



ALCOHOL BAN
POLICY AT THE
LOCAL LEVELS
IN KARNALI
PROVINCE AND
ITS INVISIBLE
EFFECTS

Written By

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Abbreviation

BBC	British Broadcasting Corporations
B.S	Bikram Sambat
DDC	District Coordination Committee
GDP	Gross Domestic Product
HDI	Human Development Index
K.M.	Kilometer
MW	Mega Watt
US	United States

1. Background

With the promulgation of the Constitution of Nepal 2072 Karnali was established as one of the seven provinces of the Federal Republic of Nepal. Despite the implementation of various policies, programs, and schemes for its advancement, Karnali province was unable to shed its recognition of a poor and backward region. However, the Constitution of Nepal 2072 has given new hopes for the prosperity of Karnali Province. The provisions in the new constitution provides the Province and local level governments with the right to self-determination. Karnali has a total of 79 local levels, among which 25 are municipalities and 54 are rural municipalities. Birendranagar in Surkhet district has been made the permanent capital of Karnali. Schedule 8 of the Constitution, which lists the rights of local level governments, states that local market management along with local taxes fall under the jurisdiction of the local government.

The Local Government Operation Act has given authority to the local government to formulate various policies for the advancement of its community that are in alignment with federal and provincial laws. Various local governments of Karnali province have formulated policies under the Act. However, due to lack of proper research on the long-term impacts of some important policies, they had to be revisited and modified within a short span of time. A point in case is the decision taken by Chhayannath Rara Municipality of Mugu to ban alcohol within the municipality. This policy was formulated to control the increasing violence and social evils caused by alcohol consumption.

However, Surkhet High Court decided that this policy should

not be implemented. The court's decision helped ensure the consumption of local products by tourists was not prohibited. Located within the territory of the municipality is Rara Lake, a popular tourist destination in Nepal, which receives a regular flow of tourists. Alcohol sold in the area was one of the local products that tourists used to spend a significant sum of their money on. A meeting of the District Coordination Committee (DDC) of Rukum West recently decided to ban alcohol in the entire district. Under the same campaign, Athabiskot Municipality was declared an alcohol-free municipality. However, the Surkhet High Court issued an interim order on the petition of the business persons and ordered the DDC and the local level not to prohibit alcohol. Accordingly, the Chaurjahari Municipality of Rukum West, which is preparing to ban alcohol, has formulated and implemented the Directive on Prohibition of Drugs, Alcohol and Tobacco Control 2077 BS.

If Karnali were to be recognized as an organic province, various products produced in Karnali, including alcohol, can be exported across the country. There are negative social effects of alcohol consumption, which can be reduced by discouraging alcohol consumption through public awareness. However, the decision to ban it completely is likely to have multifaceted impacts, aside from the violation of individual freedom.

Article 5 (22) (c) of the Industrial Business Act 2073 states that fruit based brandy, cider, and wine producing industries established in underdeveloped areas will be exempted from 40 percent income tax for ten years from the date of commencement of the Act.

Most regions in Karnali province are underdeveloped. If the federal government has encouraged fruit-based alcohol

production and provided a 40 percent income tax exemption for ten years, should the local governments not rethink their decision to ban alcohol? The Constitution does not allow local levels to formulate policies that are contradictory to the federal law. If local governments continue to create policies that contradict with federal laws, despite the constitutional provision that they cannot legislate in conflict with policies and laws created by the federal government, such legislation will lead to conflict between the local government and the courts. The courts would issue an order of non-implementation of such policies.

While formulating policies, local governments should not limit their study to the short-term. Long-term impact of such policies and law must be considered. The general public will cease to have faith in policies and laws that seek to bring about short-term changes, while disregarding the long term consequences of such legislation. Local governments should analyse the costs and benefits of all policies during the formulation process. Only then will the local governments be enabled to address the aspirations of citizens.

While formulating a policy on alcohol prohibition, it is necessary to analyze the benefits of free alcohol businesses. Positive economic effects of allowing alcohol distribution, such as, employment creation, foreign exchange earnings through tourists and local production should also be taken into account.

