

## NEPAL

### GENERAL INFO

Nepal is a landlocked country, situated between India and China. It is 141,000 sq. km. in size, approximately equal to England. The population of 18 million is increasing at 2.6%p.a. The two principal ethnic groups are the Tibetans or Mongolians, and the Aryans (Caucasian). Nepal is the world's only Hindu kingdom, with 90% of the population being Hindu. There are small Buddhist, Muslim and Christian minorities. While the official language is Nepali, it is only spoken by about 52% of the population. There are also several dialects of Indo-European or Tibetan origin. English is spoken and understood by the educated and in the larger centres, but is little known upcountry. Never colonized, Nepal has historically been a separate kingdom.

### POLITICAL AND ECONOMIC SITUATION

The constitution of Nepal was promulgated in 1962. It states that the sovereignty of Nepal is vested in the King, his Majesty Maharajadhiraja Birendra Bir Bikram Shah Dev. All powers--executive, legislative and judicial--rest with the monarch.

Nepal possesses a four-tiered, (village, town, district and national level) partyless Panchayat system of representation. The King exercises absolute power, with the Prime Minister and the Cabinet (whose members the monarch appoints from the Rashtriya Panchayat, or National Assembly, a majority of whom are elected) acting in an advisory capacity. The Cabinet is responsible to the Rashtriya Panchayat, but the King retains the power to grant or withhold consent to bills at his discretion.

The current Prime Minister is Marish Man Singh Shrestha.

Annual per capita income is approximately \$175 U.S. With 91% of the labour force engaged in agriculture, the Nepalese economy and foreign exchange earnings are heavily dependent upon this sector. Tourism, while it employs fewer people, is significant for the currency it earns. GDP is \$3.1 bn with a real growth rate of 7.1%. Foreign debt is \$9 bn, with debt servicing charges accounting for 8% of current account receipts.

### FOREIGN RELATIONS

Nepal has been a member of the non-aligned movement, where it has generally taken a moderate position. One example of this strategy is the promotion of Nepal as a "Zone of Peace", which is also related to Nepal's situation between India and China. Nepal's emphasis on the needs of landlocked nations in the North-South dialogues have also reflected its location.

Besides joining the UN, Nepal is a member of the South Asia Association for Regional Cooperation(SAARC). SAARC, whose secretariat is based in Kathmandu, has enabled Nepal to explore its regional interests in a multilateral forum.

Nepal's relationship with India is of primary importance to it in trade. India is not only Nepal's most important bilateral trading partner but also, because of Nepal's landlocked status, virtually all Nepalese imports and exports must move through Indian territory. The importance of the relationship was recognized in the 1950 Indo-Nepalese Expression of Friendship Treaty between the two countries. In 1978 Trade and Transit treaties were signed between Nepal and India. They have recently expired, and the two