

# **Facts Book**

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## **Nepal**

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**December 1969**



**THE VICE PRESIDENT**

**DEPARTMENT OF STATE**



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## FACT SHEET

**Land**                      Area: 54,563 sq. mi., completely landlocked  
(about the size of Arkansas)

**People**                      Population: 10.8 million (1968 estimate)

Religion: Hinduism is official religion; there is  
sizable Buddhist minority in addition to small  
groups of Muslims and Christians

Literacy: About 9% (1961 census)

Languages: Nepali is official language; more  
than a dozen others

Labor force: Working age population (15 to 59),  
5.6 million (1966 estimate); more than 90% en-  
gaged in agriculture

**Government**                      Legal name: Kingdom of Nepal

Capital: Kathmandu

Type: Constitutional monarchy. King Mahendra  
exercises broad powers over the "panchayat"  
system of government -- a complex system of  
hierarchic assemblies and councils culminating  
in the indirectly elected national legislature.  
Elective government institutions are subject  
to the King's constitutionally confirmed powers  
of consent. Council of Ministers is appointed  
by the King from members of the national legis-  
lature

Legal system: Based on Hindu legal concepts  
and English common law

Nepal

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Legislature: The indirectly elected National Panchayat is unicameral. The 125-member body consists of 90 representatives of zonal assemblies, 16 nominees of the King, and the remainder representing various class and professional organizations. Terms served by the members vary from 2 to 6 years

Political subdivisions: 14 zones, 75 districts

Political parties: Political parties are banned, but some political activity is permitted. The King has been the dominant political force since 1960, when he suspended Nepal's parliamentary system in which parties participated

Member of the United Nations, currently serving 1969-71 term on the Security Council

## Economy

GNP: Estimated to be \$802 million in FY68. GNP increases annually by about 2.4%. Per capita GNP in FY 68 estimated to be \$75

Major industries: Processing of primary commodities -- rice, jute, cigarettes, sugar. Also plywood, textiles, brick and tile production

Agriculture: Over 90% of population engaged in agriculture. Main crops -- rice, corn, wheat, sugarcane, oilseeds

Exports: \$67 million (FY68 estimate). Foodgrains and products (rice, clarified butter or ghee, potatoes, spices and pulses), raw materials (jute, timber, grass, herbs and hides). About 90% to India, less than 2% to Tibet and other Communist countries

Imports: \$90 million (FY68 estimate). Manufactured goods (textiles, shoes, cement, iron and steel), beverages and tobacco, minerals and

petroleum products, food products (spices and betel nuts). About 90% from India, 3% from Communist countries

Electric power: Capacity 35,000 kw (1968). 47 million kwh produced (1968). 4 kwh per capita

Fiscal year: Ends July 14

## Foreign Aid

The US has provided the largest total amount -- approximately \$125 million through FY69. Present US program is about \$10 million annually. In recent years most US aid has been financed through use of US-owned Indian rupees

India is currently the largest aid donor, with annual assistance averaging \$14 million

Communist China's assistance is worth about \$8 million annually

Other aid donors include the UK, USSR, and Israel

## Communications

Railroads: 63 route miles, all narrow gage

Highways: 620 miles, 250 miles paved

Ropeway: 28-mile bi-cable ropeway from Hitaura to Kathmandu for freight transportation; built as US aid project

Airfields: 41 total, 38 usable. 5 with permanent surface runways, 4 with runways 4,000-8,000 ft.

Telecommunications: Telephone and telegraph service, poor. Radio communication and broadcast service, fair; international radio communication service, good. 3,800 telephones, 46,000

radio receivers. 2 AM stations, no FM or TV stations.

**Defense Forces**

Expenditures: 1968 - \$4.2 million (approx. 0.6% GNP)

Personnel strength: Army - 14,600. No naval or air forces

HISTORY

# HISTORY

## The Gurkha Kingdom

Nepal was founded in the latter half of the 18th century when Prithvi Narayan Shah, the ruler of the small principality of Gurkha, forged a unified country from a number of mountain states. The country was frequently called the Gurkha Kingdom, and when recruitment of Nepalese soldiers for the British Indian Army began in the early 1800's, the British called them "Gurkhas." The name remained and became world famous due to the bravery of Nepalese fighters in the First and Second World Wars. Today Nepal permits both India and Britain to recruit Nepalese nationals for their armies. The UK is phasing out the use of "Gurkhas."

## Rana Rule

After 1800 the heirs of Prithvi Narayan Shah proved unable to maintain firm political control over Nepal, and a period of internal turmoil ensued. Stability was restored in the 1840's when the Rana family gained power, entrenched itself through hereditary Prime Ministers, and reduced the monarch to a figurehead.

A tightly centralized autocracy, the Rana administration pursued a conscious policy of isolating Nepal from external influences. This policy helped Nepal maintain its national independence during the colonial era, but at the same time precluded economic development.

## Modern Era

Democratic currents set in motion by the independence movement in neighboring India had their impact on Nepal, and opposition to Rana

rule grew in the 1930's and 1940's. In 1950-51, shortly after India became independent, a popular revolution toppled the Ranas, restored King Tribhuvan to power, and paved the way for a non-Rana to become Prime Minister. The decade of the 1950's saw a period of quasi-constitutional rule during which the monarch, assisted by leaders of the fledgling political parties, governed the country. At times Prime Ministers from these parties were in office and represented a wide spectrum of views. During other periods the throne ruled directly. King Tribhuvan was succeeded after his death in 1955 by his son, King Mahendra, who is the present ruler.

Throughout the decade efforts were made to frame a constitution for the country that would establish a representative form of government, presumably patterned on a modified British model. In early 1959 such a constitution was issued by the King, and shortly afterward the first democratic elections were held for a national assembly.