2. Karnali: An Introduction

Table.1: Comparison of Karnali against national average on different indicators

Indicator	Karnali	National Average
Number of local levels	79	753
Population (in percentage)	5.9	100
Area (in percentage)	21.6	100
Number of industries registered	72	8,212
Electricity Production (in Megawatt)	11.1	1,233.1
Local road network (in Kilometer)	2,725	61,395
Unemployed Population	130,000	908,000
Number of Schools	3,167	35,520
Branches of banks and financial institutions	379	9,640
Economic growth estimate for the current fiscal year	3.6	2.3
Gross Domestic Product (GDP) growth rate (in percentage)	3.6	2.28
Multidimensional poverty (in percentage)	51.22	28.62
Absolute poverty (in percentage)	36.5	25
Literacy rate (in percentage)	53	59.6
Human Development Index	0.469	0.49

Sources: Economic Survey, 2076/77 National Planning Commission, Nepal In Data, Karnali Province Planning Commission

There are a total of 79 local levels in Karnali, which consists of 10 districts, 25 municipalities and 54 village municipalities. Covering 21.6 percent of Nepal's total land area, Karnali is the largest province in terms of geography and the smallest in terms of population. Only 5.9 percent of the total population of Nepal resides in Karnali. Karnali's Human Development Index, Per Capita Income, average age, literacy rate and infrastructure development are lower than the national average while multidimensional poverty, maternal mortality rate and infant mortality rate are above the national average. Due to the global outbreak of COVID 19, Nepal's economic growth is projected to be only 2.3 percent in the current fiscal year, while the economy in Karnali is projected to grow by 3.6 percent. Karnali contributes 4.3 percent to the country's GDP. Public administration and defense account for 11 percent of the province's GDP. Similarly, education accounts for 7 percent, health and social services for 7 percent, hotels and restaurants for 5 percent and other community, social and personal service activities for 5 percent. The contribution of agriculture, forest products, construction and financial sector on GDP have been 4, 0.7, and 0.9 percent respectively.

According to the Economic Survey 2076/77, only 72 industries have been registered in Karnali province whereas the number of registered industries in Nepal in that respective period was 8,212. This means that out of the total industries in Nepal, Karnali only has 0.87 percent of industries. Out of the 1,233.1 MW of hydropower generated in Nepal so far, only 11.1 MW or 0.9 percent has been generated in Karnali. Similarly, out of 61,395 km of local road network in Nepal, only 4.4 percent or 2,725 km of local road network is in Karnali. According to various surveys, the number of unemployed people in Nepal is 908,000, among which 14.31 percent, or 130,000 are in Karnali. There are a total of 3,167 schools in the province, which is 8.9 percent of the total 35,520 schools in Nepal. So

far, the number of branches of banks and financial institutions in Karnali has reached 379, which is 3.9 percent of the total 9,640 branches of banks and financial institutions in Nepal.

Similarly, multidimensional poverty in Karnali is 51.22 percent, as compared to a national 28.62 percent. 36.2 percent of the population in Karnali is below the poverty line, while Nepal has 25 percent. Karnali has a literacy rate of 53 percent while Nepal has a literacy rate of 59.6 percent. In Human Development Index, Karnali has a score of 0.469 while Nepal has a score of 0.49.

3. Tourism and Karnali

Karnali provincial government has put forward a plan to develop Karnali as a tourism hub by considering tourism its main source of income. According to the Karnali Ministry of Industry, Tourism, Forest and Environment, out of the total tourists that had visited Nepal in fiscal year 2075/76 BS, 633 foreign tourists visited Karnali. The provincial government has formulated a 10 year master plan for the development of tourism. This has been formulated by the Ministry of Industry, Tourism, Forest and Environment of the Karnali Province, aiming to support the overall development of the province through tourism development.

Table 2: Summary of Tourism Master Plan

Target for foreign tourists to stay in Karnali	21 days
Tourist estimated expenditure per day	120 US Dollars
Number of skilled human resources in the tourism sector in 10 years	20 thousand
Tourism entrepreneurs in 10 years	3 thousand
Hotels and resorts in 10 years	150
Additional employment from tourism in 10 years	1 lakh 50 thousand
Contribution to the GDP of the state in 10 years	10 %
Total tourists in 10 years	15 lakh
Foreign tourists entering in 10 years	4 lakh

Source: Tourism Master Plan, Karnali Province

Most tourists that visit Karnali spend their money on hotels.

Thus, the employment rate of the province is closely related to the number of existing hotels and resorts. If Karnali is to increase its employment rate, new hotels and resorts must be opened.

