

2.7. BANGLADESH

Bangladesh is located in Southern Asia, bordering the Bay of Bengal, between Burma and India. The total Area of Bangladesh is 144,000 sq. km, Land area is 133,910 sq km. The Land Boundaries is totally 4,246 km. The Border countries are Burma 183 km and India 4,053 km. The Coastline boundaries are 580 km. The Climate is Tropical Cool, dry winter (October to March) hot, humid summer (March to June), Cool, rainy monsoon (June to October).

The Natural resources of Bangladesh are Natural Gas, Arable land, Timber etc. The usage of the land is Arable land:76%, Permanent Crops:29%, Meadows and pastures: 4%, Forest and woodland: 16% and others :11%. The Irrigated land in Bangladesh is around 27,480 sq km(1999). The Bangladesh faces Natural hazard like droughts, cyclones regularly.

The name of the Country is in the conventional long form, "People's Republic of Bangladesh". Formerly it was called 'East Pakistan'. It was liberated during December 1971 from Pakistan. The Constitution was framed on 4th November 1972 and executed from 16 December 1972. The Legal system is based on English Common Law. The Head of the Government will be the Prime Minister of Bangladesh. The flag is Green with a large red disk slightly to side of center; green is the traditional color of Islam.

2.7.1. ECONOMY

Bangladesh Population is 152.6 million (UN, 2005). The Capital and largest city in Bangladesh is Dhaka. The total area is 143,998 sq. km. (55,598 sq miles). The Major language is Bengali. Major religions are Islam and Hinduism. The Life expectancy is 62 years (men) and 63 years (women). The Monetary unit of 1 taka = 100 paisa. The Main exports is Garments, fish, jute goods and leather products. The GNI per capita is US \$470 (World Bank, 2006). The Internet domain is .bd. The International dialing code: +880. The annual GDP growth has average over 4% in recent years from a low base. Its economy is overwhelmingly agricultural, with the

cultivation of rice the single most important activity in the economy. The major impediments to the growth of Bangladesh is the frequent cyclones and floods, the inefficiency of state-owned enterprises, a rapidly growing labour force that cannot be absorbed by agriculture, delays in exploiting energy resources (natural gas), inadequate power supplies, and political unrest. Bangladesh has made significant strides in its economic sector since its independence in 1971. Bangladeshi garments industry is one of the largest and comprehensive industries in the world. Before 1980, Bangladesh's economy and foreign exchange earnings were driven by the jute industry. However, this industry started to fall dramatically from 1970, when polypropylene products gained popularity over the jute products.

Bangladesh has also made major strides to meet the food needs of its increasing population, through increased domestic production. Currently, Bangladesh is the third largest rice producing country in the world. The land is devoted mainly to rice and jute cultivation, although wheat production has increased in recent years, the country is largely self-sufficient in rice production. Nonetheless, an estimated 10% to 15% of the population faces serious nutritional risk. Bangladesh's predominantly agricultural economy depends heavily on an erratic monsoon cycle, with periodic flooding and drought. Although improving, infrastructure to support transportation, communications, and power supply are poorly developed. The country has large reserves of natural gas and limited reserves of coal and oil. While Bangladesh's industrial base is weak, unskilled labor is inexpensive and plentiful.

Since independence in 1971, Bangladesh has received more than \$30 billion in grant aid and loan commitments from foreign donors, about \$15 billion of which has been disbursed. Major donors include the World Bank, the Asian Development Bank, the UN Development Programme, the United States, Japan, Saudi Arabia, and West European countries. However, Bangladesh's poverty rate remains high. With nearly half of its 138 million people living below the poverty line, Bangladesh

still has the highest incidence of poverty in South Asia and the third highest number of poor people living in a single country after India and China. As in other countries with similar income levels, Bangladesh still faces deficiencies in the quality of social services. Bangladesh has historically run a large trade deficit, financed largely through aid receipts and remittances from workers overseas.

2.7.2. ECONOMIC REFORMS IN BANGLADESH

Bangladesh carried out wide-ranging trade policy reforms during the past two decades covering both tariff and non-tariff barriers. As a least developed country, Bangladesh was exempted in the Uruguay Round agreements from making commitments regarding tariff reduction. However, rationalization of the tariff structure has been one of the key elements of trade policy reforms in Bangladesh. Prior to 1986, there were 24 tariff slabs, which have been rationalized to 12 by 1993-94: 6 by 1996-97: and 4 by 1999-00. Preferential rates of duties applicable to public sector enterprise were eliminated in 1989. As a part of the rationalization measures, the maximum tariff rate was reduced from a level of 350 per cent in 1991- 92 to 50 per cent in 1995 – 96, 42.5 per cent in 1997 – 98 and further down to 37. 5 per cent in 1999 – 00. As a result, the average nominal protection fell from 89 per cent in 1990 – 91 to 25 per cent in 1995 –96.