The Nepali Congress Party, a moderate socialist group, gained a substantial victory and its leader, B. P. Koirala, was called upon to form a government and serve as Prime Minister.

#### "Panchayat" System

In December 1960 King Mahendra dismissed the Koirala government, suspended the constitution, imprisoned a number of political figures, and resumed direct rule. The King charged the Nepali Congress government with corruption, misuse of power, and an inability to maintain law and order throughout the country. King Mahendra declared that Nepal was not yet ready for Western parliamentary institutions and needed a democratic political system closer to Nepalese traditions. To meet this need the King initiated a partyless system of "panchayat," or village council, democracy based upon indirect elections and ultimate control by the King.

With the Panchayat system firmly established by 1967, King Mahendra tried to work out an accommodation with the former political party members. Participation of former political leaders in the government was encouraged. Most political prisoners, including B. P. Koirala, were released. Pardons were granted to many former Nepali Congress members living in exile in India. During a recent speech in India, however, Koirala advocated violent overthrow of the King as the only way to restore democracy in Nepal.

POLITICAL SITUATION

## POLITICAL SITUATION

### Constitutional Monarchy

King Mahendra exercises broad powers over Nepal's "panchayat" system of government, which draws its theoretical inspiration from the traditional local government institution found in parts of Nepal -- the village panchayat. Under Panchayat Democracy a village or groups of villages with a population of 2,000 is organized into a village assembly, which elects, by secret ballot, an 11-member executive committee known as the village panchayat. Similarly, a town with a population of 10,000 or more has a town panchayat. (There are 3,600 odd village and 14 town panchayats altogether.) Every Nepalese citizen of 21 years of age and above is a member of a village or town assembly. In each of the 75 districts, there is a district assembly, composed of village and town panchayat representatives, and an 11-member district panchayat. The members of the district panchayats in turn form a zonal assembly, and at the apex is the National Panchayat.

Nepal follows a unitary system of government and is divided into 14 zones and 75 districts. Each zone is administered by a commissioner and assistant zonal commissioners, appointed by the government in Kathmandu and numbering from 1 to 5 according to the size of the zone.

Under the constitution promulgated in December 1962 and amended in January 1967, sovereignty is vested in King Mahendra, and executive, legislative, and judicial powers emanate from him. Executive powers are exercised by the King directly or through the Council of Ministers or other officers. The legislature, or National Panchayat, is unicameral and indirectly elected. The Chief Justice of the Supreme Court is appointed by the King.

## Legislature

The 125-member National Panchayat consists of 90 representatives from the 14 zonal assemblies; a total of 15 representatives from the government-established class organizations for peasants, youths, women, workers and ex-servicemen; 4 university graduate representatives; and 16 nominees of the King. The chairman of the National Panchayat is appointed by the King upon the recommendation of its members. The vice-chairman is elected by the members. Meetings of the National Panchayat are conducted in camera although recently this restriction has been liberalized somewhat. Terms of members from the zonal assemblies are staggered like those of US Senators; one-third are elected every 2 years for 6-year terms. The other members serve for 2 or 4 years depending on the type of seat held.

## Executive Branch

The Council of Ministers is the executive arm of the government and gives policy advice to the King. The Prime Minister and other Ministers are responsible to the King and are appointed by him from the membership of the National Panchayat.

## Judiciary

The constitution provides for a Supreme Court consisting of a Chief Justice and 6 other judges. Judicial powers, however, emanate from the King who appoints the Chief Justice and other judges.

## Political Parties

Political parties are prohibited. In the 1967 constitutional amendment, the Panchayat system was described as "partyless and democratic." At the same time, fundamental rights were redefined to allow formation of associations or organizations which do not have political party objectives.



# ECONOMIC SITUATION

## Summary

Nepal is largely a mountainous country in an early stage of economic development. When the modern era began in 1951, Nepal had virtually no schools, no hospitals, no roads, no telecommunications, no electric power, no industry, and no civil service. While Nepal remains one of the least developed countries in Asia, it has made noteworthy progress in the past decade. The Gross National Product has increased annually by about 2.4%; the estimated GNP for FY68 was \$802 million.

A countrywide education program is underway. A university has been established. Malaria has been brought under control in a large and previously uninhabitable area. The capital city of Kathmandu is now linked to India and Tibet by road and to other towns in Nepal by radio. Several hydroelectric projects have been completed. Some small industries are being developed to process agricultural products and manufacture items for local consumption such as cotton textiles, matches, cigarettes, and shoes. A system of internal finance and public administration has been established. A start has been made toward rational exploitation of Nepal's three major economic resources -- forests, hydroelectric potential, and tourism.

## Agriculture

The principal economic activity is agriculture, and Nepal is a net exporter of food, primarily rice to India. The principal agricultural area is in the southern plain which borders India. Two-thirds of the population, however, live in the hills on subsistence agriculture.

## Foreign Trade

Over 90% of Nepal's trade is with India and conducted in Indian rupees. In exchange for foodgrains and jute Nepal receives cloth, petroleum products, construction materials, and miscellaneous consumer goods. Nepal exports about \$2 million in goods to the US annually, mainly jute fabrics and curios. US exports include aircraft parts and machinery. Nepal also has trade ties with Communist China.

## Finance

Nepal's currency is the Nepalese rupee (NRs). Its value in terms of the Indian rupee was established at NRs 135 to IRs 100 on December 8, 1967. The exchange rate with the US dollar is NRs 10.125 to US \$1.00 or NRs 1.00 to US \$.099. Nepal has a favorable balance-of-payments position, due primarily to pensions and remissions paid Gurkha soldiers in the British Army plus tourist receipts.