Due to the geographical remoteness of this region, construction of physical infrastructure proves to be extremely difficult. Thus, the province is not self-sufficient in production, and industrial development is almost non-existent. These realities of the province show that the government should consider natural beauty, herbal production, fruit production and livestock development as its strengths and set goals accordingly, by bringing about relevant and appropriate budgets and programs. It would be beneficial for the province if the government is to take initiatives on the basic needs of tourists, such as roads, transportation, hotels, and security. Karnali, with its tremendous natural beauty, can become the first choice of domestic and foreign tourists only if its development moves at a good pace, completing small projects on time coupled with long-term vision.

As the Karnali provincial government does not have sufficient resources, it has taken the private sector into confidence and is focusing on building tourist-friendly physical infrastructure in Rara, Shey Phoksundo, Sinja Civilization, Bulbule, Kupinde Daha, Deuti Bajai and Kanjirova. As this province is also the departure point for the Mansarovar Lake tour, a lot of progress can be made even if steps are taken focusing only on Hindu religious pilgrims.

According to the progress report of the fiscal year 2076/77 made public by the Karnali province government, the total number of registered industries of all kinds in Karnali has reached 3,504 by the fiscal year 2076/77, in which 105,559 jobs have been created within the sectors of industry and

tourism. In order to increase this number, it is necessary to increase tourism-related activities. To attract tourists and enhance the economic spending environment, policies and decisions that negatively affect personal choices such as the prohibition of alcohol will most likely prove to not be beneficial.

4. Some Alcohol Ban Decisions and Local Policies

4.1. Chhayannath Rara Municipality Mugu

Chhayannath Rara Municipality of Mugu has been declared a no-drinking zone since 1st Kartik 2075. The municipality said that the use of alcohol has been banned in the municipality as it is an obstacle to peace and development. Karnali Chief Minister Mahendra Bahadur Shahi declared Chhayannath Rara Municipality as a no-drinking zone and said that thousands of lives are at risk due to alcohol.

4.2. Rukum West

The import of alcohol has been banned in Rukum West since 6th Magh 2075. Local governments, with the help of the police at various checkpoints, did not allow any liquor to be taken into the district. The local government was involved in the management of the incident with the conclusion that alcohol was the root cause of 80 percent of the accidents and crimes in the society. The government requested the liquor within the region to be sold off and distributed within one and half months, i.e. 15th Falgun. The liquor dealers had to finish off the liquor in their custody by any means possible, either it be through sales or returns. The government took the decision to ban alcohol completely after 15th Falgun 2075 BS.

4.3. Athabiskot Municipality

Athabiskot municipality of Rukum West district was declared an alcohol-free municipality. Minister for Economic Affairs

and Planning of Karnali province, Prakash Jwala, declared Athabiskot an alcohol-free municipality on 9th Asar 2076 (Kantipur, 2076). Those found importing, selling and distributing alcohol with the help of the Area Police Office and the Armed Police Force were fined NRs 10,000 to NRs 100,000.

4.4. Chaurjahari Municipality

A meeting of the DDC, Rukum West, on 5th Magh 2075 decided to ban the production, import, sale, distribution and consumption of alcohol in the district as alcohol abuse is a factor that is believed to affect psychosocial behavior, leading to an increase in crime. However, liquor dealers had filed a writ petition with the Surkhet High Court seeking the quashing of this decision. In the same writ, the Surkhet High Court had issued an order to the local levels and the DDC, Rukum West, to make arrangements for the import, export, sale and distribution of liquor in a systematic manner keeping in view the rights of the business persons who have obtained legal permission to trade liquor.

5. Court Directions

5.1. High Court orders not to implement the prohibition on sale of liquor in Chhayannath Rara Municipality

Surkhet High Court had issued an interim order not to implement the decision of Chhayannath Rara Municipality to ban alcohol. The Chhayannath Rara Municipality had declared the municipality as a non-alcoholic municipality on 1st Manshgir 2075. A single bench of Surkhet High Court Judge Rakesh Kumar Nidhi issued an interim order not to implement this decision. The court issued an interim order stating that it is the right of business persons to sell liquor with permission, as per the Alcohol Control Act 2031 BS (Thaha Khabar, 11th Baishakh 2076).

