



56th Auspicious Birthday of His Majesty King Gyanendra Bir Bikram Shah Dev AND NATIONAL DAY of THE KINGDOM of NEPAL



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Nepal-Bangladesh relations

Cooperation intrade, transit, investment, tourism and human resources development

TRade, transit, investment, tourism and human resources development have been the main areas of cooperation in the Nepal-Bangladesh relations, which has remained warm, cordial and friendly ever since the independence of Bangladesh in 1971. Given the geographical, economic, and ecological complementarities between the two countries and the opportunities and potentials for mutual benefit, cooperation between Nepal and Bangladesh can progress towards the maximizing even greater benefits to the peoples of the two countries.

Trade: Trade is increasingly becoming the central thrust in the flourishing Nepal-Bangladesh relations, especially after the opening of the Kakarbhitta-Phulbari-Banglabandha-Mongla transit route, which allows Nepal an access to and from the sea through territories of India and Bangladesh. The opening of the transit route since September 1997 has not only widened the possibility of diversifying Nepal's trade with countries overseas, it has equally liberated the potential of promoting trade and investment between Nepal and Bangladesh. Since that time there is a growing enthusiasm on the part of the traders on both sides for increasing the volume and value of exports from their countries.

Traditionally, the volume of trade between Nepal and Bangladesh is not

significant considering the potentialities and product complementarities between the two countries. Pulses, wheat, rice, tyre-tubes, and vegetable seeds are the major items exported from Nepal to Bangladesh. Nepal imports industrial raw materials, chemical fertilizers, machinery equipment and textiles from Bangladesh. Bangladesh is a potential importer of a number of Nepalese products including Nepalese rice, vegetables and fruits, stone boulders, pebbles, cardamom, ginger, tea, handicraft products, and agro-based and horticultural products. Lately, Nepalese fresh milk and milk products have been identified for potential business in Bangladesh. Similarly, pharmaceutical products, cloths, urea and consumer goods can be imported from Bangladesh.

Business leaders from both countries are identifying the commodities that can be promoted in each other's market. There have been regular exchanges of business delegations on either side. A joint task force consisting of expert members from the Federation of Nepalese Chambers of Commerce and Industry (FNCCI) and the Federation of Bangladesh Chambers of Commerce and Industry was formed recently (April 4, 2000) in order to explore the possibilities for increasing volumes of trade. The Royal Nepalese Embassy is maintaining liaison with the chambers of business and industry in

Nepal and Bangladesh and replying inquiries on trade, tourism and investment related inquiries, while executing promotional activities on trade, investment and tourism.

Transit: Transit is a significant aspect of the economic relations between Nepal and Bangladesh. Nepal has appreciated the generous offer of Bangladesh for allowing the territory for transit of Nepalese goods to and from the sea. Bangladesh and her ports not only offer a nearer and easier access to the sea, the cost of transit to and from the sea can also be cheaper.

In a Transit Agreement signed in 1976, Bangladesh has offered Nepal use of six transit points, including the ports facilities at Mongla and Chittagong ports and the land point of Banglabandha. The opening of Banglabandha transit route in 1997 has been a significant development in the relations between Nepal and Bangladesh and it has ushered an era of increased trade and cooperation between the two countries. The Government of Bangladesh has pledged to upgrade the services and infrastructure along the route, including the improving facilities at Banglabandha.

Though the full potentials of the Banglabandha route has yet to be utilized, some traffic has been generated and several trucks carrying fruits, vegetables, limestone, baby food, pulses, tyres and tubes, batter-

ies and raw jute have been moving through the route without major difficulties.

Investment: Banking sector has seen successful joint venture investment between Nepal and Bangladesh. Similarly, two joint ventures in the insurance sector have also been launched in 2000. Business leaders in both countries are also exploring the joint venture investment on other areas. Some proposals have been moved in Nepal between Nepalese and Bangladeshi industrials for joint ventures in the pharmaceuticals, ready made garments, PVC pipes, mineral water, restaurant and cement/clinkers.

Sugar industry, chemical fertilizers, rock boulders, and dairy industry could be other areas of potentially suitable joint ventures between Nepal and Bangladesh. There are good possibilities of promoting joint ventures in the fields of ready-made garments, woolen carpets, jute and chemical fertilizers. There is a sizeable market and hence investment potentials in Nepal for the Bangladeshi pharmaceutical products. Leather goods, textiles, hotels and tourism are the other attractive areas for joint venture.

Nepal offers unique opportunities for trade and investment. There is business-friendly and pro-investment environment as the government has adopted a liberal economic policy. Foreign companies can own up to 100 percent equity. Full repatriation of profit in convertible currency is allowed. There is a guarantee against nationalization and multilateral guarantees are available for avoiding any risks. There are other incentives like tax holidays and no-tax regime for exportable items. Nepal offers one-window service to the investors and proposals are cleared within thirty days of application. Besides a peaceful environment, Nepal has a cheap and easily trainable labour market. Financial services are well developed. Investors from Bangladesh should really seize this opportunity for investment in Nepal.