Government of Nepal figures show that an average of 60% of the budget is spent on development, although this includes expenditures on some items which are ordinarily considered administrative. Nearly half of internal government revenues are derived from customs duties, and other indirect taxes account for a large part of the remainder.

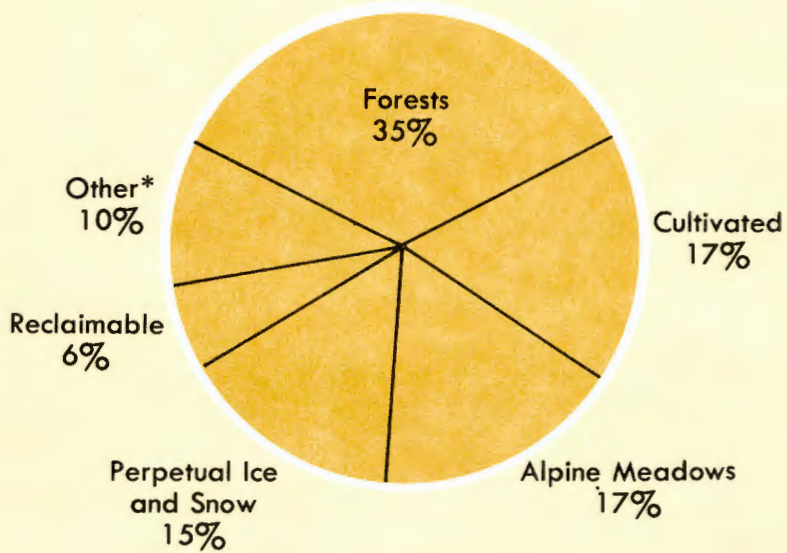
## Foreign Aid

Nepal's budgetary deficit is traditionally financed by foreign aid. India is currently the largest aid donor to Nepal, although in total sums the US has given the largest amount. India's program provides assistance in road construction, hydroelectric power projects, education, water supply systems, agriculture, and local government at an annual cost of \$14 million. The US program, primarily in agriculture

and education, runs about \$10 million annually-- most of which is financed with Indian rupees accumulated from PL-480 shipments to India. Communist China is the other major donor, with a program in road construction and hydroelectric power development worth about \$8 million annually. Other aid donors include the UK, the USSR, West Germany, Israel, the UN, Switzerland, and Japan.

# NEPAL: LAND USE

TOTAL LAND AREA  
141,00 Square Kilometers

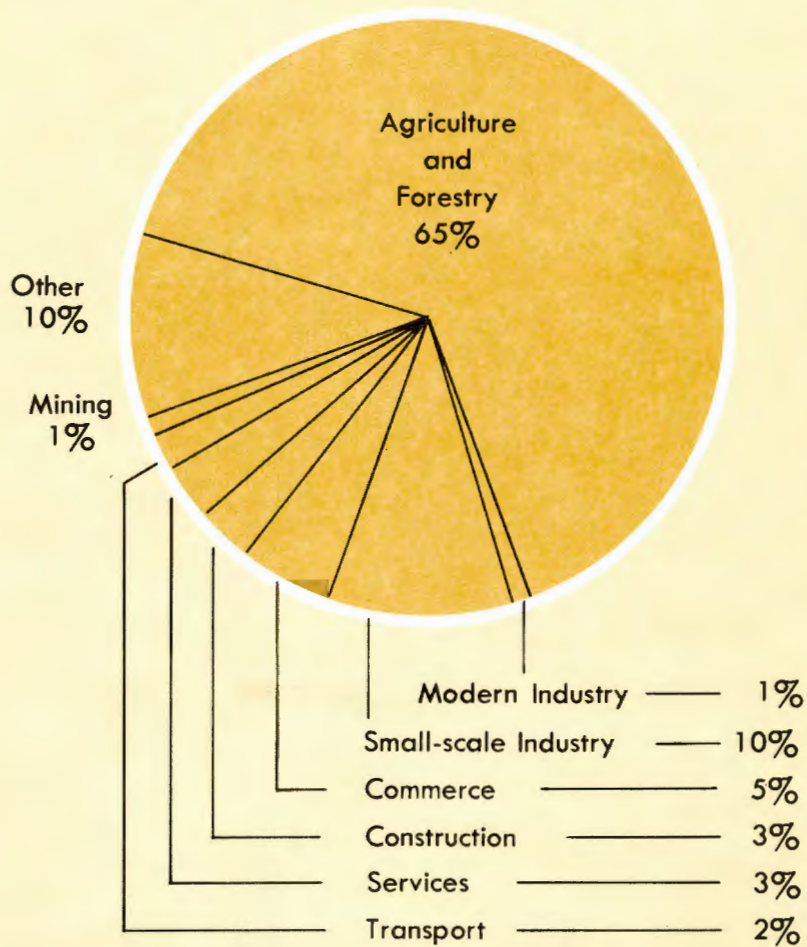


*\*Includes river beds, arid areas, deserts*



# NEPAL: GNP BY SECTOR OF ORIGIN, FY 67

TOTAL GNP=\$802 Million  
GNP=\$75 per capita FY 1968\*



*\*In Constant 1965 Market Prices - US dollar equivalent*

**FOREIGN POLICY**

# FOREIGN POLICY

## Foreign Policy Aims

Although "nonalignment" is a relatively new term, Nepal has followed such a policy since its founding as a nation-state 200 years ago-- both in relation to its immediate neighbors and within the international context. As a small, landlocked country wedged between two larger and far stronger powers, Nepal's primary foreign policy problems concern India and Communist China. The belief held by Nepal's founder, Prithvi Narayan Shah, that "good neighbourly relations" should be maintained with both India and China continues to be an important goal. During the Sino-Indian border crisis in 1962 Nepal adopted an official posture of neutrality toward the border dispute and limited its public statements to expressions of hope that the two countries could settle their differences peacefully.

