

50th Birthday of His Majesty King Birendra Bir Bikram Shah Dev and National Day of Nepal

Special Supplement

His Majesty King Birendra Bir Bikram Shah Dev, the eldest son of His Late Majesty King Mahendra and the Late Crown Princess Indra Raja Laxmi Devi Shah, was born on December 28, 1945, at the Narayanhiti Royal Palace, Kathmandu.

His Majesty received his early education at St. Joseph's School, Darjeeling, and his higher education at Eton College of England, the University of Tokyo, and Harvard University of the United States.

The auspicious wedding of His Majesty King Birendra Bir Bikram Shah Dev was solemnised with Her Majesty Queen Aishwarya Raja Laxmi Devi Shah in February 1970 with great public jubilation. His Royal Highness Crown Prince Dipendra, was born on June 27, 1971. Her Royal Highness Princess Sruti, their first daughter, was born on October 15, 1976, and the third child, His Royal Highness Prince Nirajan, was born on November 6, 1978.

His Majesty King Birendra ascended the throne of the Kingdom of Nepal on January 31, 1972, upon the sudden demise of his Majesty King Mahendra.

The auspicious coronation of His Majesty King Birendra Bir Bikram Shah Dev was solemnised amidst Vedic rites on February 24, 1975.

His Majesty holds the firm belief that prosperity and progress in Nepal can only be achieved by rapid economic development, with a view to removing regional disparity and ensuring balanced economic development. His Majesty proclaimed the establishment of five development regions in the country.

In keeping with the popular desire of the people, His Majesty King Birendra announced on May 24, 1979, a National Referendum in which the people opted for the Partyless Panchayat System with timely reforms.

His Majesty led the Nepalese delegation to the fourth summit conference of Non-aligned Nations held in Algiers in 1973, and in his speech at the conference emphasised Nepal's firm commitment toward the principles of peace, co-existence and non-alignment. In the fifth summit conference of Non-aligned Nations held in Colombo in 1976, His Majesty, leading the Nepalese delegation, shed light on Nepal's unwavering commitment to unity among the countries of the Third World, mutual co-operation and the New International Economic Order. Again leading the Nepalese delegation in the sixth summit conference of Non-aligned Nations held in 1979 in Havana, His Majesty highlighted Nepal's firm faith in non-alignment as well as views on international issues and the need for solid unity and mutual co-operation among Third World countries for maintaining universal peace and promoting human prosperity. Once more, His Majesty expressed the need to adhere to the principles of non-alignment and the belief in friendship, goodwill and prosperity for all and the need to seek a world of order and stability, balance and harmony, peace and concord, during the

NEPAL had begun planned economic development with the launching of its First Five Year Plan as early as in 1956. Eight plan is in operation at present. Nepal is in a developing stage and agriculture still dominates the economy. The share of agriculture is 42 per cent in the gross domestic product. Manufacturing sector contributes just 9.02 per cent in the gross domestic product (1993).

The economy has not been able to move faster during the

The Nepalese Economy

last decade (1984/85-1993/94) because of the dependence of the economy on agriculture and it on the other hand on monsoon or vagaries of nature. Gross domestic product could grow between 3.6 per cent only per annum in six years out of nine years in review (1984/85-1993/94). The fiscal years 1986/87 and 1987/88 were however some what exceptional

as the prior year recorded a growth of 1.6 per cent only as compared to higher growth rate of 7.7 per cent in the latter year. The tentative estimate of GDP for the year 1993/94 also shows a higher growth of 7.61 per cent.

Nepal has a very high ratio of private consumption (about 80 per cent of GDP). Government consumption on the other hand amounts on average to about 9.0 per cent of GDP. As a result, the national savings rate remained about 12.7 per cent of the GDP during the period of nine years in review. This has been the major hindrance to the resource mobilisation efforts of the government. The government is full aware of the situation and keeping it view the government is trying its best through various economic reforms measures to increase the domestic production, national savings and resources mobilisation.

Although various policy reforms were implemented and government revenue also is increasing in absolute amount it has always been lagging behind the government expenditure. In fact, government revenue on an average has risen at a rate of 42.86 per cent as compared to 33.94 per cent per annum growth of government expenditure. During the period, government expenditure as a ratio of GDP remained between 17.6 and 20.2 per cent while the revenue never crossed 10 per cent of the GDP, rather remained between 8.3 to 9.6 per cent only. This situation of wide resources gap has been forcing the government all through to depend on foreign or external aid and deficit financing to meet the de-

velopment expenditure needs. Foreign aid thus has found to be the major contributing factor (60-70) per cent of the developmental expenditure. The remaining gap was filled up by deficit financing. It varied from 6.1 per cent of the GDP in 1987/88 to 9.6 per cent of the GDP in 1988/89.

