

8. Agriculture, Industry and Tourism

Agriculture

- 8.1 Nepal is predominantly an agricultural country and hence, the importance of this sector's development can hardly be exaggerated, especially in coping with globally increasing problem of food crisis. In the light of the major role played by agriculture in the country's economy; the employment opportunity provided by this sector at the village level; the potential overall food security of the country and the gradual commercialization of agriculture at present, the development of agricultural sector is the undeniable need of today. Since agricultural development is the very foundation for the sustainable economic development and the major source of income and employment for the majority of Nepalese, agriculture sector received top priority since the early periodic plans and policies of the nation. The preliminary contribution of agriculture and forest sector is estimated to be 33.0 percent in the GDP during FY 2009/10. Special attention is paid to the formulation and implementation of appropriate policies for the development of this sector.

Box 8 (a): Major Activities in Agriculture Sector

- 1) One Village, One Product Program: One Village, One Product Program, based on the concept of Public-Private Partnership, has made remarkable achievement within three years of its execution. Under this program, Ramechhap, Sindhuli, Nuwakot, and Rasuwa were selected for the production of sweet orange, rainbow trout fish, bel, and lapsi, respectively whereas Agro-Tourism program is in operation in Lekhnath Municipality of Kaski district. Similarly, Simbidian Orchid farming program is initiated in Lalitpur district. Along with coffee in Sangya and Lokta (Nepali Paper) in Dolkha District.
- 2) Bird-flu and other Veterinary disease Control Program: Influenza Control Program is in operation to prevent and control Bird-flu and other transboundary veterinary diseases, Under this program, surveillance of rural chickens, and commercial chickens were carried out 2,657 times, 4,671 times respectively, and 2,167,850 doses of PPR Vaccines have been actualized.
- 3) Cooperatives in Rural Urban Areas, One Household One Employment: Cooperative farming has been initiated in 38 districts and livestock program in 14 districts based on the Standard Operating Procedures(SOP) prepared on the foundation of the spirit of the **Cooperative Farming Program Manual, 2065 (2008)** with "**Rural Urban Cooperatives for Grain Silo in Every Household**". Out of 51 small irrigation schemes selected for execution, work

is underway in 25 schemes, with 2 schemes completed so far. Likewise, 26 cooperative farming schemes are selected and started in ten districts. Piggery and poultry farming programs are being implemented under this program in Bhojpur, Kathmandu, Kaski, Dang, Bardiya, Kailali, Banke and Saptari, Jhapa, Morang, Udayapur Sarlahi, Dolkha Sangja and Rasuwa Ramechhap and Sindhupalchok districts.

4. **Fair Price Cooperative Store:** Cooperative Stores Operation Rules, 2065 (2008) is in implementation. A total number of 3,263 cooperative fair price shops were provided with Rs 100,000 per shop as a grant in the previous fiscal year out of which 2,400 shops are operating at present.

Source: Ministry of Agriculture and Cooperatives

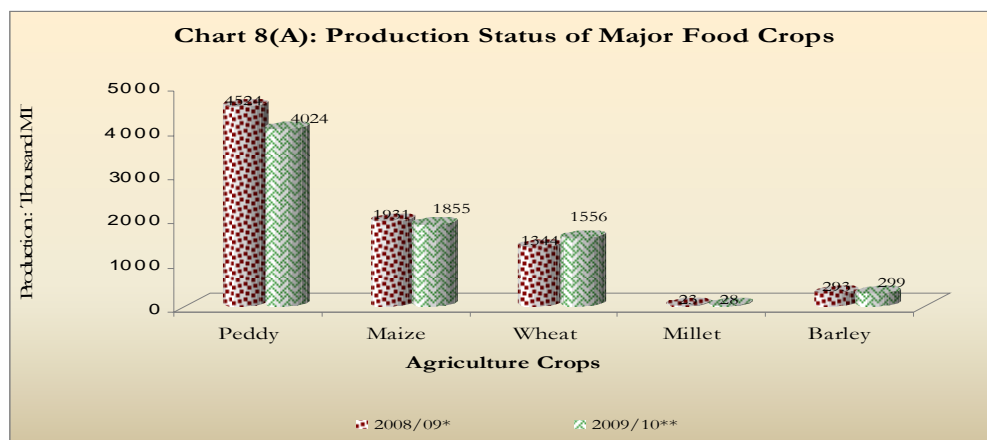
Production Status

- 8.2 Production of major food crops (Rice, Wheat, Maize, Millet, and Barley) which had increased by (0.6 percent) in the fiscal year 2008/09 and reached 8,115,000 MT, is preliminary estimated to come down to 7,762,000 MT in 2009/10 with a decline 4.35 percent. During FY 2009/10, the area under such crops is estimated at 3,383,000 hectares against 3,418,000 hectares with a decline of 1.02 percent over the previous fiscal year. Though there has been some increase in production of wheat and barley, the prominent decrease in the production of rice and maize has resulted in the overall decrease of food production.
- 8.3 Regarding cash crops, production of sugarcane, oilseeds, potatoes, and jute is expected to increase in FY 2009/10. Hence, production of cash crops is expected to rise by 13.2 percent over the previous year and reach 5,224,000 Mt from the previous year's yield of 4,590,000 MT. Likewise, the cultivated total area under the cash crops is expected to increase by 11.36 percent and total to 457,000 hectare (11.36 percent) in the review period.
- 8.4 Despite some decrease in the Production of lentils (pulses) in FY 2008/09, the total production of pulses (lentil, black gram, pigeon peas, soybean, grams etc.) is expected to increase by 2.74 percent with the total yield of 262,000 MT against 255,000 MT in the previous year. Likewise, production of fruits also is expected to rise by 2.76 percent and yield 750,000 MT against 686,000 MT in the previous year. Besides, the production of green vegetables is expected to rise by 10.21 percent to 3,001,000 MT from 2,730,000 MT in the previous year. The constant and steady growth of green vegetable has continued over the years.

- 8.5 As a share of the output of the major agro-products in FY 2008/09, food crops comprised 49.6 percent; a cash crop 28.1 percent; and 22.3 percent is shared by rest of the crops. It is expected that, of the total crops, food crops' share will be 45.8 percent while the share of cash crop will be 30.8 percent, and the share of the rest will remain at 23.4 percent in the current fiscal year. On the whole, the area covered by cash crops and others has increased than in the previous year but the area covered by food crops has declined.
- 8.6 As per preliminary estimates, GDP in the agriculture and forestry sector in the current fiscal year will grow by 1.05 percent as compared to the previous year. Based on Agro-production Index, the current fiscal year is expected to witness a decline in food crops by 5.88 percent, whereas green vegetables will rise by 7.2 percent, fruits by 22.00 percent, meat by 2.66 percent and milk by 4.05 percent as against those of the previous fiscal year.

Production Status of Major Food Crops

- 8.7 **Paddy:** The preliminary estimates show the decline in paddy production by 11 percent with a total yield of 4,024,000 MT in the current fiscal year against the previous year's 4,524,000 MT. The area under paddy cultivation is estimated to have come down to 1,481,000 hectares from the previous year's 1,556,000 hectares in the same period. Accordingly, productivity of paddy is feared to decrease by 6.56 percent to be 2,716 KG per hectare. The decline of paddy crop is due to late arrival of monsoon rains and insufficient rainfall. Paddy crop is also negatively affected by flood, landslide, sparse rain etc.



