be unnecessary duplication of work and friction. As regards (c) the work should be transferred to the Ministry of Finance and Economic Affairs. Thus the Ministry would be left with only subject (a) and a separate ministry for this purpose can hardly be justified. Therefore, the scope of this ministry can be expanded and enlarged with the addition of other works. The topmost priorities, should be given to communication and transport - (a) wireless stations (b) aerodromes (c) Roads. It is better to transfer only the work dealt with by the Agriculture section of the Ministry of Agriculture and Irrigation (from this Ministry) to the Planning Ministry. Also the work dealt with by the Ministry of Works, Mines and Power, i.e., mineral resources be shifted to the Planning Ministry. Because Nepal is predominantly an agricultural country and rich in natural resources, it is necessary that the Government should undertake the work of exploitation on a large scale. Therefore, I suggest that the Ministry of Planning should be reconstituted with two broad
sections.

(1) Agriculture and (2) Planning and Mineral Resources. There will be one Secretary, two under-secretaries and two Section Officers in this reorganization.

The chart explaining the reorganized set up is as follows: (next page)
MINISTRY OF HOME AFFAIRS

Minister

Asstt. Minister

Secretary

Joint Secretary


S.O. S.O. S.O. S.O. S.O. S.O. S.O. S.O. S.O. S.O.
MINISTRY OF PLANNING

Minister

Asstt:Minister

Secretary


Administration Industry Social Statistics

Agriculture Trade Service Division S.O. S.O.

Forest. Transport Communication

S.O. S.O. S.O. S.O. S.O. S.O.

S.O. S.O.
MINISTRY OF PLANNING

Minister.

Asstt:Minister.

Secretary.

Under Secy.
Agriculture

S.O.
Agriculture
Veterinary and
Animal Husbandry and
Fisheries
Co-operation.

Under Secy.
Planning.

S.O.
Planning.
and
Mineral Resources.
CHAPTER IV

ADMINISTRATIVE ORGANIZATION

CORPORATION, COMMISSION AND BOARD

TYPE OF ADMINISTRATION IN NEPAL
In the administrative set up, the greatest backwardness of the country was felt in the lack of improved means of transport and communication. Consequently, an initiative was taken in establishing an organization which would introduce a network of roads etc in the entire country. In January, 1958, the final step was taken up by the government in Road Transport administration by creating an independent Regulatory Establishment. This organization was the product of a tripartite agreement (U.S.A., India and Nepal) and this necessitated the provision for a system of new operating policies, procedure, instruction and information through a functional activities, personnel, budgeting, accounting, auditing etc, necessary to conduct effectively the day to day work of the road administration. The R.T.O. is an outstanding example of the administrative genius, the search and need for a balance between two lines of approach - the Nepalese way of administration and the new methods of administration. It has adhered, on the one hand, to a reasonable extent to those established Nepalese administrative conditions and practices which experience has proved sound and good and on the other hand, it equally wants to provide ample scope for the R.T.O. to demonstrate the modern administrative technical principles and procedures which may be transplanted in the years ahead to other activities.

1. **REGIONAL TRANSPORTATION ORGANIZATION (R.T.O)**

The administrative wings of R.T.O. consists of two elements.

(a) Regional Transportation Board.

Administrative
(b) Executive or operating body of Regional Transportation Organization.

This R.T.O. development Board consists of second Prince Himalaya, as a Chairman, one Secretary of Planning and Development, one Secretary of the Royal Palace, one Secretary of the Ministry of Works and Communication, Col. K.M. Rana, one Secretary of the Ministry of Finance, Director Engineer K.R. Tuladha and three non-officials to be co-opted as members. The Chief Engineer of Nepal through general agreement becomes ex-officio the General Secretary of the Board. The U.S. representative and the I.A.M. representative will attend the meetings of the board on invitation as advisors.

Functions of the Board:
(a) Determine priorities for road projects.
(b) Lay down broad policy and issue general instructions for the guidance of the office of chief engineer.
(c) Determine specification of roads and bridges after considering the recommendation of O.C.E.
(d) Approve with or without modifications the annual budget estimates and any interim or supplementary budget estimates submitted by the O.C.E.
(e) Arrange for the opening of an account in the name of O.C.E. with the Rashtra Bank of Nepal.
(f) Determine the exact location of the roads on the recommendation of the O.C.E. and accord administrative approval stating the approximate estimate of costs.
(g) Make necessary arrangements for the administrative and technical support from various government agencies and Departments as requested by the O.C.E.
(h) Arrange annual independent audits of R.T.O. accounts at
the site of the central and field offices of the R.T.O.

(i) Arrange for the acquisition by the Government of Nepal through appropriate agencies of land and rights of way and of other contributions in kinds required by the projects.

(j) Do all things necessary for the implementation of Road Development Schemes on the basis of any Basic and Supplementary Regional Transportation Agreements entered into hereafter.

(k) To provide through all concerned Government departments top priority to the request of the board.

(l) Issue from time to time such policy directives as may be necessary for the expeditious execution of the Schemes.

(m) Make necessary arrangements to supply, through concerned Ministries and Departments, to the O.C.E. with necessary instructions and other materials and rights to quarry the rocks or cut the trees as requested by the O.C.E.

Executive of R.T.O.

The executive or operating body of the R.T.O. also shall be referred to as the Regional Transportation Organization. The offices of C.E. serves as the executive body of the Regional Transportation Organization. It shall have administrative and operating responsibility for conducting all project works and as such C.E.O. comprises an engineering design section, administrative section, Budget and Accounting Section, Superintending Engineers' Office, Divisional Engineers' Office. The C.E.O. may include any other types of services if it thinks necessary in the future. The specific functions of the C.E.O. are as follows:

(a) Plan, organise, direct, co-ordinate, evaluate, and report on all phases of the project work. The Chief Engineers
shall conduct the operational aspect of the project through
the office of Superintending Engineers (O.S.E.). The
latter shall report directly to the chairman, of the Chief
Engineers.
(b) Direct and supervise the planning design and the
construction of all roads, bridges and related structures.
This work shall include the conducting of Surveys, prepara-
tion of specifications, cost estimates, budget amounts, and
related functions.
(c) Supervise the general administrative functions necessary
to support the project. These functions shall include
personnel procurement and supply, budgeting, accounting,
disbursing, internal audit, end-use checking, reporting and
general administrative services, e.g. travel, transportation,
space.
(d) The three Chief Engineers have within the frame work
of the Regional and supplementary Agreements, the manual of
directives for general policy guidance and instructions from
Regional Transportation Board and within the limitation of
interim, annual and supplementary budgets, full operational
responsibility and authority, both executive and Technical
for carrying out the project work.

Policy decisions of the office of Chief Engineers
shall be approved in writing by unanimous decision of all
the three engineers. Decisions made jointly by the Chief
Engineers on matters related to the duties and responsibili-
ties of the Regional Transportation Organization and falling
within the frame work of previously established policy, shall
be made recorded and issued in accordance with such procedures
as they may mutually agree upon. Thus it is abundantly clear
that administrative and operational responsibility will be discharged by a Technical Committee, to be known as the office of Chief Engineers. (The Chief Engineer designated by the Government of Nepal shall serve as Chairman of O.C.E.). The Chairman also, shall acting within the frame work of policies, plans and other considerations already agreed upon jointly by the Chief Engineers, serve as the Executive Director for Regional Transportation Organization in the conduct of its work. Mr. B.B. Karki was the Chairman representing His Majesty's Government of Nepal up to the closure of the Regional Transportation Organization.

PERSONNEL ADMINISTRATION OF REGIONAL TRANSPORTATION ORGANIZATION

Basis for Obligations and Expenditures:

After the Chief Engineers have been officially notified in writing that the Annual Budget Request has been approved by the Board, the Budget shall be the basis for all obligations and expenditures by the O.C.E. during the budget year.

Expenditures Limitations:

The total amount approved for the annual budget may under no circumstances be exceeded. It is the responsibility of the Chief Engineers through the Budget and Accounting Office to provide for adequate controls to be established

O.C.E. (office of Chief Engineers)
C.E.O. (Chief Engineer's office)
and enforced contlnuously to ensure that the approved budget amount is not over spent or over expended or used for unauthorised purposes.

Chief Engineers' Authority to adjust Approved Budgets.

The Chief Engineers are authorised to make adjustments between main object clauses, main organizational units (offices, sections and divisions), project or sub-projects up to a maximum of 25% of the amount approved in the budget for any such category. Any adjustments larger than 25% which the Chief Engineers consider necessary must be presented to the Board with justification for such approval. The Board shall give its decision to the Chief Engineers within ten working days after the request is presented.

Technical Sanctions:

The Chief Engineers are given full authority to approve detailed estimates and shall establish in writing the limits of the authority of the Superintending Engineers, Divisional Engineers and sub-divisional Engineers to approve technical estimates.

ANNUAL AUDIT.

There shall be made an annual external audit of the financial and property account of the office of Chief Engineers. The annual audit shall be arranged jointly by the Regional Transportation Board, Director I.A.M. and the U.S.Representative by utilising a joint audit team made up of one representative each appointed by Government of Nepal, the Director I.A.M. and the U.S.representative. The annual audit of the accounts and other records and funds and property of the Office of the Chief Engineers shall be made on the premises of the Office of the Chief Engineers.
in which its accounts and other records are kept and the accounts and other records shall under no circumstances be removed from the premises for purposes of audit without the written approval of the three Chief Engineers.

**DISTRIBUTION OF AUDIT REPORTS.**

Five copies of the official annual audit reports arranged for as outlined above shall be furnished within three days after completion of the audit to the Government of Nepal, Finance Controller, Chairman, Regional Transportation Board, Director I.A.M. and the U.S. Representative. *Financing annual Audit cost.* This item shall be provided for in all the annual Budget, at the request and with proper documentation submitted by the auditors for services rendered and transmitted to the Chief Engineers through a written request from the Chairman of the Board, endorsed by the Director I.A.M. and U.S. Representative, indicating that the audit services were requested and actually have been provided in a satisfactory manner to the three Governments party to the Regional Agreements.

**INDEPENDENT OBSERVATION AND AUDIT.**

The three co-operating governments shall have the right at any time to observe operation carried out under this Regional Agreement. Any one of the three Governments, during the term of a project shall further have the right to examine any property procured through financing any by that Government under the Regional Agreement. Wherever such property may be located and for three years after completion of a project, to inspect and audit any records and accounts with respect to funds provided by, or any properties and contract services
procured through financing by, that government under the Regional Agreement, wherever such records may be located and maintained. Each Government in arranging for any disposal of any property procured through financing by another government under the Regional Agreement shall assure that the rights of examination, inspection and audit described in the preceding sentence are reserved to the government which did the financing.

**Accounting:**

There is a provision for accounting and the Office of the Chief Engineer will have to through its Chairman, Budget and accounting office establish and maintain on a current basis of double entry system of accounts covering the different areas of accounting principles. - Income accounting, obligations accounting, expenditure accounting, property accounting, special service accounting. All basic accounting record shall be kept in Nepalese currency. The Regional Agreement has provision for the conversion of Indian rupee and American Dollar. Conversions, for accounting purposes, of dollars and rupees withheld as a line of credit or for other agreed purpose by the Government of U.S.A. or Government India shall be on the basis of the buying rate of exchange on the date of receipt of advice of payment having been made by any of the participating government. Subsidiary records will be kept in U.S. dollar and Indian Currency and for all transaction of the Regional Transportation Organization on Indian Currency.

There will be a Budget and Accounting office under the office of the Chief Engineers responsible for accounting, budgeting, reporting and internal audit. This office will
appoint accountants to the Divisional Engineers' offices. They also provide administrative and technical direction to the accounting staff. The accounting staff are normally responsible to the Budget and Accounting office, although for discipline and administrative purposes, they are under the Divisional Engineers. The financial staff of the Regional Transportation Organization is to be alert and active in the job training of all phases of work.

The primary unit of Accounting and disbursing in project accounts is Divisional Engineers' fiscal office. He is to be responsible to seek funds from Rastra Bank or Mall Addas (revenue office) signed jointly by him and the cashier; similarly he is responsible for repaying the amount. The accounts of all receipts and disbursement are to be compiled under his supervision by an accountant posted to his office.