Tourism: Nepal and Bangladesh possess true complementarities and combinations in enhancing mutually beneficial regional tourism as well as in attracting tourists from all over the world. Whereas Nepal offers majestic Himalayas and diverse cultural heritage with a combination of trekking and other adventure tourism, Bangladesh's Sundarban delta and splendid sea beaches with a rich cultural heritage offer unique attractions. Tourists could combine these destinations if tours could be articulately packaged to suit the visitors. There is a potential for seizing the

opportunity in the burgeoning tourist interest within the region.

The Biman Bangladesh Airlines, which has been operating flights between Kathmandu and Dhaka for the last several years, has promoted tourism between the two countries. There might be more direct flights from Dhaka to Kathmandu in the future. There is also the potential of operating a tourist bus service between Kathmandu and Dhaka. A Nepal package tour launched by the private sectors of the two countries is doing good business. Nepal is not only very close destination for Bangladeshi tourists, it offers the easiest access to visitors. Visas are available at the Royal Nepalese Embassy at the airport or immigration point upon arrival. There are several moderately priced hotels and guesthouses for economy travelers. Nepal can become a reasonably closer and cheaper destination for Bangladeshi tourists.

Natural Resources: There is also the potential cooperation in the exploitation of natural resources for mutual benefit. While Nepal is abundantly endowed with water resources with huge potentials of generating hydropower, Bangladesh is literally floating on extensive deposits of natural gas. The utilization of gas in the value added industries like chemical fertilizers could be of mutual benefit to both Nepal and Bangladesh as there is the possibility to supply chemical fertilizers from Bangladesh to Nepal on a regular basis.

Nepal's water resources could be harnessed for the benefit of the entire region and could not only bring cheaper power but also substantially reduce floods in Bangladesh. The special importance of cooperation in water resources stems from the fact that all major rivers of Nepal enter into Bangladesh as Padma via India as the Ganges. A joint study on Mitigation of the Incidence of Floods in the Future and on Exploitation of Water Resources through Multiple and Optimal Use has been completed in the various uses of water resources, including irrigation, power, navigation and flood control. The implementation of the recommendations could bring mutual benefit.

Human Resources: Bangladesh has made significant contributions in the field of training Nepal's technical manpower. Hundreds of Nepalese students are studying in various institutions of higher study in Bangladesh in different disciplines such as medicine, engineering, agriculture, nursing, pharmacy, forestry, textile, fine arts etc. Quite a substantial number of Nepalese medical graduates are pursuing post-graduate studies. Several non-government universities and some private medical and engineering colleges are also offering higher education to Nepalese students. There is further potential for sharing the expertise on training human resources from either side.

His Majesty King Gyanendra Bir Bikram Shah Dev

Why invest in Nepal?

- Nepal has adopted a pro-business and investment-friendly economic policy. This has been achieved through adopting liberal economic policies and introducing a range of attractions and incentives to the foreign investors.
- Most sectors of economy, except defense, tobacco-related and alcoholic beverages, are open to foreign investment.
- The Industrial Policy (1992) contemplates to supplement the industrial production through flow of foreign capital, technology and skills, and though an increased access to international markets.
- The Foreign Investment and Transfer of Technology Act (1992) allows transfer of technology in all sectors, save a few cottage industries.
- There is a hassle free procedure for foreign investors. The investors shall be serviced through an "one window". The investment proposals are cleared within thirty days of application.
- Foreign investors are permitted up to hundred percent equity participation. This can be in the form share in cash or kind.
- Security of investment is guaranteed. Nepal is a member of the Multilateral Investment Guarantee Agency (MIGA), which provides security against the non-commercial risks. The statutory provisions of the Nepalese law also provide security to foreign investment. There are guarantees against nationalization and for full repatriation of profit in foreign exchange. Investors are allowed to repatriate the amount received from sale of the whole or any part of the equity, amounts received as payment of principal and interest in foreign loans, and amount received under the transfer of technology.
- Tax incentives applicable to foreign investors include tax holidays in certain sectors, a low corporate tax rate, no excise except in a few products, a moderate VAT instead of sales tax, low import customs duties and only 1% duty on capital goods and industrial raw materials, no tax on export oriented industries, and duty drawback and bonded warehouse facilities.
- There is a relatively well-developed infrastructure, such as in the telecom sector. Further, investment is allowed in infrastructure projects.
- There are well-developed banking and financial institutions. There is also a relatively small capital market, which allows stock trading.
- The currency regime is liberal. There is current account convertibility and the market determines the interest and foreign exchange rate. The pricing mechanisms have been completely deregulated.
- Nepal has relatively cheaper, skilled as well as easily trainable human resources.
- The overall industrial environment is very peaceful. There is a congenial relations between the workers and the owners.
- Nepal lies in the middle of India and China, two of world's most populous countries, hence two of the most potential markets.