## Relations with Others

### Communist China

Nepal formally established relations with Communist China in 1956 when the two countries signed a treaty of friendship. The Chinese Communists have subsequently extended a substantial amount of economic aid.

### India

Because of strong cultural, linguistic, religious, and economic ties, Nepal's associations with India are much closer than those with China.

### Nepal

Geographically, Nepal occupies a key position in the Himalayan defense perimeter of the Indo-Pakistan subcontinent. India has recognized Nepal's strategic importance and has made clear that it will not countenance any encroachments on Nepalese territorial integrity. Indo-Nepalese relations, however, are not always entirely smooth. Disagreement was apparent in mid-1969 when Nepal took exception to Indian claims of a "special relationship" between the two countries. Nepal fears that India seeks to control those aspects of Nepalese policy which might affect Indian security. The Indians sometimes act in such a way as to stimulate such fears.

#### **US Relations**

Since their formal establishment in 1947, US-Nepal relations have been friendly. King Mahendra has paid state visits to the US in 1960 and 1967. In addition to US economic assistance, the Peace Corps has several programs in Nepal, assisting development in education, agriculture, forestry, and panchayats. There are currently 173 Peace Corps Volunteers in the country. The US has also provided limited non-lethal military assistance.

Nepal has diplomatic relations with a total of more than 40 countries. In addition to the US, India and Communist China, these include the UK, USSR, Israel and the UAR.