The Divisional Engineer is also responsible for keeping and maintaining clear accounts of all property received by him and to make these accounts available for prescribed check by the Central Officer of Budget and accounting and audit. The major heads of expenditure under the project is to be recorded separately in the account of Divisional Engineer. He also has to maintain carefully the measurement books with records of executed plans and supplies receives for it. The explanation and recording system must be lucid so as to admit of easy identification and check. All expenditure and payment is authorised by the Divisional Engineer after duly scrutinized by his accountant. He may send the final bills, if asked, by the Central Office to the Budget and Accounting office of the office of the Chief Engineer. It
thus helps for the scrutiny before payment to the satisfaction of the office of the Chief Engineer concerned. He is responsible for minute details of the expenditure and supervision of the same and any deviation of the general rules will have to be accounted for. He must bring immediately to the notice of the office of the Chief Engineers any changes with explanations. In the same manner, he should close the accounts after closure of the project areas and budget. The central budget and accounting office is responsible for the safe keeping of Regional Transportation Organization funds and properties and for seeing the securities deposited by the cashiers and store-keepers. For convenience of internal audit all the authenticated copies of agreements will be forwarded to the Central Headquarter for review. Then on the basis of the same, the Regional Transportation Organization will submit monthly accounting reports and such other reports and documents as are necessary to fulfil the informational and auditing requirements of the participating governments. The office of the Chief Engineers through the Budget and accounting office will provide for an investigative programme for an independent appraisal and review of the budgeting accounting fiscal and basic operational processes and procedures of the Regional Transportation Organization in so far as they relate to fiscal matters.

PERSONNEL MANAGEMENT.

The policy of recruitment is on strict merit basis to ensure the employment of the capable and responsible persons available. No discrimination is to be made in recruitment on ground of religion, caste, origin of the country, but the first preferences will be given to Nepalese citizens
before considering the applicants who are citizens of other countries. No employee shall accept money or compensation or gift to help to get a job. Such action is liable to immediate dismissal. Within reasonable limit, the public notice will be given of the Chief Engineers' intention to employ additional personnel. The test for the selection and recruitment will be a written examination and performance test. Regional Transportation Organization policy provision, and the commitment of the office of the Chief Engineers is adhered to by the availability of Nepalese experts (including the deputation of qualified servants of the Government of Nepal).

For a stated period, on ground of non-availability or other good reasons, the foreigners can be hired and employed but the Nepalese nationals will replace them as soon as they are trained to the point when they are capable of assuming these responsibilities and other duties. A system of position classification employing modern practices, shall be developed and maintained on a current basis as part of the system of personnel management in the Regional Transportation Organization. There is a full detailed analysis and publicity of job description of each type of position with pay level, duties and responsibilities level etc.

PAY SYSTEM.

Equal pay for equal work. The basic principle in the Regional Transportation Organization personnel system is determined by equal pay for equal duties and responsibilities. The highly skilled employees will not get over-time pay. Labourers, lower skilled employees required to work on holidays and Saturday will be given compensatory allowance (over-time pay). The Regional Transportation Organization
believes strongly in the principle of imparting of continuous on-the-job-training to the employees of the organization and also other reasonable types of training as an integral part of the Regional Transportation Organization operations. There shall be established Personnel of the office of the Chief Engineers, a training unit, with wide training programme of technical, administrative and clerical fields. The training office or Personnel Department is responsible for the co-ordination and evaluation of all O.C.E. training activity. Informal and formal training classes shall be started and run and employees may be paid at the normal rate of payment for attending the training classes.

There is a sound provision and principle of promoting of lower employees to higher posts from within the Project staff.

There is also the mention of the policy of the Regional Transportation Organization laying down compensation for injuries after fulfilling the due process of regulations. There is also the mention of termination of employment after systematic and careful consideration of the job status and economy. There is also provision for non-employment of members of families of Regional Transportation Organization employees. The members of the same family involved would not be in a supervisor - subordinate relationships. This does not apply to the manual labourers.

**POLICY REGARDING EMPLOYEES STATUS.**

There is agreement between Regional Transportation Organization and His Majesty's Government of Nepal on the necessity of policy recognition - a system of employment
status based upon work qualifications, work performances and years of satisfactory services. The Regional Transportation Organization will consult with Nepal Public Service Commission and arrange that the best Regional Transportation Organization employees in the various grades and classes shall eventually become permanent Government of Nepal Employees. Actually it established an employee status system. This proposed system was transmitted to the Government of Nepal through the Chief Engineer to the Regional Transportation Board for discussion and appropriate action.

CRITICAL ESTIMATE OF THE WORKING OF REGIONAL TRANSPORTATION IN NEPALESE ADMINISTRATION

This was the youngest but the least project of the administrative adventure of Nepal Government. The single factor responsible for the speedy development of all round improvement in the transport and communication was the keen sense of duty and co-operation. It had embarked upon a gigantic programme. It had the team spirit. It had vast resources. It was the need of collaboration and determined direction among the three Chief Engineers to make the success of the work of Road Transportation. In the beginning there was zeal but in course of time, it was cooled, because of the manner of approach and the principle of road strategy and techniques. The work was well begun, but half-hearted. Any way it did spend a large lump sum of money. Within the period of its emergence from 1958 to the end of 1960, it could manage to construct the 150 miles of good roads. The major part of these road areas covered from Birgunj to Hituada Bazar and another line from Sunuauli to Butwala. There was
criticism and counter-criticism among the tripartite Chief Engineers and no substantial advance was made. Since King Mahendra took strong initiative in the opening of new East-West royal-highway it was felt that Regional Transportation Organization should be wound up and the present unhappy situation should not persist. Actually in July, 1962, the initiative was taken, it was liquidated and its funds, equipments administrative responsibilities were taken by the adhoc Committee of the East-West Royal Highway. Its liabilities and assets amounted to one crore, cash and including other immovable properties specially the road construction implements.

2. ROYAL NEPAL AIR LINES CORPORATION.

The Corporation was formed keeping in view the following purposes:

1. To offer maximum comfort in the Air services and to conduct such services on a commercial basis.

2. To provide profits in business and initiate progress in innovation in communication.

3. To create, inspire and explore potentialities in Nepal administrative system.

During the Rana Regime when Mohan Shumshere Jung Bahadur Rana was supreme ruler of the Kingdom, an initiative was taken by the Indian Ambassador resident in Kathmandu for introducing of civil aviation services for the people. It was realised that when the improved means of transport and communication are lacking a country cannot make economic progress. At the same time it was felt that in order to put down the way of agitation and to curb trainings of rebelling in the people which is necessary to move its various scope
possible. Consequently the Rana gave permission to open air strips at strategic points and that an air service. For many years the Indian Air Lines Corporation were running the services in Kathmandu. In 1956, the Government of Nepal decided with the enterprise and began indigenous and hence permitted a private company to operate the services. This company continued to function till 1957. From 1958, the services have been operated by the present Royal Nepal Air Lines Corporation.

The Corporation came into existence with a Notification by His Majesty's Government of Nepal in the Nepal Gazette. The Corporation is legally a fully independent institution. It has its own seal and power to acquire and raise funds, to maintain these accounts and transfer this fund. It has power to sue and be sued according to the law of land. It has its permanent official Head Quarter at Kathmandu.

It was started with a subscription of six lakhs of rupees, the share capital was partly subscribed by the Government and partly by the people themselves. The total number of subscriptions was distributed as follows:

Share of Rs 10/- each were divided into 60 thousand units out of which 51% were purchased by the Government, 25% by the managing agents and the remainder by the public. This was in accordance with the Government might have controlling hand in the enterprise. At the same time the Corporation authorised to raise the share capital at a latter stage if necessary but the new shares were to be divided in a similar manner.

The Corporation was to be of limited liability character. Non-national and non-registered companies other than
Nepalese were not given the right to purchase the shares of the Corporation. The management and administrative organization of the Corporation was vested in a managing Committee. This Committee derived all powers as directed and laid down by the General meeting of the shareholders and also in accordance with the law of the country prevalent at the time. The managing Committee was given the authority and the power to delegate partially or wholly its functions if necessary to the managing agents.

The Corporation of the managing Committee is as follows: It consists of a Board of eight directors out of which four are nominated by the Government, two by the managing agents and the other two are elected by the shareholders. His Majesty the King was given a power to nominate one person who will act as chairman but subject to certain limitations. The Government nominees were not to have any economic interest in the Corporation if either at the time of appointment or later they acquire any interest in the affairs of the Corporation. They were bound to vigil; and the Government which the Government itself was expected to have constant vigilance in this matter. The Chairman of the Managing Committee was to keep the Corporation informed of all the economic and financial transactions and implications. In his absence he was authorised to nominate one of the other members to function as a Chairman for a temporary period.

Nominated person of the Managing Committee was to continue in office till the end of the term mentioned in the letter of appointment; the nominees of the managing agent during the permission of the committee and the nominees of the share-
holders for the period for which they were elected. All members were eligible for reappointment or renomination. With the permission of the Government, and the Corporation was to fix the remuneration and other allowances admissible to the members. The members would cease to hold office if they accepted any permanent salary post in the Corporation or if they were defaulters in payment of loans or they were to be convicted for gradual turpitude by the public courts.

A member would also be dismissed if he happens to be continuously absent from the three consecutive meetings of the managing committee and if the reason for absence was under acceptable to the government he was also liable to be dismissed if he violated the post of office.

A member would resign addressing the chairman of the committee stating reasons while he desired to be relieved from the post. A suitable person would be appointed in the vacancy by the managing committee itself to the new member could remain in office for the residue of the term of the resigned member.

The transaction of business at a meeting could not be declared as void on account of the absence of members or in case of vacancy was lying as quorum was present. Meetings were to be conducted in accordance with rules permitted for the purpose. All matters were to be decided at the meeting by plurality of votes in case of time the chairman could exercise his casting vote.

Besides the main functions which the managing committee was to carry out at the following subsidiary and supplementary powers were elected to do. (1) to place Air services all on the commercial basis; (2) to improve and arrange training for
air services to deserving candidates; (3) to help and encourage outside agencies and if necessary to accord them for the business purposes; (4) to acquire property, and to maintain proper accounts; (5) to facilitate the maintenance, repair of the plans and set up factory for the manufacture of plans and parts thereof; (6) to act as an agent on behalf of other companies; (7) to fix and lay down the rate of passenger and freight fare, and finally to introduce and initiate inventions which will help to improve air services. The duties of the Corporation were also to provide necessary facilities to the passenger and personnel of the Corporation. In the exercise of all other powers to managing committee or authorised agents were acted without provision of the charter of the Corporation and the law of the country.

The Corporation was authorised to undertake additional functions if it considered necessary and provide with the consonance of the broad general principles laid down in the charter and according to the law of the country. It could act as a repository for private and individual purposes. It could advance loans to service tendencies bodies on receipt of security. It could deal with the purchase and sale of the bill of exchange on a discount basis. It would exchange national currency with other foreign currencies at the fixed value. It could advance loans with immediate liabilities to the individuals. It could take loans from outside the country with the permission of the Government. It could give on a hire or sale the property of the Corporation. It could open saving bank business for its service employees. It could accept cheques, hundi, promissory notes, bill of exchange etc. It had to arrange for payment of remuneration and to provide provident
Fund and pension arrangements for the employees. It could pay interest of the deposits, distribute the profits among the shareholders and pay bonus to the civil employees. Above all, it could carry out all such functions which may be necessary or incidental to the discharge of the above mentioned powers consistent with the law of the country.

**FINANCE.**

The Corporation can maintain its funds. All incomes and expenditures were to be maintained in proper ledgers of the Corporation at the Nepal national Bank and with the other duly authorised banking agents. In accordance with the act, the Corporation was authorised to spend reasonable amounts for the due discharge of its functions and duties as deemed necessary. It had to take responsibilities for all financial transactions entered into by the Government of Nepal before the chartered Corporation which came into existence.