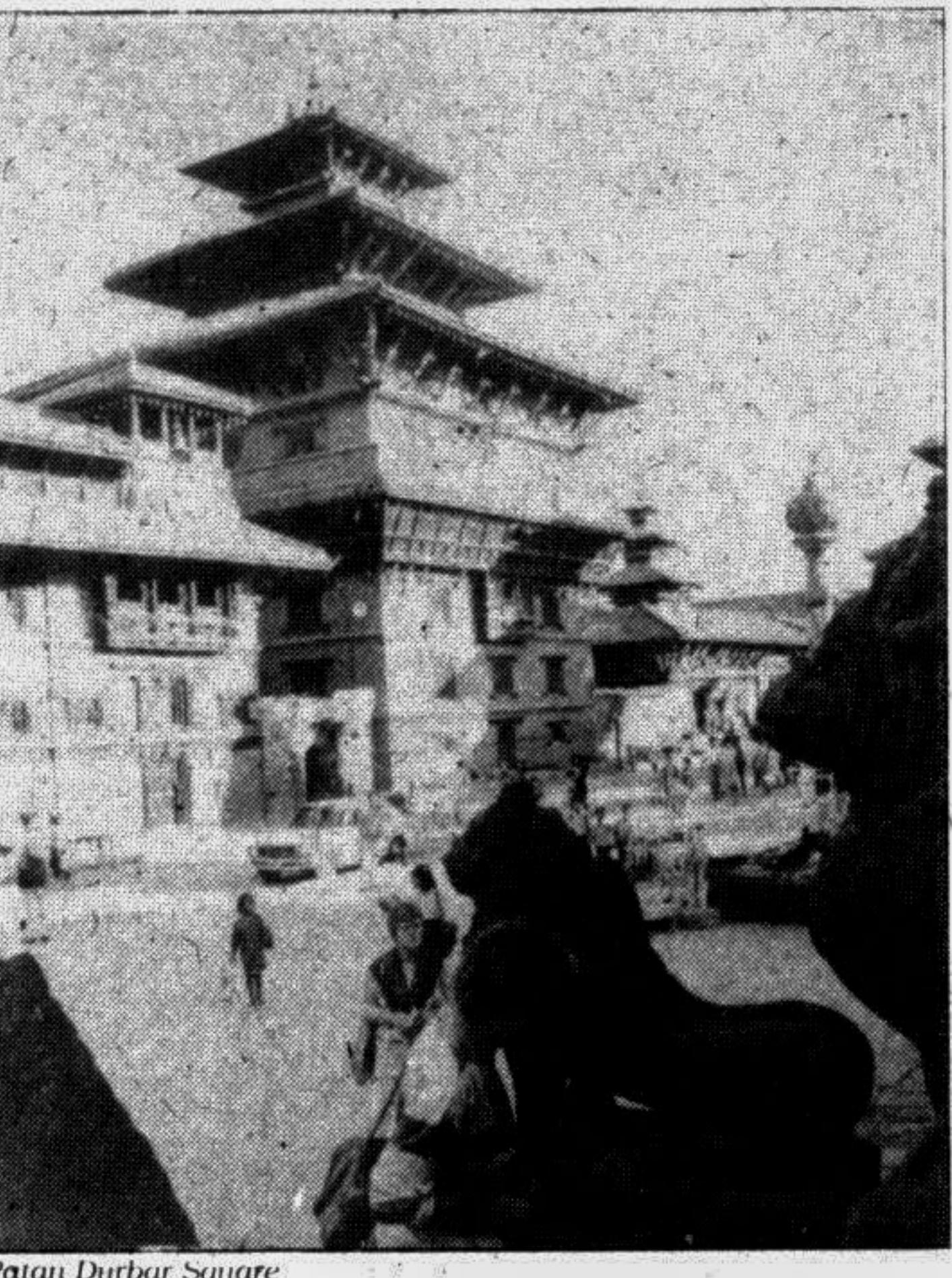
The budgetary deficits in recent years, however, has been found declining. As regards foreign trade, imports surpassed exports all along, resulting in huge trade deficits. During the first seven years (1984/85-1990/91) exports of goods and services amounted to about 11 per cent of GDP except for the last two years. However, exports slightly increased to the level of 16 per cent and 18 per cent of the GDP in year 1991/92 and 1992/93, respectively. This may be attributed mainly to the creation of new conducive economic atmosphere as a result of economic reform measures. But imports of goods and services remained at about 21 per cent of GDP for the first six years which grew very high in latter years and reached upto 28 per cent of GDP in 1992/93.