#### **United Nations**

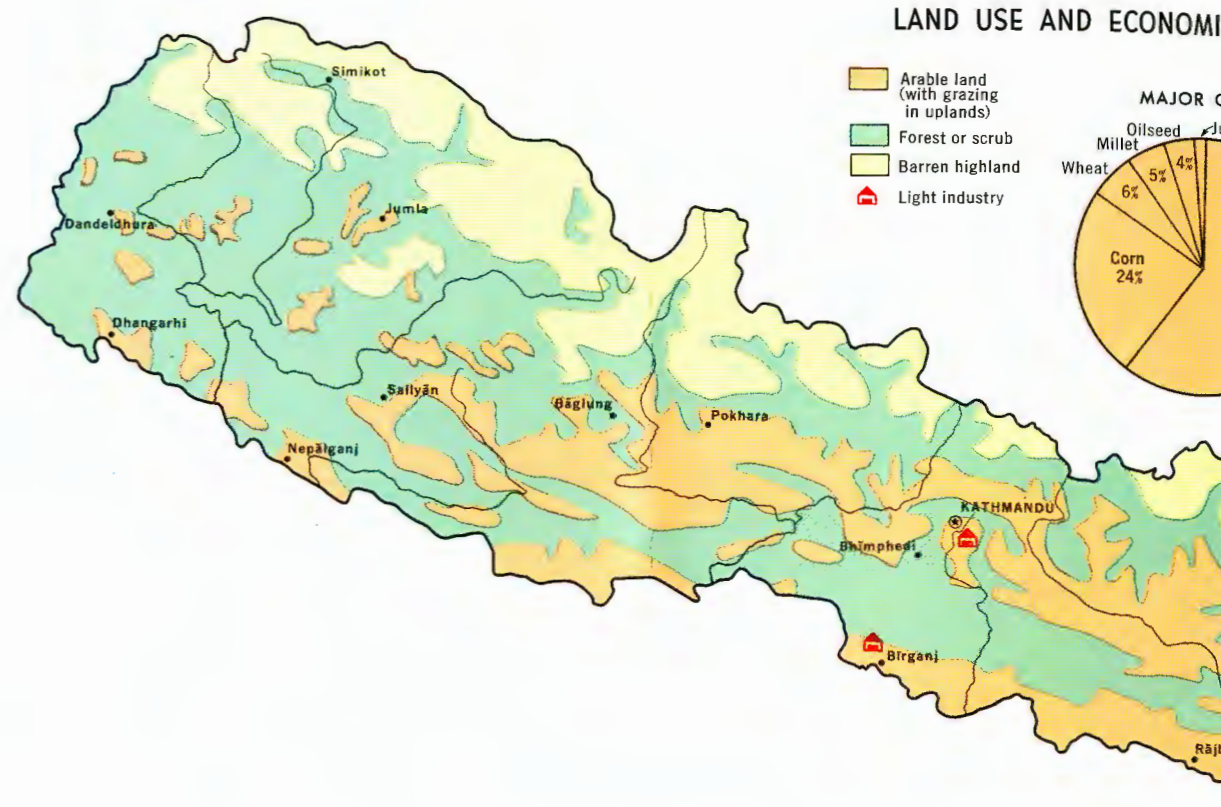
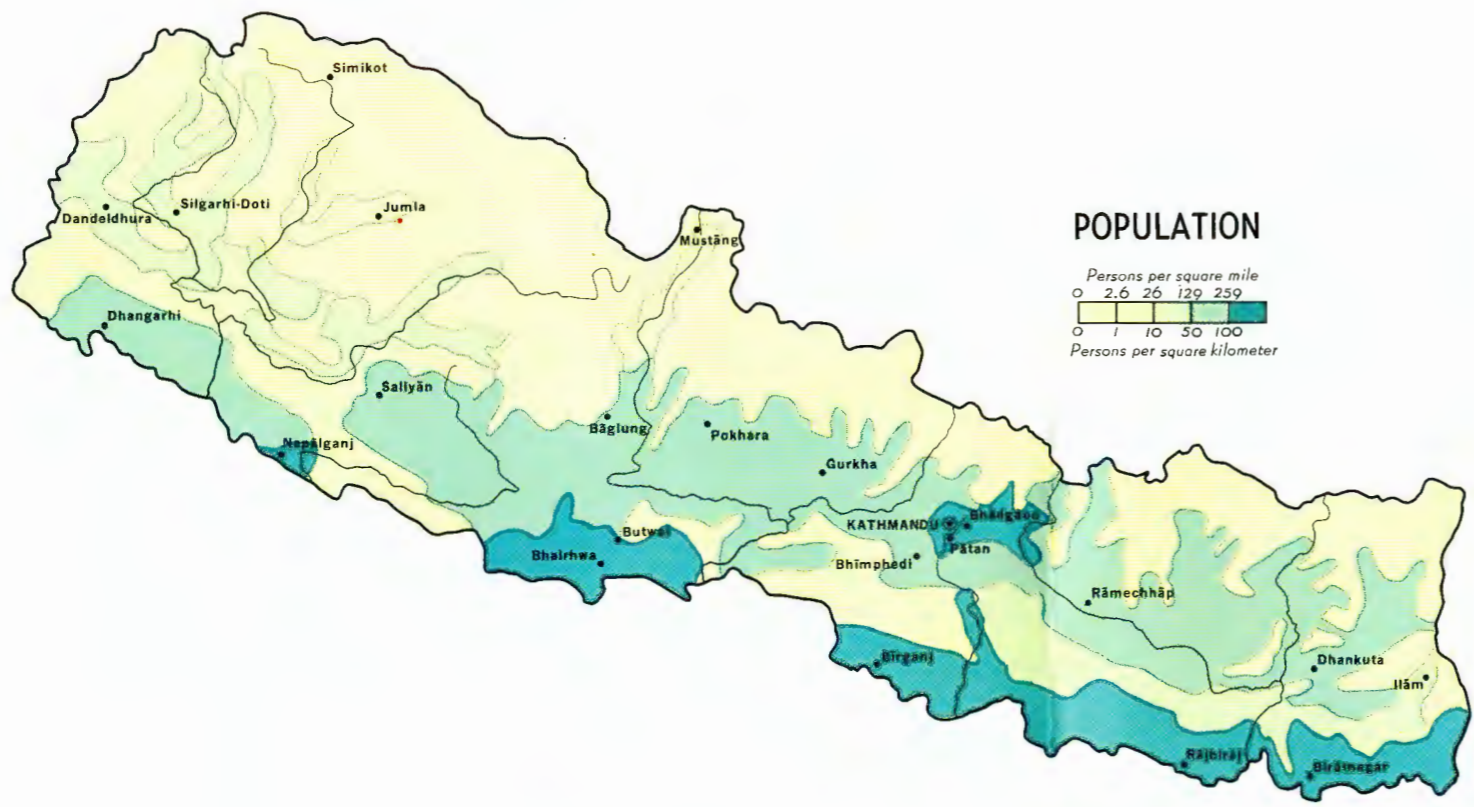
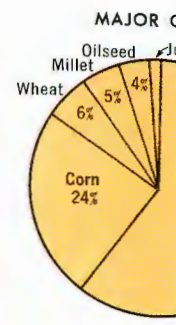
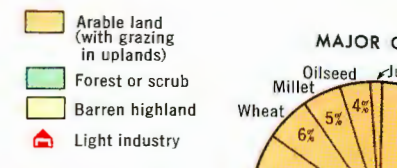
An important factor in Nepal's foreign policy is adherence to the principles of the UN Charter and strengthening of the UN as an instrument for international peace and security. Admitted to the UN in 1955, Nepal is currently serving a 1969-71 term on the Security Council. Nepal has often voted with the Afro-Asian group, but has generally abstained on East-West issues.

#### **Nepal**

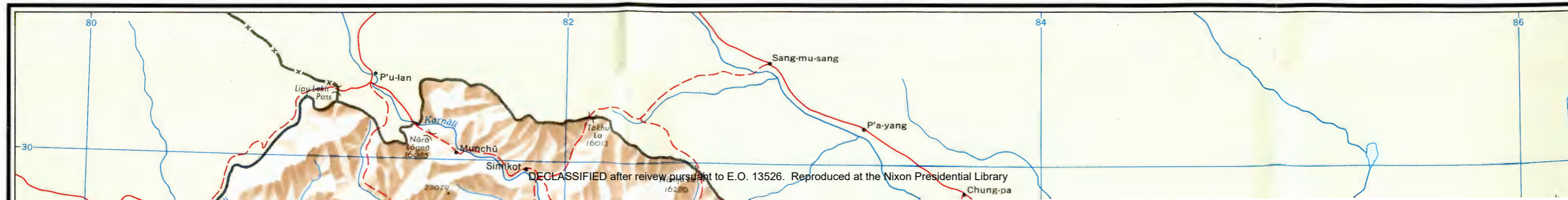
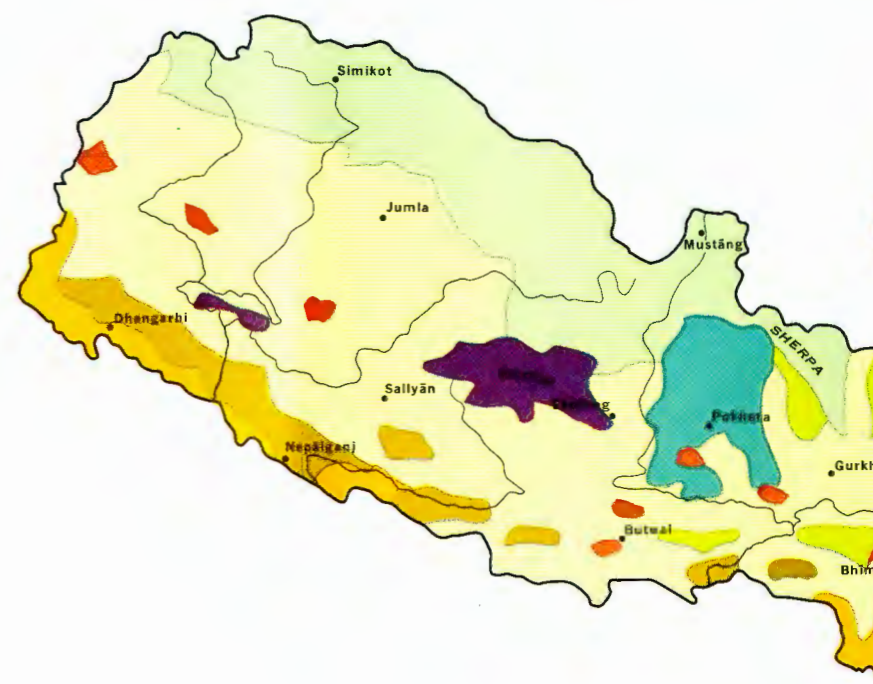
## Attitudes on Specific Issues