But the accounts of the Corporation were to be audited by auditors appointed by the Government and auditors appointed by the shareholders. The scale of remuneration of the auditors was to be fixed by the general meeting of the shareholders. The auditors once appointed were to continue as such for a period of one year and they could be reappointed but they were not permitted to take up any other work during the dependency of this office. The Government of Nepal in addition was permitted to appoint Inspector on special duty at any time they investigate inspect and report and the assets and liabilities has also the financial position of the Corporation. The auditors and inspectors could demand all records files and other official documents from the Corporation. They could ask for
any inspection for information which was reasonable from the officers of the Corporation and submit the same to the Government and the share-holders. The balance sheet was to be drawn up by auditors. If the auditors felt that the explanation of the objections raised by them were not satisfactory and if the economic condition of the undertaking was not sound they could bring it to the notice of the Government and place it before the general meeting of the share-holders.

The Government had the power to direct the Corporation to carry out certain observations if it considered beneficial to the general interest. It could also direct the Corporation to accord new services. If the Government felt after obtaining the explanation from the Corporation that it was not discharging its duties in the interest of the country or with due regard to the interest of the share-holders it had a right to order that such schemes should be given up and new schemes be taken up. In case the Corporation suffered any loss due to the direction given by the Government, the Government was liable to compensate the Corporation to the extent of the financial loss suffered by the Corporation in implementing out the directives of Government. The Corporation could not make any financial deal involving more than 10 lakhs with the prior permission of the Government. Similarly it could not accept any liability or mortgage any property beyond five years.

The Corporation was to prepare and submit a report of its working together with a financial estimate once a year. The report, the budget proposals and audit report were to be submitted to the share-holders three months before the close of the financial year. It could not undertake any new scheme
or future planning without the sanction of the General Meeting and the permission of the Government.

The Royal Air Lines Corporation is certainly a new experiment in the administrative system of His Majesty's Government of Nepal. It started with skeleton staff and finance but it had made, during the course of a year tremendous progress though it is possible to say that it has not maintained progress in the same way as has been done in other countries. The fault does not lie entirely with the Corporation. Nepal was a backward country and it is soon assuming changes in the Government. It has done commendable work in training and commissioning Nepali personnel in various sectors of services. Unfortunately its capital outlay is not sufficient at which to proceed forward with new and ambitious schemes. The Government of Nepal has been anxious not to allow foreign capital to be invested in the International undertaking.

3. INDUSTRIAL DEVELOPMENT CORPORATION (I.D.C.)

Another experiment in administrative organization of Nepal was the introduction of Industrial Development Corporation. It came into existence as a result of the poor economy of the country. Nepal needed speedy industrialisation without the handicap of bottleneck of red tape. The Industrial Development Corporation was set up separate from the administrative centralisation. In 1959, it was established for three general purposes:

1) Provision of Industrial space with adequate facilities like, power, water transportation, and maintenance at reasonable rates.

2) Provision of technical guidance and counseling on...
market information, plant specifications, production lay out
and managing control techniques.

(3) To entertain applications for participation in equity
investment in industries of Nepal. The loans may be in the
currency of U.S. Dollar, USSR Rouble, Indian currency or Nepalese
currency. The purpose of this institution was to stimulate
the industrial growth of Nepal.

The Industrial Development Corporation is a corporate
body and its head quarter is located at Kathmandu. It has a legal
personality which was brought into existence by the Act of the
Government and which can be liquidated with the approval of
His Majesty's Government which was authorised to raise share
capital, increase or decrease the share capital bonds, borrow from
the people and to receive foreign aid and grants.

The general superintendence and direction of the business
of the Corporation was vested in a Board. It was to consist of
four directors elected at a General Meeting of the Corporation
for the period of two years. If the Corporation enter into an
agreement with a foreign agency it could allow the following
agencies to maintain advisors with the consent of His Majesty's
Government. Only such persons could become directors who were
not defaulers of any insane mind or who were involved in any
offence of moral turpitude. The Board may remove any director
from the office who may be guilty of the above offences or who
has taken service under the Corporation or who has not attended
three consecutive meetings of the Board, without offering
reasonable explanation. A director could resign from his office
and on his resignation be accepted the vacancy could be filled
by the Board it is though reduced to his terms. The first Chair-
man of the Board was nominated by His Majesty's Government and
he was to hold office till the first general meeting of the share-holders. At the meeting of the share-holders the Chairman was to be elected from among its members. The remuneration of the Chairman and the directors shall be as may be prescribed by the meeting. The Board was to meet at stated intervals and was to lay down its own rules to the procedure. The Corporation was authorised to appoint such officers, advisors and other as considered necessary for the efficient performance for its functions. It was determined, the conditions and terms of service and the remuneration payable to the employees. The main and the most important function which the Corporation was accepted to perform was to conduct its objectives on the basis of business principles, promote the industry and commerce. For the purpose of implementation the general and broad policy it was laid down with proper and adequate maintenance of books accounts so necessary. If the Board felt that any change was necessary it could be submitted to the meeting of the share-holders. The Board may delegate to any officer of the Corporation any of its powers relating to the operation and management of the Corporation. The Corporation was authorised to carry on or transact any of the following kinds of business as specified by the National Industrial Development Corporation Act 1959.

(1) To participate in or otherwise assist all types of private industrial enterprises which the Corporation determined to be technically feasible and economically sound.

(2) To extend credit facilities to industrial concerns with adequate security for developing, modernising and improving the conditions of industrial undertakings.

(3) To engage in industrial consultation and training raw
material and product laboratory analysis, survey of markets, credit investigation, promotion of various investments compilation and dissemination of industrial and commercial information.

(4) To guarantee, on such terms and conditions as may be decided upon, the loans raised by industrial concerns through commercial banking facilities in Nepal.

(5) To encourage mainly the Nepali citizens to become its share-holders.

(6) To purchase and sell shares and stocks bonds and debentures of industrial concerns.

(7) To issue preferred and debentures shares and borrow money.

(8) To purchase and sell movable and immovable properties.

(9) To furnish the Government and industrialists, financial advisors and technical guidance.

(10) To enter into any kind of banking transaction with domestic and foreign banks.

(11) To establish new industrial concerns and for the purpose to promote companies, and finally, to do all such things which may be necessary in order to rapidly industrialise the country.

In entering into the agreement with industrial concerns the Corporation has the power to impose such conditions as it may think fit or expediate to protect the interest of the Corporation itself the right to sell and realise its dues from the property placed mortgage, hire or assigned to the Corporation. The Corporation may also call for the payment of loans before the period agreed upon. Notwithstanding anything in the agreement to the
contrary the Corporation may by notice in writing require any industrial concern to which it is granted a loan or advance to discharge in full its liabilities to the Corporation. Finally the act also provided with anything suit or other legal proceedings to which the Corporation is a party can be entertained by the Supreme Court. The case, in the first instance will be heard and decided by a single judge but an appeal against the decision will be taken up by special branch of the Supreme Court. The Supreme Court has been specifically authorised to make rules for carrying out the purposes of this section and in particular providing the procedure for the trial of suit and other legal proceedings. It is also necessary that the prior permission of His Majesty's Government should be obtained before any suit can be filed against the industrial Corporation.

The Corporation under the rules should open separate account in any authorised bank namely Nepal Rastra Bank, Reserve Bank of India, Bank of England, First National City Bank of New York or such other banks as the board may determine. The Corporation shall establish a reserve fund. For making provisions for bad and doubtful debts depreciation of assets etc., the Corporation is authorised to declare dividend.

The General Meeting of the share-holders and the Corporation shall be held annually at the office of the Corporation in Kathmandu on the first Monday of Aswin or the day is a gazetted holiday, on the following day. The General Meeting can be convened on the initiative of the board at any other time. At the annual general meeting the following
matters shall be considered and discussed:

(1) Annual accounts; (2) report of the Board on the working of the Corporation and auditors' report on the annual balance sheet of accounts. The quorum of the general meeting shall be at least one fourth of the shares issued and fully paid for the decisions at such meetings shall be met by a special majority of votes.

The account of the Corporation shall be audited by such auditors who were qualified and recognized as such by His Majesty's Government the auditor and auditors shall be elected by the general meeting of the share-holders for a period of one year. Remuneration of the auditors shall be fixed at the meeting. It shall be the duty of the auditor to examine the annual balance sheet together with the vouchers etc. He will have to examine all the books and documents of the Corporation. He may examine the director and other official of the Corporation. In making his report the auditor shall make it clear that the balance sheet in their opinion is full and fair containing all necessary particulars and property drawn up so as to exhibit a true and correct view of the state of affairs of the Corporation. Any objection raised by the auditor together with explanation submitted by the Corporation will also be put before the general meeting.

Since it is established in 1959, the Corporation has certainly achieved its purposes. It has paved the industrial development of the country and carrying out all the economic policies of the government. It is responsible for the introduction of company's Act, Labour Act, Factory Act. It has also helped to form an industrial development Advisory Committee.
In addition to it has helped to create many similar scale Corporation which has imposed plans of certain new industries in Nepal. This fact to a great extent helped for the localization of the industry and as such solved the problem of unemployment. One of the major difficulty and main hurdles in the path of progress and state development has been corruption and selfish motives among the higher authorities. At the same time the assistance from the foreign government has not been free from political string and this certainly places the country in a difficult position.

**OTHER AGENCIES.**

Besides the foreign administrative units which have been set up by the government for the large scale of development other administrative units which will in the long run play a notable part in future have also been set up. The first of such bodies is Rashtra Parshad (State Council), this institution came into existence by the Royal Proclamation of July 26, 1957. It main purpose was to advise all the matters of policy, economic and industrial development and enlightened administration. It consists of a chairman nominated by Raaj Seal of the King, Prime Minister, other ex-Prime Ministers and six other members nominated by the Red Seal of the King. The term of the office of the ex-officio members is five years and they are liable for re-appointment for another five years. This body can be dissolved at any time if the King considers it necessary.

The privileges, emoluments and other conditions of service will be determined by His Majesty the King. It has two main duties: (1) On the request of the King it can tender Nepal State Council Act p. 15.
advice on such matters which may be referred to at by His Majesty's Government, and on its own initiate it may recommend certain courses of accounts to His Majesty.

The meeting of the council will be held at such time and place as may be determined by His Majesty and if he is present he will preside at such meetings. The council has its own secretariat and has the power to make rules and regulations as sanctioned by the King.

Another important body is the Work Expediting Committee. This regulatory body has also been brought into existence by the Royal Red Seal. The maximum number of members will be five and all of them are appointed by the King. The term of the office is three years. They have been given a status of the secretary of various ministries. The members may be chosen amongst the official secretaries and from outside. Their emoluments, privileges and conditions of service are determined by the King from time to time. The functions and duties of these bodies are as follows:

(1) To ensure that the decision taken by the King are carried out properly and without delay.

(2) To expedite all such matters which involve policy and are all general and public interest.

(3) To recommend to the Government such actions as may be necessary to accept the execution of the government programme.

(4) To assist the regulatory secretary in the Royal palace and finally to submit advice whenever its opinion has been called for. The Samiti has been given the authority to correspond directly to all governments offices and it is obligatory that all civil services should render assistance
and cooperation to it. It may recommend to the government to take necessary disciplinary action against any government servant neglecting his responsibility or to be responsible for unnecessary delay in the disposal of the work. The Samiti may make its opinion, rules and conducts which after the approval by the government shall have the effect of law. The Samiti is required to submit quarterly report of all its activities to His Majesty's the King and to the Prime Minister.

AUDITOR GENERAL:

In regard to auditor general emolument and conditions of service Act it has been proclaimed by the Royal Red Seal. The following requisitions have been laid down:

(1) The basic salary of the auditor general has been fixed up Rs 1,500/- per month. Besides, he is entitled to travelling and daily allowance according to law. After retirement the auditor general is entitled to get a pension of Rs 6,000/- per year and also other benefits which may be in accordance with the regulations laid down in the Civil Service Act. The auditor general is appointed in the first instance for a period of six years but he may be reappointed for other terms. During the absence either on leave or otherwise the government can nominate another official who will officiate as auditor general and will be entitled to all the benefits which accrue to the auditor general. He is assisted by a secretary which deals with internal administration work and auditing and the accounts work.