5.2. High Court orders not to implement the prohibition on alcohol in Rukum West

Business persons in the district were agitated after the DDC of Rukum West decided to declare the district alcohol free. Liquor dealers had filed a case against the decision in the Surkhet High Court, which issued an interim order to not implement the decision of the DDC and to not stop the licensed sale of liquor. After that, the DDC went to the Supreme Court against the decision of the High Court. The Supreme Court issued an interim order not to implement the decision of the High Court and closed down the liquor business in the district. The import and sale of liquor from outside the district was not allowed (Thaha Khabar, 25th Asar 2076).

5.3. Order of the Supreme Court to not stop production of domestic liquor

The Supreme Court of Nepal has allowed the production of home-made alcoholic liquor up to a prescribed amount for up to six times a year. This order, along with the prescribed amount, had been issued by the court after keeping in consideration the festivals, culture and rituals of people. The full text of the judgment of the bench of Justices Harikrishna Karki and Bamkumar Shrestha states that 5 litres of liquor and 10 litres of liquor should be allowed to be produced domestically at a time. The Supreme Court has given such an order as per the provisions of the Alcohol Act and Rules. According to Article 7 of the Alcohol Act 2031, prescribed amounts of alcohol or liquor can be produced for private use.

6. Long-term impact of the US Alcohol Ban Policy

To reduce crime and corruption, solve social problems, and improve health and hygiene, the United States, through the 18th Amendment to the Constitution, banned the production, transportation, import, and sale of alcohol (wine, beer, whiskey and other alcohol related beverages) in January 1920.

The amendment exempted the use of alcohol for religious, domestic, and medicinal purposes. The amendment revoked the licenses of liquor producers, brokers, wholesalers, and retailers in the country. Initial reactions were positive, alcohol-related arrests were reduced, and alcohol consumption was estimated to have decreased by 30 percent. However, those who wanted to drink alcohol started drinking even more than they used to.

There were four reasons behind the ban. First, when the United States entered World War I in 1917, a national alcohol-free mentality was developed. Second, the prohibition of alcohol was expected to increase the availability of important crops, especially barley. Third, the use of alcohol was considered to be contrary to God's faith, and fourth, it was considered unethical for some Americans to enjoy alcohol while the country's youth were at war.

The decision to ban alcohol was widely supported by the people and was openly welcomed by women, but a large section of the people argued that the decision would not succeed under any circumstances. With the passage of the anti-alcohol law, trade in textiles, household goods, real estate, soft drinks, grape juice, et cetera was expected to

improve significantly. Theaters and restaurants expected Americans to seek entertainment in different ways without alcohol and thus for their business to flourish. However, there were no improvements. Many dance halls and restaurants collapsed. Thousands of people became unemployed. The most serious impact of the ban was on government tax revenue. In New York State, about 75 percent of the revenue came from alcohol taxes. With the ban on alcohol, the budget here had to be dependent on income tax. Opponents of the ban misused a loophole in the prohibition. By abusing the provision that pharmacies can sell wine as medicine on the recommendation of a doctor, liquor operators started pharmacy registration in a planned manner and started black-marketing liquor. As a result, three times as many pharmacies were registered in New York State at the time of the ban. The government produced the wine needed for medicine. Thousands of people who could afford to buy alcohol for religious purposes became members of churches and synagogues. On the other hand, most Americans were wise enough to produce alcohol at home, as there were no prohibitions on this. The Prohibition of Alcohol Act was passed in October 1919 and came into force 11 months after January 1920, when Americans stored large quantities of alcohol in their homes.

The ban on alcohol also had a negative impact on law enforcement. Such law enforcement resulted in the creation of a black market. The illicit liquor trade turned millions of Americans into criminals. Courts and prisons could no longer withstand the number of criminals, and for the first time in American history, the judicial system was compromised. Large sums of the economic revenue of the states and country was spent to regulate alcohol and maintain prisoners, which led to a financial crisis. By the end of the 1920s, gang violence and other criminal networks were spiraling out of control.

Large quantities of alcohol were being imported illegally from Canada, Mexico, and Europe. Eventually, middle and high class people of the society were not affected by the high prices of alcohol and thus it seemed that the ban was only prevalent for the working and low income class. A large segment of the new generation stopped caring about law. Americans wanted to drink - the number of women drinking during the prohibition increased drastically. Women themselves started protesting against the ban on alcohol. The objectives for which alcohol was banned were not fulfilled, but corruption, murder, violence, anarchy, theft, crime, black market, and high prices increased. Eventually, that decision did not last long, and in 1933, the ban on alcohol was lifted through the 21st Amendment to the Constitution (www.history.com).