- 8.8 **Maize:** Maize is the second largest food staple of Nepal. Following the trend of paddy production, the preliminary estimate shows a possible decline of 4.0 percent in maize production in the current fiscal year. The previous year's 1,931,000 MT production of this crop is feared to be limited to 1,855,000 MT without any change in the area under its cultivation. The reasons for this decline are the delayed monsoon and diseases affecting the crop. However, there has been a slight increase in the cultivated area for the off-season and spring maize compensating the seasonal maize crop.
- 8.9 Unlike paddy and maize, wheat production is expected to increase by 16 percent to be 1,556,000 MT in the current fiscal year against 1,344,000 MT of previous fiscal year. Area under wheat cultivation has also increased by 3.5 percent totaling 731,000 hectares against the previous year' 706,000 hectares. Productivity of wheat is estimated to have increased by 10 percent with credit to timely winter rains and snowfall as well. Because of the increased wheat cultivated area as well as its productivity there is an overall increase in wheat production.
- 8.10 **Barley:** Production of barley is expected to grow by 19.0 percent and area under its cultivation by 3.0 percent in the fiscal year 2008/09. The total area and the production of barley are estimated at 26,600 HA and 27,587 MT respectively in the review year. The reason behind the increase in its production could be mainly due to winter rain and timely snowfall.
- 8.11 **Millet:** Millet is estimated to register a marginal increase of 2.4 percent to 300,000 MT this fiscal year against the previous year's 293,000 MT. Despite some increase in the area under millet cultivation, its productivity has remained low due to the absence of the use of improved seeds, fertilizers and technology in this crop.

Production Status of Cash Crops

- 8.12 **Sugarcane:** Area under sugarcane cultivation has increased by 5.0 percent to 61,000 hectare in the current fiscal year as compared to the previous year. Its production is also expected to grow by 10 percent yielding 2,592,000 MT. Farmers, who were quitting sugarcane cultivation due to various problems with its sale, are now getting reasonable price; and so, they are re-attracted to sugarcane farming. This has made a positive impact in increasing cultivated area, production and productivity of sugarcane as a whole.

- 8.13 **Oilseeds:** Production of oilseeds (mustards, sunflower etc) is expected to rise by 10.0 percent the current fiscal year than the previous year reaching to the quantity 150,000 MT. The cultivation area is also expected to rise by 10.0 percent to 199,500 ha. The aggregate production of oilseed is expected to increase with the rising trend in cultivation and production of sunflower in recent years.
- 8.14 **Potato:** Potato production in the current fiscal year is expected to rise by 1.4 percent totaling 2,469,000 MT and with its cultivation area expected to rise by 0.3 percent to be 142,000 hectares with the total productivity of 13,472 Kg per ha. Though there has been reduction in the production of this crop due to the infection of blast disease in pocket areas, some growth in its total production is expected due to the satisfactory harvest of winter-season potato crop.
- 8.15 **Tobacco:** This crop is expected to fall by 0.24 percent in the current fiscal year yielding just 2,491 MT. Cultivation area for this crop has been on the continuous decline for the past few years. This year, the cultivation area of the crop is estimated at 2,534 ha. The reason behind its low production is mainly due to the declining interest of farmers in its production.
- 8.16 **Jute:** In the current fiscal year, cultivation area, production, and productivity of this crop farmed in six eastern districts: Jhapa, Morang, Sunsari, Saptari, Siraha and Udayapur, is expected to grow by 12.0 percent, (13,103 ha.) 19.0 percent (20,965 MT) and 6.0 percent (1,600 per hectare) respectively.
- 8.17 **Pulses:** The total production of pulses (lentils, pigeon pea, black gram, soybean etc.) in this year is expected to increase by 3.0 percent, totaling 262,000 MT. The cultivated land area is also estimated to marginally increase totaling 319,000 ha. Lentil production has increased this year even in unirrigated area with the winter drizzle whereas production of cereals like peas, grams and pigeon peas has decreased. However, pulses production has increased marginally. This year production of black gram, soybean, and other monsoon legume crops like beans, peas, pigeon peas etc. have slightly increased.

Table 8 (a): Productivity of Agricultural Crops

(Kg/Ha.)

Crops	Fiscal years	
	2008/09	2009/10
Food crops	2374	2295
Paddy	2907	2716
Maize	2205	2119
Wheat	1934	2129
Millet	1101	1116
Barley	900	1037
Lentil Crop	815	821
Horticultural Crops		
Potatoes	13203	13472
Vegetables	12300	12902
Fruits	10227	9978

* Estimate

Source: Ministry of Agriculture and cooperatives, Agriculture Business Promotion and Statistics Division

- 8.18 **Fruits:** Fruit production is estimated to rise by 3.0 percent in the current fiscal year 2009/10 thereby reaching 705,000 MT as against the previous year's 686,000 MT. The area of cultivation under fruits too is expected to increase by 3.0 percent from 68,785 ha to 70,653 ha. Although there is no increase in the production of apples and oranges, commercial banana farming is increasing. Therefore, the overall fruit production is expected to increase.
- 8.19 **Vegetables:** Vegetable production is expected to rise by 9.0 percent reaching 3,000,000 MT from the previous fiscal year's 2,754,000 MT. Area under vegetable cultivation is estimated to be 2,320,000 ha. Vegetable farming is widely accepted by farmers as major cash crop as well as the growing trend of farming off -season vegetables, thereby resulting in the constant rise in area coverage and production for the past few years.
- 8.20 **Spices:** In the fiscal year 2009/10, among the spices, production of ginger is expected to rise by 6.5 percent, garlic by 16.0 percent, turmeric by 13.0 percent, cardamom by 1.0 percent and chilly by 7.0 percent. Accordingly, the area coverage of these crops has also been increasing. Despite the increase in the spices cultivated area and its production as well, cardamom has faced spotty disease, the overall production of spices has increased at the minimum level.

- 8.21 **Tea, Coffee and Cotton:** Of the industrial crops, production of coffee, tea, and cotton have increased by 40.0 percent, 2.0 percent and 86.0 percent respectively reaching to 110 MT in the fiscal year 2008/09.
- 8.22 **Honey:** The number of beehives is expected to remain almost the same as that of last year, i.e. 125,000 in number. Total honey production, however, is estimated to rise by 2.0 percent to 865 MT this year. Despite increase of modern bee species such as Apis Cerana and Apis Mellifera, the decline in the beehives of wild bees like Mudhe and Khopre has been observed.
- 8.23 **Floriculture:** Out of about 600 nurseries in the country and show rooms of flowers in Katmandu valley, floriculture had a transaction of Rs 260 million in FY 2008/9 which has reached nearly Rs 560 million in the current FY.
- 8.24 **Mushroom Farming;** Mushroom farming is being popular especially in the urban areas resulting in its increased production. A wide variety of mushrooms produced in the previous FY reached to 450 MT, which is expected to reach 500 MT during FY 2009/10, with a growth of 11 percent.