ELECTION COMMISSION:

In 1951, an Election Commission was constituted by His Majesty the late King Tribhuwana to conduct the general
elections, to convene the Constituent assembly and to form a constitution for the country. In course of time activities of the commission expanded and in order to cope with the increasing work, the present King Mahindra appointed the commission of nine persons including the Chief Election Commissioner. Later on this election commission was dissolved and other commission consisting of three members was formed. After the Royal take over of the administration the election commission was dissolved and at present there is no election commission in Nepal. While the commission functioned it had its own secretary.

**PARLIAMENTARY SECRETARIAT:**

In 1951, Nepal was granted at once a benevolent and democratic Government. A Constitution was set up and consequently important new administrative units in keeping with the democratic features were inaugurated by the late King Tribhuvan. His Majesty, the King had visualised a parliamentary system of government with cabinet responsibilities. Before this arrangement could be made and ensure people responsible the government formed an advisory assembly. Till general election Nepal had altogether had five such assemblies. The assembly was assisted by a make-shift secretary which get transformed into a parlimentary secretary for the general election. The secretariat was split into two branches. The Upper House Secretariat called the Mahasabha Secretariat and the lower House Secretariat known as Pratinidhi Sabha Secretariat. Both the secretariats developed in different ways, each had a chief secretary assisted by three under secretaries and several section officers and a number of reporters of the both Houses of Parliament. After King Mahindra take over both these parlimentary secretariats were dissolved and now has become
a part of other ministries.

Besides some other development boards were constituted and regulations were made for proper working of these bodies. These development boards also formed one of the categories of independent administrative units. There are six such types which are still functioning.

(1) Cottage Rural and small scale Industries and training Development Board.
(2) Timber Corporation Board.
(3) Tourist Development Board.
(4) Village Development Board.
(5) Regional Transportation Board.
(6) Bir Hospital Development Board.

It may be observed that improvements of the country's administrative regulations, particularly those relating to the auditing of government accounts, inherited from the Rana Regime were a serious handicap in the way of smooth, efficient and expeditious administration particularly in the field of urgent Development Works. In recent years there has been a growing anxiety to keep administrative litigation as much as possible to the court. In order to entertain these objections it was felt essential that some reformations in administration should be affected. New administrative experiments were conducted in the sphere as development projects internally and externally for the field of general enterprises between Nepal and United States on the one hand, Nepal and India on the other hand. These organizations were called U.S.O.M. and I.A.M.

These motives found expression in the emergence of two
types of administrative experiments in Nepal, namely, Development Board Administration and System of cooperative services and Co-ordinatorship under the last system. The funds provided by the foreign governments in the form of aid for specific programmes or projects and the counterpart funds provided by (H.M.G.) His Majesty’s Government and stipulated in this specific programme or project, agreements were put in the form of a joint account to be drawn upon jointly by a Nepalese official and his foreign counterpart. This system, however, was abolished in 1958, by an interim agreement between His Majesty's Government and foreign governments. The foreign officials now only function as technical advisors while the executive authority has been vested and exercised by the Nepalese officials.

DEVELOPMENT BOARD ADMINISTRATION:

The concept of a semi independent corporative Development Board has been primarily developed to provide for a convenient vehicle to make better and quicker use of foreign aid received for the Nepal's Development Plans and projects. The formation, working and the administrative machinery of the
procedure and the keeping and auditing of accounts. The funds of the Board may consist of the foreign aid funds and contribution by private individuals. The Boards are primarily composed of officials with a minister as the Chairman, the director of the related Department as member-cum-secretary and secretary of the Ministry concerned as a member. The Board has right to accept the loans of services of the permanent officials of the government or a foreign agency. The act also laid down that the Government could issue executive orders from time to time regulating the entire fabric of the organization of the Boards. The Boards may be dissolved at the moment by His Majesty the King and in case of dissolution all the procedure which belong to the Board was to be taken over by the government.

This Development Board system of administrative units in Nepal is a novel and unique administrative experiment. So far it has worked smoothly and successfully. Many Ordinances and executive orders passed by the government under the Act helped in the formation of many varieties of development committees. It may be said with the development Board system has proved the machinery which is likely to be used more and more specially in the field of new programme and new projects pending the whole-sale reform of administration by the government. Care, however, will have to be taken that recourse may not be taken to the mechanism of the Development Boards too frequently, primarily which a view to bypass the provisions of the Civil Service Law relating to recruitment through the public service commission and the severity of the existing accounting and audit procedures. We must be very very cauious

Development Board Act p. 17.
such tendencies will have to be guarded against always.

NEPAL PUBLIC SERVICE COMMISSION.

The autocratic administration during the Rana Regime could not realise either the importance or the necessity of Public Service Commission. On the other hand 'Chakadi system' has been adopted by the Ranas. In 1951, when the Rana Regime was substituted by a democratic system of government one of the requirements which took place was the creation of the Public Service Commission. The Public Service Commission germinated into being as a result of Royal Red Seal in Sakye Sambat 2008.

The Public Service Commission according to "famous four Regulations of 2008 of Nepal" consists of a Chairman and two other members appointed by His Majesty the King. The Chairman and other members are paid a salary of Rs 1,000/- per month. According to the constitutional provision, the members of the Public Service Commission would continue in office till the General Election. After retirement from the Public Service Commission no member can hold another office or any important post in official or military administration. The members can be removed from the office on the recommendation of two third majority of the committee and the approval of the Chief Justice of Supreme Court of Nepal on proved misbehaviour. Those members of the commission who happen to be in Civil Service before joining the commission are permitted to enjoy the conditions of services and other privileges to which they were entitled earlier. The Commission has also a secretariat attached to it. It has one joint Secretary, other junior officers and clerical and subordinate staff. The Secretary is appointed by the Commission itself for a Public Service Commission Regulation p. 48.
period of three years and can be reappointed. The age of superannuation was fixed at 60 years. Other members of the staff are appointed by the Commission on the recommendation of the general secretary. All the members of the staff enjoy benefits of the Civil Service Regulation of Government of Nepal.

The main duty of the Public Service Commission is to lay down in the first instance, principles for recruitment, confirmation of appointment of civil servants and take the disciplinary action against them. Competitive examinations are conducted by the commission to recruit civil servants of various categories. It has to determine and assess the candidate's qualification declare the number of posts which are to be filled up and announce the result and forward the same to the Government of Nepal. The Commission can also recruit members to the services through selection and interview only. The Government of Nepal has a right to depute one of its officers to sit on the interview committee. Special provisions are made for the recruitment of scheduled caste and backward community. The Commission is also required to give its information with reference to those who are working either in a temporary vacancy or in an officiating capacity. Promotions to higher grade of service can be made by the government after obtaining the advice of the Commission. If an officer is to be transferred and the nature of the new post is different, the Commission has the authority to assess his qualifications, his aptitude and tender advice to the Government.

Whenever the Commission is contemplating to disciplinary action against its officers or when an appeal or petition is
submitted by the civil servant the 'Mishila' and other confidential documents are to be sent for review to the Public Service Commission and it is only after the Commission's information had been obtained that any action could be taken.

The decision taken at the meeting of the Commission is abided by the majority of votes. If the Chairman happens to be absent for one reason or other, he can nominate another member to conduct the proceedings but if, by some oversight no chairman was appointed, the decision could be valid until it was communicated to the Chairman who may accept or may decide to reopen the subject at the subsequent meeting.

The quorum of the meeting is of two members. Under the direction of the Commission the Secretary has to draw the minutes of the proceedings, the decision of the meeting and the note of dissent if any. The Commission can appoint itself and report about recommendation of the selection and promotion. The Chairman has the power to depute any of the members on some special duty, if necessary. The Commission can call upon advisors to help it in arriving at a decision and in laying down general principles for recruitment to the services.

The Commission has not jurisdiction in the recruitment of appointment of certain categories of posts. The appointments of Chief Justice Judge of the Supreme Court, Auditor General, Advocate General, Election Commission and the election officers are beyond the authority of the Commission. Also in case of emergency no reference is to be made to the Public Service Commission but such officers could not held office for more than six months. Civil servants whose salary exceeded Rs 800/- per month are not to be recommended by the Commission.
The Commission needs not to be consulted in case people were brought into the service from outside Nepal. Ambassadors, Consulate General and Laison Officers are also appointed by His Majesty the King.

Every department is required to consult the Commission before laying down rules for procedure for promotions, transfers, advisory actions etc. It has to furnish all the necessary documents to the Public Service Commission before taking any particular action. Other ministries are expected to submit a report to the Commission from time to time in order to show how far the advice of the Commission has been accepted by it. And in cases where the ministries have passed the regulation or violated the recommendation made service conditions, the Commission can take action and if necessary, bring it to the notice of the Ministry concerned or even His Majesty the King.

It was with these purposes in view that this institution was brought into existence and credit for taking the initiative in this matter goes to late King Tribhawana. Unfortunately, this institution did not flourish in the way which was accepted. It is an irony of fate that in a democratic set up the Commission has failed to realise the aspirations of the government and its people. The Commission is to be held responsible as it did not realise its rights and did not know how to assert them freely. Blame can be placed also upon the frequent changes made in the government from year to year. It is, however, hoped that the present government of Nepal which has revived the Commission and has shown responsibility for it may be able to set it on the right path.
CHAPTER V

PERSONNEL ADMINISTRATION IN NEPAL
CHAPTER V

NEPAL CIVIL SERVICE ACT AND REGULATION

The Nepal Civil Service has been divided into two categories, gazetted and non-gazetted. In 1957, His Majesty's Government laid down a Nepal Civil Service Act together with Regulations made thereunder. Under this Act all the appointments to the gazetted posts and the method of recruitment is to be made by the Public Service Commission.

The Public Service Commission invites applications for appointments to particular posts. After applications have been received, it may conduct a competitive examination or it may proceed the interview a candidate directly. Either on the basis of competitive examination results or on the basis of interview the Public Service Commission draws up a list of candidates in order of merit and sends it to His Majesty's Government for making the necessary appointments.

The appointments to the non-gazetted need to be referred to the Public Service Commission. They are made by the departmental heads. Similarly officiating appointment whether to the gazetted or to non-gazetted posts can be made for a period of not more than six months by the Head of the Department without any reference to Public Service Commission.

The civil service act has laid down certain qualifications for recruitments. No person below the age of 21 is eligible for appointment. He must not be above the age of 35 years. Persons who have been convicted for offences involved moral turpitude or corruption are not eligible for appointment.
Non-Nepalese are also not eligible for appointment. Appointments for posts are made by His Majesty's Government on the recommendation of a board consisting of the Chairman of the Public Service Commission or his nominee, the Secretary of the Ministry concerned and two other nominees of the government. Every appointment to the gazetted or non-gazetted is made on probation of one year. Thereafter the person concerned may be made permanent unless His Majesty's Government is not satisfied with his work in which case the probation may be extended for another year. His Majesty's Government is competent to terminate the services of any official during the period of probation without assigning any reason. After the person has been made permanent he will continue in service till the age of superannuation which has been fixed at 63 years.

All the civil service are liable to transfer from post to the other or from one department to the other. They are, however, permitted to have lien in the service to which they were originally appointed.

Promotions are made generally on the basis of merit and various committees have been set up to assess the competence of the officers concerned. However, promotion to special post for example Secretary to His Majesty's Government or Bara Hakim can be made by His Majesty alone without any committee.

In the civil service the order of transfers are made by His Majesty's central secretariat and in judicial service this is done under the order of the Supreme Court. Normally a gazetted officer is not transferred from one place to another for at least three years while non-gazetted officers...
like Tahir Khadirar, stay in one place for about five years. Any civil servant may be transferred to any post of administration within the territory of Nepal as well as to foreign service.

Just as promotion in the gazetted posts is vested in the committee of department concerned similarly promotion in the non-gazetted service is vested in the department committee consisting of a member of the Public Service Commission, the Secretary of the department and one other deputy or assistant secretary nominated by minister.