Concerning the disarmament issue, Nepal favors general and complete disarmament with effective means for control and inspection under UN auspices. It has signed the nuclear non-proliferation treaty. On Viet-Nam, Nepal supports a peaceful settlement based on the 1954 Geneva Agreements. Nepal supports the admission of Communist China to the UN. On the Middle East, Nepal supports the Security Council resolution of November 1967 and has been sympathetic to Arab demands on the right of Palestinian refugees to justice and fairplay. Nepal, however, views the Arab refusal to recognize Israel's existence as unrealistic.

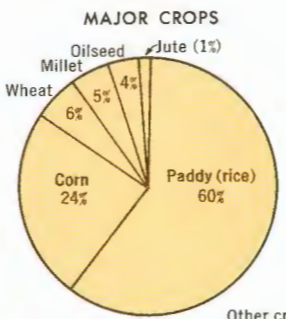
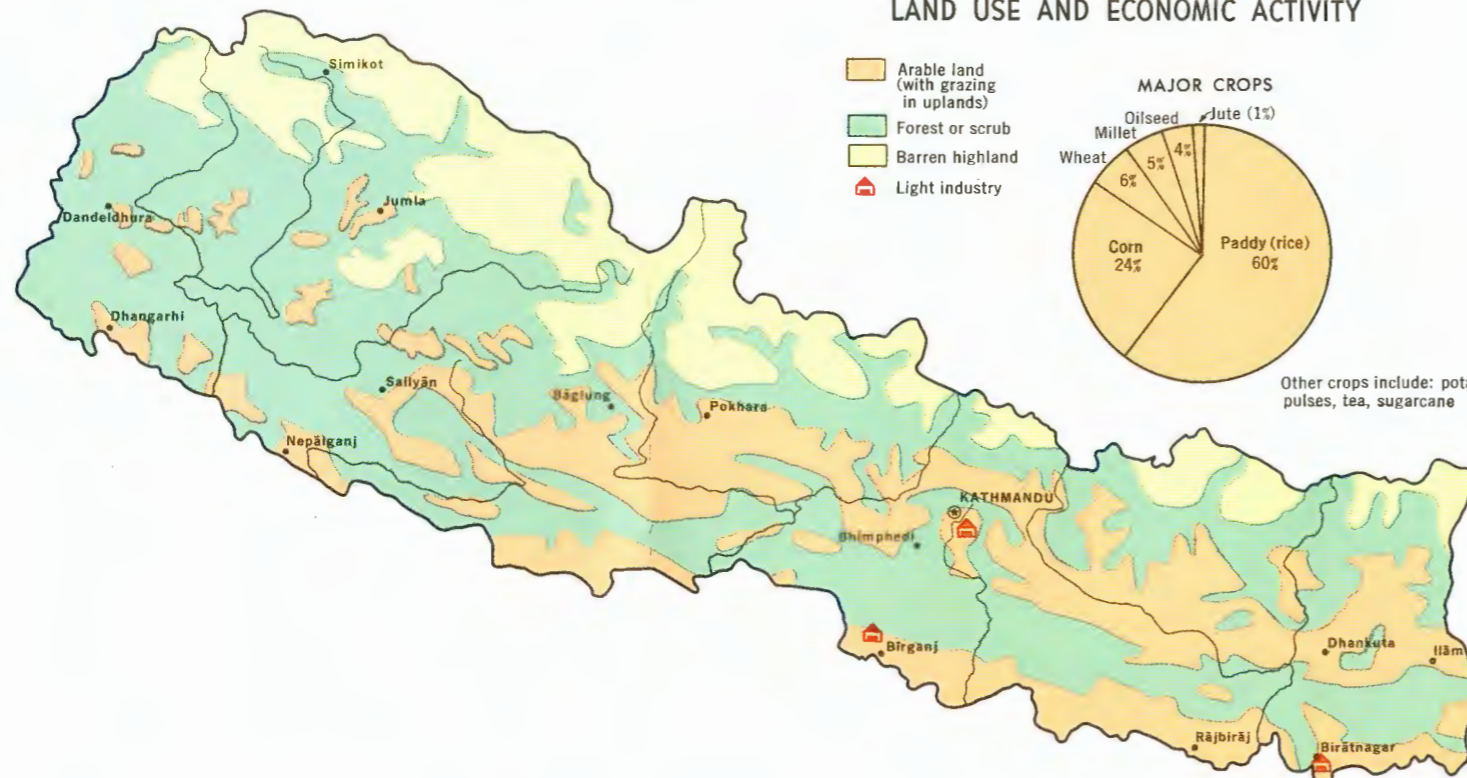
LAND USE AND ECONOMIC