Production Status of Animal Products

- 8.25 **Number of Animals/Birds:** The number of cattle heads is estimated to have increased by 0.34 percent in the current fiscal year, reaching 7,199,000 in total. However, the number of milch cows is only 954,000, or 13.25 percent of the total number of cattle. Similarly, the number of buffaloes (male and female) increased by 3.25 percent totaling to 4,832,000. The number of the mulch buffaloes is 1,251,000, or 25.89 percent of the total. The number of sheep slightly declined by 0.62 percent to 797,000; whereas the number of goats increased by 3.4 percent to 8,762,000. The number of pigs reached 1,062,000 during the same period showing an increase of 1.72 percent. Similarly, the number of fowls declined by 1.0 percent to 24,200,000 as against last year's total of 24,400,000. In the previous fiscal year, poultry farming could not achieve the targeted growth in the production of fowls as the import of breeding hens from India was banned (due to bird flu pandemic in Bangladesh and the Indian States of West Bengal and Bihar). The number of ducks is expected to fall by 2 percent, totaling 380,000.
- 8.26 **Milk:** According to estimates, in the current fiscal year, total milk production from cows and buffaloes is estimated to record a rise of 3.5 percent (excluding Nak), totaling 1,496,000 MT. Of the total figure, 430,000 MT of milk is expected from cows, while 1,066,000 MT is from the buffaloes.

- 8.27 **Meat:** Total meat production during the current fiscal year is expected to grow by 3.0 percent to 248,573 MT. Of the total production, buffaloes' share would be 162,213MT, that of sheep 2,691 MT and that of goats 49,851 MT. Similarly, pig's share would amount to 17,066 MT, chicken's share 16,527 MT and duck contributing 225 MT. Finding the cases of bird flu in Pokhara and Nawalparasi, spread of these diseases in neighboring counties Bangladesh and West Bengal of India, import ban on breeding hens from India, has resulted in decline of fowl meat. However, the overall meat production recorded a nominal increase due to increase in the production of buffalo meat, and mutton.
- 8.28 **Eggs:** The number eggs production is expected to grow by 2.1percent, marking 643.2 million from last year's 629.9 million, of which the hen eggs would make 629.7million while that of ducks would comprise 13.4 million.
- 8.29 **Fish:** Current fiscal year is expected register a rise in fish production by 3.0 percent to 49,730 MT. Out of the total production, 50 percent is estimated to be produced from fish ponds while the rest to be collected from other natural sources.
- 8.30 **Wool:** Sheep-wool production is estimated to decline from 584 MT last year to 580 MT this year.

Impact of weather

- 8.31 During FY2009/10 the delayed monsoon and insufficient rainfall in many parts causing drought resulted in delayed plantation of rice helping decrease the area under paddy cultivation and productivity thereby decreasing overall paddy production. Reports from the Department of Hydrology and Meteorology states that months ending in mid-June received 53.0 percent, mid-July 84 percent, mid-August 113 percent and mid September 54 percent . The rainfall in Mid-October this year and the resultant flood and landslide have made additional negative impact districts like Banke, Bardiya, Kailali and Kanchanpur.
- 8.32 Climate in the current fiscal year appeared favorable for winter crops like wheat, barley, pulses, cereals, and fruits. Rainfall reports of different places state that January, February and March received less than an average rainfall. However, moderate rain in November and the wet soil in winter as well as winter rain in January the production of winter crops is expected to increase.

Impact of Natural Disaster

- 8.33 Problems caused by landslides, floods, submerge are the most general and common features for summer crops in Nepal; but these problems appeared during and after the untimely rain in mid-September last year which has caused negative impact in districts like Banke, Bardiyaya, Kailali and Kanchanpr. Similarly, about 19,000 hectare of land were destroyed by inundation, erosion of river bank, and sand. Likewise, paddy could not be planted in about 75,000 hector due to under and over rainfall than normal.

Chemical Fertilizers and Improved Seeds:

- 8.34 **Chemical Fertilizers:** Agriculture Inputs Company Ltd (AIC), since its establishment, has been selling and distributing chemical fertilizers to farmers as per their demand on fair price. Besides fertilizers, the company is also conducting studies on procuring other types of chemical fertilizers, micronutrient fertilizers, and organic compost. In the fiscal year 2008/09, AIC supplied 3,158 Nutrients MT nutrient equivalents (NMT) of chemical fertilizers. In the first eight months of FY 2009/10, the company distributed about 24,259 NMT of chemical fertilizer owing to the subsidy provided on chemical fertilizers.
- 8.35 **Improved Seeds:** As per the policy of involving private sector in transactions of improved seeds, the National Seeds Company Limited has been distributing quality seeds through dealers in order to avail the seeds at the farmers' doorsteps. To meet its goal of selling and distributing seeds, the Company has started collecting quality seeds from its own farms and from farmers under the Seed Promotion Program and selling them at the local market after proper treatment against insects and pests. In FY 2008/09, the company had distributed seeds in quantities of 931 MT of paddy and 3,000 MT of wheat. During the first eight months of FY2009/10, wheat seeds equal to 3,516 MT have been distributed against the distribution of 111 MT paddy seeds and 10,727 MT of wheat seeds during the same period of previous year.
- 8.36 **Irrigation:** As in the past years, development projects related to irrigation have been executed at the government level, and by the Agricultural Development Bank Ltd. (ADBL). In FY 2008/09, irrigation facility managed by the government reached 25,549 hectare of area under irrigation extended through the ADBL reached 301 hector. In the first eight months of FY 2009/10, additional 3,092 ha of land have been brought under irrigation

from the government implemented projects while 27 ha of land have been brought under irrigation through ADBL projects, with total land brought under irrigation by 13,119 hectares.

- 8.37 **Agricultural Credit:** Flow of agricultural credit, the factor playing an important role in agro-production, has received continuity. ADBL extended a credit of Rs. 19,260.0 million in FY 2008/09. The Bank recovered Rs. 20,260.0 million while its arrears in the same fiscal year stood at Rs. 25,120.0 million. During the first eight months of FY 2009/10, credit amounted to Rs.13,680 million was extended, while during the same period in FY 2008/09 the credit amount was Rs. 11,840 million. This shows 15.5 percent increase in the credit flow. Of the total loan disbursed, the highest disbursement is on agro-industry, marketing and warehouse construction comprising almost 52 percent, housing and land development 20 percent and on agro-trade 17 percent, on food and cash crops 8 percent and 3 percent for others.
- 8.38 **Small Farmers Development Bank (SFDB):** The SFDB is involved in uplifting the economic and social status of small farmers and deprived people in the rural parts of the country. It is involved in empowering small farmers and the ultra poor through implementation of microfinance program and promotion of co-operatives in villages for the institutional development of stakeholders. Social mobilization, livestock insurance program, small farmers' institutional development program and micro-finance program are the major activities of the SFDB. The number of institutions affiliated with the SFDB was 220 Small Farmers' Cooperative Institutions constituted in 39 districts by the first eight months of FY2008/09. While additional one district and 12 Cooperatives is added totaling to 232 Small Farmers' Cooperative Institutions constituted in 40 districts. It has facilitated so far 810,846 population group with direct involvement of 155,932 small farmers' households. The SFDB floated a credit amount of Rs. 681.6 million in the first eight months of FY2009/10 and collected principal amount of Rs. 337.9 million while interest collection during the same period stood at Rs. 55.5 million. During the same period of current fiscal year. The SFDB has a target to avail livestock insurance program in all the 40 districts through the 183 cooperatives under ADBL. During the first eight months of the fiscal year 2009/10, a total of additional 1,480 livestock were insured for Rs. 25.8million as compared to 5,202 livestock insured for Rs. 82.9 million in the same period of previous year on the initiation of local institutions. The SFDB had conducted. Small

Farmers' Institutional Adoption Program operational in 12 VDCs has been given continuity adding 12 more VDCs. Besides, the Bank's policy is to continue expanding micro-financing to small farmers and deprived class through capable micro-finance institutions. Under the Special Investment Promotion Program the Bank has completed the contract work with ADB and has prepared a 3 year commercial plan especially in the potential Hill Regions. The Plan 2010-13 is gradually being implemented in the Hills. SFDB; has published the following details concerned with its credit flow, repayment and investment.