No civil servant can be absent from his duty unless leave has been sanctioned previously. It should be noted that leave cannot be claimed as a matter of right. The department or ministrial authority may or may not grant leave according to the convenience of work. Leave has been divided into various categories, casual, home sick, special, study and extra-ordinary. Civil servants are entitled to take casual leave not exceeding 15 days in a year. If, however, a person has been engaged in any work on general holidays he is entitled to get additional casual (detention leave) for each day of surplus work. Women in the services are entitled to get one months maternity in addition to the casual leave. Similarly those who have performed last rites (Kiriya Karam) get another 7 days casual leave. Generally no leave can be granted for more than seven days at one time except the Kiriya or the maternity. Casual leave cannot be accumulated. During the period of casual leave the person is entitled to full pay and other allowances. In case it is found that casual leave has been taken on false ground the person concerned is liable for punishment.
Civil servants can get one day's home leave for every twelve days work. Those who enjoy summer or winter vacations are not entitled to home leave. Home leave may be accumulated for a total period of not more than 12 days. During the period of home leave the person concerned will receive full pay and allowances. Ordinarily any civil servant who have taken home leave shall not be granted another home leave within three months from the date of expiry of home leave taken earlier. Home leave must be taken within the term of service. If, however, a person could not get home leave due to pressure of work during his service he may be granted home leave after retirement.

Civil servants are entitled to medical leave of 12 days in a year with full pay and allowances. Any person who takes more than 7 sick leave has to produce a certificate of a recognized and licensed government health officer. Medical leave can be accumulated and if a person has not utilized it during his term of service he may take it after retirement on half salary. Medical leave can be taken of 45 days in case of serious illness.

Special leave of 1 month time may be granted. This kind of leave cannot exceed 12 months in the entire tenure of service. Only one is entitled to special leave unless he has been in the service with the government for at least two years. Special leave is granted on half pay there is also a provision for study leave. Study leave is granted on half pay for such period as may be determined by the government.

The civil servant of utilizing all the types of leaves may take extraordinary leave for not more than 3 years at a time and not for more than 5 years during the entire period of service. No salary or allowance are payable during this
kind of leave.

The competent authority for the grant of leave is as follows:

(a) For the post of special class officers like the District Magistrates, the Bāra Hakims, His Majesty's government.

(b) For the post of other officers of the ministry and the Head of the departments, the secretary of the department.

(c) For officers in the department, the departmental heads.

(d) For all judicial services, the Chief Justice of the Supreme Court.

(e) For any other authority appointed by the government from time to time.

PAY.

Civil servants shall receive their salary from the date of first joining the office. In the case of post where payment of salaries is on the basis of time scale a newly appointed person is entitled to get the minimum salary of the grade, but in special cases a person may be granted a higher starting salary depending upon his qualifications and recommendations made by the appointing authority. In case of promotion from one cadre to another the minimum salary in the higher time scale will be paid. If, however, his salary in cadre is higher than the minimum salary of the higher cadre then he will be entitled to higher grade.

Except in case of efficiency bar or withheld increment, every civil servant will obtain one increment of pay after one completion of years of service. In case of a temporary
suspension a civil servant is entitled to only one-fourth of his pay and allowances.

**RETIREMENT, GRATUITY AND PENSION:**

Normally a civil servant retires at the age of 63 but this term may be extended in special cases by two years. Age will be calculated either on the basis of birth days submitted at the KITAB KHANA at the time of entering in the service or on the basis of the high school or University certificate. If, however, no such record is available then the age will be calculated on the basis of the entry made in the 'Sheet Roll'.

After a person has served for 25 years continuously he may be permitted to retire on full pension. Civil servant who have served more than five years but less than 25 years are entitled to obtain gratuity at the following rates:

(a) 5 to 10 years of service - 1/3 of the average pay per month for each year of service.

(b) 11 to 15 years of service - 2/3 of the average pay per month for each year of service.

(c) 16 to 25 years of service - One months full pay for each year of service.

The gratuity to the above mentioned class shall not exceed Rs 3,000/- - Rs 6,000/- and Rs 9,000/- respectively.

Any person appointed on a temporary post is not entitled to get any gratuity. Any person after 25 years of service will get 1/3 of his average pay as pension in addition to gratuity but the pension is no case shall exceed Rs 3,000/- per month.

Dismissed and disqualified civil servant cannot receive any pension.
There is also a provision for a family pension if a civil servant dies during the term of his office his family is entitled to get family pension for five years. In case of death of person who have already retired from the service family pension will be given, as for example, if a person dies after having obtained pension for four years his family will be given pension for only one year. If a civil servant dies while on duty his family shall receive 1/3 of his salary as pension for seven years. If a person is declared to be unfit for service, the government may fix the pension for a prescribed period. Extra-ordinary leave shall not be taken into account while calculating the period of service at the time of giving gratuity, pension or family pension. Average pay means in this connection average of last three years pay obtained by the civil servants before his retirement.

RULES OF CONDUCT.

Neither the civil servant nor the members of his family can accept any gift, present or donation without the prior sanction of His Majesty's Government. Similarly they cannot accept any present from any foreigner. No government servant can be involved directly or indirectly in the connection of funds unless so directed by the Government. He can acquire any immovable property except for his official residence. Every civil servant has to submit a detailed account of his movable and immovable properties, bank balances, share, jewels, gold, silver etc. This has to be done every year. No government servant can enter into any business or partnership or accept a part time job in any industrial undertaking without the permission of the government. These rules apply to gazetted officer in general.
Civil servants are debarred from participating in any activity or join any political party. They, however, can engage themselves in the pursuits pertaining to literature, history, science and arts. No civil servants can release any official and non official information in course of his official service unless he has been permitted by the government. They can deliver a speech, make a public statement or news which might adversely affect the policy of the government or its relations with other friendly nations. They are prohibited from canvassing during election to the legislature or other local self governing bodies. They are expected to perform their duty with diligence and promptness and should execute the order of their superiors with sincerity and devotion and should show proper respect to the senior officers.

A civil servant may be penalised provided there are proper and sufficient ground for action. He may be warned, his increment may be stopped, he may be suspended from service, he may be dismissed or disqualified from service in two years. In case of breach of discipline, unsatisfactory work, violation of good conduct rules, civil servant can be demoted by higher authorities.

Before taking any action against the civil servant, it is essential that the competent authority must serve a notice explaining clearly why such action has been taken and demand a little explanation within a reasonable period of time. Where any enquiry has been conducted in a particular case, it must be completed as expeditiously as possible and the final order should be issued within one month after the enquiry has been completed. If, however, a civil servant has to face an enquiry this procedure needs to be observed.
Every civil servant whether holding gazetted post or an non-gazetted and whether permanent or temporary may file an appeal to the government against the orders of punishment. This appeal must be filed in his own name; it must be couched in a dignified language and copies of the orders should be attached. The appeal has to be filed through the head of the office. The appeal must be submitted within 25 days after the receipt of order of punishment, but in exceptional cases this appeal may be extended up to six months. The authority against whose order the appeal has been filed must forward with all the relevant documents within 15 days of the receipt of the appeal. Under the civil service Act of 1955, the government may reject an appeal. If this has not been rejected, prima facie His Majesty the government would then proceed to consider the appeal on the grounds of merit. And the government is satisfied that the punishment is not in keeping with the alleged crime, it may take necessary action. Thus a civil servant has been given protection from an arbitrary action which may be taken by his superior without proper reasons. Every civil servant under regulations must be given proper and reasonable opportunity before any action can be taken against them. Every gazetted officer can ultimately appeal in 'Sarbocha Adalat' and the decision of the court shall be final. This appeal, however, can be made on grounds of law only. On grounds of fact His Majesty the King will ordinarily decide the matter in consultation with the Public Service Commission. Finally an appeal for mercy may be made to His Majesty personally and the decision will be taken by him in consultation with a civil service board. The board consist of the Chief Justife of the 'Sarbocha Adalat' or any other judge.
nominated by him, Chairman of Public Service Commission or
his nominee and one person nominated by His Majesty's
Government.

No criminal proceedings can be taken against a Civil
Servant in respect of anything done or purported to be done by
him in his official capacity unless sanctioned by the
competent authority. Similarly no civil suit can be filed
against an officer functioning in his official capacity
unless His Majesty's Government has given the necessary
permission.

It will be thus noticed that the civil service and the
Regulation made therein had provided ample protection to all
official of various categories and grades. This has been done
with a view that they will perform their duties without fear
and favour. It will also guarantee that the civil servant will
not act as tools of party government which may constitute the
government.

ADMINISTRATIVE REORGANIZATION AND SCREENING OF CIVIL SERVICES.

During the Rana administration all important offices were
held by the members of the Rana family or their Chakadidars.
This constituted a cadre of members of an oligarchy who
had acquired prestige amongst the people and a degree of
experience and self confidence on account of long family
assocaitions with the administration. In 1951, when a new
democratic system of administration was set up this privileged
class had made the room for persons selected on the basis of
their merits by the impartial authority. The time was ripe to
stream-line the administrative services. It was also necessary
to retrench a large number of civil service because there was
either surplus or unsuitable. It was felt that the screening Committee should be appointed to examine every case on individual merit and which would be in a position to inject fresh blood and create a vigorous and cleaned administrative service. Unfortunately not enough attention was paid to this problem because the popular government wanted a share for its own favourites in the administration. There was a danger that the entire civil service may be contaminated by party politics. Even Public Service Commission which is constituted was given limited powers. It was under the least conditions that the late King Tribhawan in 1952 appointed a high powered administration reform and screening commission under the chairmanship of Sriman Bada Qazi Manik Lal Raj Bhandary. Unfortunately this Commission, due to non-cooperation and indiscipline amongst the political parties did not achieve its purpose. In 1953, once again King Tribhawan made another attempt during his advisory regime to set up a screening Committee. This Commission also met the same fate as that of its predecessor.

Ultimately it was left to King Mahendra to solve the problem in August, 1956. He promulgated Nepal's first Civil Service Act and Civil Service Regulations. This Act is the beginning and all end of the public personnel management and administration in Nepal up till now.

In the first place, the Civil Service Act of 1956, visualised the constitution of Nepal Administrative Service and other Civil Services on a functional basis. Ten categories of services have been formed in Nepal - Nepal Administrative Service, Nepal Education Service, Nepal Judicial Service,
Nepal Health Service, Nepal Engineering Service, Nepal Forest Service, Nepal Agricultural Service, Nepal Foreign Service, Nepal Royal Palace Service and Nepal Miscellaneous Service. In the second place, this Act is responsible for reorganization, reconstitution, of the entire Nepal Civil Service under new Regulations. Consequently rules and regulations for the constitution of Nepal Administrative Service which is the life and blood of civil service of Nepal were laid down in detail. A procedure for preparing a list of eligible candidates on the basis of merit and length of service was devised. All the existing civil servants in the gazetted rank were to be interviewed by two boards which was set up under the rules. His Majesty also finalised new set of pay scales for all the various categories of civil servants in Nepal.

In order to implement the administrative reforms, His Majesty's Government promulgated the Nepal Administrative Service Formation Regulations.

The Regulation provided that the administrative civil service will be divided into four categories - Special, first, second class and third class. His Majesty's Government was authorised to fix the number of persons who would be recruited for the various classes.

In order to constitute and assess the suitability of persons for the special class, a consultative committee of the following members was constituted - (1) Prime Minister as its Chairman, (2) Finance Minister (3) Defence Minister, (4) Chairman, Nepal Public Service Commission. It was also clearly mentioned that only such officers who held the post of deputy secretary or above before these Regulations were laid down, will be eligible for appointment to the special class.
For the selection and appointment to other classes of Nepal Administrative Service another consultative Committee was formed. It consisted of five members including the Secretary for the Nepal Public Service Commission. For appointment to these categories of services only such persons were eligible who were drawing at least Rs 18,000/- as annual salary.

Every civil servant whether in the special class or any other cadre had to submit a record of his academic qualifications and distinctions, length of service and the record of service. The Regulations stated that the assessment and standardization of the Nepal Administrative Service candidates will be made on the basis of their academic qualifications. The following table will illustrate the points:

It plainly states that the assessment and standardization of the rank of Nepal Administrative Service candidates will be made on the basis of marking of their academic qualification. The full mark is 100.