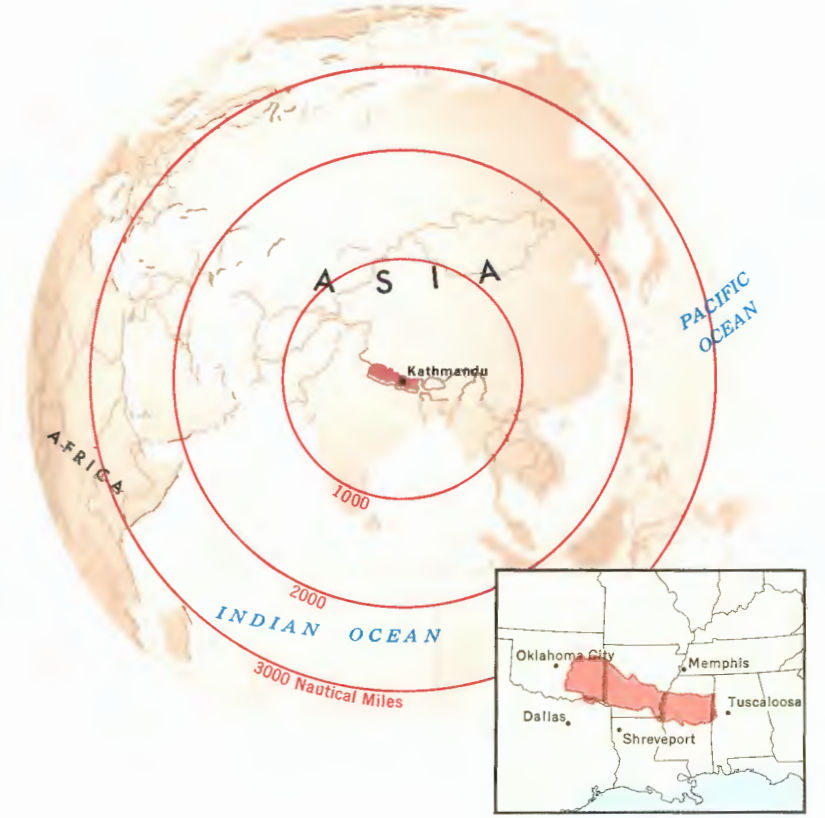
- |                   |                   |
|-------------------|-------------------|
| 1. Dhärchul       | 39. Tanahun       |
| 2. Baitadi        | 40. Gurkha        |
| 3. Dandeldhura    | 41. Rasua         |
| 4. Kanchanpur     | 42. Dhädng        |
| 5. Bajäng         | 43. Nawäkot       |
| 6. Bäjura         | 44. Sindhu        |
| 7. Doti           | 45. Kathmandu     |
| 8. Achhäm         | 46. Bhaktapur     |
| 9. Kailäli        | 47. Lalitpur      |
| 10. Humla         | 48. Khabre        |
| 11. Mugu          | 49. Chitawan      |
| 12. Jumla         | 50. Makwänpur     |
| 13. Tibrikot      | 51. Parsa         |
| 14. Dailekh       | 52. Bära          |
| 15. Jäjäkot       | 53. Rautähät      |
| 16. Surkhet       | 54. Dolakha       |
| 17. Bardia        | 55. Rämehhäp      |
| 18. Bäнке         | 56. Sindhüli      |
| 19. Rukum         | 57. Sarlähi       |
| 20. Rolpa         | 58. Mahottari     |
| 21. Sallyän       | 59. Dhanokha      |
| 22. Däng Deukhuri | 60. Solukhumbu    |
| 23. Pyuthän       | 61. Okhaldhunga   |
| 24. Dolpo         | 62. Khotang       |
| 25. Mustang       | 63. Bhojpur       |
| 26. Myangdi       | 64. Udaipur       |
| 27. Bäglung       | 65. Sirha         |
| 28. Gulmi         | 66. Saptari       |
| 29. Argha Khanchi | 67. Sankhuwasabha |
| 30. Päpa          | 68. Terhathum     |
| 31. Kapilvastu    | 69. Dhankuta      |
| 32. Rupandehi     | 70. Sunsari       |
| 33. Nawal Paräsi  | 71. Morang        |
| 34. Manang        | 72. Täplejung     |
| 35. Parbat        | 73. Panchthar     |
| 36. Käski         | 74. Iläm          |
| 37. Lamjung       | 75. Jhäpa         |
| 38. Syängia       |                   |