Table 8(b): Description of credit flow, recovery and outstanding loan

(Rs. in million)

S.N.	Description	Fiscal Year			First eight months	
		2006/07	2007/08	2008/09	2008/09	2009/10*
1.	Approved Credit	704.2	1,013.8	1,076.0	604.4	642.0
2.	Investment	1,077.0	912.3	634.9	353.3	686.6
3.	Recovery	657.3	846.4	1,327.6	205.9	337.9
4.	Loan outstanding	1,379.5	1,445.4	752.7	1,593.0	1,096.4

*Estimate

Source: Small Farmers' development Bank

- 8.39 Nepal Agriculture Research Council (NARC): In consideration with food security and food sovereignty, the target of the Three Year Interim Plan and long-term agriculture plan, programs like developing crops, horticulture, industrial and exportable crops, livestock and research, seed production and genetic source conservation have been given continuity. NARC has continued programs like market management and researches for increasing the production and productivity and processing technique for food, lentils and oil seeds. Likewise, biotechnique and environment friendly technique have been implemented for the prevention of crops diseases and pests, and control of rats and weeds. Genetic research programs are given continuity on Micro- elements and Soil Fertility management, source conservation technology, socio-economic and market management. Likewise, a number of researches are being made concerned with finding and identifying appropriate species of seasonal and off-season vegetable and fruits while studies are carried out for developing organic farming, biocontrol of pest and diseases, drying after-harvest and develop technology for storage.

NARC is making researches on exportable and medicinal crops like sugar cane, tea, coffee, cardamom, jute, cotton, ginger, turmeric, mushroom and medicinal herbs based on Participatory Variety Selection for not only production but also for their disease-free organic farming, eco-friendly management of pests and diseases, quality processing, and market management. Continuity is given to the research programs like high breed animal husbandry with their food and grazelands, grass crops and animal health. Programs like Elite herd maintenance are under operation for identification, conservation and utilization of the inherent genetic qualities of various local animals and birds. Continuity is given to the research concerned with the expansion of commercial farming of rainbow trout fish, genetic variety identification of local species of fishes, paddy field fish farming and cage fish ponds along with their conservation and development. Under the genetic source conservation, more than 10500 species of plants (Fauna) found in Nepal are preserved. The proposed gene Bank building is expected to complete by the end of the current FY. Of the target to produce 683 MT of source seeds, 781 MT was produced in the previous year marking a growth of 14.35 percent. During the first eight months of current FY only 308 MT source seeds have been produced, lagging behind the target of 710 MT.

Status of Imports and Export of Agro-Products:

8.40 According to SITC group classification, the first eight months of FY 2008/09 witnessed export of food stuffs, live animals, tobacco and other beverages worth Rs. 12,395 billion. In the first eight months of the current fiscal year, value of exported goods is estimated at Rs. 9.1290 billion with a fall of 26.3 percent. Likewise, in the first eight months of the last fiscal year, above-mentioned category of goods worth Rs. 11.4369 billion was imported. According to estimates, goods worth Rs. 15.3933 billion have been imported in the first eight months of the current fiscal year, with a growth of 34.6 percent.

Cooperative Institutions:

8.41 Cooperative system has a great potentiality to provide impetus to economic and social development efforts, by bringing changes in the living standard of general people and thereby bringing sustainable changes. Through cooperatives, people can achieve self-dependency by utilizing their limited sources, resources and skills. Besides individuals and groups involved in cooperatives can contribute largely in poverty alleviation being engaged in

employment generation activities. Various directives and standards for the registration and continuation of cooperative institutions have been issued from the cooperative Department through which a number of activities are being carried out for the quality growth and efficiency. Audio-visual programs for awareness raising on cooperatives have been produced and disseminated. In addition to cooperative brochures, documentaries, jingles, FM Radio Programs, Pamphlets, bulletins etc have been produced and broadcast. The database concerned with the number, nature and transaction details of nationwide cooperative institutions has been prepared and published. Likewise, the construction of cooperative software has been completed. Continuity is given to supervision and monitoring of district cooperatives by the joint effort of NRB and Cooperative Department. The following table presents the details of nation wide cooperative institutions' number, capital, savings, investments and repayments. :

Table 8(c): Description of Cooperatives Operating throughout Nepal
(in '000 Rs.)

Function	No. of Institutions	Males (No.)	Females (No.)	Capital	Savings	Investment	Recovery
Savings & Investment	5,162	401,719	312,797	2,191,126	16,247,310	20,124,886	6,490,313
Multipurpose	2,978	447,626	157,935	1,252,501	12,072,296	8,200,704	2,453,057
Milk	1,603	68,560	26,738	50,395	59,111	49,913	32,677
Agriculture	1,736	230,129	91,369	185,747	725,933	1,453,635	552,489
Electricity	257	13,415	2,458	6,531	4,133	6,214	4,484
Others	273	24,832	30,854	5,070,980	73,646	42,982	27,656
Vegetables & Fruits	123	4,582	3,353	2,713	12,832	16,521	11,023
Consumers	201	7,002	2,087	15,892	9,388	16,988	2,433
Science & Tech (Transport, Communication)	83	6,304	1,171	59,656	64,882	55,036	21,948
Coffee	73	1,288	775	896	6,6002	5,811	
Health	41	3,696	482	113,841	23,943	44,748	663
Tea	48	1,219	699	5,826	7,865	6,384	5,525
Herbs	38	1,276	381	2,645	741	197	22
Beekeeping	30	657	355	423	353	604	0
Total	12,646	1,212,305	631,454	8,959,172	29,308,434	30,024,635	9,602,415

Source: Cooperatives Department (based on data as of mid-April 2009)

8.42 By mid April 2009, a total number of primary cooperatives have stood at 12,646 with their total share investment of Rs. 8,959.172 million involving total membership of 1,843,769 of which 1,212,305 are males and 631,454 females. Total savings collected from these primary cooperatives has

reached Rs 29,308.434 million and the total net investment is 30,024.625 million. Leaving the primary cooperatives, the cooperative movement from the district to centre incorporates one National Cooperative Association; one National Cooperative Bank; eight Central Issue wise cooperative Associations; 54 District Cooperatives; and 107 Issue-wise District Cooperatives are under operation.