This does not mean that the production and sale of alcohol should be banned, but rather that it should be regulated and its negative effects should be minimized by other means. Decisions on alcohol ban or regulation cannot be made without assessing long-term risk control measures. For a sound decision to be made, an in-depth study and debate on the positive and negative effects of the decision on economics, society, culture and law is required. The question here is whether to make Nepal an alcohol-free state, or to regulate and manage the use of alcohol. Will most Nepali citizens support the ban on alcohol? If they do not, this will help increase bribery, corruption, inflation and the black market (Madhav Parajuli, 2074).

7. The Relationship between Tourism and Alcohol: International Practices

7.1. India

The Indian state of Kerala is one of the most popular tourist destinations in the world. Authorities in Kerala have announced a ban on alcohol in the state, saying that this will reduce the increase in alcohol abuse. The state government decided to ban the sale and consumption of alcohol for 10 years, as it was considered to be harmful to society. The state government said that it will not issue new licenses to anyone for the sale and distribution of liquor, even though the license of 720 bars and restaurateurs in the state have not been renewed. It has said that only five-star hotels in the state will be licensed to sell liquor. In 2014, Kerala was the highest alcohol consuming state in India, with a per capita alcohol consumption of 8.3 litres per year, compared to India's average of 5.7 litres per year. After 2013, Kerala's tourism has also been affected. In 2013, the growth rate of tourism was 8.1 percent, in 2014 it was 7.6 percent and in 2015, the growth rate further decreased to 5.9 percent. People working in the tourism sector of Kerala said that the state government's decision to allow only five-star hotels was unfair and that many tourists visiting Kerala stayed at small hotels and guest houses, which alone cannot support the state's tourism industry (www.businessinsider.com). Despite the Kerala government's decision in 2018, it is slowly making its decision flexible by 2020. The Kerala government has selected 44 tourist destinations within Kerala and is preparing to allow local vets to sell and distribute liquor in these areas. As of July 2020, the Kerala government has allowed 170 new

bars to sell and distribute liquor, and has renewed 404 bars that had not been renewed due to the previous decision (www.onmanorama.com).

According to the World Health Organization, the per capita consumption of alcohol in India increased from 2.4 litres in 2005 to 4.3 litres in 2010 and 5.7 litres in 2016. The main causes are population growth and changes in spending patterns. It is mentioned that the demand for alcohol is increasing in India, the main reason behind which are tourists. The policy taken by Gujarat, another tourist state in India, to control tourist-friendly alcohol has clarified the link between beverages and tourist arrivals. The state of Gujarat in India banned the production and sale of alcoholic beverages since 1950. Due to the changes in the business environment in the early 2000s and the growing trend of general acceptance of alcohol, Gujarat's prohibition policy has had a negative impact on the tourism industry. The state Department of Tourism began intervening to relax the alcohol ban on tourists. As the tourism sector is also intertwined with other sectors such as services and hospitality, the Gujarat government relaxed its alcohol ban policy in some areas. In 2014, with the prior permission and adoption of the online portal method, the sale and distribution of liquor was opened in a high-pressure hotel. In 2012, there were 29 such hotels, while in 2016, 23 hotels were added. This also allowed retailers to directly sell alcohol. The ban has been relaxed in areas that many domestic and foreign tourists visit. The Indian state of Gujarat has managed to implement its policy of minimizing the impact of alcohol consumption without negatively affecting the tourism business.

7.2. United Arab Emirates

Dubai is one of the world's most popular tourist destinations.

It is also part of an Islamic country. Millions of tourists from all over the world visit Dubai, which is famous for its nightlife and easy availability of alcohol. However, it is mandatory for Dubai parties to obtain a license for the sale and distribution of alcohol. The license provides legal rights to purchase, consume, transport and store alcohol. Residents of Dubai city are also required to obtain a liquor license to consume alcohol at home or in hotels and restaurants. Tourists who visit the city of Dubai do not need a personal license if they go to hotels and restaurants to drink alcohol. However, provisions for a temporary license have been made if the tourist thinks that he/she will be drinking alcohol at home or separately (www.bayut.com).