KUMARIS: Nepal's unique religious institutions

NAGENDRA SHARMA

KATHMANDU'S Indra Jaatra, as is mostly well-known, forms one of Nepal's most famous and colourful annual festivals, especially as it is combined with what is known as the Kumari chariot procession. Justifiably, therefore, this festival has found the pride of a place in almost every single book on Nepalese tourism and culture. Indeed, these unique and highly colourful festivals form the principal attractions around the onset of Nepal's harvest time in Autumn.

The chief distinguishing feature of Nepal's Kumari-worshipping traditions is that they are basically Tantric or Vajracharya Buddhist, although, according to Hindu legends, Kumari is also a classic Hindu deity, the daughter of Lord Shiva and half sister of Lord Ganesha. In Nepal, however, it is more or less known

that the Kumaris are traditionally selected from amongst Buddhist communities like the Gubhaju, Vajracharya or Shakya girls on the basis of certain set criteria such as purity, freedom from physical blemishes and the like. What's more, the girls are also made to undergo certain Tantric rituals as a part of their selection processes, which are mostly believed to be veiled in secrecy.

Interestingly, Kathmandu itself may have at any given time, two or three other Kumaris, leaving aside the most popular one, the royal or Lyaaku (Palace) Kumari of Hanuman Dhoka is worshipped even by the Kingdom's ruling monarch at least once a year. The other three include, for example, the Mhu (Chief) Kumari normally housed at the Mubaha monastery, Kwabaha Kumari of Bhagawan Baha in Thamel and Kilagar Kumari of Tumbaha near Kilagal. The last

named is also said to differ from all the rest in one particular respect - in that, unlike the other Gubhaju/Shakya girls, she is selected from amongst the Jyapu (Farmer) caste ones and is worshipped primarily by the Pradhans of that area.

Patan and Bhadgaon cities, in their turn, also have their own versions of Kumari virgin deities. The two in Patan include the 'Royal' Habaha Kumari, a Gubhaju and the Sonihama Kumari of Mikabaha, a Jyapu. And in Bhadgaon, we have Kumari living goddesses like the 'Royal' Ekanta Kumari and the Wala Lakhu Kumari, so named after a Baha - like courtyard of the same name near the Dattatraya temple. The third, Tebukcha Kumari, is also said to be unique in another respect, she must be an unwedded baby and, as such, must be replaced year after year.

As mentioned above, among the category of 'Non Royal' Kumaris, the one at Mu Baha is also of special interest by virtue of the fact that it is she who is regarded as the most perfect representation of such Tantric divinities as Vajra Devi, Vajra Varahi or Trailokya Devi. What's more, she may often be regarded as superior even to the 'Royal' Kumari because, in case the latter should fall sick, her attendants are supposed to send offerings to her Mubaha counterpart praying for the Royal Kumari's recovery.

Then we have the Kwa Baha Kumari who is also frequently listed as the senior most in the whole of Kathmandu city. Besides, as briefly referred to above, there are two groups of Pradhans in Kathmandu - those who worship the Kwa Baha Kumari, a Gubhaju girls, and those of the Kilagal area who worship the Hum Bahu Kumari, or a Jyapugirl.

In addition to these living Kumaris, there are two other representations of Nepal's virgin goddesses, namely, Baala Kumari and Pancha Kumari. In Kathmandu valley alone, there are said to be four better known Baala Kumari temples, one each at Thimi (east), Patan (south), Mayati (west) and Mangalpur (north).

(Abridged)

MESSAGE

NEPALESE people are celebrating the 56th Auspicious Birthday of His Majesty King Gyanendra Bir Bikram Shah Dev with a lot of enthusiasm organizing various programs at home and abroad. On this auspicious occasion, we extend our heartiest greetings and best wishes for His Majesty's good health, happiness and long life.

Ever since the establishment of diplomatic relations in 1972, Nepal and the People's Republic of Bangladesh cherish very close and cordial ties of friendship and co-operation. A significantly new phase of co-operation has begun, especially in the areas of trade and transit, since the opening of Kakarbhitta-Phulbari-Banglabandha transit route on September 1, 1997.

Nepal and Bangladesh both are the founders and active members of the South Asian Association for Regional Cooperation (SAARC). Both the countries have worked together very closely to realize the objectives of SAARC. During the 11th SAARC Summit held in Kathmandu in January this year, Nepal and Bangladesh both had expressed firm commitment to alleviating poverty from the region. The two countries have also worked together in various international and regional fora for the cause of peace and development.

May I also take this opportunity to convey to the Government and the people of Bangladesh the heartiest and warmest greetings of His Majesty's Government and the people of Nepal. May the special bonds of friendship that happily exist between Nepal and Bangladesh be further strengthened in the years ahead.

Arun P. Dhital
Charge d' Affaires a.i.
Royal Nepalese Embassy, Dhaka

Heartiest Felicitations



We heartily felicitate
His Majesty King Gyanendra Bir Bikram Shah Dev
on the occasion of his 56th Birthday
and
warmly greet the friendly people of
the Kingdom of Nepal
on their National Day.

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Heartiest Felicitations to His Majesty
King Gyanendra Bir Bikram Shah Dev
on the occasion of His Majesty's Birthday
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FELICITATIONS

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