- 8.43 Land Reform: By the fiscal year 2009/10, land registration certificates are being issued through computerized system from 22 Land Revenue Offices including 5 in Kathmandu valley and each one in Kaski, Kailali, Tikapur, Biratnagar, Belbari and Makwanpur districts, Sayanga, Kawasoti, Parasi, Dhading, Nuwakot, Gorkha, Tanahu, Baglung, Banke, Bardiya, Surkhet. Meanwhile, additional 30 Land Revenue Offices have reached the final stage to issue computerized land ownership certificates. Similarly 68 Land Revenue Offices will provide computerized land ownership certificates by the end of the current fiscal year. Mapping of District Level land-use has already been prepared for 50 Districts. A High Level Commission for Scientific Land Reform as well as a Committee for Landless Peasants is formed that is working to study their problems and suggest practical suggestions and recommendations. During the first eight months of 2009/10, 1,276 households of freed landless peasants (Mukta Kamaiya) have received land out of the supposedly 7,168 to be rehabilitated.

Industry

- 8.44 Industry is undeniably the foundation of sustainable economic development and self-dependent economy. Realizing this fact, the new revised Industrial Policy 2010 has been already formulated and implemented. Aiming at creating industry-friendly and conducive investment environment for native and foreigners; raising industrial production and productivity; creating more employment opportunity; and, facilitating import replacement and export promotion etc. Nepal Business Forum is at the final phase of formation for preparing Foreign Investment and Technology Transfer Policy 2010 and creating investment- friendly atmosphere for public- private investment. For the revival of Labor intensive carpet industry which stands as a cultural identity of the Nepalese, Carpet Industry Revival Recommendation Committee has been formed to recommend practical measures. Decision has been made to form industrial force in order to ensure security of industrial estates, industrialists, and business persons as well as to strengthen, secure and

maintain a dependent industrial environment. It emphasizes in investment friendly labor policy. Besides, under the Industrial Infrastructure Developmental Program, necessary road construction and electricity transmission lines are being expanded in Udaipur, Makwanpur, Dhading, Lalitpur, Dang, Rolpa etc with the consideration of the upcoming cement industry in the immediate future. According to preliminary CBS estimates, there has been a growth in biscuits, iron rods, light beverage and noodles in the current FY. So, GDP will grow by 2.65 percent compared to the previous FY, as the preliminary estimate shows.

Special Economic Zone (SEZ):

- 8.45 With a view to reducing the cost of exportable goods in international market and enhancing their competitive capacity, the concept of Export Processing Zone (EPZ) has been developed to encourage production practices based on labor value competition and enhancing additional employment opportunities and importing latest technology. SEZ has reached its final phase for the construction of necessary physical infrastructure in Bhairahava. Likewise land acquisition, compound construction and construction of access road are underway in Simara while feasibility studies are being conducted in four sites- Dhangadi, Panchkhal, Jhapa and Nuwakot.
- 8.46 The current Three Year Interim Plan aims at attracting native and foreign investment by establishing SEZ in potential places for exportable industries. This program is meant for relating to export processing zone, special commercial zone, tourism/entertainment sector, banking sector. The established industries that enjoy the complete service facility are needed to produce goods of international standard of which at least 70 percent has to be exported.
- 8.47 Micro-Enterprise Development Program: Micro-Enterprise Development Program with the assistance of UNDP is under implementation- aiming at reducing rural poverty, developing poorest of the poor class, region and ethnicity as micro-entrepreneurs and thereby improving their economic status. This program is expanded and implemented in 33 districts so far, developing 31 thousand individuals as the micr-entrepreneures. During the fist eight months of 2009/10, 6,014 individual's micro-entrepreneurs are prepared. This program is running projects targeting specially women, indigenous groups, ethnic groups, Dalits, Madheshis and backward classes and regions.

- 8.48 In consideration with the effectiveness of Micro-Enterprise Development Program and its sustainable development as well as its continuation. This program has been internalized in the Government's program since FY2009/010. Accordingly, a budget worth Rs 50 million has been allotted and the services are being channelized through Cottage and Small Industry Department/Cottage and Small Industry Development Committee.
- 8.49 Activities are underway since last fiscal year aiming at achieving MDGs, poverty reduction and conflict Mitigation and resolution. To this effect, 31 offices are transformed and services are being provided to micro-entrepreneurs of this centre through Business Development Service Provider organizations.

World Trade Organization (WTO)

- 8.50 Nepal has completed its 7th year as a WTO member. As per the commitment to WTO, some new Acts and Regulations have been formulated and brought into implementation. Some Acts and Regulations have been amended and some are along the process of revision and refinement in order to make them WTO-friendly. Among the major Acts and Regulations already implemented so far are Banking and Financial Institution Act 2063, Company Act 2063, Insolvency Act 2063, Customs Act 2064, Competition Promotion and Market Regulation Act 2063, Electronic Transaction Act 2063, Plant Conservation Act 2064, Commercial Policy 2065 and Industrial policy 2067 etc. Likewise, Import Export and Intellectual Property Acts are amended while Anti Dumping and Countervailing Act, Foreign Investment and Technology Transfer Act and Industrial Trade Act are in the process of formulation. National Capacity Enhancement Program has been implemented in the context of enhancing competency with the change of time to raise Nepal's identity in world trade sector. Likewise, a High Level Steering Committee has already been formed for the optimal utilization of national and international resources and enhancing effectiveness of available technical assistance through better coordination mechanism. In this context, Enhanced Integrated Framework (EIF) Steering Committee led by the Chief Secretary of the Government is formed in order to enhance Nepal's trade efficiency through coordination and mobilization of support to be received under Enhanced Integrated Framework (EIF). On instruction of the Committee, initial homework for collection of proposals has begun in the process of availing assistance.

Box 8 (b): Major Activities of Industry and Commerce Sector

1. The EIF Board has approved Nepal's Tier 1 Proposal and accordingly, Nepal Enhanced Capacities for Trade and Development (NECTRADE) Project is implemented. To implement this, the National Implementation Unit has been set up in the Ministry of Commerce and Supply to work through. Nepal has been selected as a member in the Executive Board of WTO's Enhanced Integrated Framework from the Least Developed Countries. This has provided Nepal opportunity to and design appropriate policies and programs in the WTO actively in order to enhance the competitive capacity of LDC's.
2. **Nepal Trade Integration Strategy (NTIS) 2010** has prepared a research proposal with financial and technical assistance of UNDP, DFID, ITC Government of Finland, and IFC. The study presents the different dimensions of Nepalese trade sectors including identification of highly potential tradable goods, problems related to market access of these goods and challenges, institutional structure needed for trade promotion, non-custom obstacles in Nepalese trade, capacity enhancement trade sector as well as issues of poverty alleviation.
3. The Seventh Ministerial Level Meetings of WTO is completed in Geneva, Switzerland since November 30- December 2, 2009 in which Nepal has raised the issues and challenges in relation to trade faced by LCD's .
4. In order to implement effectively The Commerce Policy 2008, Implementation Action Plan has already been prepared and is in the process of implementation.
5. **EC/Nepal, WTO, Technical Assistance** program is under implementation assisted by EU and UNESCAP jointly. Programs like **WTO Reference Center Strengthening** as well as preparing Curricula on **WTO and International Trade** which will be introduced in the Universities.
6. Aiming at developing Trade in Service and benefited by it, **UNCTAD** assisted research has been completed and the final report is handed over. Meanwhile the major recommendations pointed in the report are in the phase of implementations.
7. **UNDP** assisted **Enhancing Nepal's Trade-related Capacity (ENTReC)** Program is under operation. This project has been assisting the Government to implement the action plans of Nepal Trade and Competitiveness Study 2003/04 by GoN and update the research studies.
8. Nepal has been a member of **AITIC**. After this membership probabilities of availing technical and other assistance to develop human resources of commercial sector have grown.
9. People's awareness programs are given continuity for maintaining coordination with private sector with a view to create awareness about the opportunity and challenges that Nepal possesses after **WTO** membership.