7.3. Bangladesh

In Bangladesh, the Ministry of Home Affairs has enacted a law that requires bars and restaurants to obtain licenses for the open trade of liquor, keeping tourists in mind. According to the policy, permission is being given for the sale and distribution of liquor in restaurants, hotels, clubs and other places. Similarly, five-star hotels and other restaurants are also allowed to sell and distribute alcohol. The Bangladeshi government is considering allowing even two-star hotels to sell and distribute alcohol in view of the tourism business. Bangladesh is a Muslim-majority country that violates the Muslim Prohibition Rules 2050 and the East Pakistani law on alcohol trade. Although the Drug Control Act of 1990 was amended in 1999, it did not mention anything about alcohol and its consumption. As mentioned in the draft of the new policy, approval for alcohol consumption in Bangladesh has to be obtained from concerned offices. This requires a doctor's recommendation or an open paper requiring alcohol for medical services, but the policy does not impose any restrictions on foreigners and non-Muslims.

Tourism experts estimate that the new policy will have some impact on tourism. Tourists are not only Muslims, there are foreigners and non-Muslim tourists as well. Tourism experts argue that non-Muslims and foreigners should be allowed to drink alcohol, and tourists may not be happy with a Muslim-centric policy (www.dhakatribune.com).

8. Causes of Alcohol Prohibition

Different local governments state various forms of violence, perversion, corruption, and anti-development as the main causes for prohibition of alcohol. For the same reason, Athabiskot Municipality of Rukum West declared itself an alcohol-free municipality. A meeting of the DDC, Rukum West, on 5th Magh 2075 decided to ban the production, import, sale, distribution and consumption of alcohol in the district as drug use is believed to affect psychosocial behavior of the people and lead to crime. The locals were also accused of producing home-made liquor by mixing inedible items for commercial purposes. Therefore, the local level of Karnali has banned alcohol as it is the cause of domestic violence and social strife.

Those who formulate the policy of prohibition of alcohol argue that there has been a huge increase in the number of road accidents due to alcohol consumption. However, according to a 2011 study on road accidents in India, 77 percent of road accidents are caused by driver negligence. Out of this, 59 percent are due to speeding. A total of 6.4 percent of accidents are caused by drunk drivers (www.archive.indiaspend.com). What is clear from this is that the relationship between road accidents and drunk driving is not as significant as perceived.

The issue of crime against women has been linked to alcohol consumption. This may be partly true, as alcohol consumption is found to promote violence against women. There has been little research into the relationship between crime against women and alcohol consumption. However, with that being said, is alcohol prohibition the only way to reduce violence against women? In most rural areas of Nepal,

domestic liquors are produced and operated by women. Women are venturing out by selling and distributing home-made liquor, which has also helped empower women.

The ban on alcohol in the United States from 1920 to 1933 shows that no matter how well-thought-out a policy may be in mutually beneficial transactions, the ban may not be practical. The United States had banned alcohol in order to reduce crime, manage prison costs, and invest heavily in education and health, but failed to do so. Initially alcohol consumption in the United States seemed to decline, but soon organized gangs seized business and began selling liquor illegally. It also increased corruption in government bodies, especially the police. More importantly, it drastically reduced the government's revenue and spread drug addiction among those who could not afford to buy expensive liquor (www.archive.indiaspend.com).

9. Legal Provisions

Schedule 8 of the Constitution of Nepal 2072 lists the rights of the local level government, which states that the local market management will be under the authority of the local level along with local taxation. The Local Government Operation Act empowers the local government to formulate various policies for the enhancement of the community that are subject to the laws of the federal and the provincial governments. Local level has the authority to implement policy, laws, norms and standards related to consumer rights and has the right to control the use of alcohol, tobacco, drugs and raise awareness in sub-section 4(B) of the same act.

Fundamental Rights of the Constitution of Nepal, 2072 states that every citizen shall have the freedom to pursue a profession in any part of Nepal and to establish and operate industry, trade and business (Constitution of Nepal, 2072). This means that any Nepali citizen in any part of Nepal is allowed to operate business without legal interventions. The Supreme Court, on 13th Ashoj 2077, issued an order to allow home-production of up to 5 litres and 10 litres of liquor.