In addition to trade liberalization, restrictions on movement of foreign capital were removed. FDI inflows were encouraged by setting up special economic zones. In 1989, a Board of Investment was established in Bangladesh to encourage foreign investment. The foreign investment policy was revised in 1991 and it removed the limit on foreign equity participation and obligation for joint venture or ban on fully owned foreign companies to sell shares through public issues. In addition, the 1991 policy allowed foreign investment through working capital loans equivalent to the foreign equity amount and participation of foreign investors in protection, and exempted tax on royalties, technical knowledge, interest and capital gains. Other measures include permission to exporters to retain a part of their foreign exchange

earnings, enhanced foreign exchange entitlements for business and travel, withdrawal of restrictions on non-resident's portfolio investment, greater flexibility of the authorized foreign exchange dealers with respect to fixing the selling and buying rates and foreign exchange liquidity, etc. Restrictions on the remittances of dividends, royalties, and the repatriation of capital have also been lifted.

2.8. BHUTAN

The Bhutan is situated in Southern Asia, between China and India. The Geographic coordinates are 27 30 N, 90 30 E. The land area of Bhutan, the total area is 47,000 sq km and Land area is 47,000 sq km. The land boundaries are around 1,075 km. The border countries are China 470 km and India 605 km. There is no Coastline and maritime are landlocked. The climate of Bhutan is Tropical in southern plains: cool winters and hot summers in central valleys: severe winters and cool summers in Himalayas. The Terrain is mostly mountainous with some fertile valleys and savanna. In this, the Lowest point is Dangme Chu 97m, the Highest point is Khula Kangli 7,553 m. The Natural resources are Timber, Hydropower, gypsum, calcium carbide. The land utilization, the Arable land is 2%, permanent Crops 0%, Meadows and pastures 5%, Forest and woodland 70% and others 23%. The irrigated land is around 340 km(1989 est).

The major environmental issue in Bhutan is Soil erosion and limited access to potable water. The Natural hazards are violent storms coming down from the Himalayas, the source of the country's name and frequent landslides during the rainy seasons. Bhutan strategic location between China and India. It Controls several key Himalayan mountain passes. The conventional long form is Kingdom of Bhutan and the conventional short form is Bhutan. The type of Government is Monarchy. The capital of Bhutan is Thimphu. The Independence was declared on 8th August 1949 (from India).

The Flag of Bhutan is divided diagonally from the lower hoist side corner; the upper triangle is yellow and the lower triangle is orange; centered along the dividing line is a large black and white dragon facing away from the hoist side.

2.8.1. ECONOMY

The Bhutan economy, One of the world's smallest and least developed, is based on agriculture and forestry, which provide the main livelihood for 90% of the population and account for about half of GDP. The full name of Bhutan is, Kingdom of Bhutan. The Population is 672,000 (via UN, 2006). The Capital and largest city is Thimphu. The total Area is 38,364 sq km (14,812 sq miles). The Major language spoken is Dzongkha (official). The Major religions are Buddhism (official) and Hinduism. The Life expectancy is 61 years (men), 64 years (women). The Monetary unit: 1 ngultrum = 100 chetrum. The GNI per capita was US \$870 (World Bank, 2006). The Internet domain: bt. The International dialing code: +975. The Agriculture consists largely of subsistence farming and animal husbandry. Rugged mountains dominate the terrain and make the building of roads and other infrastructure difficult and expensive. The economy is closely aligned with India's through strong trade and monetary links. The industrial sector is small and technologically backward, with most production of the cottage industry type. Most development projects, such as road construction, rely on Indian migrant labour. Bhutan's hydropower potential and its attraction for tourists are key resources, however, the government limits the number of tourists to 4,000 per year to minimize foreign influence. The Bhutanese Government has made some progress in expanding the nation's productive base and improving social welfare but growth continues to be constrained by the government's desire to protect the country's environment and cultural traditions. Growth picked up in 1995 and the country's balance of payments remained strong with comfortable reserves.

2.8.2. ECONOMIC REFORMS IN BHUTAN

Bhutanese authorities have aimed at striking a balance between the pace of economic development and the need to preserve the country's unique cultural heritage and its delicate environmental balance. This has led the government to adopt a cautious approach to tourism and logging and foreign investment. Despite this measured approach to development, Bhutan has

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achieved significant economic and social gains in recent decades. Inflation has been relatively stable in the range of 7-9 percent, closely tracking price movements with India in view of the significant economic and financial links between the two countries, including a currency peg. The large inflow of foreign grants and rising electricity exports to India have been reflected in the overall balance of payments and a significant build of foreign reserves. Bhutan's cautious approach to fiscal management is underpinned by efforts to meet current expenditure with domestic revenue, while financing capital expenditure with foreign grants and soft loans. Reflecting the sizeable accumulation of foreign assets, monetary expansion has averaged 35 per cent in the last two fiscal years, well in excess of the growth of nominal GDP suggesting rapid magnetization of the economy.

Structural reform measures are being put in place to enhance growth and increase private sector participation in economic activity. The privatization programme is progressing steadily; preparatory steps are being taken to formulate a frame work for foreign investment: and the legal support for the financial system is being strengthened. A personal income tax is being introduced as a first step to strengthen the tax structure and diversify government revenue, which continues to be heavily reliant on the production and exports of electricity. The monetary authorities are taking steps to increase the flexibility of financial institutions in setting their interest rates, to promote competition in the financial sector and to encourage private investments. Bhutan has decided to join WTO and hopes to complete the process of accession by 2007. The government is gearing up for the necessary legislative and regulatory changes in a phased manner to comply with WTO requirements.