Trade related awareness and capacity enhancement programs are being implemented.

10. A High Level Steering Committee has been formed to recommend Immediate, Mid Term as well as Long Term Strategies for export promotion.

Status of Industrial Production by Groups and Industrial Indices

- 8.51 The situation of major industrial products is improving in FY 2009/10 as compared to the previous year. Products like noodles, biscuits, beverage (cold drinks) tea, sugar, vegetable oil etc will increase. During the current FY production of noodles has increased by 1,531 MT beverage by 1,900,000 Litres where sugar by 10,000 MT and tea by 494 MT. However, production of hides, wood and wood products, paper and paper materials chemical goods, non-metal mineral are likely to decrease.
- 8.52 As per the preliminary estimate of FY 2008/09 the Indices of Industrial Production by Groups had slightly increased from 106.42 percent (2007/08) to 106.55 percent. Though production of vegetable ghee, clothes and garments, woolen carpets, jute cement are likely to decrease, the Indices show some increase in the overall industrial production owing to the probable increase in feed, wood and wooden materials, food and beverage.

Foreign investment in Industries

- 8.53 Foreign Investment and Technology Transfer is essential to make the economy strong and consolidated, dynamic and competitive, oriented to self-dependency with maximum utilization of natural and human resources. Realizing this fact, Foreign Investment and Technology Transfer Policy is waiting for the final approval. The proposed policy has emphasized flow of foreign investment by bringing procedural simplification in technology transfer in order to be competitive in World Market for utilising the comparative advantage of the private sector. Accordingly, a Bilateral Investment Promotion and Protection Agreement is signed with India to promote Indian Investment in Nepal, while preparation is being made to continue such agreements with other countries as well.
- 8.54 Altogether 230 industries with foreign and joint investment were approved for established in 2008/9 with estimated investment of Rs. 6.25 billion were estimated to be invested in these industries. During FY 2008/09, altogether 230 industries having the total fixed capital worth Rs 7.52 billion, project

cost worth Rs 9.41 billion and foreign investment worth Rs 6.24 billion were approved. Out of them 48 are related with manufacturing industry, 78 service industry, 69 tourism industry, one construction, and nine energy eight agro-based and 17 mining based industries.

**Table 8(d): Industries Permitted for Foreign Investment
(FY 2008/09)**

(Rs. in million)

Industry Type	Number	Total Project Cost	Total Fixed Capital	Foreign Investment	Employment Creation (No.)
Industrial Production	48	1,464.0	895.0	1,178.0	2,396
Service Industry	78	2,274.0	1646.0	1,236.0	2,587
Tourism Industry	69	933.0	886.0	753.0	1,760
Construction	1	88.0	32.0	57.0	8
Energy	9	3,520.0	3,441.0	2,245.0	1,011
Agro-based	8	618.0	205.0	302.0	671
Mining	17	479.0	417.0	474.0	2,635
Total	230	9,408.0	7,522.0	6,245.0	11,068

8.55 While analyzing countrywide investment among the 230 industries approved in FY 2008/09, China shares 70 percent, India 34 percent, South Korea and UK 11 percent each, USA 18 percent, Germany 7 percent, Japan 10 percent, Netherlands and France 5 percent each and 59 industries have investment from other countries.

Table 8(e): Foreign Investment by countries

S.N.	Countries	Fiscal Year 2008/09	First 8 Months	
1.	India	34	27	18
2.	China	70	46	37
3.	Japan	10	5	1
4.	USA	18	7	2
5.	UK	11	9	4
6.	South Korea	11	4	9
7.	Germany	7	2	1
8.	The Netherlands	5	2	3
9.	Canada	2	1	2
10.	France	5	4	2

S.N.	Countries	Fiscal Year 2008/09	First 8 Months	
11.	Russia	2	1	1
12.	Switzerland	3	2	-
13.	Australia	3	1	3
14.	Singapore	5	4	1
15.	Others	44	24	10
Total		230	136	94

8.56 During the first eight months of FY 2009/10, 94 industries have been approved to be set up with Foreign and joint investments provided that they have fixed capital of Rs 9.12 billion, project cost Rs 9.00 billion, and Foreign Investment 3.45 billion. Among the approved 94 industries in 2009/10, 19 industries are related with manufacturing and 30 service. Similarly, 29 are related with tourism 1 construction, 3 energy, and 3 minerals.

Table 8(f): Industries Permitted for foreign investment in FY 2009/10

Industry type	Number	Total Project Cost	Total Fixed Capital	Foreign Investment	Employment creation target
Industrial Production	19	137.8	116.6	29.9	819
Service Industry	39	46.9	36.2	42.2	1821
Tourism Industry	29	89.8	81.1	60.6	984
Construction	1	2.0	1.6	2.0	36
Energy	3	616.1	609.0	232.7	265
Agro-based	-	-	-	-	-
Mining	3	8.0	7.2	7.4	443
Total	94	900.6	851.7	374.8	4368

* First eight months

Source: Department of Industries

8.57 To attract foreign investment through adoption of relevant, practical, and liberal policy, a total of 1,820 industries were granted permission until the first eight months of FY 2009/10. Fixed capital of those industries stands at

Rs. 113.0 billion with their total project cost of Rs. 136 billion. A total of Rs. 53.0 billion as foreign investment in these industries has been recorded. Once in operation, these industries are expected to generate employment for 140,953 Nepalese citizens.

**Table 8(g): Industries Permitted for foreign investment by
Mid-March 2010**

Industry type	Number	Total Project Cost	Total Fixed Capital	Foreign Investment	Employment creation target
Industrial Production	655	4596.9	3296.5	1715.3	73922
Service Industry	528	2442.5	2003.7	1157.0	27156
Tourism Industry	492	1906.2	1792.7	709.4	22699
Construction	41	345.5	256.3	261.3	2926
Energy	39	3684.1	3496.8	1087.2	7142
Agro-based	35	119.1	69.4	51.6	2091
Mining	30	502.9	410.5	281.7	5057
Total	1820	13597.2	11325.9	5263.5	140993

Capacity Utilization of Some Industries

8.58 Analyses of some selected industries in terms of their capacity utilization, sugar, matchstick and jute industries shows decline in their production in FY 2008/09 as compared to 2007/08. Meanwhile, there is an increase in the production capacity of shoes, cigarette, beer and cement. Out of the total production capacity, cigarette and beer industry have utilized their capacity by 91.0 and 78.0 percent respectively whereas sugar and cement industries have utilized 31.0 and 45.0 percent respectively.