<table>
<thead>
<tr>
<th>Academic Distinction in Nepali or equivalent</th>
<th>3rd Div.</th>
<th>2nd Div.</th>
<th>1st Div.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Char Pass</td>
<td>7</td>
<td>10</td>
<td>13</td>
</tr>
<tr>
<td>S.L.C., Matriculation or equivalent</td>
<td>10</td>
<td>15</td>
<td>20</td>
</tr>
<tr>
<td>Intermediate or equivalent</td>
<td>10</td>
<td>15</td>
<td>20</td>
</tr>
<tr>
<td>Graduation or equivalent</td>
<td>15</td>
<td>20</td>
<td>25</td>
</tr>
<tr>
<td>Master's Degree or equivalent</td>
<td>15</td>
<td>20</td>
<td>25</td>
</tr>
<tr>
<td>B.L. or equivalent</td>
<td>15</td>
<td>20</td>
<td>25</td>
</tr>
</tbody>
</table>

The table indicating the marking of the service records is as follows. The full mark is 100 as in the previous table.
<table>
<thead>
<tr>
<th>Marking for each year of service</th>
<th>Service designation after Feb.18, 1951</th>
<th>Service &amp; designation before Feb.18, 1951</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Secretary, Commission 'A' class Bada Hakim</td>
<td>Director, Sardar, Lt.Colonel, Present 'A' class Distt. Bada Hakim Principal, T.C. College</td>
</tr>
<tr>
<td>7</td>
<td></td>
<td></td>
</tr>
<tr>
<td>5</td>
<td>Director 'B' class Bada Hakim, Dy.Secreary, Principal, Degree College, Prof. &amp; Head of the Deptt. Degree College</td>
<td>Mir Suba, Suba, Major, 'B' class Bada Hakim, Prof. T.C.College, Head of the Deptt. T.C.College</td>
</tr>
<tr>
<td>4</td>
<td>Asstt.Secreary, Asstt. Director, Professors of Degree College</td>
<td>Professors of T.C. College, 'C' class Bada Hakim, Nayab Suba. High Schools Head masters</td>
</tr>
<tr>
<td>3</td>
<td>Custom Officers, Asstt. of Distt.Offices, Gazetted Officers, Gold Seal Officer</td>
<td>Gold Seal Officers, Officers entitled to decorated with Golden Crest (Toda)</td>
</tr>
</tbody>
</table>

Every candidate must secure at least 40 marks on the basis of educational qualifications and his administrative experience. Besides there would be an interview and viva voce examination of the candidate and 50 marks would be allotted for this purpose. The consultative committee may allot 50 marks for the candidate on length of service, physical fitness and aptitude. Taking into consideration all tests and examinations the Committees was required to prepare a list of successful candidates in order of merit provided they have secured at least 100 marks and above.

In 1957, an advisory screening Commission under the Rules (Regulations) for the Constitution of Nepal Administrative Service, p. 18.
Chairmanship of the then Prime Minister Tanka Prasad Acharyay was formed to screen a special class of service and also another lesser Commission to review those who were classified either in first or second or third category.

Both the Commissions performed their duties honestly, submitted their findings to His Majesty the King for approval. Unfortunately due to political instability and frequent changes of cabinet, no action could be taken. In 1959, when the Nepali Congress came into power, it decided to set up a screening committee for the reorganization of Nepal Administrative service. Immediately after it came into power, it announced a revised scale of pay. It also created ten categories of administrative and the technical service were divided into three categories A.B. and C. The long awaited results of administrative reorganization and screening was made public. The Prime Minister Mr.B.P.Koirala announced in the Nepalese parliament the basic principles of screening and posting of administrative officers. He also outlined the various principles and methods which would be followed both in the cases of those who were already in service and the others which will be recruited later. There was a great deal of controversy about the system of competitive examination which was to be set up by Nepal Public Service Commission, because every candidate had to undergo one examination before appointment and the other at the time of confirmation. Ultimately the government decided to do away with the second examination because year after year there was a great deal of controversy and agitation about the system and conduct of examination.

Since King Mahendra's take over of the administration in his own hands, he has abolished the Jagada or reserved system
of civil service. He is determined that only merit and efficiency should be the criteria for appointment. He has based developed his own system of guided democracy/upon the village councils, the city councils, the district councils, the zonal councils and the national councils. It is long way from Rana Regime to the modern democratic system. In the course of last ten years Nepal has undergone a revolutionary change in the re-grouping, reorganization and re-constitution of the various civil services.
CHAPTER VI

FINANCIAL ADMINISTRATION IN NEPAL
CHAPTER VI

FINANCE AND ADMINISTRATION

It may be mentioned at the outset that there are two budgets in Nepal - the general budget and the development budget. The advantage of this separation and other administrative arrangements lies in the fact that the lack of efficient and expeditious staff does not affect the developmental work. They may be made available for the development purposes either through the internal resources or from foreign aid but this cannot be utilized under these conditions for the general budget.

The preparation of budget estimates for the next financial year commences on the 1st Sarwana according to the Bikram Sambat calendar and ends on 31st Ashadha. There are three different items which are involved in the preparation of budget and the balance sheets. The Ministry of Finance, other Ministries and the Accountant General and Auditor General.

The blank forms of estimates together with remarks are supplied by the Ministry of Finance to all the other ministries and they are requested to submit within due date their estimates. The estimates of the various ministries are sent together scrutinized and formed into budget proposal. They are then examined by the budget section of the Ministry of Finance in consultation with particular ministries. It is then placed before the cabinet for general and policy discussion. Thereafter according to the business rules of the Parliament, the Finance Minister after seeking the Royal Red Seal places the budget before the Parliament. It is then discussed by the

Financial Act p. 33
Parliament and had to undergo four stages under the Regulation framed by the Parliament. It is then presented to the King for his final approval. Since His Majesty took over the administration in his own hands, the budget is directly presented by the Ministry of Finance to His Majesty the King without the approval of the Parliament. The Ministry of Finance has been given an important role not only in the preparation of the budget but also in its control and execution. It must watch the progress of expenditure in the expending departments through monthly expenditure statements, periodic reports from them and taking action when necessary. It must also see that all the unspent balances shall be surrendered by the expending ministries before the close of the financial year. Above all, it must give advice and guidance to the spending ministries generally. Unfortunately the Finance Ministry in Nepal has adopted a rather autocratic role in these matters. Financial administration has been highly centralized.

In the year 2016 financial regulations were made for the control and execution of the budget.

FINANCIAL PROCEDURE REGULATING THE EXECUTION AND CONTROL OF THE BUDGET.

The general control of the expenditure will remain into the Ministry of Finance and will be exercised by the Secretary of the Ministry who is empowered to open credits for particular ministries or departments in the Rashtra Bank within the limits of their budgetary appropriations.

A new system of budgetary accounts will be introduced at the office and departmental level as well as in the accountant's financial regulations of the exec. budget regulation, p. 14.
general's office corresponding to the structure of the budget. In all the departments accounts will be maintained to show uptoday budgetary expenditure balance of trade as also balances held by subordinate offices. Payment procedures will be changed in order to enable the secretary of the Ministry concerned to approve in effect payment within limits of credits opened by the Ministry of Finance. The secretary of the department will be responsible for payments for purposes authorized by the Ministry of Finance. Heads of the subordinate office will make payments on behalf and according to the authorization of the ministry concerned out of the Imprest advance for the purpose. They are expected to maintain day to day accounts. They will be personally responsible for the funds placed at their disposal.

This new payment procedure will eliminate the system of Jimmawari, Hastawari, and Ujarati payments, as all payments will be made under a unified procedure and accounts rendered to the department or the Ministry concerned.

The post audit of the accounts by the Auditor-General will be performed currently in the departments and will include verification of correctness of accounts and expenditure and whether these amounts were spent according to the proper budget headings.

Under this system of accounting the whole thing has been constructed in such a manner as to centralize it and also to simplify. For the time being it is proposed to apply the new system to the general budget but it may be extended with certain changes to the development budget also. Considering
that the introduction of the new system will necessitate radical changes in the existing financial procedures, this new experiment will be made only in one or two departments and offices of the ministers. These instructions should not be considered as final and complete. They are liable to be changed in the light of practical experience.

**GENERAL ORDERS.**

**FINANCIAL SECRETARY.**

When the budget has been passed or the legislature has voted the account the Finance Secretary may in respect of any ministry or department, as he thinks fit, adopt the following procedures.

1. He may open credits in the Rashtra Bank in favour of a particular ministry or department which he considers necessary within the frame work of the budgetary appropriations of such ministry or department for a period not exceeding three months. These credits will be opened by cheques issued by the Financial Secretary in favour of the Secretary of the ministry or the head of the department concerned from the consolidated Fund Account.

2. The secretary of every ministry or the head of the department will have to submit to the Finance Secretary a statement of cash and bank balances held by the ministry or the department. Also an itemised schedules of the estimated expenditure for the next three months will have to be submitted.

3. The Financial Secretary will advice the ministry or the department which items of expenditures and what amounts have been approved by him and it is only under the authorisation of t
heads of the departments that the money can be drawn or the expenditure incurred.

(4) The Financial Secretary is authorised to reserve certain item of estimated expenditure for his eventual approval at a later date.

(5) A copy of the letter of authorisation together with one copy of the approved schedule will be forwarded to the Auditor General and the Accountant General.

(6) It is the responsibility of the Finance Secretary to ensure that the total of the credits opened by him does not exceed budgetary appropriations for the various items.

(4) The Secretary of other ministries concerned will be responsible for a financial administration of the appropriation under his control and for due performance of these duties by the subordinate officers.

(c) Scrutiny and incorporation in the departmental accounts of all incomes and expenditures.

(c) Preparation of the appropriation accounts and its submission to the Auditor General.

All Accounts as prescribed by the above mentioned instructions formed the basis of the appropriation act which is to be signed by the Secretary of the ministry concerned. The actual payments to the subordinate offices will be effected in form of advances in accordance with the general instruction. The amount of advance will be decided by the secretary concerned.

The secretary to the ministries will prepare monthly reports for the Accountant General containing:

(1) Expenditure under the main budgetary sub-heads.
(2) Cash or bank balances held by the department and
subordinate offices.

(3) Balance on departmental advance accounts.

Any balances of credit which have not been spent till the end of the financial year must be surrendered to consolidated funds.

The secretary of the ministry shall require bonds signed by Hakim of a subordinate office, making him responsible financially for all government money received by him or by his office.

The Secretary to the ministry concerned may be overruled by his minister on a question of financial matters, but he is entitled to request that it should be done in writing and the copy of such orders should be sent to the Auditor General and Finance Secretary.

SUBORDINATE OFFICES:

The Hakim of the office is personally responsible and accountable for the government funds placed at his disposal in form of advances and for keeping the expenditures strictly within the limits prescribed by the secretary concerned for particular items.

The Hakim is also responsible for the prompt posting of all receipts and expenditures in his books of accounts under proper budgetary heads.

The Hakim will exercise a strict pre-audit of expenditure and satisfy himself that the sufficient funds are available for such expenditures under the authorised heads. All vouchers must be certified by him.

The Hakim should exercise a strict supervision over all officers under his authority and take precautions against
the occurrence of fraud, embezzlement and carelessness. He must see that the proper provision has been made for the safe custody of the government money. He cannot be relieved from any responsibility if he deputes some of his duties to his subordinate officers.

Every month the Hakim will submit through the director of the department to the secretary of ministry accounts on the prescribed form.

THE ACCOUNTANT GENERAL

The accountant general will be responsible for the organization and proper functioning of all Government Accounts at the different administrative levels. All accounting operations of the government will be under his general supervision.

The Accountant General will be responsible for the maintenance of records showing the amount of credits opened for particular ministry or departments and of the central expenditure accounts in accordance with the budgetary structure.

The Accountant General will be directly responsible for the scrutiny of the accounts concerned with the non-votable expenditure charged directly to the Consolidated funds. He will maintain a summary of the accounts of such expenditures and will be responsible for its submission to the Auditor General.

The Accountant General will be responsible for the preparation of such periodical financial statements concerning the execution of the budget or other financial matter as may be prescribed. He will prepare the yearly statements showing a summarized form the overall budgetary position. He will also be responsible for the supervision of operations connected with
the yearly closing of accounts and the disposal of emergencies of such amounts which are directly charged to the consolidated funds.