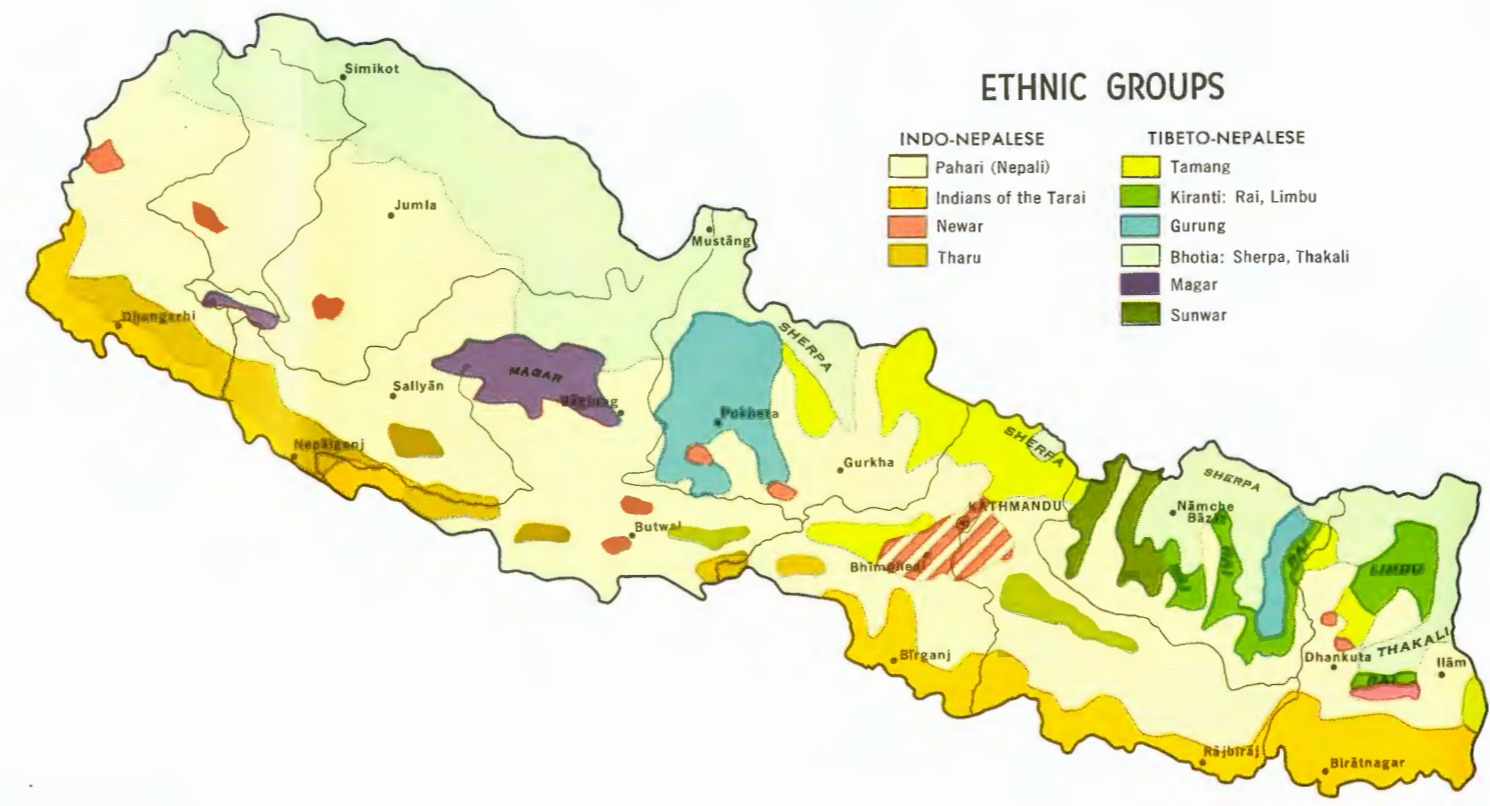
### LAND USE AND ECONOMIC ACTIVITY



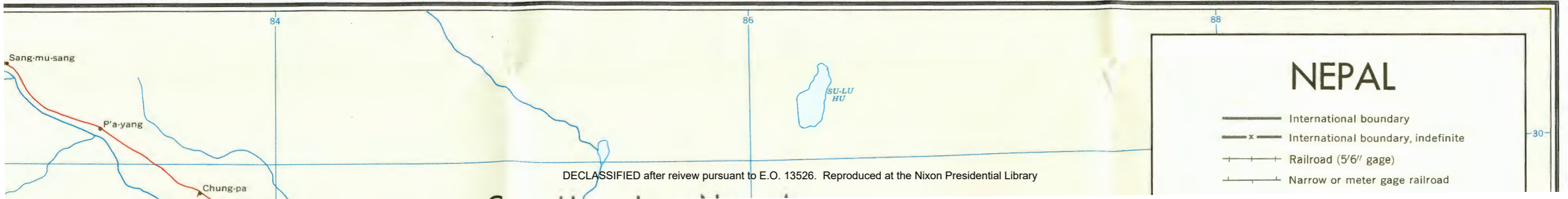
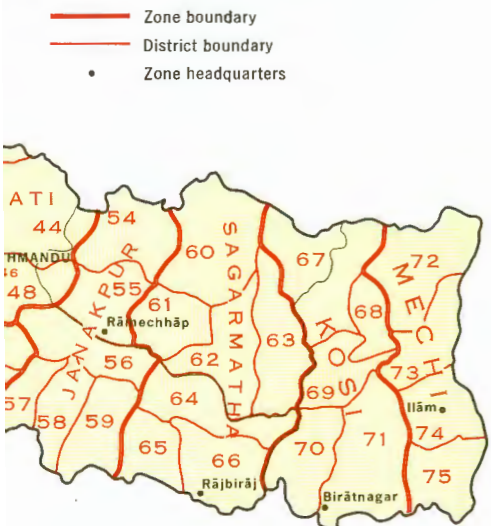
Other crops include: potatoes, pulses, tea, sugarcane



### ETHNIC GROUPS



### ADMINISTRATIVE DIVISIONS





NAMES AND BOUNDARY REPRESENTATION ARE NOT NECESSARILY AUTHORITY



NAMES AND BOUNDARY REPRESENTATION ARE NOT NECESSARILY AUTHORITATIVE