Status of Industrial Estates

8.59 Industrial estates were established with objectives to support industrial development through provision of physical infrastructures and other services essential for the establishment, operations and promotion of the Industries. At present, there are 11 industrial estates including Balaju, Hetauda, Patan, Nepaljung, Dharan, Pokhara, Butwal, Bhaktapur, Birendranagar, Dhankuta and Gajendra Narayan Singh Industrial District. Among the 432 industries established in industrial estates till mid March of FY 2009/10, 59 are closed, and 61 still under construction. Among industrial estates under the Industrial Estates Management Limited, it has fixed capital investment of Rs. 204.2 million while the investment from the private sector stands at Rs. 17.3396 billion. Of the total 5680 Ropani of land

occupied by industrial estates, 5005 Ropani of land is in fully developed, of which 3754 Ropani is leased to various industries. Industries in the industrial estates have employed a total of 11,365 people. Industrial estates providing higher number of employment are Balaju, Hetauda, Butwal, Pokhara and Patan respectively.

Sick Industries

- 8.60 Considering the situation of industrial sickness in view of the unfavorable environment during the period of conflict and political uncertainty, GoN has been implementing policy and programs since the fiscal year 2001/02 to mitigate the adverse situation of the ailing industries. Continuity is provided to refinancing facilities up to Rs. 2.0 billion to sick industries as provisioned by the Monetary Policy. In first eight months of this fiscal year, Rs. 5.7 million has been refinanced. Such refinancing stood at 7 million in the previous fiscal year.

Nepal Industrial Development Corporation (NIDC)

- 8.61 NIDC was established with the objective of promoting national economy through mediation and provision of quality and reliable banking and financial services in the industry, commerce and service businesses. With the annulment of the NIDC Act, 2016 BS under which it had been operating Previously, the institution now works as a “B” category development bank as provisioned under the Banks and Financial Institutions Act, 2063 BS. NIDC in fact, has made no investment work from 2003/04 to January 2009; however, it has been collecting the principal and interests of the previously invested sum. NIDC had collected a total of Rs. 138.6 million (principal Rs. 689 million and interest Rs. 697million) in FY2008/09. The corporation has collected a total of Rs. 343.5million including the collection of principal of Rs. 247.3 million, interest of Rs. 91.5 million and other income of Rs. 4.7 million from its investment in the first eight months of current fiscal year 2009/10.

Cottage and Small-scale Industries

- 8.62 The number of cottage and small-scale industries registered in FY2007/08 was 9394 with capital investment worth Rs 8.23 billion, while this figure rose to 17722 worth Rs 15.32 billion in the fiscal year 2008/09. Among the registered 5,535 cottage and small-scale industries, fixed capital investment is expected to stand at Rs. 5.07 billion in the current fiscal year

Industrial Enterprise Development Academy

8.63 The Academy has been conducting several programs for industrial and economic development contributing to the growth of entrepreneurship, techniques, resource, modern technology, quality management skills and Technical human resource. Accordingly, it is conducting activities like creating new business ventures, business management, trainings, counseling, and research works in industry. In first eight months of the current fiscal year, the Academy has trained in small business venture creation, 57, trainers' training, 65, industrial counseling 28, and in income-generation for single women 21 persons.

Mines and Geology

8.64 A physical map of hilly region of the country covering around 109,000 square Km area in the scale of 1: 50,000 and 1: 63,360, is being prepared and would soon be published to facilitate geological survey, geo-engineering and geo-environmental studies, operation of National Seismic Center, and carry out smooth and planned operation of mineral exploration and mining development. Agreements are concluded with private-sector investors for establishing limestone-based cement industries in Baitadi, Udayapur, Dhankuta, Salyan and Arghakhanchi districts. In addition, a similar agreement is reached with individual investors for operating an iron-ore based industry in Ramechhap district. Meanwhile, Natural gas deposit of 310 million cubic meters is discovered over 26-square km area of the Kathmandu valley. Proposals are invited from private investors for the promotion of industries based on natural gas deposit of Kathmandu valley, copper, and silica sand of Makwanpur Medium-grade coal has been located in Dang, Salyan, Rolpa and Palpa districts Private entrepreneurs have received licence to explore coal in these districts and work has already been started. Besides, process for inviting proposals from investors for the promotion of gold reserve based industry in Rolpa and Gandhari (Dang) limestone reserve is underway. Those mines are processing 50000 of coals annually. The Department Mines and Geology has issued so far 80 certificate for mining exploration for various minerals where as 294 prospective licenses have been issued.

8.65 The Environmental Geology and Engineering maps of Kathmandu Valley, Pokhara, Butwal and Bhairawa Region have been published after completion. Likewise, Mapping has been completed in regions like Dharan, Lumbini and Hetunda. In order to conduct earthquake-related studies in

the Himalayan region, seismic networks are established across the country so as to continuously monitor and record for collecting data on the basis of which Micro Seismic Epicenter Map and Epicenter Map of Nepal have been published.

Tourism

- 8.66 While analyzing the number of tourists visiting Nepal, their growth trend and length of stay, the number of tourists had decreased by 5 percent to 500,277 during the calendar year 2008 from 527,705. The number of tourists in the calendar year 2009 totaled 509,752 marking a growth of 1.9 percent. The average length of tourist stay, which was 11.8 days in calendar year 2008, has come down to 11.6 days in the calendar year 2009.
- 8.67 Most of the tourists arriving to Nepal are found to be pursuing recreation, trekking and mountaineering. Of the tourists visiting Nepal in calendar year 2009, 34.0 percent visited for recreation, 20.9 percent for Trekking/Mountaineering, 10.4 percent for pilgrimage 4.7 percent for trade, 7.6 percent for formal visit, 1.4 percent for meeting/seminar and 0.4 rafting 15.6 percent for other purposes and 5.0 percent for undefined purposes. Review of the data for the same period of last fiscal year shows that the 29.6 percent visited for the purpose of recreation, 21.0 percent for trekking/mountaineering, 4.6 percent for trade, 9.0 percent for pilgrimage 8.6 percent for formal visit, 1.4 percent for meeting/ seminar, and 19.9 percent visited for other purposes. Review of objectives of tourist, shows their number increased marginally for trade, normally for pilgrimage and notably for entertainment where as their number has slightly decreased for the purpose of trekking and others.

Box 8 (c) : Major Activities in the Tourism Sector

Nepal Tourism Year 2011: The upcoming Nepal Tourism Year 2011 celebrations have already started with a Slogan of "**Together for Tourism**". Likewise, commitment from various political parties has been achieved not to call on any sort of strikes and closures throughout 2011 that may negate the Campaign.

Similarly, nation wide publicity has been widened by means of rallies and fairs in Region, District and Village level as well as in the International arena.

Second International Airport and Airport Upgrading: In relation to the construction of the Second International Airport at Dumberbaba Nijgad of Bara District, an agreement has been signed between the **Land Mark World Wide (LMW)**, a Korean Company and the **Ministry for Tourism and Civil Aviation**. In order to conduct an extensive feasibility study, the LMW has already started its operation. In order to advance this eagerly, a central level Second

International Project Coordination Committee as well as Negotiation committee at the local level has been formed. Meanwhile, the upgrading and capacity enhancements of other airports are underway which are regionally important and bring home greater number of tourists.