The Accountant General may from time to time cause surprise inspection of the accounts of various ministries and departments as also cash balances held by the government treasuries. He is also authorised to issue circulars in routine financial matters and questions relating to the accounting procedure. Copies of such circulars should be sent to the Auditor General.

ACCOUNTING AND AUDIT:

Under the Rana Regime there was no regular ministry of Finance or a department of finance but there was strict control over the collection and expenditure, but it was different from what it is today. Under the Interim Government of Nepal Act 1951, it was necessary that His Majesty's Government of Nepal should appoint a Comptroller and Auditor General. This post was not filled until 1959 when under the new constitution of Nepal, an Auditor General was appointed by the Royal Red Seal. In 1960, an Act was passed namely, the Auditor General Term and conditions of service Act of 1960, defining the condition of service and the powers of the Auditor General. Between 1951 and 1958, however, an Accountant General was appointed since the reorganization of accounts and audit offices have not been finalized. He only assumed certain elementary duties. He kept a watch on the balances in treasuries, authorised transfers of funds from one treasury to another and supervise the work of the Mashkewasi Janch Adda. This is the central accounts office. This office receives monthly statements of receipts and expenditures from all government expending
offices. These statements are required to be sent by all government offices in respect of the previous month by the seventh of the succeeding month. The information and furnished statements are maintained in a register in the Mashkewari Office and it is a duty of this office to scrutinize and take steps to reconcile and discrepancies and irregularities found. During the Rana Regime audit and accounts were entirely separated and whatever kind of audit was held it was done by an office called 'Kumari Chauk. This system continued till 1959. The Kumari Chauk consisted of six offices, two for the Tarai, two for the hill and two for the valley. The statements which were submitted to this office were expected to give details of each item of expenditure supported by vouchers and were audited in the light of sanction and the then relevant rules. Obviously the audit carried out by this organization was of an elementary nature and the procedure followed was not foolproof. Unfortunately official copies of sanctions were not received in time from the ministry of finance with the result that whenever any amount was drawn by the head of an office or the department he was required to submit an undertaking to the Kumari Chowk that he will render accounts received by him and will return any balance that remains with him. It happened in the past on various occasions that money was drawn from treasury directly without even submitting the documents to the Kumari Chowk. Although there was a provision for imposing fines and taking other action, nevertheless the control was not regular or strict. Duplication and lot of other troubles and complications and confusions were caused by the separate existence of Kumari Chowk and Mashkewari Janch Adda. Consequently in 1960 King Mehandra introduced financial regulations for the
execution and control of budgetary expenditure and the audit acts. These steps have to a large extent, helped to consolidate the system of accounting and auditing in Nepal. The present position is that the accounting and auditing office are separate. The accounting office is attached to the ministry of finance while auditing office is independent and regulatory administrative unit.

AUDITING

In the earlier chapter, mention has been made about the post of auditor general. In 2017 B.S. an administrative regulation determining the remuneration and other conditions of service of auditor general as promulgated and published in the Gazette. In order to expand its scope and activities pertaining to the financial administration in 2018, His Majesty's Government of Nepal added and introduced Nepal Audit Act of 2018. This step is the cornerstone in the history of the financial administration in Nepal. The prime purpose of this Act is to widen the activities and functions of the auditing department and consequently, to entrust wider and major responsibilities to the Auditor General.

This act, has thus laid down not only principles but paved the way for the smooth working of the system of auditing and financial control in Nepal. It has specified the necessity of a large staff for the regularisation of its activities. It mentioned that a fairly large number of civil servants are needed to assist the Auditor General in the implementation of his auditing responsibilities. For this purpose, the Government can appoint officers from time to time. The second salient feature of the act was the creation and organization of cadre...
of audit service as independent and separate civil service comprising the Audit General and his whole staff of audit. In future whenever any changes have to take place it will have to be done by a separate Act. All sorts of detailed things, e.g., remuneration and other conditions of service will be regulated by the same Act. Finally, this Act prescribed the functions and powers of the Auditor General and the principles to be followed in the due discharge of the auditing responsibilities. All other officers will work under the direction, supervision and guidance of the Auditor General. But the responsibility of submitting audit reports to His Majesty the King of Nepal will be exclusively the task of the Auditor General. The was Auditor General vested with most important powers. The first one relates to the review of the financial arrangements, survey of the financial transactions, criticism of the expenditure methods and materials and items and examination of all details and scrutinization of reports. The second one is concerned purely with submitting the final report to His Majesty’s the King of Nepal. Auditor General has also the following supervisory functions. It is obligatory for the Auditor General to look after the following facts:

(a) In view of the Appropriation Act, to see whether the expenditure is made on the specified items or not.

(b) To examine whether some excessive allotted amount has been spent or not.

(c) To examine the authenticity and validity of the expenditure and judge its consistency according to the Appropriation Act.

(d) To watch as to what extent there is check to avoid
of appropriated amount by the different Executive bodies.

(e) To see whether all the financial income from all sources is correct or not.

(f) To see the clear position of Public Debt, Duties, Deposits, advances, interest, loan, etc.

(g) Government watch the treasury, godowns and official funds. Whether all these things are correct or not.

There are certain other spheres over and above all these functions, which the Auditor General can exercise on his own initiative or if he thinks necessary in the exercise of powers. These relate to the fact that some executive Departments have misused public funds and ample proof of miscarriages of financial administration have been found, or felt in the mind of Auditor General also. On all matters affecting the transfer of government properties to public and other bodies and individuals. The Auditor General also will have power to review and bring under its control of all the financial institutions sponsored, managed or run by the Government of Nepal, examination of all the audit works on these bodies. The Auditor General also has power to bring under its jurisdiction of review the audit work on all departments fund, joint fund, which were started to function before the emergence of this Audit Act.

In the end, according to the implications of the Audit Act the Auditor General can recommend and advise to the King of Nepal on the necessity of formulating, amending, the audit rules, regulations, acts, decrees, according to the suitability of the situation and also according to the changed new circumstances. But it will have effectiveness only after its approval by the Red Royal Seal.

Appropriation Act. p.14
Thus, Nepal has freshly started the auditing activities in the field of financial administration quite recently. Future alone can go on shaping and making it more developed and organized system of Auditing. Up till now it is almost in the most elementary infant stage.

N.B. The organization of the Ministry of Finance, His Majesty's Government of Nepal, The Directorates under the Ministry of Finance, the organization of the Office of Accountant General and Auditor General and their charts are shown in the following pages.
MINISTRY OF FINANCE

1. Economic ------ Accountant Branch.
2. Economic ------ Foreign Economic Aid.
3. Economic ------ Land Revenue and other income from land.
5. Economic ------ Expenditure Branch.
8. Economic ------ Budget - Preparation and Estimate Branch.
   (a) Provident Fund.
   (b) Rastriya Bank.
   (c) Mint.

It has directorates.
MINISTRY OF FINANCE

Secretary

Joint Secretary.

Under Secretaries.

Section Officers.

It has directorates.

PLANNING BOARD

Economic Advisor

Assistant Economic Advisor
CHAPTER VII

DISTRICT ADMINISTRATION, SECRETARIAT, INSTITUTE OF PUBLIC ADMINISTRATION.
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DISTRICT ADMINISTRATION, SECRETARIAT, INSTITUTE OF PUBLIC ADMINISTRATION.

DISTRICT ADMINISTRATION

Under the Rana Regime the district administration was entrusted to the relatives of the family and the courtiers. The duty of the Bara Hakim was the easiest one because law and order is maintained with the help of army and the fear of the Rana. A few courts were in existence over which the Bara Hakim supervised. In 1951, the entire district administration was reorganized. It was for the first time that the people of the locality were cautious of their rights and participation in the government of the regional administration. The entire country has been divided into districts. The principal representative of the government is the Bara Hakim or the district administrator sometimes even called governor. For administrative purposes, each district had its own head-quarter wherein located the various offices under the control of the government. Generally speaking, the chief office situated in the district headquarter of the Terai districts was known as the Goswara; the head office of the hill districts was designated as Sadar Gonda and Chhotti Conda, the former being the principal headquarter and the latter the branch head-quarter while this office in the case of small or minor districts was known as Garihs. Thus districts in Nepal were classified as A, B and C classes. The reasons of this classification are many. Some of these districts are highly developed,
have a large population and are easily accessible from the capital, other districts are less developed, while still others are backward. This arrangement continued till 1959, when in the wake of reform, this distinction was given up and at present all districts have been placed on an equal footing and everyone of them has the same administrative arrangement.

The valley of Kathmandau is divided into three districts, Kantipur, Lalitpur, and Bhagatapur. All the districts of the valley are still administered by one Common Commissioner and three separate District Magistrates.

There are other different administrative offices at the district level besides those of the Bara Hakim. On the revenue side there is the Malla Adda primarily concerned which the land rent, revenue registration and stamps and the safe custody of all the money. There was another office called Amini (Terai District Court) or Adalt (Hill district court) exclusively dealing with the administration of law and justice in the districts. The head of the revenue office is called Malla Suba and judges of the district court office as Ilaka Judges. During the Rana Regime these persons were known as Lieutenant in Amini and Hakim in Hill Adalat. Besides these offices, there are some other district offices but they come under the perview of the central secretariat headquarter administration as they are the regional or field offices in the district created by the central departments of the government of Nepal. These offices normally report to their head offices through the Bara Hakim but the responsibility is with the secretariat.
The Bara Hakim's functions and powers show that he is the main architect in the district administration. His powers are wide. He is also the chief representative or spokesman of the various ministries and the executive departments of the central government. His functions and powers can be divided in two groups:

(A) Traditional and (B) Modern.

Traditionally he exercised his powers in the maintenance of law and orders, peace, progress and prosperity in the district, collection and maintenance of the revenue registers, management of the Jail, the Police and the Judiciary. The additional responsibility which relates to the administration of such programmes and activities for which the central secretariat and the executive departments may not have any organized machinery in the district. There is a growing tendency and realisation of the fact that the physical features of the country make it necessary to have single offices in-charge of all the activities at the district level. It has also been suggested that many of the governmental function be centralised and the power be delegated to the officer-in-charge of the district. In other words the Bara Hakim is to be in over all charge of the district administration. In the old days the Bara Hakim was expected generally to supervise the working of the welfare department like education, health etc. With the appointment of the special officers for these specific purposes at the district level, the Bara Hakim began to take less interest and exercise responsibility with the government on these matters. In the conditions of Nepal it will be
necessary that the Bara Hakim should cooperate whole-heartedly even with these activities and exercise a supervisory role over the work of the welfare departments. The fact remains that the setting up of the regional headquarters of the central departments has not proved very beneficial.

The role of the valley Commissioner and the three valley district magistrates is the same as that of the Bara Hakim in other districts.

In broad analysis, the district magistrates are all empowered to exercise the following functions:

(A) Maintenance of law and order.
(B) Revenue collections.
(C) Development project administration.
(D) Police, prison and judiciary.
(E) Administration of civil supply and
(F) Miscellaneous, minor functions of the fixed nature.

In Nepal there is no separation of powers at the district and the village level. The village officers exercise only such authority which may be delegated to them by the Bara Hakim. The entire administration may be like that of the French system of the commune districts and provinces.

It has been suggested that the district administration should be reorganized. The numbers of the districts should be reduced having regard to area, population, communication etc. Proper headquarters should be selected for every district and they should be directly connected with Kathmandu by wireless or telephone. Each district should be sub-divided into sub-divisions. Finally, the head of the district should be chosen from the Nepal administrative service and the person so
chosen should have no political affiliation. In 1956, at the time of Coronation of King Mehendra, Nepal was declared to be a welfare state and as such there should have been a thorough reorientation and the reorganization of the district administration. Unfortunately on account of the political conditions and the ministerial instability, not many steps could be taken in this direction. The hierarchical order of authority in the district administration runs as follows:

Regional Commissioners, or (Anchaladhisha) Bara Hakim, Sub-divisional officers, Block development officers, and Pradhan Panchas.¹

The powers and the privileges of the Commissioner are as follows:

1. Hearing of appeals, 2. supervision and inspection of offices, 3. direction and control of policy, 4. the submitting advice to the government on district and other regional administration, 5. delegated authorities in special circumstances, 6. contact with the masses, 7. improvements in transportation and communication, 8. conducting election to basic democracies, 8. performance of the state ceremonies and powers in emergency.