Owners of hotels and shops that have the facility of alcohol distribution are allowed to serve alcohol after 12 PM and before 1 PM on Fridays, and before 12 PM on other weekdays. Licensed individuals will be allowed to sell and distribute liquor from 10 AM to 10 PM. However, if deemed necessary, the Government of Nepal may, at any time, modify or remove this restriction (Hotel Management and Alcohol Sales Distribution Control Act, 2023).

Selling and distribution of alcohol along with setting up bars, restaurants and shops that distribute alcohol should be

operated in accordance with the conditions mentioned in the license. Only a person with a license can perform selling and distributing activities, their actions should also be in accordance with the conditions mentioned in the license. Notwithstanding anything contained in the Liquor Act, this Act shall not be deemed to have obstructed anyone who has obtained a contract or permission to produce liquor from a distillery or distillery in accordance with other prevailing laws of Nepal (Alcohol Act 2031).

Efforts have also been made to bring the production and sale of alcohol under legal boundaries. The Government of Nepal has prepared a Directive on Regulation of Sale and Distribution of Alcohol 2075. A license will have to be obtained from the concerned Internal Revenue Office for the sale and distribution of liquor and alcoholic beverages. In districts where there is no Internal Revenue Office, such license can be obtained from the concerned Comptroller and Auditor General's Office. The sale and distribution of alcohol and alcoholic beverages without a license will not be allowed (Liquor Sales Distribution Regulation Guideline, 2075). This directive has clearly stated that sales and distribution of liquor can be conducted with proper registration and necessary action can be taken if actions are not in accordance with the directive.

10. Alcohol: Prohibition or Control?

According to the Constitution of Nepal and many other laws, the sale and distribution of alcohol cannot be prohibited. While formulating any policy, the local government should conduct a detailed study to understand the long-term impacts of the said policy. However, none of the local level governments have performed impact studies while formulating, introducing and implementing alcohol prohibition policies. It is necessary for our country to learn from the negative effects of the United States alcohol ban.

Will people stop drinking alcohol if we ban it? Where is such an example? While alcohol is legally prohibited, no one can take responsibility for illegal trade and consumption, alcohol consumption may increase due to prohibitions, as seen in the United States. Prohibiting alcohol is also a violation of Nepal's commitment to the World Trade Organization. Will its implementation reduce criminal activity, social violence, domestic violence and corruption? Will the ban on alcohol affect Nepal's tourism sector or not?

According to the Constitution of Nepal, every citizen has the freedom to engage in any profession, employment, industry, trade and business in any part of Nepal. The rights ensured by the constitution cannot be violated. Any citizen of Nepal should be allowed to conduct business in any part of the country.

According to statistics, half of the world's citizens drink alcohol; at least half of all tourists visiting Nepal consume alcohol. In 2019, about 1.2 million tourists visited Nepal (BBC). There would have been multiple benefits in income if half of the 1.2 million tourists consumed alcohol. Alcohol

consumption benefits the hotel business, from which citizens generate income. Nepali citizens can get employment in the liquor production industry and the revenue collection will be high. Karnali provincial government has set a target of attracting 1.5 million foreign tourists by 2020. Karnali needs fewer tourists to spend more, rather than many tourists to spend less.

Karnali is a province with great potential for tourism. Rara Lake, the major tourist destination of Nepal, falls in this province. However, if the tourists who come here are not allowed to consume alcohol, this can have a negative effect on their choices.

One of the easiest ways for us to earn money is to sell local products. In other words, we can sell our products to tourists visiting Karnali. We can legally bring locally produced alcohol into the revenue system. As tourists are unfamiliar with local products, the policy on prohibition of alcohol does not seem appropriate from the tourism industry's point of view. Prohibiting alcohol can create a situation similar to that in the United States where citizens will not stop drinking alcohol, the black market will be on the rise and the price of illegal liquor will hike. Neither the government will receive revenue, nor will the citizens and tourists have access to affordable alcohol. Nepal has signed a trade agreement with the World Trade Organization (WTO) whereby if Nepal were to stop the import of foreign products, then it should stop the export of local products. The current ideas of alcohol prohibition go against this agreement. Section 4 of the Liquor Act, 2031 gives the right to sell and distribute liquor with permission. The local government does not have the right to formulate and implement policies that contradict similar federal laws.