Formation of Committee: Seven committees have been formed altogether for Tourism promotion. They include Birat, Sahalesh, Bideha/Mithila, Simroun, Lumbini, and Chisapani Region tourism Promotion Committees as well as Karnali Region Tourism Promotion Development Committee and they are advancing the campaign.

Formation of the Council and Coordination Committee: National Tourism Council has been formed with objectives of providing policy guidelines, assigning the progress of plans and development and for removing possible obstacles concerned with tourism sector. Similarly, National Tourism Development Coordination Committee has also been formed to maintain coordination and harmony among the various sectors and the Council in the Centre.

New Tourism Master Plan: With objectives to effectively and systematically operate activities for tourism Core Group has been formed with the representation of experts from tourism sectors, INGO and private sector. Likewise, Advisory Committee has been formed to provide necessary advices and recommendations and they have already started working.

Leave Tourism Program: Leave Tourism Program has been launched as model for internal tourism promotion. A committee was formed coordinated by Ministry of Tourism and Civil Aviation with the representatives from Cabinet and Office of the Prime Minister, Minister of Finance, Home, Public Administration and Local Development. These people have completed the site observation tour of places with historical, religious, cultural and touristic importance in Western Development Region, Eastern and Central- Region in two phases. Documentation of the visit has been completed along with the participant's observation which will be broadcast time and again from NTV. A three-member team of NTV has prepared all these things.

Home stay and Art Village Program; The pre-studies/ data collection and mapping of the sites to implement Home stay Program has already been completed and published. Likewise, the selection of the districts to be studied as an ethnic art village has also been made.

The Bi-lateral Air service Agreement signed between Government of Nepal and Government of India ; As per arrangements made by the Agreement the earlier 6000 seats per week has been expanded to one way 30,000 seats per week linking New Delhi, Mumbai, Chennai, Calcutta, Hyderabad and Bangalore

Metropolitans. With the spirit of the SAARC Charter, Nepal has received the facility to operate Air services with unlimited seats to 21

points (Ahmadabad, Amritsar, Aurangabad, Bhubaneswar, Kalikot, Cochin, Gaya, Goa, Guwahati, Jayapur, Khajrao, Lucknow, Patna, Portblaire, Tiruwananthapuram, Tiruchilapalli, banaras Bishhakapatna and at Nepal's

request three more points Bagdogra, Deharadun and Gorakhpur.) And also facility to operate any of the destination of SAARC Region from these points with unlimited seat by the designated airlines. Nepal which has been operating the air services currently to 7 points of India, now can expand to 27 points.

Master Plan of Mountaineering Training Academy Development Committee's; Government of Nepal has approved Master Plan of Mountaineering Training Academy Development Committee's with the objectives of producing standard human resources through providing training and education to capable human resources of the Mountaineering Tourism sector.

Table 8 (j) Targets and Achievements of the Ministry of Tourism and Civil Aviation

S.N.	Description	Status as of mid-Jan 2009	Target for mid-Jan 2010	Progress as of mid-Jan 2010
1.	Tourists Arrival in ('000)	500277	650000	509752
2.	Tourist Stay (days)	11.78	13	11.6
3.	Earning from Visitors (Millions Rs.)	1865.30*	4145.96	2796.00**
4.	Income per Visitors (Rs.)	37285.34	63784	54850.20
5.	Per Day Spending by Tourists (Rs.)	3165.14	4906.44	2835.59
6.	Average Exchange Rate/USD	65.02		76.88
7.	Tourist Spending per Day (USD)	48.68	63.00	36.88
8.	Foreign Exchange Earning (Million USD)	286.88	532.35	215.29
9.	GDP (Billion Rs.)	99131.60		118268.00
10.	Contribution to GDP (Percent)	2.0	3.0	2.1
11.	Direct Employment ('000)	88	100	90
12.	Regular International flight arrivals to Nepal (No.)	20	25	22

* Fiscal Year 2007/08

** Fiscal Year 2008/09

Source: Ministry of Tourism and Civil Aviation, Central Bureau of Statistics and Nepal Rastra Bank

8.68 Of the total tourists' arrival during the calendar year 2008, 8.0 percent were from North America, 1.3 percent from Central and South America, 27.7 percent from Western Europe, 2.5, percent from Eastern Europe, 0.2 percent from Africa and 18.4 percent from India, 3.5 percent from Australia and Pacific Region, and 37.6 percent from other countries. Total visitors, from Asian continent alone are estimated to be 56.0 percent. The number of tourists visiting from Central and South America, Eastern Europe and Africa has decreased while their number has increased from other parts of the world

- 8.69 Data as to the number of hotels and hotel beds in 2008 shows that the number of star hotels reached to 97 (with one new star hotel added) while the number of non-star hotels reached 647 with the addition of 74 hotels. During this year, the number of hotel beds in hotels other than star hotels increased by 2381 beds reaching to 19124 while beds in the star hotel has reached 9369 with additional 49 beds than in the previous year.
- 8.70 While analyzing the number and status of mountaineering team's mountaineers, the number of mountaineering teams has increased by 73 and reached 235 by mid March 2009. The number of mountaineers has reached to 1519 with increased 510 climbers. The GoN collected a royalty of Rs. 252.5 million (from 35.426 million in the previous fiscal year,) showing an encouraging growth.
- 8.71 Nepal Tourism and Hotel Management Academy (NATHAM) is involved in contributing to rural poverty alleviation through tourism diversification and means of self employment. With the objective of developing tourism in rural areas, people in rural areas have been encouraged to invest in tourism business and provided with necessary trainings for operating such businesses. To generate skilled manpower for developing both small and large tourism business in urban areas, a Three-Year Bachelor in Travel and Tourism Management course has been started since FY 2003/04. Similarly, for developing skilled human resource for tourism development, Bachelor in Hotel Management course is offered along with various hotel management trainings, trekking and tour guide, tour travel agency and ticketing, cook, leader, water-rafting guide, hospitality course, home stay management, agro-tourism and mobile trainings at various tourist spots etc. with priority. In FY 2008/09, the Academy had trained 1,575 students in various subjects. Within first eight months of FY 2009/10, these numbers have already reached to 1,523. The number of students trained by the Academy has exceeded 27,000 so far.
- 8.72 Foreign exchange earnings in FY 2008/09 had increased by 49.9 percent totaling Rs. 27.96 billion as compared to previous year. However, the foreign exchange earning has decreased by 0.34 percent to Rs 16.76 billion during the first eight months of FY 2009/10. As compared to the preceding year, foreign exchange earned in the first eight months of FY 2009/010 was equivalent to 40.0 percent of total foreign exchange earned from the exports of goods, 23.1 percent of total foreign exchange earned from total exports of goods and services, and 6.0 percent of the total foreign exchange earnings during the period.

8.73 Nepal participated in ITB-2010 held in Berlin, Germany, which is the world's largest tourism fair. Likewise, Nepal participated in World Mart organized in UK, CITM (China International Travel Market) 2009 in China. Apart from the participation in Madrid Fair in Spain, various fairs and celebrations were organized through Nepal Tourism Board in China UK, Germany, India(Bangalore, Pune, Ahamadabad, Patna, Lukhnow, Baranasi) and Italy by branding “Naturally Nepal: Once is Not Enough” for promoting tourism in Nepal.