What is true in the case of commissioner in a division and the Bara Hakim in the district the S.D.O and B.D.O. and the Pradhan Panchas, exercise similar powers on a limited scale in their own sphere of the administration. This certainly is a bold and novel adventure and if the administration is placed in capable hands it is possible within a short period, Nepal may emerge into a unified and well managed state. Many suggestions have been made from time to time to improve the

¹. District Reorganization p. 9
administration. It will be in the interest of the country to examine divisional, district and other units of administration in the neighbouring countries and even in western countries and to utilize only those things which may be considered suitable from the point of view of the location and physical conditions of the country.

SECRETARIAT:

Nepal had no regular system of secretariat till 1951. It was only then that a secretariat governing the various departments of administration was set up. Also it was felt necessary that some basic regulations should be introduced. A number of attempts were made in this direction and finally in 2013 B.S. "the working procedure regulation" was promulgated under the orders of the King. Even under the Rana Regime some rules known as the Mulki Sawals have been existing but they depended upon the good will of the Ranas and their followers. To a certain extent, even now the present regulations are strictly secret and are declared to be only for office purposes.

The most important feature in the administration of today that every individual minister is personally responsible for the successful working of his own department. At the same time the cabinet as a whole is also responsible for the collective decisions. Finally, it is provided that the King may in his own discretion all individual judgements besides a particular instance and take the entire responsibility.

The regulations emphasise the importance of collective responsibilities and ultimately the discretion of the King. Normally the procedure is that every minister takes a decision
on his own. He may consult other ministers if he so likes. If the matter is either important or involves more than one ministry it is placed before the council of ministers for approval. Matters of policy however should be referred prior to that consideration by the council of ministers to His Majesty the King of Nepal. Every minister has to take prior permission before initiating any proposal. Each minister is required to allocate some portion of his responsibility to his assistant minister clearly demarcating the distribution of power. The ministers have to hand over the responsibilities of execution to the secretary of the ministry and the secretary in his own term may pass it on to other subordinate officers.

Certain issues which are the concern of various ministries cannot be finalised without considering the claims and the counter claims of each ministry, for example each minister should take the sanction of the Ministry of Finance and economic affairs on the following subjects:

(a) Exemption from certain taxes for purposes of giving relief due to adverse circumstances.

(b) Distribution of public lands, issuing licences for mines, hydroelectric power, forest, licensing, auctioning, calling of tenders.

(c) The general scheme which affects the remuneration and other privileges of civil service.

(d) Conditions of service, basic matters pertaining to civil service regulations have to be finalized by the Ministry of Finance on the recommendations of the ministries of Home and Law.

Similarly every minister is to seek the permission and clarification from Ministry of Law and parliamentary
affairs on the following heads.

(a) Publication and issue of Act and Regulations according to the provisions of the constitution.

(b) Provisions and decisions which might affect the fundamental rights of the people.

(c) Question of legal interpretation pertaining to administrative organization in the secretariat.

(d) Agreements or treaties to be entered into the foreign firms and countries by His Majesty's Government.

(e) Legal disputes and constitutional difficulties in which the Government of Nepal may be involved.

(f) Giving shape or "Technicalities" to various Acts and Regulations framed by other ministries.

The Home and Interior ministries are to be consulted in the following matters:

(a) Civil Service Regulation and other conditions of service.

(b) Interpretation and drafting of bills concerning the policy of the government.

Similarly, the Ministry of External Affairs should normally be consulted on matter of policy and its consequences on the existing theory and practice of International Law and Morality.

The method and the procedure of introducing and framing new laws and Regulations is as follows: The draft is made ready after ascertaining the opinion and the advice of the Ministry of Law. It is then presented to the cabinet as a whole for the consideration and final decision. The budget is normally prepared by the Finance Minister but it must be discussed and approved by the cabinet and assented to by the
King before presentation to the Parliament. The budget cannot be notified and make public unless it has been confirmed by the King. In order to expedite matters it has been decided that the secretary of the ministry concerned with the approval of the minister should hand over all important papers to the Chief Secretary of the Royal Palace Secretariat and to the cabinet secretary of the central secretariat. These papers must indicate clearly a factual position of the supporting figures.

(a) Views expressed by other ministries.
(b) The views of the departmental ministers, and
(c) the line of action and the decision to be taken.

Procedure has also been laid down for the working of the cabinet. The Prime Minister as the Chairman of the cabinet places the matters orally before the council of ministers or he may seek the written advice of his cabinet colleagues. This advice must be sent within a specified period. In case there is controversial differences of opinion the Cabinet Secretary will forward all the opinions to the initiating ministries. If necessary the Cabinet Secretary may arrange a meeting of the cabinet. He should also inform and send the proceedings to the Royal Palace Secretariat. Unlike some other countries the discussion and the decisions of the cabinet meeting are to be recorded and the memorandum should be circulated to all the ministers. The minutes of the cabinet meetings should be preserved in the office of the Cabinet Secretary and are strictly confidential. The individual ministers can also preserve the minutes of the cabinet meetings and the decisions taken thereat but they have to submit to the cabinet secretariat in case the minister resigned or dismissed.
Every important matter even after the cabinet decision requires the approval of the King. Every minister has an audience with the King at least once a month and submit to him a report on the working of his ministry. Finally, the King has the right and the power to issue orders and directions and they must be carried out immediately without any question. This is known as "Hukum ko Pramangee".

After the overthrow of the privileged and autocratic administration many new experiments were launched. The O and M divisions were started in 2013. This division was attached to the Ministry of Finance to begin with and was later shifted to the Home and Planning Ministries. The activities of O and M are based upon two broad principles:

1. A careful study of administrative organization, plan and projects.
2. A study of the administrative procedure and techniques for administrative improvements. Generally speaking the O and M divisions studies the following matters:
   (a) The structure and organization,
   (b) Working procedure,
   (c) Personnel administration,
   (d) Financial administration.

The purpose of the formation of this division is to achieve the following targets:

(a) Efficiency in administration.
(b) Reorganization and revitalisation of administration.
(c) Economy in administration.
(d) To associate and enlist public enthusiasm and cooperation in public activities.
(f) To be the mouthpiece and the vehicle of economic planning and development of the resources of the country.

The method of work which has been of O and M division is that an officer is deputed to make administrative survey of any question examined office notes and administrative procedure. He has then to put forward and simple straightforward schemes for that particular department to achieve the objective. Later the division makes administrative assignment, collects the necessary information reports etc. It also collects statistics for analysis and study. It then lays down the results and discusses the officers of other departments. Ultimately it finalises a new line of progress and rational procedure to bring about an overall improvement in the administration of the country.

The necessity of 0 and M was keenly felt on account of the improvements of administration and non-availability of a scientific analysis and study of the administrative organization.

His Majesty's Government of Nepal has laid down the following role and responsibilities of the 0 and M in Nepal secretariat:

(a) Numbering and listing and cataloguing different offices, organization and management of each of them in detail.

(b) Working procedure in every office and its detailed study.

(c) Personnel administration analysis and careful watch on the behaviour of administrative officers.
(d) Study of the problems, programmes, and budget performances.
(e) Efficiency and economy in general administration with particular emphasis on the central civil service.
(f) To open and start some administrative auxiliary staff services.

In order to realise and implement these objectives the O and M have been accorded certain authority and privileges. This office has a right to make enquiries to visit and inspect any office in the country. The high rank official have been empowered to examine and study even the confidential papers. Every ministry has to give full assistance and information to the division. It must have active and enthusiastic cooperation from all departments and administrative offices of His Majesty's Government.

It may be reiterated that the growing recognision of the importance of administrative reorganization, planning and research is highly significant specially the field of improvement of the administrative structure whether central or local. Unfortunately due to clash of interests it has not been possible for this division to embark upon an ambitious plan and research in matter of administration. In view of the rigidity and highly centralised nature of administration any reorganization has been exceedingly difficult. Till very recently there was a tendency to differ all questions pertaining to a full scale reorganization of governmental organization, in spite of urgent need and consequent sorry results. The mere creation of O and M division will not solve the
purpose. It cannot serve as a substitute for administrative competence and in itself is not a guarantee of governmental efficiency and economy. Such a staff can function well only when administrative officers are themselves competent and when they fully understand the purpose and utility of O and M planning and research programmes and cooperate with the work and pilot projects of the O and M office. Consequently, much remains to be achieved in this field of administrative adventure.

**INSTITUTE OF PUBLIC ADMINISTRATION.**

In 1951 Nepal has started a new administrative venture. It was a fixed type of administration necessarily. It was not possible to completely isolate the old system of autocratic administration. Obviously it was necessary that research in administration and training of personnel for enlightened administration was essential. Since the advent of the democratic government foreign aid was flowing into the country at an enormous pace. And the old officials were not in a position to cope with the problem. It was incumbent that the existing staff and new recruits should be trained on modern lines. Consequently, it was realised that the institution of public administration should be set up.

The Home Ministry, the Ministry of Finance and Economic Affairs with the cooperation of the United Nations Technical Assistance Administration (U.N.T.A.A.) helped in formation of the institution. It was established and inaugurated by His Majesty, the King Mahendra in 2014 Saka Sambhād. In the beginning, all officers worked on a part time basis. In course of time it has become an integrated wing of Home
Ministry and the executive departments.

The main purpose of this institute was to train candidates for the central secretariat services as well as for officers in the far flung areas and local administration. A number of experts were invited from the foreign countries to conduct seminars and deliver lectures on economic and planning development, on organisational methods, on budgeting and accounting, statistical principles, principles of personnel administration and the K.W.I. programme. Training scheme for block development officers on the different aspects of their responsibilities were also organized. The subject covered a wide variety - comparative government, public administration, financial administration, personnel administration, district administration and village development.

Secretariate working procedure training scheme was launched and it was compulsory for all persons from the lowest non-gazetted officers to the Assistant Secretary or Section officers to attend the training and obtain a certificate.

Directorate - course training was imparted to the directors, of the executive attached departments of various ministries by experts deputed and working under the U.S.O.M. and U.N.T.A.A.

Accounting and auditing courses were given to technical officers of the finance and economic ministries under I.A.M.

Advanced course and improved techniques of O and M was given to a selected batch of civil service officers.

Administrative planning course and an advanced course on technicality and implementation of accounting principles was also taken by number of selected officers. And finally a regular course for the training of junior officers during the
period of probation, was imparted by the whole time official of the institute.

The institute now has become a full fledged and regular wing of administration under the Ministry of Home Affairs. It works under the direction and control of joint secretary of a Ministry of Home affairs. The institute has its own senior and junior instructors. Despite the fact that the institute is now permanent and regular it has not been able to establish its activities and goal of achievements because some times it has been placed under the control of the Ministry of Finance while at other time it has worked under the Ministry of Home Affairs. Secondly, the institute cannot function as an administrative staff college, it can give only various courses in public administration but it is not in a position to give a practical shape to the persons who attend this institute. It may be pointed out that the officials responsible for the top policy training have not cooperated with the institute and in this institute itself deserving personnel have not been recruited. The party politics and bickerings are mainly responsible for this state of affairs.
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11. Nepal Civil Service Act 2013 B.S.
12. Nepal Civil Service Regulation 2013 B.S.
15. Rules (Regulations) for the Constitution of Nepal Administrative Service of 2013 B.S.
20. Timber Corporation Act 2013 B.S.
21. Tourist Development Board Act of 2013 B.S.
22. Bir Hospital Development Board Act of 2013 B.S.
27. Personnel Administration in under developed countries embarking upon a programme of economic development (U.N.T.A.A. Programme) of 2013 B.S.
29. District Reorganization published by H.M.G. 2017 B.S.
31. Secretariat Working Procedure of 2015 B.S.
32. Kathmandu Valley Commissioner Magistrate Sawal (Regulation of 2011 B.S.
33. District Office Act of 2012 B.S.
40. Appropriation Act of 2018 B.S.
41. Vote on Account Act of 2018 B.S.
42. Financial Act of 2018 B.S. and 2016 B.S.
43. Financial Regulations of the execution and control of expenditure budget regulation of 2016 B.S.
44. Audit Act of 2018 B.S.