Increasing rate of growth of imports and on the one side and constant or a sluggish growth rate of exports on the other has resulted in the alarming trade deficits. The trade deficit which was Rs. 3945 million or 8.47 per cent of GDP in 1984/85, increased to Rs. 16,481 million in 1992/93 which is 9.69 per cent of the GDP of the year. During the last three years, exports grew at a higher rate than imports. In 1991/92 onwards, exports grew at 68.06 per cent compared to import growth of 41.52 per cent but remained mainly fluctuating. During the last three years of the given period, trade deficits on an average equivalent to 26 per cent of the total trade and 10.42 per cent of the GDP. Because of the poor agricultural performance, low industrial base, lack of other alternative export items and rapid increase in population the ex-

ports potentials has been circumvented severely. Imports on the other hand, has remained high because of the need of development goods and equipments, industrial machineries and raw materials, POF products and even consumption goods.

During the period, balance of payments has continuously been characterized by current account deficits. In 1984/85, current balance was negative by Rs. 1843 million and reached to Rs. 8528 million in 1993/94. The export-imports gap is the prime cause of current account deficits. Services and transfer net, though are on increasing trend is not strong enough to bridge the gap on current account deficits. Despite higher

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Patan Durbar Square

MESSAGE

United Nations and also through the forum of the SAARC. Today we know a lot about each other and we appreciate the progress achieved by each other.

In Nepal, we have recently completed successfully the mid-term General Election. The Election has given people's mandate to the Communist Party of Nepal (UML) and a new Government has been formed under the leadership of Rt. Hon'ble Mr. Man Mohan Adhikari as the new Prime Minister.

The Foreign policy of Nepal, because of the country's geostrategic position, has an important bearing on the life of the nation. Its guiding principles, therefore, will be the enhancement of the dignity of the nation, promotion of enlightened national interests, equality, mutual respect and mutual benefit. The new Government has no prejudice against any country. Its foreign policy will not be directed against any country. It wants to maintain excellent relations with both India and China. It expresses its support for the enhanced relationship with all the countries of SAARC. It is committed to nurturing friendship with all the countries of the world. Since there will be no tilt towards any country as such, its policies will be realistic and supportive of Nepal's long-term interest.

Allow me to avail this opportunity to wish you all a happy and prosperous New Year 1995. May God bless us.

Lok Bahadur Shrestha
Ambassador of Nepal in Bangladesh

Nepal and its Water Resources

THE Himalayan Kingdom of Nepal occupies an area of 147,181 sq km in the mid-segment of the Himalayan belt. The average rainfall in the country is around 1400 mm per year which is caused by the south-west monsoon. Out of the total precipitation on Nepal, 174 billion cubic metre per year goes as surface run-off. Incidentally, the run-off from Tibetan catchments, the total run-off from Nepal accounts for about 200 billion m³ per annum. Because of concentrated rainfall during monsoon period (June-September) about 72 per cent of the total run-off goes as instantaneous flow and the rest is conserved as snow and groundwater which ultimately appears in the rivers during the

dry season. The terrain of Nepal rises from the Indo-Gangetic plain to high Himalayas over a short distance. This geography has blessed the country with a theoretical hydropower potential of 83,000 Mw (based on average flow). Of this potential, to date about 42,000 Mw has been assessed to be economically feasible. The mountainous topography of the country provides the possibility of a series of high dams which can hold immense quantities of water for multiplicity of uses. This storage has the potential to augment dry season flow by about 5400 m³/sec. As well, flood damages at downstream reaches caused by monsoon

Table 1: Theoretical Hydropower Potential (in Million Kw)

River Basins	Major river courses having catchment areas 1000 km ² and above	Small river courses having catchment areas between 1000 km ² to 300 km ²	Total
Sapta Kosi	18.75	3.60	22.35
Sapta Gandaki	17.95	2.70	20.65
Karnali and Mahakali	32.68	3.50	36.18
Southern Rivers	3.07	1.04	4.11
Country Total	72.45	10.84	83.29

rain could be substantially mitigated. Tables 1, 2 and 3 present the theoretical, technical and economic hydropower potential of the country. In Table 4, the basin-wise distribution

is also shown.

Economic Benefits

Feasibility, prefeasibility and other types of studies carried out to date indicate that relatively inexpensive hydropower potential could be generated from many projects in Nepal. This

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River Basins	Number of Identified sites	Capacity in million Kw	Capacity Factors
Sapta Kosi	53	11,400	Varies from project to project
Sapta Gandaki (upper and lower reaches)	13	5,725	50% in most of the projects
Karnali	16	25,357	20% and more
Mahakali	2	1/2x2.5=1.125*	60%
Other southern rivers	9	0.975	Varies from project to project
Total	93	44,582	

* being border river only half is accounted for.

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