Associate Professor and sociologist Kamal Raj Lamsal, said

that policies that ban domestic liquor should be reconsidered as it would promote increased import and foreign liquor. “Through domestic liquor, women in rural areas are linked to income generation and this has promoted entrepreneurship. Not only this, the quality of the branded liquor that we are buying and selling is also in question. If the home-made liquor is not of good quality, then we have to focus on making quality liquor. Prohibiting it is more useless than it is beneficial,” said Lamsal. “I don’t think it should be stopped if it is produced and consumed at home for cultural and social purposes,” Lamsal added.

Similarly, Associate Professor and economist Singh Raj Gurung said that various local governments are trying to achieve their objectives by banning alcohol, which justify the ban. He says, “From a health point of view, it is possible to ban all types of foreign liquor, otherwise it would not be a good policy to try to ban only domestic liquor and allow foreign liquor to be traded easily. There is a need to strengthen the monitoring mechanism, but I don’t think there should be a ban on the production of home-made liquor that is linked with the enterprise of many women in rural Nepal.”

11. Suggestions and Recommendations

Restrictions on the production and sale of alcohol by any government has both positive and negative, as well as both short-term and long-term impacts. Restaurants and resorts are highly affected sectors. Nepal had been planning to attract 2 million tourists by 2020 through its 'Visit Nepal 2020' campaign. However, the plan failed miserably due to the COVID 19 pandemic. Thus, the local governments, provincial governments and the federal government are planning to increase the number of tourists in the upcoming years. It is important to consider the role that such prohibition policies will play in this plan. Some of the policies that have been linked to the prohibition of alcohol, such as the ban on the sale of alcohol to individuals under the age of 18 and the prohibition on the sale and distribution of alcohol around schools should be welcome.

However, there may be other positive measures that can be taken to discourage alcohol consumption. Those who support the prohibition of alcohol argue that prohibition of alcohol policy reduces domestic violence, sexual violence and other crimes. But at the same time, such a policy can bring about unprecedented results, such as the collapse of the tourism industry.

On one hand, we want as many tourists as possible to come to the province and spend as much as possible. On the other hand, local governments have introduced policies such as alcohol ban that directly affect the hotel business and tourism industry. For most foreign tourists, alcohol is an important part of their lives. Socially banning alcohol will definitely stop them from coming to Karnali. If tourists do

not come, innumerable employment opportunities will be lost and government revenue will also decrease. How can it socialize people while prohibiting alcohol socially? Can the state not teach people to drink alcohol in a responsible and disciplined manner? It is as if the entire state has encouraged them to break the rules of the state. This is not to say that alcohol should not be controlled, but it is necessary to take other alternative measures into consideration rather than bringing policies that have various negative impacts.

- **To sell local products to tourists**

Locally produced liquor is popular among tourists; one example of such is Marfa. Similarly, there are local alcoholic beverages that are produced in Karnali region. Sales of such locally produced liquor to tourists should be made easy. For this, the locals of the region should be allowed to sell alcohol.

- **To increase public awareness about the negative effects of alcohol consumption**

In order to discourage and avoid the negative effects of alcohol consumption, the local government needs to increase public awareness. Local level has the authority to develop a local curriculum. Effects about the negative impacts of alcohol consumption could be included in these curriculums to raise awareness. Similarly, it is necessary to increase public awareness by using various means of local information and communication.

- **Management of effective security arrangements**

It seems that the government is blaming alcohol consumption as a source of turmoil while it has not been able to provide effective security measures. It is the duty of the state to guarantee full security to its citizens at any cost. Therefore, it is necessary for the local government, provincial government

and the federal government to coordinate with each other in order to create adequate security arrangements at popular tourist destinations and other places. This can reduce the incidence of alcohol-related violence.

- **To discourage locals from consuming alcohol**

Local governments can discourage locals within their municipality from consuming alcohol. Most of the alcoholics within the region are unemployed individuals. Those who are employed work all day and only drink alcohol in the evening. These individuals do not cause any harm, but unemployed individuals create disturbances after uncontrolled alcohol consumption. Therefore, the local level should focus on creating employment opportunities for unemployed youth by creating an entrepreneurial environment.

- **Bringing all transactions under legal boundaries**

Domestic alcohol producers in the rural areas have yet not been registered in accordance with the law. Bringing such domestic industries under the licensing system not only increases revenue, but also makes it easier for the government to regulate these industries in the future. This discourages blackmarketing and illicit liquor trade, also making it easier for the government to maintain records.

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